



11% revenue growth and  
43% EBITDA increase in H1 2021:  
record EBITDA margin of 18.4%

Annual EBITDA margin target raised

**PRESS RELEASE**

PARIS, July 29, 2021 - EKINOPS (Euronext Paris – FR0011466069 – EKI), a leading supplier of telecommunications solutions for telecom operators and businesses, has published its H1 2021 financial statements (for the period ended June 30, 2021) as approved by the Board of Directors on July 28, 2021. The statutory auditors conducted an interim review of these half-year financial statements.

€m - IFRS	H1 2020	H1 2021	Change
<b>Revenue</b>	45.8	50.8	+11%
<b>Gross margin</b>	24.9	27.8	+12%
<i>% of revenue</i>	54.3%	54.7%	
Operating expenses	23.8	25.9	+9%
<b>EBITDA<sup>1</sup></b>	6.5	9.4	+43%
<i>% of revenue</i>	14.3%	18.4%	
<b>Current operating income</b>	1.1	1.9	+81%
Operating income/(loss)	1.2	1.8	+48%
<b>Consolidated net income/(loss)</b>	0.9	1.6	+75%
<i>% of revenue</i>	2.0%	3.2%	

<sup>1</sup>EBITDA (earnings before interest, taxes, depreciation and amortization) corresponds to current operating income restated for (i) amortization, depreciation and provisions, and (ii) income and expenses relating to share-based payments.

**Record H1 revenue of €50.8 million, with a 25% increase (in US dollars) in North America**

At the end of the first half of 2021, Ekinops posted revenue of €50.8 million versus €45.8 million in the previous year, representing an 11% increase (+13% at constant exchange rates). The group thus achieved

double-digit growth, reporting its highest ever half-yearly revenue and topping the €50 million mark for a semester for the first time.

In geographic terms, business was dynamic in North America and EMEA (Europe, Middle East and Africa excluding France) during the period. Growth in North America was 15% in the first half of the year, rising to 25% in US dollars. In addition to the success of Optical Transport equipment, sales of Access solutions almost doubled in this region during the period, generating seven-digit revenue in the first half of the year. EMEA ended the period with a strong 22% growth. France, which accounted for 33% of business activity in the first half, grew by 4%, mainly due to an unfavorable base effect.

### **Gross margin of 54.7%, in line with the group's targets**

Over the first half of 2021, the gross margin stood at €27.8 million, up 12% from the same period last year. It especially benefited from the take-off of Access solutions sales in North America and the strong growth in the software and services activities, which now represent 12% of revenue (versus 8% in the previous year), driven by the success of the virtualization solutions.

Gross margin thus represented 54.7% of consolidated revenue in first-half 2021. This is broadly in line with the group's expectations and at the high end of the long-term target range (52%-56%).

### **EBITDA up 43% and record EBITDA margin of 18.4% in H1 2021**

Half-year EBITDA was €9.4 million versus €6.5 million in H1 2020, with good control over operating expenses (which increased by a moderate 9%). At the same time, the Group made the investments needed to support its growth and development (18 net new hires in the period, mainly to expand the R&D team).

EBITDA margin set another record, at 18.4% versus 14.3% in H1 2020 and 15.9% for full-year 2020.

After net depreciation, amortization and provisions (€5.7 million, of which €2.9 million in amortization related to intangible assets identified post purchase price allocation) and non-cash expenses relating to share-based payments (€1.2 million) and the associated employer contributions (€0.6 million), current operating income (EBIT) amounted to €1.9 million in H1 2021, up 81% from the previous year and representing 3.7% of revenue. Excluding amortization related to the intangible assets identified after purchase price allocation, pro forma EBIT was 9.5%.

In the absence of other significant operating revenues and expenses in H1 2021 (€0.1 million), operating income came to €1.8 million (versus €1.2 million in H1 2020).

After accounting for €0.1 million in financial income (including a €0.3 million exchange rate gain) and a €0.3 million tax expense, H1 net income increased by more than 75%, reaching €1.6 million.

### **Net cash<sup>1</sup> of €20.0 million at June 30, 2021**

In H1 2021, Ekinops generated cash flow before taxes and net borrowing costs of €9.2 million versus €6.6 million in the previous year (+39%), leading to a 4.6 million operating cash flow after an increase in working capital requirements to €4.3 million. This was mainly due to robust business activity at the end of the period and the various deferrals of tax and social security contributions the Group was granted under the government programs implemented in response to the health crisis in 2020.

Cash flow from investing activities (non-current assets and R&D) amounted to a €2.1 million outflow, flat versus the prior year.

Cash flow from financing activities stood at €5.2 million of net outflow, of which €2.3 million in bank loan repayments versus €13.5 million in new borrowings last year, when Ekinops benefited from loans made

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<sup>1</sup>Net cash = cash and cash equivalents – borrowings (excluding bank debt relating to CIR pre-financing and IFRS 16 lease liabilities)

available by governments to cope with the pandemic (state-guaranteed loans (PGE) in France and the Paycheck Protection Program (PPP) in the USA).

At June 30, 2021, cash and cash equivalents balance was €47.0 million, while financial borrowings<sup>2</sup> totaled €27.0 million. Ekinops' financial position was particularly strong and sound at the end of the period, with net cash<sup>3</sup> of €20.0 million at mid-2021, versus €18.1 million at end-2020.

At June 30, 2021, Ekinops' shareholders' equity stood at €94.5 million.

ASSETS - €m IFRS	12/31 2020	6/30 2021	EQUITY & LIABILITIES - €m IFRS	12/31 2020	6/30 2021
<b>Non-current assets</b>	<b>77.6</b>	<b>77.0</b>	<b>Shareholders' equity</b>	<b>90.9</b>	<b>94.5</b>
o/w goodwill	28.3	28.4	<b>Financial liabilities</b>	<b>31.6</b>	<b>27.0</b>
o/w intangible assets	27.2	25.1	o/w bank loans	21.9	20.8
o/w right-of-use assets	5.3	5.0	o/w factoring	7.8	4.8
<b>Current assets</b>	<b>41.2</b>	<b>45.8</b>	<b>Research tax credit pre-financing</b>	<b>6.3</b>	<b>6.3</b>
o/w inventories	13.9	14.3	<b>Trade payables</b>	<b>12.4</b>	<b>14.1</b>
o/w trade receivables	22.3	25.8	<b>Lease liabilities</b>	<b>5.5</b>	<b>5.2</b>
<b>Cash &amp; cash equivalents</b>	<b>49.6</b>	<b>47.0</b>	<b>Other liabilities</b>	<b>21.8</b>	<b>22.6</b>
<b>TOTAL</b>	<b>168.5</b>	<b>169.7</b>	<b>TOTAL</b>	<b>168.5</b>	<b>169.7</b>

### Outlook: annual EBITDA margin guidance raised

The Group maintained robust double-digit growth in first-half 2021, outperforming its markets and main competitors.

In addition to these excellent half-year results, which show that the Ekinops solutions are meeting operators' expectations and that the Group has the ability to secure their investments, new orders were strong in the first half of the year. Thus, the Group is well positioned for continued robust growth in the coming months despite the still unstable pandemic situation.

The ongoing global supply tensions on certain electronics components have thus far had only a minor impact on the Group's business activity. Ekinops continues to monitor the situation very closely. It has shown good control over its supply chain and has been agile in sourcing and managing its inventories since the end of 2020.

The Group reiterates its guidance of double-digit growth in its business activity for full-year 2021.

In terms of profitability, the Group met the higher end of its annual gross margin guidance of 52% to 56% in the first half, and beat its annual EBITDA margin guidance of 12% to 16%. In light of this performance and the positive outlook for the second half of the year, Ekinops has raised its annual EBITDA guidance and is now targeting an EBITDA margin of 14% to 18%.

Given its strong balance sheet, Ekinops continues to actively pursue its external growth strategy and to explore all acquisition opportunities that could create value for the company.

<sup>2</sup> Excluding bank debt relating to CIR pre-financing and IFRS 16 lease liabilities

<sup>3</sup> Net cash = cash and cash equivalents – borrowings (excluding bank debt relating to CIR pre-financing and IFRS 16 lease liabilities)

## 2021 financial calendar

Date	Release
October 12, 2021	Q3 2021 revenue
January 12, 2022	FY 2021 revenue
March 8, 2022	2021 annual results

All press releases are published after Euronext Paris market close.

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### About EKINOPS

Ekinops is a leading provider of open and fully interoperable Layer 1, 2 and 3 solutions to service providers around the world. Our programmable and highly scalable solutions enable the fast, flexible and cost-effective deployment of new services for both high-speed, high-capacity optical transport as well as virtualization-enabled managed enterprise services.

Our product portfolio consists of three highly complementary product and service sets:

- EKINOPS 360 provides optical transport solutions for metro, regional and long-distance networks with WDM for high-capacity point-to-point, ring and optical mesh architectures, and OTN for improved bandwidth utilization and efficient multi-service aggregation.
- OneAccess offers a wide choice of physical and virtualized deployment options for Layer 2 and Layer 3 access network functions.
- Compose supports service providers in making their networks software-defined with a variety of software management tools and services, including the scalable SD-WAN Xpress.

As service providers embrace SDN and NFV deployment models, Ekinops enables future-proofed deployment today, enabling operators to seamlessly migrate to an open, virtualized delivery model at a time of their choosing.

A global organization, Ekinops (EKI) - a public company traded on the Euronext Paris exchange - is headquartered in Lannion, France, and operates on four continents.

**EKI** Name: Ekinops  
**LISTED** ISIN code: FR0011466069  
**EURONEXT** Ticker: EKI  
Total number of shares: 25,727,618

For more information, visit [www.ekinops.com](http://www.ekinops.com)

## Appendices - Alternative performance indicators

### EBITDA

The Group has opted to communicate this metric in view of (i) its significance for the analysis of financial performance, and (ii) the vesting terms governing Group employee bonus share and stock option plans.

As such, the Group defines EBITDA as current operating income restated for (i) amortization, depreciation, provisions and write-offs, and (ii) charges related to share-based payments.

€m - IFRS	H1 2020	H1 2021
<b>Current operating income</b>	<b>1,1</b>	<b>1,9</b>
Amortization, depreciation (excl. right-of-use assets) and provisions	1,8	2,8
Amort., depr. of developed technologies and customer relations	3,0	2,9
Share-based payments	0,7	1,8
<b>EBITDA</b>	<b>6,5</b>	<b>9,4</b>