

secunet Security Networks AG

Group Quarterly Statement as at 31 March 2022

Revenue and EBIT

secunet Group has made a good start to the 2022 financial year. Both Group segments - Public Sector and Business Sector - developed in line with management expectations in the reporting period from 1 January to 31 March 2022. Nevertheless, the results achieved did not match the record values of the same quarter of the previous year. Group revenue amounted to 65.4 million euros (Q1 2021: 71.2 million euros) and earnings before interest and taxes (EBIT) were 8.5 million euros (Q1 2021: 12.2 million euros). Accordingly, the EBIT margin was 13% (Q1 2021: 17%).

Segments

Against the background of decreasing pandemic-related market effects and the associated normalisation of the demand situation in the public customer segment, the Public Sector segment recorded revenue of 53.7 million euros (Q1 2021: 56.2 million euros). EBIT amounted to 7.8 million euros (Q1 2021: 9.8 million euros).

The Business Sector segment, which targets companies in the private sector and the healthcare sector, generated revenue of 11.8 million euros in the first quarter of 2022 (Q1 2021: 15.1 million euros). The main reason for this development was the expected lower demand for software licences in the area of the secunet connector. Demand for these was particularly strong in the first half of 2021. Therefore, a correspondingly high sales volume was achieved in the comparable quarter of the previous year with a favourable margin profile at the same time. As a result, EBIT in the Business Sector amounted to 0.8 million euros (Q1 2021: 2.4 million euros).

Order book

Demand for secunet's products and solutions remains high. secunet Group's order book as of 31 March 2022 amounted to 184.3 million euros and were thus approximately the same level as the record figure at the end of financial year 2021 (185.2 million euros). Compared to the previous year's reporting date of 31 March 2021 (176.9 million euros), the order book increased slightly. The order book includes orders for the 2022 financial year as well as for subsequent years.

Cash flow and liquidity

secunet Group's financial position in the first three months of the 2022 financial year was very good at all times. secunet did not take out any loans and continues to have a debt ratio of 0%.

In the first three months of the 2022 financial year, cash and cash equivalents of 37.9 million euros flowed out (Q1 2021: cash inflow of 1.5 million euros). The cash outflow is due to the lower cash inflow from the reduction of trade receivables and the higher cash outflow from the build-up of inventories and the reversal of provisions. Cash and cash equivalents amounted to 81.6 million euros as of 31 March 2022, compared to 119.5 million euros at the end of the 2021 financial year and 103.1 million euros as at the previous year's reporting date.

Employees

At the end of the first quarter of 2022, secunet had 797 permanent employees across the Group. This is 42 people or around 6% more than at the end of 2021 (755 employees). The increase in employees primarily took place in the productive areas of development and consulting as well as in distribution.

Opportunities and risks

No significant changes to the opportunities and risks last described in the Annual Report 2021 (published on 25 March 2022) occurred in the reporting period. The determining element of the risk assessment therefore continues to be the ongoing general bottlenecks in the supply of chip and semiconductor products. In the reporting period, these led to isolated restrictions and postponements in customer projects. In order to counter the risk and minimise the impact on secunet's performance and delivery capability, supplier and inventory management was stepped up significantly, for example by increasing stock levels at an early stage.

With a view to the special fund of 100 billion euros announced by the German government to improve its own defence as well as from the planned long-term increase in the defence budget, no tangible opportunities are yet foreseeable for the 2022 financial year.

Outlook

secunet Group's business performance to date has been in line with expectations. The Management Board estimates that this development will continue over the course of the year. The Management Board therefore confirms its forecast for the full year 2022. Revenues of around 320 million euros and an EBIT of around 50 million euros are expected.

Essen, 10 May 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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