

## **secunet Security Networks AG**

### **Group Quarterly Statement as at 30 September 2022**

#### **Sales revenue and EBIT**

secunet Group generated sales revenue of 213.0 million euros in the months from January to September 2022. Compared with the sales revenue in the same period of the previous year (249.4 million euros), this corresponds to a decline of 15%. The main reason for this was that the bar was set high in the previous year, characterised by two one-off effects. Firstly, secunet Group recorded additional sales revenue in the Public Sector division in the previous year due to the pandemic. Secondly, high product sales were achieved in the Business Sector division due to the roll-out of software upgrades of the secunet e-health connector. As expected, it was not possible to repeat these effects in the current 2022 financial year.

Earnings before interest and taxes (EBIT) for the months from January to September 2022 stood at 23.9 million euros, compared to 48.7 million euros in the same period of the previous year. The EBIT margin was thus 11.2% (same period of the previous year: 19.5%). Along with the development in sales revenue, the changes in product mix and increased investment in workforce size to broaden the solution range had a impact on earnings.

Overall, secunet Group's business performance after the conclusion of the first nine months of the 2022 financial year is in line with expectations and the current forecast, which envisages sales revenue of around 320 million euros and EBIT of around 50 million euros.

#### **Segments**

secunet's business remains focused on public authorities, ministries and defence organisations: 84% of Group sales revenue in the first nine months of 2022 is attributable to this target group (same period of the previous year: 82%). The Public Sector division, which includes these activities, recorded sales revenue in excess of 179.8 million euros in this period, compared with 204.1 million euros in the same period of the previous year. The reason for the decline is the diminishing market effects resulting from the pandemic and the associated normalising demand situation in the public customer segment. EBIT amounted to 23.2 million euros, after 43.4 million euros in the same period of the previous year.

The remaining 16% of Group sales revenue is attributable to the Business Sector division (same period of the previous year: 18%). This division addresses two markets in the private sector: healthcare and industry. The Business Sector division achieved sales revenue of 33.2 million euros in the first nine months of 2022 compared with 45.3 million euros in the same period of the previous year. This development was primarily due to the anticipated lower demand for software licences of the secunet e-health connector. Particularly in the comparable period of the previous year, demand for these was strong, having resulted in a

high sales volume with a simultaneously advantageous margin profile. EBIT for the period totalled 0.7 million euros after 5.3 million euros in the same period of the previous year.

From a geographical perspective, secunet generated sales revenue of 193.0 million euros in Germany, compared with 229.8 million euros in the same period of the previous year. In international business, secunet achieved sales revenue of 20.0 million euros (previous year: 19.7 million euros). The share of international business is almost unchanged at 9% (same period last year: 8%).

### **Order book**

As at 30 September 2022, secunet Group's order book in accordance with IFRS amounted to 168.6 million euros. It has thus once again reached the high level of the same reporting date in the previous year (174.9 million euros).

### **Cash flow and liquidity**

During the first nine months of the 2022 financial year, 116.2 million euros in cash and cash equivalents was disbursed (same period of the previous year: cash outflow of 19.8 million euros). Of this, 49.4 million euros is attributable to the acquisition of SysEleven GmbH and 34.8 million euros to the dividend payment. Furthermore, a cash-effective increase in working capital had a negative impact on cash flow from operating activities. The increase in working capital serves to ensure the ability to deliver in the important year-end business.

Cash and cash equivalents as at 30 September 2022 amounted to 3.3 million euros (previous year: 81.8 million euros).

### **Employees**

As at the end of the third quarter of 2022, secunet employed 1,050 people across the Group. This is 215 people or 26% more than on the previous year's reporting date (835 employees). The growth of the workforce is due to both new hires and the acquisition-related increase in personnel.

### **Opportunities and risks**

secunet Group operates in a market with stable demand and good potential for the future. News about cyber attacks, data theft, industrial espionage and malware is increasingly being published, and the threat situation for state infrastructures as well as for companies is not expected to be defused. On the contrary, most specialists expect the occurrence and intensity of attacks to increase. These factors have a long-term positive effect on demand for secunet Group's products and services.

There were no significant changes in the third quarter of 2022 regarding the risks last described in the half-year financial report 2022 (published on 10 August 2022). The decisive element of the risk assessment thus remains the ongoing general bottlenecks in the supply of semiconductor products. These led to selective restrictions and postponements in customer projects in the period from January to September 2022. Risks that go beyond this,

for example in conjunction with the Russia-Ukraine war or the supply of commodities and energy, are not discernible at the present time.

## **Outlook**

secunet Group's business performance during the year is characterised by a focus on the second half of the year and a strong fourth quarter. This is related to the procurement processes of public sector clients, who make up the majority of our customers. For 2022, the Management Board expects a particularly strong fourth quarter. In this context, the Management Board confirms its forecast for the 2022 financial year. Sales revenue of around 320 million euros and EBIT of around 50 million euros are anticipated.

Essen, 8 November 2022

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## ***Forward-looking statements***

*This Interim Communication contains statements regarding the future performance of secunet Security Networks AG, as well as economic and political developments. These statements are opinions that we have formed based on the information currently available to us. Should the assumptions on which these statements are based not be applicable or should further risks arise, the actual results may deviate from the results currently expected. We cannot therefore offer any guarantee as to the accuracy of these statements.*

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