



## EXCLUSIVE NETWORKS – H1-24 FINANCIAL RESULTS

### Exclusive Networks reports solid double-digit growth in H1-24 Accelerated momentum in Q2-24 and APAC back on growth track FY24 Outlook confirmed

#### OPERATING PERFORMANCE

- Double digit Gross sales growth:
  - €2,564m, +10% reported
  - +11% at constant currency
- Net margin grew to €235m at 9.2% of Gross sales
- Adj. EBIT at €88m, at close to 38% of Net Margin

#### CASH PERFORMANCE

- Adj. Operating FCF close to 50%
- €330m Gross cash end of H1-24
- Leverage ratio at 1.0x Net Debt/Adj. EBITDA

#### BOULOGNE-BILLANCOURT – July 23rd, 2024, at 06:30 P.M. CET

Exclusive Networks (Euronext Paris: EXN), a global leader in cybersecurity, today announces its financial results for the half-year ended June 30<sup>st</sup>, 2024. Please note that management will not be holding a conference call on August 1, 2024, as originally planned.

**Jesper Trolle, Chief Executive Officer**, commented:

*"I am pleased to announce that we had a strong first half of the year, amidst continued soft market conditions. Gross sales growth accelerated steadily over the first half, positioning the business well for second half of 2024.*

*As a result, we remain close to our long-term target of adjusted EBIT margin of c.40% with high cash generation. Our momentum reflects the dedication and resilience of our teams around the world, whom I thank, and who remain laser focused on driving growth for the ecosystem. During Q2, we saw our APAC business return to growth, and we are confident in the renewed growth momentum in this important region.*

*This outcome reflects the strength, diversification and resilience of our business model. Our reputation as a trusted partner is valued by vendors and customers alike, with retentions rates consistently above 100%, laying the foundation for our continued growth.*

*During the 1H of 2024, we completed the acquisition of Nextgen Group in ANZ and APAC. The integration is well underway, and we are pleased to announce that they contributed to a full first quarter in our books and boosted our Gross Sales growth to 11%<sup>1</sup>.*

*The continued emphasis on cybersecurity by CIOs, combined with our unique business model and established growth strategies, positions us well for sustainable growth and success. Looking ahead to FY-24, we remain optimistic about our prospects and are confident in achieving our full-year guidance."*

1. Variation at constant currency is computed using H1-23 rates applied to H1-24 Gross sales. The USD, GBP and PLN evolved as follows: 1EUR: 1.081 USD; 1EUR: 0.855 GBP, 1EUR: 4.317 PLN respectively for H1-24 and 1EUR: 1.081 USD; 1EUR: 0.877 GBP, 1EUR: 4.626 PLN respectively for H1-23.



## Q2-24 GROSS SALES

in € million	Q2-23	Q2-24	Variation	
			Reported	Constant Currency <sup>1</sup>
EMEA	897	969	+8%	+8%
AMERICAS	158	173	+9%	+9%
APAC	96	166	+73%	+75%
<b>GROUP</b>	<b>1,152</b>	<b>1,309</b>	<b>+14%</b>	<b>+14%</b>

## Q2-24 IFRS Revenue

in € million	Q2-23	Q2-24	Variation	
			Reported	Constant Currency <sup>1</sup>
EMEA	275	221	-20%	-19%
AMERICAS	62	66	+7%	+6%
APAC	41	43	+4%	+5%
<b>GROUP</b>	<b>378</b>	<b>330</b>	<b>-13%</b>	<b>-13%</b>

In Q2-24, Gross sales were €1,309 million, an increase of +14% year over year on a reported basis, +14% at constant currency. M&A strategy has fuelled our growth in Q2-24 up to 6.6% including NextGen acquisition. Most of the organic growth was driven by business with existing vendors in their current geographies (+5.3%), and to a lesser extent to vendor expansion (+1.7%), which is a combination of vendors entering into new geographies (+1.2%) and new vendor relationships (+0.5%).

IFRS revenue is down 13% at Group level due to the market trend in Hardware business benefitting to higher growth in Software and Support & Maintenance.

## H1-24 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	H1-23	H1-24	Change	
			Reported	Constant Currency <sup>1</sup>
<b>Gross sales</b>	<b>2,331</b>	<b>2,564</b>	<b>+10%</b>	<b>+11%</b>
<b>Revenue</b>	<b>776</b>	<b>723</b>	<b>-7%</b>	<b>-6%</b>
<b>Net margin</b>	<b>222</b>	<b>235</b>	<b>+6%</b>	-
% Gross sales	9.5%	9.2%	-34bps	-
<b>Adj. EBIT</b>	<b>84</b>	<b>88</b>	<b>+5%</b>	-
% Net margin	37.8%	37.6%	-28bps	-
<b>Adj. net income</b>	<b>45</b>	<b>46</b>	<b>+2%</b>	-

**Gross sales** were up 11% at constant currency and up 10% reported at €2,564million. The major part of the growth was organic volumes, with existing vendors in current geographies (4.9%), and vendor expansion (+1.3%), composed of vendors entering into new geographies (+0.6%) and new vendors (+0.6%). The remainder of the growth is attributable to pricing effect (-1.0%), to recent acquisitions (+3.8%) and to currency effect (-0.6%).

<sup>1</sup> Variation at constant currency is computed using H1-23 rates applied to H1-24 Gross sales. The USD, GBP and PLN evolved as follows: 1EUR: 1.081 USD; 1EUR: 0.855 GBP, 1EUR: 4.317 PLN respectively for H1-24 and 1EUR: 1.081 USD; 1EUR: 0.877 GBP, 1EUR: 4.626 PLN respectively for H1-23.



**Vendor and Customer retention rates**<sup>1</sup> in H1-24 remained above 100%, reflecting the continued engagement of our channel partners. **Net vendor retention rate**<sup>1</sup> on a rolling 12-month basis at H1-24 was 107% (vs 131% in H1-23) with **net reseller retention rate**<sup>1</sup> on a rolling 12-month basis in H1-24 at 106% (vs 130% in H1-23).

In H1-24, Gross sales mix grew towards Software and Support & Maintenance, in line with the strategy in place and confirming the relevance of the value proposition. **Hardware** on a rolling 12-month basis decreased to 22% of the Group (vs 26% in H1-23), **Software** was up at 51% (vs 47% in H1-23) and **Support & Maintenance** was 27% (in line with H1-23).

Cloud-based business accounted for 34% of the Group in H1-24 on a rolling 12-month basis, up 5 points compared to H1-23 in line with our digital growth strategy.

**IFRS Revenue** as reported in the Consolidated Financial Statements considers the recognition of the sales of Software licences and Support & Maintenance on a Net margin basis as per IFRS as explained above. IFRS Revenue reached €723million, down -7% reported due to the decreasing Hardware business mostly in EMEA and APAC.

**Net margin** was €235 million in H1-24, representing an increase of 6% year on year, reflecting the strong execution with a consistent mix evolution of geography and deal size despite a challenging competitive environment.

**Operating expenses** increased by 7% to €147 million, below Gross Sales growth, aligned with tight monitoring of the cost structure. Investment have been done to extend capabilities especially through NextGen, control on costs is a key factor for the Group.

**Adjusted EBIT** rose to a record €88 million, up 5% year over year. **Adj. EBIT margin over Net margin** stable at 37.6% reflecting investment in capabilities in NextGen. Excluding these specific investments, operating leverage would have been at 38.0% slightly increasing year over year.

**Adjusted net income** was €46 million, representing an increase of 2% year over year, resulting mainly from the Adj. EBIT growth partially offset by higher financial expenses and income taxes.

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<sup>1</sup>Defined as rolling 12 months Gross sales generated in year N from vendors/customers active in year N-1 divided by rolling 12 months Gross Sales from the same vendors/customers in year N-1



## H1-24 PERFORMANCE BY REGION

in € million	H1-23	H1-24	Change	
			Reported	Constant Currency
<b>EMEA</b>				
Gross sales	1,822	1,979	+9%	+9%
Revenue	566	519	-8%	-8%
Adj. EBIT	89	92	+4%	-
<b>AMERICAS</b>				
Gross sales	298	314	+5%	+5%
Revenue	115	123	+7%	+7%
Adj. EBIT	7	6	-17%	-
<b>APAC</b>				
Gross sales	211	271	+29%	+31%
Revenue	95	81	-15%	-13%
Adj. EBIT	10	10	-4%	-
<b>Total</b>				
<b>Gross sales</b>	<b>2,331</b>	<b>2,564</b>	<b>+10%</b>	<b>+11%</b>
<b>Revenue</b>	<b>776</b>	<b>723</b>	<b>-7%</b>	<b>-6%</b>
<b>Adj. EBIT</b>	<b>84</b>	<b>88</b>	<b>+5%</b>	<b>-</b>

**EMEA (77% of the Group):** Gross sales were €1,979 million, up 9% year on year, following a slower growth in market in Q2-24 and slippage of some large deals into Q3-24. The profitability grew at a slightly lower pace, with Adjusted EBIT rising to €92 million, up 4% year on year, consequent to the competitive environment and pressure on margin levels.

**AMERICAS (12% of the Group):** Gross sales were €314 million, up 5% year on year, the region rebounded after a low single digit growth in Q1-24 to +9% in Q2-24 supported by the progressive ramp up of both new and existing vendors and the continued high local market demand. The Adj. EBIT decreased by €1m to €6m resulting from the investment in Sales & Operations to generate the next phase of growth.

**APAC (11% of the Group):** Gross sales reached €271 million, up 29% year on year, driven by the integration of NextGen as well as the initiatives implemented locally leading to a positive +8% growth at constant rate in Q2-24 on the organic perimeter of the business. The Adj. EBIT decreased slightly by -4% reaching €10m for H1-24 impacted by a less favourable vendor mix and market share regain in ANZ.

## H1-24 CASH FLOW AND FINANCING

**Adj. Operating Free Cash Flow** reached an inflow of €45 million in H1-24, compared to €105 million in H1-23 mainly driven by the increasing working capital requirement and the geographical mix. Consequently, the ratio of cash conversion is 47% in H1-24 vs 116% in H1-23.

**Leverage: Financial gross debt** at June 30, 2024, was €532 million (vs. €516 million at end Dec. 2023), with **Cash & cash equivalents** at €330 million and **Net debt** at €212 million, including the acquisition of NextGen. This resulted in a **leverage ratio** of Net Debt / Adjusted EBITDA of 1.0x compared to 0.8x as of Dec 31, 2023 and 1.3x as of June 30, 2023.



## FY-24 OUTLOOK

Amid the current environment still challenged by macroeconomic volatility (inflation, interest rates, geopolitical uncertainties), the Group is aiming to achieve for the FY 24:

- **Gross sales** growth in a range between 10% and 12% at constant currency
- **Net margin** in the range between €500 m and €515 m
- **Adj. EBIT** in the range of €200 and €210 m
- **Adj. Operating FCF** above 80% of Adj. EBITDA

### Consolidated Financial Statements

The Board of Directors approved the consolidated financial statements on 23<sup>rd</sup> July 2024. The consolidated financial statements have been audited.



## APPENDIX

### H1-24 CONSOLIDATED P&L

€ million	30 Jun 2023	30 Jun 2024
<b>Revenue</b>	<b>776</b>	<b>723</b>
Costs of purchased goods and services	(552)	(484)
Freight on sales	(3)	(4)
<b>Net margin</b>	<b>222</b>	<b>235</b>
Personnel costs	(97)	(108)
Other operating costs	(39)	(39)
Amortization of intangible assets	(30)	(29)
Depreciation and amortization of tangible assets	(7)	(7)
<b>Recurring operating profit</b>	<b>49</b>	<b>52</b>
Non-recurring operating income and expenses	1	(5)
<b>Operating profit</b>	<b>50</b>	<b>47</b>
Finance debt costs	(14)	(13)
Interest on lease liabilities	(1)	(1)
Other financial income and expenses	(11)	(14)
<b>Financial result</b>	<b>(26)</b>	<b>(28)</b>
<b>Income before taxes</b>	<b>24</b>	<b>19</b>
Income taxes	(6)	(5)
<b>Net income</b>	<b>18</b>	<b>14</b>
Net income attributable:		
- To the owners of the parent company	16	14
- To non-controlling interest	2	0
Earnings per share attributable to parent company (in €):		
- Basic earnings per share	0.18	0.15
- Diluted earnings per share	0.18	0.15



## H1-24 CONSOLIDATED BALANCE SHEET

€ million	31 Dec. 2023	30 Jun. 2024
<b>ASSETS</b>		
Goodwill	297	369
Other intangible assets	1,055	1,052
Property, plant and equipment	8	9
Right-of-use assets	26	27
Other non-current financial assets	51	29
Deferred tax assets	7	7
<b>NON-CURRENT ASSETS</b>	<b>1,444</b>	<b>1,493</b>
Inventories	220	185
Trade receivables and related accounts	1,381	1,376
Income tax receivables	10	18
Other current financial assets	9	12
Cash and cash equivalents	369	330
<b>CURRENT ASSETS</b>	<b>1,989</b>	<b>1,921</b>
<b>ASSETS</b>	<b>3,433</b>	<b>3,414</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital and share premium	976	976
Retained earnings and other reserves	(47)	(15)
Group net income	43	14
Foreign currency translation reserve	(13)	0
<b>Equity attributable to the owners of the parent company</b>	<b>959</b>	<b>975</b>
Non-controlling interests	2	(1)
<b>EQUITY</b>	<b>961</b>	<b>974</b>
Other non-current financial liabilities	500	480
Non-current lease liabilities	19	19
Non-current provisions	3	4
Other non-current liabilities	0	0
Deferred tax liabilities	253	261
<b>NON-CURRENT LIABILITIES</b>	<b>776</b>	<b>764</b>
Trade payables and related accounts	1,583	1,539
Other current financial liabilities	91	120
Current lease liabilities	8	9
Current provisions	0	0
Current tax liabilities	14	8
<b>CURRENT LIABILITIES</b>	<b>1,696</b>	<b>1,676</b>
<b>EQUITY AND LIABILITIES</b>	<b>3,433</b>	<b>3,414</b>



## H1-24 CASH FLOW STATEMENT

€ million	30 Jun 2023	30 Jun 2024
<b>OPERATING ACTIVITIES</b>		
Net income	18	14
<b>Adjustments for:</b>		
- Depreciation, amortization, impairment and change in provisions	37	36
- Financial debt costs & interests on lease liabilities	15	14
- Income tax expenses	6	5
Other adjustments and non-cash items	5	6
<b>Income taxes paid</b>	<b>(10)</b>	<b>(14)</b>
<b>Cash flows from op. activities before change in working capital</b>	<b>70</b>	<b>62</b>
Change in working capital	10	(39)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>81</b>	<b>23</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment and intangible assets	(3)	(3)
Disposals of fixed assets	0	0
Changes in other financial assets	1	(0)
Interests received	-	2
Acquisition/(disposal) of subsidiary, net of cash acquired/(disposed of)	-	(32)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(2)</b>	<b>(33)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(1)	(0)
Disposal (acquisition) of Treasury shares	(25)	(1)
Proceeds from issuance of bank borrowings & from other financial liabilities	26	4
Factoring liabilities	(35)	9
Short-term financing	(2)	1
Interests paid	(14)	(14)
Repayment of bank borrowing & other financial liabilities	(24)	(25)
Other cash-out flow from financing activities	(5)	(5)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(79)</b>	<b>(32)</b>
Effects of exchange rate fluctuations on cash and cash equivalents	(1)	3
<b>INCREASE IN NET CASH AND CASH EQUIVALENTS</b>	<b>(1)</b>	<b>(38)</b>
Net cash and cash equivalents at the beginning of the period	263	358
Net cash and cash equivalents at the end of the period	262	320





## 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 15 revenue.
- Vendor Support & Maintenance and Software licenses 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:**

- Recurring operating profit before amortization of intangible assets, adjusted for non-GAAP items.

### **Adj. EBITDA:**

- Adj. EBIT restated from Depreciation of tangible assets.

### **Adj. net income:**

- Net income restated for non-recurring operating IFRS 15 and non-GAAP items, net of taxes.

### **Adj. Operating FCF:**

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

### **Cash Conversion:**

- Adj. Operating Free Cash Flow / Adj. EBITDA.

### **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

As mentioned at the beginning of this press release, please note that management will not be holding a conference call on August 1, 2024, as originally planned.

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

## PROVISIONAL CALENDAR

- **Q3 Sales:** 5 November 2024

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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).

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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. This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.