

## **secunet Security Networks AG**

### **Group Quarterly Statement as at 31 March 2023**

#### **Sales revenue**

After a successful financial year 2022, which closed with the strongest quarter in the company's history to date, secunet Security Networks AG ("secunet") has made a restrained start to the financial year 2023. In the first quarter of 2023, Group sales revenue amounted to 55.2 million euros, compared to 65.4 million euros in the same period of the previous year. The main reason for this was a restrained product business in the Public Sector division due to fewer product deliveries to customers in January and February. Business momentum, however, increased noticeably in March.

#### **EBIT**

Earnings before interest and taxes (EBIT) were -6.2 million euros, after 8.5 million euros in the previous year. In addition to the development in sales revenue, the strategic growth in the workforce compared to the previous year also had an impact on earnings. As a result of new hires and the acquisition-related increase in personnel, the number of permanent employees rose to 967 (31 March 2022: 797). Personnel expenditure increased accordingly. The growth in the workforce continues to serve the expansion and diversification of the product range, for example in the area of cloud security for particularly security-critical applications.

Furthermore, increased costs for third-party services as well as higher scheduled amortisation of intangible assets and depreciation of property, plant and equipment had an impact on earnings. This included, among other things, scheduled depreciation on assets identified in conjunction with the purchase price allocation of SysEleven GmbH, which was acquired in May 2022. This effect was not included in the same period of the previous year.

#### **Segments**

In the reporting period, secunet's business remains focused on public authorities, ministries and defence organisations: 82% of Group sales revenue was attributable to this target group (previous year: 82%). The Public Sector division, which includes these activities, recorded sales revenue of 45.3 million euros in the first three months of 2023, compared to 53.7 million euros in the previous year. The reason for the decline was a restrained product business with the SINA family due to fewer product deliveries to customers in January and February. Business momentum, however, increased noticeably in March. EBIT amounted to -5.1 million euros (previous year: 7.8 million euros).

The remaining 18% of Group sales revenue were attributable to the Business Sector division (previous year: 18%). This division addresses two markets in the private sector: healthcare and industry. While a slight increase in sales revenue was achieved in the industrial environment, a lower product business volume with the secunet konnektor, as expected, resulted in total sales revenue of 9.9 million euros (previous year: 11.8 million euros). EBIT amounted to -1.1 million euros after 0.8 million euros in the same period of the previous year.

From a geographical perspective, secunet generated sales revenue of 49.8 million euros in Germany, compared to 58.3 million euros in the same period of the previous year. In international business, secunet achieved sales revenue of 5.4 million euros (previous year: 7.1 million euros). The share of international business was 10% (previous year: 11%).

### **Order book**

The Group's order book reached a new record level of 230.6 million euros as at 31 March 2023 due to a very good volume of orders received. Compared to the figure as at the previous year's reporting date (184.3 million euros), this represents a considerable increase of 25%. The value has also increased significantly compared to 31 December 2022 (197.6 million euros).

### **Cash flow and liquidity**

Cash flow from operating activities improved from -37.9 million euros in the same period of the previous year to -12.0 million euros in the current reporting period. The main factor for this development was the higher cash inflow from the reduction of trade receivables. Cash flow from investing activities is reported at -1.3 million euros (previous year: -1.0 million euros), cash flow from financing activities at -1.4 million euros (previous year: -0.9 million euros).

Cash and cash equivalents amounted to 6.8 million euros as at 31 March 2023, compared to 21.5 million euros at the end of the 2022 financial year. Additionally, there was an unused credit line of 30 million euros as at 31 March 2023.

### **Risks and opportunities**

There have been no significant changes to the risks and opportunities last presented in the Annual Report 2022 (published on 24 March 2023). The decisive element of the risk assessment thus remains the ongoing general bottlenecks in the supply of semiconductor products. In the reporting period, these led to a selective increase in purchase prices as well as to restrictions and postponements in individual customer projects. Although there are signs of an improvement in the supply of certain components, a complete return to normality is not expected in 2023.

**Outlook**

The record high order book and existing sales opportunities suggest above-average product business in the coming quarters, particularly in the second half of the year. Therefore, a catch-up effect is expected in the further course of the year. Against this background, the Management Board confirms its forecast for the financial year 2023 published in the Annual Report 2022 on 24 March 2023. Significant sales growth to around 375 million euros (2022: 347.2 million euros) is still expected. EBIT is expected to increase slightly to around 50 million euros (2022: 47.0 million euros).

Traditionally, the focus of secunet's business is in the second half of the year. This is related to the procurement processes of public sector clients, who make up the majority of the customer base. There are again indications of such a trend for the current financial year 2023.

Essen, 11 May 2023

Axel Deininger

Torsten Henn

Dr Kai Martius

Thomas Pleines

**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.*

**Contact**

secunet Security Networks AG  
Investor Relations Department  
Kurfürstenstrasse 58, 45138 Essen, Germany  
Phone: +49 201 5454 3937  
[investor.relations@secunet.com](mailto:investor.relations@secunet.com)  
[www.secunet.com](http://www.secunet.com)