



## EXCLUSIVE NETWORKS – FIRST HALF 2022 FINANCIAL RESULTS

### Outstanding Growth 2022 Outlook Raised

- Half Year Gross Sales at €1.947.4 million up 33.8%
- Half Year Adjusted EBITA at €66.5 million up 39.3%
- Half Year Operating Free Cash Flow Before Tax at €166 million
- Leverage ratio of Net Debt over LTM Adjusted EBITDA after Leases of 1.8x

#### **BOULOGNE-BILLANCOURT - September 14, 2022, at 07:00 A.M. CET**

Exclusive Networks (Euronext Paris: EXN), a global leader in cyber security, today announces financial results for the six months ended June 30, 2022. Management will hold a conference call at 9:00 am (CET) today, available via webcast (<https://ir.exclusive-networks.com/>). A replay will be available.

**Jesper Trolle, Chief Executive Officer**, commented: “I am really proud of the excellent results we delivered in the first half of the year. As always, our teams around the world have been instrumental to this performance and I want to warmly thank them for their hard work. Not only did we deliver record half-year Gross Sales but we also managed to grow our profitability faster than our top line, and generate cash faster than in the past. Market dynamics during the first half of the year have remained favourable and we continue seeing strong market trends given the critical importance for businesses and public entities of all sizes of an adequate cyber security infrastructure.

Our positioning as the only global pure player in cybersecurity and our unparalleled execution capabilities enable us to deliver growth above the market, with our backlog remaining as strong as it has been.

We recognize the increasingly challenging macroeconomic environment worldwide, however, our strong start to the year carrying on into the second half of the year, robust forward indicators and the growing strategic importance of cybersecurity provide us with good visibility for the rest of 2022. Therefore, and in the absence of any unforeseen events, we are confident in our capacity to deliver on the upward revision to the outlook we release today for the full year.”



## H1 2022 GROUP FINANCIAL PERFORMANCE

Gross Sales and Adjusted profitability metrics are using non-GAAP measures. Revenue and Net Margin are reported in IFRS format. Full results as per IFRS are presented in the Appendix along with the reconciliation detailing the differences with non-GAAP measures. Please refer to the glossary at the end of the press release for further explanations.

in € million	H1 2021	H1 2022	Change	
			Reported	Constant Currency*
<b>Gross sales<sup>1</sup></b>	<b>1,455.1</b>	<b>1,947.4</b>	<b>33.8%</b>	<b>31.2%</b>
<b>Revenue</b>	<b>1,105.9</b>	<b>1,473.7</b>	<b>33.3%</b>	<b>31.0%</b>
<b>Net Margin</b>	<b>145.4</b>	<b>187.6</b>	<b>29.0%</b>	
<i>% Gross Sales</i>	<i>10.0%</i>	<i>9.6%</i>	<i>-0.4 pt</i>	
<b>Adj. EBITA</b>	<b>47.7</b>	<b>66.5</b>	<b>39.3%</b>	
<i>% Net Margin</i>	<i>32.8%</i>	<i>35.4%</i>	<i>+2.6 pt</i>	
<b>Adj. Net Income</b>	<b>31.8</b>	<b>47.4</b>	<b>49.0%</b>	

\* Variation at constant currency is computed using the second half of 2021 rates applied to the first half of 2022 Gross Sales. The USD, GBP and PLN evolved as follows; 1EUR: 1.094 USD; 1EUR: 0.842 GBP, 1EUR: 4.633PLN respectively for H1 2022 and 1EUR: 1.206 USD, 1EUR: 0.868 GBP, 1EUR: 4.537 PLN respectively for H1 2021.

Gross Sales were €1,947.4 million, an increase of 33.8% year over year on a reported basis and up 31.2% at constant currency. The majority of this growth (72%) was driven by business with existing vendors in their current geographies. The balance of the growth was the result of vendor expansion (14%) and acquisitions (14%). Vendor expansion is a combination of vendors entering new geographies (c.5%) and new vendor relationships (c.9%). The acquisitions of Ignition Technology and Networks Unlimited supported our growth through M&A.

Vendors retention rates increased in the first half of the year, supported by increasing demand for our vendors' solutions and the continued engagement of our channel partners. Net euro retention rates<sup>2</sup> for the first half of 2022 were up 128% (vs 112% in the first half of 2021) with customers net euro retention rates<sup>2</sup> at 127% (vs 108% in the first half of 2021).

Revenue as reported in the Consolidated Financial Statements takes into account the recognition of the sales of support and maintenance on a Net Margin basis as per IFRS as Exclusive Networks are not the primary obligor for these solutions. Revenue grew in line with Gross Sales.

Net Margin reached €187.6 million in the first half of 2022, an increase of 29.0% year on year. This was below top line growth driven by the variation in mix of geography and deal size.

Adjusted EBITA rose significantly to €66.5 million, up 39.3% year over year, growing faster than our top line. Adj. EBITA margin over Net Margin was up 261 bps year on year to 35.4% as the Group benefits from operating leverage.

<sup>1</sup> As per new Gross Sales reporting methodology after IC eliminations

<sup>2</sup> Defined as Gross Sales generated in year N from vendors/customers active in year N-1 divided by Gross Sales from the same vendors/customers in year N-1



Adjusted Net Income was €47.5 million, an increase up 49.4% year over year on a Reported basis.

## H1 2022 PERFORMANCE BY REGION

<i>in € million</i>	H1 2021	H1 2022	Change	
			Reported	Constant Currency*
<b>EMEA</b>				
Gross Sales	1,130.8	1,528.0	35.1%	34.6%
Adj. EBITA	48.9	69.7	42.4%	
<b>APAC</b>				
Gross Sales	193.4	219.3	13.4%	6.2%
Adj. EBITA	7.7	10.8	39.8%	
<b>AMERICAS</b>				
Gross Sales	130.9	200.1	52.9%	39.0%
Adj. EBITA	3.3	4.4	36.0%	
<b>Total</b>				
<b>Gross Sales</b>	<b>1,455.1</b>	<b>1,947.4</b>	<b>33.8%</b>	<b>31.2%</b>
<b>Adj. EBITA</b>	<b>47.7</b>	<b>66.5</b>	<b>39.3%</b>	

**EMEA:** Gross Sales at €1,528.0 million, up 35.1% year on year. In EMEA, the Group benefited from a continued positive momentum with growth in all countries. The region experienced an acceleration in the development of the Enterprise market and an increasing share of large deals, particularly in the UK and Germany. Profitability also increased, with Adjusted EBITA standing at €69.7 million and growing 42.4% year on year.

**APAC:** Gross Sales reached €219.3 million, up 13.4% year on year. The region experienced a robust acceleration of growth, in particular in the second quarter, supported by both large deals in Singapore and in the Philippines and a strong overall performance in the region. The top-line growth was coupled with a very strong increase in profitability, with Adjusted EBITA growing c.40% year over year, to €10.8 million, with solid margin trends coupled with significant operating leverage.

**AMERICAS:** Gross Sales were €200.1 million, up 52.9% year on year. The strong performance was fuelled by high demand for cybersecurity solutions of key vendors, the addition of some vendors to our portfolio in Americas, and the sustained enterprise momentum with large deals. Adjusted EBITA margin was up 36.0% year on year, in line with the 39.0% growth of Gross Sales at constant currency.

## H1 2022 CASH FLOW AND FINANCING

Operating Free Cash Flow Before Tax was €166.2 million in H1 2022, representing a 227.7% cash conversion from Adjusted EBITDA, up from 111.7% last year. This increase in cash generation in the period was driven by the strong business performance and a significant working capital cash release through increase in



factoring facilities without recourse, improvement in commercial conditions with vendors and new schedule of VAT payments in the UK, reducing working capital by a total of €103m in the first half of 2022, despite the activity growth.

Leverage: Exclusive Networks' Financial Gross Debt as at June 30, 2022, was €518 million, with Cash & Cash Equivalents standing at €257 million and Net Debt at €261 million. This resulted in a leverage ratio of Net Debt over Last Twelve Month Adjusted EBITDA after Leases of 1.8x. The significant reduction in leverage was driven by the strong cash generation in the period. We now target a leverage ratio below 2.0x Net Debt/EBITDA at the end of 2022.

## OUTLOOK

On the back of the solid H1 2022 performance and carrying into the second half, Exclusive Networks' management team has decided to revise upwards its outlook for the full year of 2022 as follows:

- Gross sales are now expected to exceed €4.2billion (vs above €3.8billion previously expected);
- The net margin is now expected to be between €392 million and €400 million (vs €362 to 368 million before);
- The Adjusted EBITA is now expected to be between €146 million and €152 million (vs between €133 and 138 million earlier);
- And Operating Free Cash Flow Before Tax is now expected above 160% of Adj. EBITDA vs in excess of 80% of Adj. EBITDA before.



## APPENDIX

### H1 2022 CONSOLIDATED P&L

<i>(in € million)</i>	<i>30 June 22</i>	<i>30 June 21</i>
Revenue	1,474	1,106
Costs of purchased goods and services	-1,283	-958
Freight on sales	-3	-3
<b>Net Margin</b>	<b>188</b>	<b>145</b>
Personnel costs	-90	-72
Other operating costs	-29	-23
Depreciation and amortization	-36	-34
<b>Recurring operating profit</b>	<b>32</b>	<b>16</b>
Non-recurring operating income and expenses	0	-5
<b>Operating profit</b>	<b>32</b>	<b>11</b>
Finance debt costs	-7	-16
Interest on lease liabilities	0	0
Other financial income and expenses	-5	1
<b>Net financial income/(expense)</b>	<b>-13</b>	<b>-15</b>
<b>Profit/(loss) before income tax</b>	<b>19</b>	<b>-4</b>
Income tax	-8	-15
<b>Profit/(loss) for the period</b>	<b>11</b>	<b>-19</b>
Profit/(loss) attributable to:		
- Owners of the parent company	10	-19
- Non-controlling interests	1	0
Earnings per share attributable to parent company (in €):		
- Basic earnings per share	0.11	(0.07)
- Diluted earnings per share	0.11	(0.07)



## H1 2022 CONSOLIDATED BALANCE SHEET

<i>(in € million)</i>	<i>30 June 22</i>	<i>31 Dec 21</i>	<i>30 June 21</i>
<b>ASSETS</b>			
Goodwill	294	314	289
Other intangible assets	1,159	1,154	1,163
Property, plant and equipment	7	7	8
Right-of-use assets	21	19	20
Non-current other financial assets	38	35	38
Deferred tax assets	10	11	24
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,529</b>	<b>1,540</b>	<b>1,542</b>
Trade receivables and related accounts	895	956	666
Income tax receivables	13	4	6
Inventories	184	150	101
Current other financial assets	17	10	10
Cash and cash equivalents	257	130	133
<b>TOTAL CURRENT ASSETS</b>	<b>1,366</b>	<b>1,249</b>	<b>916</b>
<b>TOTAL ASSETS</b>	<b>2,895</b>	<b>2,789</b>	<b>2,458</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital and share premium	976	976	740
Retained earnings and other reserves	-35	-44	-57
Foreign currency translation reserve	19	0	-9
Equity attributable to the owners of the parent company	960	932	674
Non-controlling interests	3	2	1
<b>TOTAL EQUITY</b>	<b>963</b>	<b>934</b>	<b>675</b>
Non-current other financial liabilities	485	485	705
Non-current lease liabilities	13	12	13
Non-current provisions	3	4	5
Other non-current liabilities	1	4	-
Deferred tax liabilities	295	295	302
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>797</b>	<b>801</b>	<b>1,025</b>
Trade payables and related accounts	1,026	950	681
Current other financial liabilities	92	90	61
Current lease liabilities	8	7	7
Current provisions	2	2	1
Current derivative liabilities	-	-	-
Current tax liabilities	6	6	8
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,134</b>	<b>1,054</b>	<b>758</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,895</b>	<b>2,789</b>	<b>2,458</b>



## H1 2022 CASH FLOW STATEMENT

<i>(in € million)</i>	30 June 22	30 June 21
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) for the period	11	-19
Adjustments for:		
- Depreciation, amortization, impairment and change in provisions	36	34
- Financial debt costs & interests on lease liabilities	8	15
- Share-based expenses	2	2
- Income tax expenses	8	15
- Gains and losses on disposal of fixed assets	0	0
- Other non-cash items	6	0
Income tax paid	-10	-9
<b>Cash flows from op. activities before change in working capital</b>	<b>61</b>	<b>38</b>
Change in net working capital - trade	103	21
Change in net working capital - other	-12	-14
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>152</b>	<b>45</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment and intangible assets	-3	-4
Disposals of fixed assets	0	1
Changes in other financial assets	-1	-2
Impact of changes in scope of consolidation	-1	-4
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-4</b>	<b>-9</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	-
Disposal (acquisition) of Treasury shares	0	-3
Purchase of non-controlling interests	-4	0
Proceeds from issuance of bank borrowings	-	-
Proceeds from issuance of other financial liabilities	12	16
Factoring liabilities	-3	-35
Short-term financing	-5	-5
Interest Paid	-8	-15
Repayment of bank borrowing	-1	-21
Repayment of other financial liabilities	-13	-9
Repayment of lease liabilities	-5	-4
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-26</b>	<b>-76</b>
Effects of exchange rate fluctuations on cash and cash equivalents	0	1
<b>INCREASE IN NET CASH AND CASH EQUIVALENTS</b>	<b>122</b>	<b>-39</b>
Net cash and cash equivalents at the beginning of the period	125	162
Net cash and cash equivalents at the end of the period	247	123



## CONFERENCE CALL

Jesper Trolle, Chief Executive Officer and Pierre Boccon-Liaudet, Chief Financial Officer, will present the First Half 2022 performance during a conference call in English to be held today September 14, 2022, at 9:00 am (CET).

You can follow the conference call live via webcast at the following link: <https://ir.exclusive-networks.com/>.

A replay will also be available for a period of one year.

All documents relating to this publication will be placed online on the Exclusive Networks Investor Relations website at <https://ir.exclusive-networks.com/>

Regulated information related to this press release and presentation is available on <https://ir.exclusive-networks.com/>

## PROVISIONAL CALENDAR

- **Q3 Financial update (Gross Sales and Revenue):** November 9, 2022

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## About Exclusive Networks

Exclusive Networks is a global trusted cybersecurity specialist for digital infrastructure helping to drive the transition to a totally trusted digital future for all people and organisations.

Our distinctive approach to cybersecurity gives partners more opportunity and more customer relevance. Our specialism is their strength – equipping them to capitalise on rapidly evolving technologies and transformative business models.

The Exclusive Networks story is a global one with a services-first ideology at its core, harnessing innovation and disruption to deliver partner value. With offices in 46 countries and the ability to service customers in over 170 countries across five continents, Exclusive Networks has a unique 'local sale, global scale' model, combining the extreme focus and value of local independents with the scale and service delivery of a single worldwide cybersecurity powerhouse.

Exclusive Networks is listed on the Euronext Paris stock exchange (Ticker: EXN). For more information visit [www.exclusive-networks.com](http://www.exclusive-networks.com).

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This press release may contain forward-looking statements. Such statements may include projections, estimates, assumptions, statements regarding plans, objectives, intentions and/or expectations with respect to future financial results, events, operations and services and product development, as well as statements, regarding future performance or events. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans", "projects", "may", "would" "should" or the negatives of these terms and similar expressions. Although Exclusive Network's management currently believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking statements are subject to various risks and uncertainties (including, without limitation, risks identified in Exclusive Networks' Registration Document available on Exclusive Networks' website), because they relate to future events and depend on future circumstances that may or may not occur and may be different from those anticipated, many of which are difficult to predict and generally beyond the control of Exclusive Networks. Actual results and developments may differ materially from those expressed in, implied by or projected by forward-looking statements. Forward-looking statements are not intended to and do not give any assurances or comfort as to future events or results. Other than as required by applicable law, Exclusive Networks does not undertake any obligation to update or revise any forward-looking statement.

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