secunet Security Networks AG: Group Quarterly Statement as at 30 September 2024

In the first nine months of the 2024 financial year, secunet Group achieved a significant increase compared with the previous year. Both revenues and earnings before interest and taxes (EBIT) grew considerably in the nine-month period. The positive order intake trend continues. The outlook for the full year envisages a strong fourth quarter.

Sales revenue performance

secunet Group closed the first nine months of the 2024 financial year with revenue growth of 7% to 254.8 million euros (previous year: 239.0 million euros). This growth is mainly due to positive business momentum in the Public Sector segment. In the third quarter, revenues of 110.5 million euros were generated – an increase of 26% over the previous year (87.5 million euros).

In Germany, sales increased by 6% to 230.2 million euros compared to the previous year (217.1 million euros). Sales of 24.6 million euros were generated on international markets, also representing growth compared to the previous year (21.9 million euros). The share of sales generated by international business was 10% (previous year: 9%).

Earnings performance

EBIT reached 17.6 million euros, exceeding the previous year's figure (9.7 million euros) by 82%. In the third quarter, EBIT amounted to 16.1 million euros, almost tripling compared to the previous year (5.7 million euros).

The following developments were recorded for the individual cost items in the first nine months of 2024:

Cost of sales rose at a slower rate than revenues, totalling 199.1 million euros compared to 195.9 million euros in the previous year. This development reflects in particular the significantly higher proportion of service sales compared to the previous year. The gross profit on sales increased by 29% to 55.7 million euros compared to the previous year (43.1 million euros). Both the increase in sales and a lower material cost ratio contributed to the improvement in earnings. On the other hand, a partial inventory adjustment in the amount of 3.7 million euros had a negative impact on the results.

At 19.8 million euros, selling expenses were slightly above the previous year's level (19.2 million euros). General and administrative expenses remained almost unchanged at 8.1 million euros (7.9 million euros). Research and development costs increased by

61% to 10.3 million euros compared to the previous year (6.4 million euros). This is the result of both the further development of existing products and the non-capitalisable portion of newly developed products. secunet Group continues to invest extensively in the further development of its product portfolio in order to meet the technological requirements of the future. The current focus is on a certified cloud infrastructure and the integration of post-quantum cryptography in our products.

The previous year's result included other income of 2.6 million euros from the revaluation of the earn-out clause agreed as part of the acquisition of SysEleven GmbH.

Segment reporting

secunet Group is segmented into two business units according to target groups.

Public Sector

secunet Group's business activities focus on national and international ministries, government institutions and defence organisations. The Public Sector segment, in which these activities are bundled, makes a significant contribution to Group sales: In the first nine months it accounted for 90% of Group sales compared to 85% in the previous year.

Public Sector revenues increased by 12% compared to the previous year (204.3 million euros). Despite the ongoing discussions about the public budget, the segment developed positively, primarily due to the consistently high demand for solutions from the SINA family.

EBIT in the Public Sector segment totalled 18.8 million euros, an improvement of 62% on the previous year (11.6 million euros).

Business Sector

The Business Sector division focuses on two private sector markets: healthcare and industrial customers. With sales of 25.4 million euros (previous year: 34.7 million euros), the segment contributed 10% to Group sales (previous year: 15 %).

Due to the market-wide transformation to Telematics Infrastructure 2.0 in the healthcare market and the associated phasing out of the previous connector business, sales declined as expected in the reporting period.

EBIT in the Business Sector segment amounted to -1.2 million euros after -1.9 million euros in the previous year.

Order situation

The order situation continues to develop positively. In the reporting period, incoming orders increased by 22% to 294.3 million euros (previous year: 240.9 million euros). As a result, the order book position as at 30 September 2024 rose by 16% to 229.7 million euros compared to the previous year's reporting date (198.0 million euros).

Cash flow and liquidity

In the reporting period, secunet Group generated a cash flow from operating activities of 20.9 million euros, an improvement on the previous year (-6.6 million euros). The main reasons for this were the higher earnings before taxes and lower tax payments.

The cash outflow from investing activities increased to 18.3 million euros (previous year: 5.9 million euros) due to investments in intangible assets and property, plant and equipment as well as the payment of the earn-out clause agreed as part of the acquisition of SysEleven GmbH.

The cash outflow from financing activities of 19.8 million euros (previous year: 4.4 million euros) primarily included the dividend payment and the capital repayments of lease liabilities. In addition, cash inflows from short- and long-term borrowings fell significantly compared to the previous year.

After the first nine months of 2024, there was an outflow of cash and cash equivalents of 17.2 million euros, compared to a cash outflow of 16.9 million euros in the previous year. Cash and cash equivalents as of 30 September 2024 amounted to 24.1 million euros, compared to 4.6 million euros as of the previous year's reporting date.

Employees

As at the reporting date of 30 September 2024, secunet Group had 1,071 permanent employees. Compared to the previous year's reporting date (1,029 permanent employees), the number of employees increased by 42 or 4%. In addition, secunet Group employed 119 temporary staff as at the reporting date (30 September 2023: 62 temporary staff). Overall, 1,190 people were employed by secunet Group (30 September 2023: 1,091 people). The increase in the number of employees is due entirely to organic growth.

Opportunities and risks

The fundamental assessment of the opportunities and risks for secunet Group has not changed since the publication of the Annual Report 2023 in March 2024. The statements

made there are still valid. There are no discernible risks that could jeopardise the continued existence of the company.

Outlook

The Management Board expects a strong fourth quarter. This assessment is based on the high order backlog and the usual seasonal momentum at the end of the year.

In an ad hoc announcement on 21 October 2024, the Management Board slightly raised its revenue forecast for the 2024 financial year. Revenues are now expected to be just over 400 million euros. Previously, revenues of around 390 million euros were expected. Due to the special effects mentioned above, EBIT is still forecast at around 42 million euros.

Forward-looking statements

This interim statement contains statements relating to the future development of secunet Security Networks AG as well as economic and political developments. These statements are estimates that we have made on the basis of the information available to us at the present time. If the underlying assumptions do not materialise or further risks occur, the actual results may differ from the results currently expected. We can therefore not provide any guarantee for these statements.

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