



## EXCLUSIVE NETWORKS – FULL YEAR 2022 FINANCIAL RESULTS

### Exclusive Networks reports growth significantly above cybersecurity market, Increased profitability ratio and strong cash generation

#### OPERATING PERFORMANCE

- Record gross sales at over €4.5bn, +38% yoy
- Strong increase in Net Margin at €411m, up 29%
- Improvement in Adj. EBIT<sup>1</sup> at €154m, up 29%

#### CASH PERFORMANCE

- Outstanding cash generation performance, Adj. Operating FCF above €200m
- Deleveraging down to 1.6x leverage ratio

#### BOULOGNE-BILLANCOURT - February 28, 2023, at 07:00 A.M. CET

Exclusive Networks (Euronext Paris: EXN), a global leader in cybersecurity, today announces its financial results for the full year ended December 31, 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 pleased to announce that we had a record-breaking performance in FY2022, with strong revenue growth, profit margins and cash performance. Our momentum continued to build throughout the year delivering three consecutive quarters of Gross Sales of over €1 billion. This further demonstrates our ability to deliver sustainable growth through our specialised approach, unique business model and talented teams around the world.

“Cybersecurity continues to be one of the most challenging issues of our time facing CIOs. Cyber-attacks are accelerating in frequency and intensity with a ransomware attack estimated to occur every two seconds by 2031. Geopolitical tensions continue to threaten nation states and national critical infrastructure, driving new cyber legislation and compliance. Rapid digital transformation projects, new hybrid working practices and the migration to cloud based architectures have created increased threat landscapes and greater vulnerabilities. Add to this to growing cyber skills and talent shortage and it’s clear that investment in cybersecurity will remain resilient in 2023.

“Based on these macro tailwinds, our market leading portfolio of cybersecurity innovative vendors and our global ecosystem of specialist partners; combined with our ability to grow our addressable market through geographic expansion, strategic acquisition, and service innovation, we estimate that in 2023 our addressable market opportunity will increase to more than \$80 billion. We are confident that we are well placed to take advantage of this growing opportunity.”

<sup>1</sup> Formerly identified as Adj. EBITA. Recurring operating profit before amortisation of intangible assets, adjusted for non-GAAP items.



## FY 2022 PERFORMANCE

Gross Sales and adjusted profitability metrics are 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	FY 2021	FY 2022*	Change	
			Reported	Constant Currency**
Gross sales	3,273	4,528	+38%	+36%
Revenue	2,483	3,404	+37%	+35%
Net Margin	320	411	+29%	-
% Gross Sales	9.8%	9.1%	-70bps	-
Adj. EBIT	119	154	+29%	-
% Net Margin	37.3%	37.5%	+20bps	-
Adj. Net Income	72	100	+39%	-

\* At the date of issuance of this press release, the audit procedures of the statutory auditors on consolidated accounts were carried out. The certification report will be issued after finalisation of the verifications relating to group management report and the presentation in the format provided for by the ESEF regulations of the accounts intended to be included in the annual financial report.

\*\* Variation at constant currency is computed using FY-2021 rates applied to FY-2022 Gross Sales. The USD, GBP and PLN evolved as follows: 1EUR: 1.054 USD; 1EUR: 0.853 GBP, 1EUR: 4.684 PLN respectively for FY-2022 and 1EUR: 1.184 USD, 1EUR: 0.860 GBP, 1EUR: 4.564 PLN respectively for FY-2021.

**Gross Sales** at €4,528 million, an increase of 38% year on year on a reported basis and up 36% at constant currency. Most of this growth (34%) was driven by business with existing vendors in their current geographies. The remainder of the growth was due to vendor expansion (2%) and 2021 acquisitions (3%). Vendor expansion is a combination of vendors entering into new geographies (1%) and new vendor relationships (1%).

**Vendor retention rate**<sup>1</sup> improved in FY 2022, supported by increasing demand for our vendors' solutions and the continued engagement of our channel partners. **Net vendor retention rate**<sup>1</sup> for FY 2022 was up 136% (vs 113% in FY 2021) with **Net customer retention rate**<sup>1</sup> at 133% (vs 112% in FY 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 is not the primary obligor for these solutions. Revenue grew in line with Gross Sales.

**Net Margin** reached €411 million in FY 2022, an increase of 29% year on year. This change below top line growth evolution is explained by the mix of geography and deal size.

**Operating Expenses** were up 28% at €257 million, driven by the full year effect of the 2021 acquisitions as well as post IPO structure.

**Adjusted EBIT** rose to €154 million, up 29% year over year. **Adj. EBIT margin over Net Margin** was up 20 bps year on year to 37.5% as the Group benefits from operating leverage, driven at regional level.

**Adjusted Net Income** reached €100 million, an increase up 39% year over year, benefitting from an increase in adj. EBIT.

<sup>1</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



## GROSS SALES AT GROUP AND REGIONAL LEVELS - HIGHLIGHTS

### Q4-22 GROSS SALES BY REGION

#### Q4 2022 Gross Sales

in € million	Q4 2021	Q4 2022	Change	
			Reported	Constant Currency*
EMEA	805	1,154	44%	46%
AMERICAS	122	176	44%	29%
APAC	98	123	26%	19%
<b>GROUP</b>	<b>1,025</b>	<b>1,454</b>	<b>42%</b>	<b>41%</b>

\* Variation at constant currency is computed using the fourth quarter of 2021 rates applied to the fourth quarter of 2022 Gross Sales. The USD, GBP and PLN evolved as follows 1EUR: 1.054 USD; 1EUR: 0.853 GBP, 1EUR: 4.684PLN respectively for 2022 and 1EUR: 1.184 USD, 1EUR: 0.860 GBP, 1EUR: 4.564 PLN respectively for 2021.

**Gross Sales** at €1,454 million, an increase of 42% vs Q4-21 on a reported basis and up 41% at constant currency. Most of this growth (38%) was driven by business with existing vendors in their current geographies. The remainder of the growth was due to vendor expansion (3%) and acquisitions (1%). Vendor expansion is a combination of vendors entering into new geographies (2%) and new vendor relationships (1%).

**Vendor retention rate** improved in Q4 2022, supported by increasing demand for our vendors' solutions and the continued engagement of our channel partners. **Net vendor retention rate**<sup>1</sup> for Q4 2022 was up 140% (vs 110% in Q4 2021) with **Net customer retention rate**<sup>2</sup> at 135% (vs 106% in Q4 2021).

**EMEA (79% of total quarterly Gross Sales):** Gross Sales at €1,154 million, up 44% vs Q4-21. The Group enjoyed a sharp increase of the activity towards the end of the year, boosted notably by the expansion of the Enterprise market. As a result, for the first time EMEA crossed a record threshold of €1 billion gross sales in a single quarter.

**AMERICAS (12% of total quarterly Gross Sales):** Gross Sales at €176 million, up 44% vs Q4-21. Robust performance of strategic vendors in the region confirmed development in place, market is developing through larger deals, accelerating growth in volumes sold.

**APAC (8% of total quarterly Gross Sales):** Gross Sales came in at €123 million, up 26% vs Q4-21. The rebound of business activity was mainly driven by an accelerated number of deals above €1 million.

<sup>1</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



## FY 2022 PERFORMANCE BY REGION

in € million	FY 2021	FY 2022	Change	
			Reported	Constant Currency*
<b>EMEA</b>				
Gross Sales	2,532	3,539	+40%	+40%
Adj. EBIT	118	160	+36%	
<b>AMERICAS</b>				
Gross Sales	347	532	+53%	+37%
Adj. EBIT	9	14	+62%	
<b>APAC</b>				
Gross Sales	394	457	+16%	+8%
Adj. EBIT	19	20	+6%	
<b>Total</b>				
<b>Gross Sales</b>	<b>3,273</b>	<b>4,528</b>	<b>+38%</b>	<b>+36%</b>
<b>Adj. EBIT</b>	<b>119</b>	<b>154</b>	<b>+29%</b>	

\* Variation at constant currency is computed using FY-2021 rates applied to FY-2022 Gross Sales. The USD, GBP and PLN evolved as follows: 1EUR: 1.054 USD; 1EUR: 0.853 GBP, 1EUR: 4.684PLN respectively for FY 2022 and 1EUR: 1.184 USD, 1EUR: 0.860 GBP, 1EUR: 4.564 PLN respectively for FY 2021.

**EMEA (78% of total yearly Gross Sales):** Gross Sales at €3.539 million, up 40% year on year. In EMEA, the Group benefitted from a continued positive momentum with growth in all countries. The performance was mainly attributed to a strong increase of average deal size while keeping a tight control on new hires. Profitability increased, with Adjusted EBIT amounting to €160 million and growing 36% year on year.

**AMERICAS (12% of total yearly Gross Sales):** Gross Sales were €532 million, up 53% year on year. The very strong performance achieved over the year was driven by the strong activity of historical vendors and the progressive ramp up of new vendors, in line with the ambition to expand in the region. The operational efficiency of the region allowed to achieve +62% growth on Adjusted EBIT, outperforming the growth reported.

**APAC (10% of total yearly Gross Sales):** Gross Sales reached €457 million, up 16% year on year. The region benefitted from key enterprise deals and the higher level of activity toward the end of the year, reflecting the seasonality of the business.

Net margin growth, coupled with costs tight control, led to an Adjusted EBIT growing 6% year over year, to €20 million.

## FY 2022 CASH FLOW AND FINANCING

**Changes in net working capital - trade** amounted to a positive €49 million, in line with activity growth and benefitting from increase of factoring without recourse.

**Adj. Operating Free Cash Flow** reached an exceptional level, amounting to an inflow of €201 million in FY 2022, compared to €65 million in FY 2021.

**Leverage:** Exclusive Networks' **Financial Gross Debt** at December 31, 2022, was €529 million, with **Cash & Cash Equivalents** standing at €268 million and **Net Debt** at €260 million. This resulted in a **leverage ratio** of Net Debt / Adjusted EBITDA of 1.6x. The significant reduction in leverage was driven by the strong cash generation in the period.



## 2023 OUTLOOK & SHAREHOLDER'S RETURN POLICY

### Outlook:

Amid the current environment still impacted by Supply Chain disruptions and uncertain market conditions (inflation, interest rates increase, geopolitical uncertainties), the Group is aiming to achieve for the full year of 2023:

- **Gross Sales** above €5,150 million
- **Net Margin** in the range of €450 million to €465 million
- **Adj. EBIT** in the range of €172 million to €178 million
- **Adj. Operating FCF** above 80% of Adj. EBITDA

### Shareholder's return:

On February 27, 2023, taking into account the strategic priority given by the Group to pursue its development, the Board of Directors, decided to propose to the shareholders not to distribute a dividend.

Moreover, the Board has decided to launch a share buyback program in compliance with the 12<sup>th</sup> resolution approved at the Annual Shareholders Meeting on June 21, 2022.

As part of its share buyback Exclusive Networks will sign an agreement with an investment service provider, for a maximum amount of the SBB in the range of €25 million.

The shares will be acquired with a view to remitting them in the context of management package schemes such as allotment of Long-Term Incentives plans represented by free-shares and M&A build-up.

The price of the shares purchased under this mandate shall not exceed the limit of €30 set by the Shareholders' Meeting held on June 21, 2022.

Further information regarding this program will be communicated subsequently.



## APPENDIX

### FY 2022 CONSOLIDATED P&L

EURm	31 Dec. 2021	31 Dec. 2022
<b>Revenue</b>	<b>2,483</b>	<b>3,404</b>
Costs of purchases goods and services	(2,158)	(2,987)
Freight on sales	(5)	(6)
<b>Net Margin</b>	<b>320</b>	<b>411</b>
Personnel costs	(153)	(183)
Other operating costs	(43)	(71)
Amortisation of intangibles assets	(57)	(60)
Depreciation and amortization of tangible assets	(12)	(13)
<b>Recurring operating profit</b>	<b>55</b>	<b>85</b>
Non-recurring operating income and expenses	(4)	(5)
<b>Operating profit</b>	<b>51</b>	<b>79</b>
Finance debt costs	(28)	(18)
Interest on lease liabilities	(1)	(1)
Other financial income and expenses	(10)	(9)
<b>Financial result</b>	<b>(39)</b>	<b>(27)</b>
<b>Income before taxes</b>	<b>12</b>	<b>52</b>
Income taxes	(25)	(13)
<b>Net income</b>	<b>(13)</b>	<b>39</b>
Net income attributable:		
- To the owners of the parent company	(14)	36
- To non-controlling interest	1	3
Earnings per share attributable to parent company (in €):		
- Basic earnings per share	(0.15)	0.40
- Diluted earnings per share	(0.14)	0.40



## FY 2022 CONSOLIDATED BALANCE SHEET

EURm	31 Dec. 21	31 Dec. 22
<b>ASSETS</b>		
Goodwill	314	295
Other intangible assets	1,154	1,112
Property, plant and equipment	7	7
Right-of-use assets	19	26
Non-current other financial assets	35	40
Deferred tax assets	11	8
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,540</b>	<b>1,488</b>
Inventories	150	271
Trade receivables and related accounts	956	1,132
Income tax receivables	4	12
Other current financial assets	10	19
Cash and cash equivalents	130	268
<b>TOTAL CURRENT ASSETS</b>	<b>1,249</b>	<b>1,703</b>
<b>TOTAL ASSETS</b>	<b>2,789</b>	<b>3,191</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital and share premium	976	976
Retained earnings and other reserves	(44)	(27)
Foreign currency translation reserve	0	4
<b>Equity attributable to the owners of the parent company</b>	<b>932</b>	<b>952</b>
Non-controlling interests	2	3
<b>TOTAL EQUITY</b>	<b>934</b>	<b>956</b>
Other non-current financial liabilities	485	488
Non-current lease liabilities	12	20
Non-current provisions	4	4
Other non-current liabilities	5	0
Deferred tax liabilities	294	274
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>801</b>	<b>785</b>
Trade payables and related accounts	950	1,304
Other current financial liabilities	90	128
Current lease liabilities	7	8
Current provisions	2	0
Current tax liabilities	6	11
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,054</b>	<b>1,450</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,789</b>	<b>3,191</b>



## FY 2022 CASH FLOW STATEMENT

EURm	31 Dec. 21	31 Dec. 22
<b>OPERATING ACTIVITIES</b>		
Net income	(13)	39
Adjustments for:		
- Depreciation, amortisation, impairment and change in provisions	69	74
- Financial debt costs & interest on lease liabilities	29	19
- Income tax expenses	25	13
Other adjustments and non-cash items	15	8
Income tax paid	(18)	(25)
Cash flows from op. activities before change in working capital	107	129
Change in net working capital - trade	(54)	49
Change in net working capital - other	(11)	9
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>42</b>	<b>186</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment and intangible assets	(5)	(6)
Changes in other financial assets	()	(2)
Impact of changes in scope of consolidation	(22)	(2)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(27)</b>	<b>(9)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Share capital issuance	235	-
Dividends paid	()	(19)
Proceeds from issuance of bank borrowings & from other financial liabilities	502	44
Factoring liabilities	(15)	12
Short-term financing	35	(14)
Interest Paid	(27)	(17)
Repayment of bank borrowing & of other financial liabilities	(765)	(24)
Other cash-out flow from financing activities	(10)	(16)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(44)</b>	<b>(33)</b>
Effects of exchange rate fluctuations on cash and cash equivalents	(9)	(6)
<b>INCREASE IN NET CASH AND CASH EQUIVALENTS</b>	<b>(37)</b>	<b>138</b>
Net cash and cash equivalents at the beginning of the period	162	125
Net cash and cash equivalents at the end of the period	125	263





## GLOSSARY

### Gross Sales:

- Gross Sales represent revenue recognized by the Group on a gross basis for each revenue stream.
- Net of returns, discount and rebates.

### Revenue:

- IFRS revenue.
- Support & Maintenance margin accounted for revenue.
- Net of returns, discount and rebates.

### Net Margin:

- Revenue less costs of purchased goods and services and freight on sales.

### Adj. EBIT:

- Formerly identified as Adj. EBITA
- Recurring operating profit before amortisation of intangible assets, adjusted for non-GAAP items.

### Adj. EBITDA:

- Adj. EBIT restated from D&A

### Adj. Net income:

- Net income restated for non-recurring operating IFRS and non-GAAP items, net of taxes.

### Adj. Operating FCF:

- Operating Free Cash Flow before tax and adjusted for non-recurring items.

### Non-recurring items:

- Items defined as unusual, abnormal and infrequent, of limited number and presented separately in order not to distort the understanding of the Group's underlying performance.



## CONFERENCE CALL

Jesper Trolle, Chief Executive Officer, and Nathalie Bühnemann, Chief Financial Officer, will present the Full Year 2022 financial results during a conference call in English today (February 28, 2023) 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 at <https://ir.exclusive-networks.com/>

## PROVISIONAL CALENDAR

- **Q1 2023 Financial update (Gross Sales and Revenue):** May 4, 2023
- **Annual General Meeting:** June 8, 2023

## EXCLUSIVE NETWORKS CONTACTS

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## **About Exclusive Networks**

Exclusive Networks (EXN) is a global cybersecurity specialist that provides partners and end-customers with a wide range of services and product portfolios via proven routes to market. With offices in over 45 countries and the ability to serve customers in over 170 countries, we combine a local perspective with the scale and delivery of a single global organisation.

Our best-in-class vendor portfolio is carefully curated with all leading industry players. Our services range from managed security to specialist technical accreditation and training and capitalize on rapidly evolving technologies and changing business models. For more information visit [www.exclusive-networks.com](http://www.exclusive-networks.com).



## DISCLAIMER

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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