

Ad hoc announcement pursuant to Art. 53 LR

## 2021 HALF YEAR RESULTS

### Highlights:

- Strong first half, with total revenues and other operating income increasing by 6.4% to USD 340.5 million, EBITDA of USD 15 million, and three out of four segments back to growth
- Renewed growth in Digital TV with strong profitability and successful launch of innovative solutions addressing new market segments
- Cybersecurity's net revenues increased by 17.3% to USD 45.4 million and bookings increased by 25.8% to USD 94.2 million
- Kudelski IoT revenues more than doubled to USD 2.6 million with successful launch of RecovR at large automotive dealerships in the US
- Public Access profitability recovered due to proactive cost measures; sales recoveries in Europe and Australia
- Although the COVID-19 pandemic continued to affect demand for the Group's offerings and disrupted industry supply chains, the Group successfully adapted its structure and operations to mitigate impact
- Confirming outlook for full year 2021 with revenue growth and EBITDA between USD 65 and 80 million

### KEY FIGURES HALF YEAR 2021

(in million USD)	1H2021	1H2020
Revenues & Other Operating Income	340.5	320.1
EBITDA	15.0	4.9
Net Income	-3.1	-27.1

**Cheseaux-sur-Lausanne, Switzerland and Phoenix (AZ), USA – August 26<sup>th</sup>, 2021** – The Kudelski Group (SIX: KUD.S), a leading provider of media content protection and value-added service technology, announced today its 2021 half year results.

In the first half 2021, total revenues and other operating income increased from USD 320.1 million to USD 340.5 million. Net revenues for the Group grew by 6.2% to USD 335.7 million, reflecting positive developments in Digital TV, Cybersecurity and IoT.

In this first half, the Group generated USD 15.0 million of EBITDA, a USD 10.1 million improvement over the previous first half. Digital TV delivered a strong semester, increasing net revenues by 7.6% and EBITDA by 15.5% from the previous first half. The segment continued to benefit from efforts made to streamline operations, further reducing operating expenses by USD 3.3 million compared to the prior first half. Overall, Digital TV improved EBITDA by USD 5.7 million to USD 42.6 million.

In the first half 2021, the Group's cybersecurity business generated gross revenues of USD 71.0 million. Net revenues were at USD 45.4 million, representing a growth of 17.3% compared to first half 2020. The segment posted a USD 9.5 million operating loss before depreciation and amortization, improving by USD 2.0 million compared to the prior year period.

The Group's IoT segment posted revenues of USD 2.6 million for the first half 2021, representing growth by a factor of 2.5 compared to the prior first half.

COVID-19 continues to affect Public Access results. Overall, the segment generated a positive EBITDA of USD 0.7 million, representing a USD 5.1 million improvement compared to last year's period.

During the first half 2021, the Group generated USD 30.5 million cash flow from operating activities and repaid USD 27.1 million of debt. In this period, the Group repurchased a nominal amount of USD 9.1 million of its 2022 bond and USD 2.0 million of its 2024 bond.

## **IMPACT OF COVID-19 ON THE GROUP'S FIRST HALF RESULTS**

Digital TV began to show signs of recovery in the second half of 2020 and continued its positive development in the first half 2021, benefitting from a robust recurring business and from growing revenue contribution of new business lines. On the other hand, COVID-19 is still affecting demand in emerging markets, and the Group is also experiencing delays on some projects due to suppliers' inability to deliver required equipment. Overall, the Group continues to adjust its capacity in line with demand.

In Cybersecurity, initial signs of improvement in demand were seen in the second half 2020. This normalization accelerated in the first half 2021, resulting in solid growth rates both in Europe and in the US.

In the IoT business, semiconductor shortages are delaying the delivery of key electronic components for RecovR, the segment's new asset tracking solution. The Group issued early orders to obtain the necessary components and engaged alternative suppliers to avoid critical bottlenecks. However, as the global semiconductor industry still suffers from supply constraints, the Group may not be able to fully deliver the volume of RecovR devices forecasted in the second half 2021.

In Public Access, after a partial recovery in the second half of last year, demand in Europe and Australia continued to recover in the first half 2021 while remaining subdued in North America.

## **DIGITAL TV: FOCUSED INITIATIVES DRIVING NEW TRACTION AND STRENGTHENED RELATIONSHIPS WITH MAJOR OPERATORS**

Digital TV delivered a strong first half in spite of COVID-19-related market turbulence. Focused product initiatives saw strong activity during the first half:

- Launched in 2020, NAGRA's sport-as-a-service offering, including an app and video streaming solution, the Sporfie video clipping technology and a loyalty program based on SKIDATA technology, continues to gain traction among sports organizations. Following successful launches with FIH (field hockey) and PMH (motor racing) in 2020, NAGRA continued to extend its footprint, adding a further significant sport in the first half of 2021.
- NAGRA's anti-piracy offering expanded further to address new market needs, recently adding new blocking services and OTT security audits, and extended its market reach, establishing resell partners in several countries and engaging with online video platforms.

The Group's partnerships with the largest pay-TV operators worldwide continued to expand:

- As part of its long-term agreement with NAGRA, Vodafone Group continued to enlarge the footprint of Vodafone TV in Germany during the first half of 2021. Vodafone TV is now active in all of Vodafone's major TV markets.
- The Group renewed its IPTV contract globally with Telefonica through 2024 to support operations in key regions around the world.
- In Latin America, Claro Colombia (America Movil) deployed a next-generation Android TV platform powered by NAGRA's OpenTV Video Platform backend.
- SK Broadband, one of the largest broadband Internet access providers in South Korea, has selected NAGRA's NexGuard forensic watermarking technology to protect the operator's premium content on a wide range of IPTV set-top boxes.

## **KUDELSKI SECURITY DELIVERED STRONG PERFORMANCE IN BOTH THE US AND EMEA**

Kudelski Security's business delivered a strong performance in both the US and EMEA, driven by continued demand for advanced managed security services, increasing cyber-threats in Operational Technology (OT) where Kudelski Security provides proven, unique solutions, and a continued increase in Kudelski Security's brand recognition.

In Europe, Kudelski Security delivered 29.1% revenue growth with new contract wins in Germany, Switzerland, France and the United Kingdom.

The US business delivered 11.8% growth during the first half reflecting a strong growth in high value-added business lines and stabilization of the technology reselling business.

Managed Security Services (MSS) continued to be the leading service offering globally. Managed Detection Response (MDR) services, including the recently launched FusionDetect cloud-native analytics platform, were among the key drivers of the first half's growth.

Kudelski Security also started new assessments and design engagements with companies across the blockchain ecosystem, with a particular focus on crypto exchanges and Non-Fungible Token (NFT).

## **INTERNET OF THINGS (IoT): LAUNCHED RECOVR**

Kudelski IoT grew its revenues by a factor of 2.5 driven primarily by the strong performance of its IoT Security Labs and its new end-to-end solutions.

In the first half 2021, the Group's IoT business launched RecovR, a two-in-one lot management and theft recovery solution. RecovR enables car dealers to manage their lots efficiently, improve the sales process and create a new revenue stream, while offering consumers an advanced and reliable wireless theft recovery solution. IoT has already successfully deployed large multi-location dealerships in Arizona, Texas, California, Hawaii, Colorado and Illinois.

The Group also opened multiple new distribution channels for its Kudelski IoT keySTREAM product, entering into agreements with some of the world's most prominent contract manufacturers who will offer KeySTREAM's security capabilities to their customers. In addition, the Group's Passive Keyless Access solution was adopted by additional customers looking to enable smartphone-based access to vehicles, buildings and other structures and services.

## **PUBLIC ACCESS: INNOVATIONS TO SUPPORT INDUSTRY RECOVERY AND LEADING DIGITIZATION TRANSITION**

In 2020, the Group's Public Access division, SKIDATA, launched product innovations to address COVID-19-related needs, such as dedicated touch-free solutions and full electronic ticketing solutions, in all of its business segments.

In the event segment, the Safe Guest Solution, combining full electronic ticketing with automated coronavirus screening, was used for the ABB FIA Formula E races in Berlin and for the entire racing season of the FIS (International Ski Federation) 2020/2021.

In the mountain sector, SKIDATA's new digital ski pass for mobile phones, which enables a complete contactless customer journey, will be deployed in Spain, Italy, Norway, France, Austria and the US following the successful pilot in Kitzbühl (Austria) last winter.

A gradual recovery of commercial activity and travel has enabled an initial upturn in the parking business, especially in Europe. With digitization, the market has become very dynamic, as standard ticket-based systems are evolving into fully automated free-flow systems. SKIDATA is leading this transition with a clear end-customer focus to make parking much more user friendly.

## **FULL YEAR 2021 OUTLOOK**

In the Digital TV segment, the Group expects revenues in the second half to be higher compared to the first half, maintaining the positive momentum of the last months.

In the Cybersecurity segment, the Group plans with full year revenues growing at a double-digit rate. Such positive momentum is expected to result in a year-on-year improvement of segment operating income before depreciation and amortization.

RecovR, the new IoT asset tracking solution for automotive dealerships, should drive IoT revenue growth. The Group expects 2021 IoT revenues to at least double compared to 2020.

The Public Access business continues to face uncertainties related to the COVID-19 impact on airports, shopping centers, stadiums and ski resorts, with demand remaining unpredictable. In 2021, the Group continues to streamline SKIDATA's operations, seeking a tighter integration with other

Group segments and corporate functions and among SKIDATA's local and central entities. Despite these market uncertainties, the Group targets a higher 2021 segment EBITDA compared to the prior year.

The Group confirms its initial guidance for 2021 with revenue growth and EBITDA between USD 65 and 80 million. Digital TV and Cybersecurity segments should evolve better than originally expected, offset by the slower than anticipated recovery of Public Access and supply chain constraints in IoT.

**Note to the editors:**

The 2021 first half Financial Statements and MD&A are available in PDF format under:

<https://www.nagra.com/investors/publications>.

**About the Kudelski Group**

The Kudelski Group (SIX: KUD.S) is a world leader in digital security and a provider of end-to-end convergent media solutions to the digital entertainment industry, including services and applications requiring access control and rights management to secure the revenue in digital television, internet, mobile and interactive applications. The Group also offers cybersecurity solutions and services focused on helping companies assess risks and vulnerabilities and protect their data and systems. It also supplies integrated solutions to manage access control of people and vehicles to sites and events. The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland and Phoenix (AZ), USA. For more information, please visit [www.nagra.com](http://www.nagra.com).

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