

Letter from our Chief Digital Officer

Friday, August 27, 2021

Update 5 | Ransomware Security Incident at Leschaco on August 21, 2021

Dear Valued Customer / Business Partner,

On Saturday, August 21, 2021, we were victim of a criminal cyber-attack. Unknown perpetrators used a ransomware to attack Leschaco's servers, which are located at external service providers.

This single event has shaken our Leschaco World quite substantially. Let me start by expressing my gratitude to all our employees who have redefined our realities in just a few hours and through extraordinary efforts. I would like to thank our customers for all their trust and loyalty in our service and our colleagues. We are proud of such strong relationships, and we will not let you down. Finally, our business partners, who stood by our side and helped us out in many ways: Thank you.

Upon knowledge of the incident, we immediately put a taskforce in place extended by external experts on the weekend. This team grew throughout the week to more than 100 people. Together with the authorities, we did anything possible to prevent the misuse and leakage of data. In the days that followed, we started rebuilding our IT infrastructure step by step. In doing so, we pursued a clear maxim: security comes before speed!

With all affected networks being immediately taken offline and after being subject to IT forensics, fortunately, we were able to access backup copies of our data files that had been created before the incident and were not damaged. A simple restore would have ignored the danger that the attackers have hidden malware in the systems that would have activated again at a later time – trojan viruses. This involved identifying and eliminating conspicuous data and processes. This is a complex and time-consuming procedure. Of course, all passwords were reset, and the system is booted up step by step and continuously checked for anomalies.

As soon as the systems are running stably and inconspicuously, data import from the backup copies will be initiated. Finally, contact with the outside world - internet and business partners - will be gradually re-established over the course of next week. However, this decisive step will also be carried out with extreme caution and only if secure: the entire system is treated as a "confined room". It is therefore not possible to call up arbitrary computers from the Leschaco network. This protects our network internally and externally. Leschaco computers will only communicate with computers of known IP addresses, or more precisely: with the computers of our customers and business partners, re-checked and approved by IT Security.

This means that the electronic exchange of data with our customers and business partners remains completely under control of the security specialists who have freed our network from the ransomware. It is at the same time a perfect example of where security beats convenience in the future Leschaco IT environment.

All of the above, are the prerequisites of going back online with our systems and I am proud to say, that this is scheduled for next week. I am pleased to say that – although security was at the centre of what we did – we were able to get so far on the road back to normality in just one week. It is a testimonial of how prepared we were for such an incident and how well our teams have responded!

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Everything we are currently doing is to keep your and our data and systems safe. That is why we are also taking time to get our IT infrastructure securely back online. Until then, we are communicating with our customers and business partners via e-mail. Our Microsoft365 environment was not affected by the incident.

Therefore, if you have any questions about the security of your data and business at Leschaco, please feel free to send us an e-mail or get directly in contact with us via phone. Thank you once again for putting your trust in Leschaco!

Yours,

Constantin Conrad
Chief Digital Officer

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Disclaimer

Please note that all information reported in the Customer Advisory is to the best of our knowledge at the time of writing, but we cannot guarantee its correctness or accuracy.