



Annual Results FY 2022

Investor Presentation

March 8, 2023

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Speakers



Didier Brédy

CEO



Dmitri Pigoulevski

CFO

Ekinops' Mission Statement

To provide **open, trusted**
and **innovative network connectivity**.

We enable our **customers' success** by delivering **high value-added** software-driven solutions.



Open



Trusted



Innovative

We provide open, trusted and innovative network connectivity solutions



2022 revenue: €127.6 m – 2022 EBITDA : €22.6 m



- 2020 : flat revenue – 15.9% EBITDA
- 2021 : +12% growth – 16.9% EBITDA
- 2022 : +23% growth – 17.7% EBITDA (+31%)

Staff: +500 people (End December 2022)



- 55% internationally
- +50% in R&D
- >90% software engineers
- ~20% of revenue invested in R&D
- Innovation is at the heart of our strategy

Ekinops' Portfolio



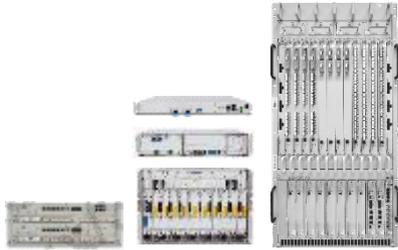
 **COMPOSE**
 **Nuvla.io**



Manager (NMS, Director)
Services (SD-WAN, VNFs)
Middleware (OneOS6 LIM)

*Logiciel
Equipements*

EKINOPS360



Optical Transport Solutions for Metro / Long-haul/

ONEACCESS
Fast Network Virtualization



Devices for Branch Offices and Edge Networks

Empowering next-generation telecommunications networks

Why we win... and deliver!

Access

- I. OneOS6, a unique Operating System**
Runs on physical/special-purpose CPEs (pCPEs) or universal/virtualized CPEs (uCPEs)
- II. Superior performance-over-price ratio**
Our carrier-grade software products are less hardware-demanding for a given performance level resulting in significant capex savings
- III. A large choice of equipment and VNF solutions & a unique "one-box" offering**
Voice, data, SD-WAN, security, SixSq, etc.

Transport

- I. Proprietary optical interface**
Designed in-house with off-the-shelf components, highly differentiated in performance and cost
 - II. Superior performance-over-price ratio**
Thanks to our embedded software, our hardware platform is "light", scalable and less costly
 - III. Customer-oriented approach**
Carriers rely on us to design and optimize their optical network. Equipment are staged and tested prior to shipping for plug-and-play deployment/installation
- IV. Simplicity and automation**
Installation, management, monitoring, maintenance, upgrades, etc.
 - V. Company agility**
Superior supply chain and delivery management (e.g. during the Covid and component crises)



Being true partners of our customers is part of our DNA

Customers: Operators & Service Providers



17 tiers 1 out of 30*
1/3rd of the top 100
are customers



**More than 3 million
routers deployed**

OneAccess : Top 3
in our segment



+50% of Ekinops360
installed-base in the
USA

Rich ESG Policy in 2022

- **Be an employer of choice**

- Ensure good working conditions and well-being
- Train and promote employees
- **Specific commitments to gender parity**

- **Be a responsible company towards stakeholders**

- Responsible systems and practices (social and environmental criteria in purchasing and subcontracting, etc.)
- Anti-corruption and tax evasion policy and ethics code (prevention of conflicts of interest)
- **Joined the United Nations Global Compact in July 2022**



- **Limit the environmental impact of our activities**

- Minimize the environmental impact of products (electricity consumption)
- Select environmentally friendly (or recycled) raw materials in manufacturing process
- 2022 carbon footprint (2nd year) : **-33% of tonne of emitted CO₂/€ m vs. 2021**

**+ Dedicated ESG Committee since 2021
to face new sustainable development challenges**



The overall rating of Ekinops in Gaia Rating's 2022 campaign was:

82/100

+10 points from 2021

+30 points from 2020



**EcoVadis Silver medal
with a score of:**

+63/100

(above average sector)



ACTIVITY & HIGHLIGHTS

2022

Sustained activity in 2022 : +23% growth

- **€127.6m revenue FY 2022: +23%**
 - **+19% growth at constant exchange rates**
- **Strong growth in all business lines**
 - Strong growth in **Access** solutions sales (notably in France): +20% growth
 - Excellent sales momentum in **Optical Transport** solutions: +29%, driven by the success of 200 Gb/s and 400 Gb/s WDM systems
- **+38% increase in Software & Services activities**
 - Success of the virtualization (VNF) offering and Services
 - **Software & Services : 15% of group's revenue** at end 2022



Key 2022 business highlights



Reseller partnership: Fujitsu integrates **OTN compacte** solution into their optical transport portdolio



Deployment of Ekinops' **FlexRate™** solution on an optical network across **10 US states**



Ekinops enables Netalis to **strengthen its ultra-fast broadband services** thanks to its **DWDM solutions**



Ekinops Delivers Mobile Backhaul Connectivity with **Wire-speed Testing** to Stratus Networks

Key 2022 business highlights

Software-Defined



 **EKINOPS** |  Microsoft 365

Microsoft 360 Networking Program :
connectivity enhancement to
Microsoft 365 applications for
SD-WAN Xpress users

Nuvla.io

Launch of the **App Vendor Program**
for B2B marketplace Nuvla.io :
materialize the **benefits of Edge
Computing**

 **KADISKA**

SixSq and Kadiska deliver **network
performance monitoring** from
enterprise edge to cloud, web and
SaaS applications



SixSq joins **5G-EMERGE project** to
develop des **solutions to leverage 5G
technology and satellite
broadcasting** market

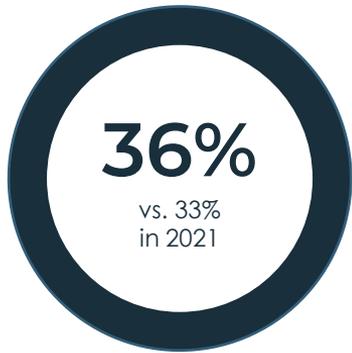
Top 10 clients

| | Geography | % revenue 2022 | Variation vs.2021 |
|--------------|-----------|----------------|-------------------|
| Client #1 | France | 23% | +70% |
| Client #2 | France | 5% | +27% |
| Client #3 | Noram | 5% | +174% |
| Client #4 | EMEA | 5% | +25% |
| Client #5 | EMEA | 4% | -23% |
| Client #6 | Noram | 4% | +88% |
| Client #7 | France | 3% | +14% |
| Client #8 | APAC | 2% | +30% |
| Client #9 | APAC | 2% | +17% |
| Client #10 | Noram | 2% | +297% |
| Total | | 54% | +47% |

- **+50% revenue growth on Top 10 clients**
- **Strong growth for 3 Top 10 clients in France**
 - Client #1: +70% (~€29 m)
 - Client #2: +27% (~€7 m)
 - Client #7: +14% (~€3.5 m)
- **3 North American accounts in the Top 10 (vs. 1 in 2021)**
 - Client #3: US operator representing 5% of 2022 revenue (>€6 m)
- **2 Asia-Pacific accounts in the Top 10 (vs. 1 in 2021)**
 - Client #8: australian operator (>€2 m)
 - Client #9: filipino operator (>€2 m)
- **+ 250 accounts beyond Top 10 clients**

+17% international growth in 2022

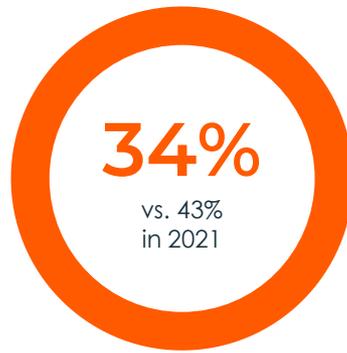
France



Return to steady growth:
+36%
(vs. stable in 2021)

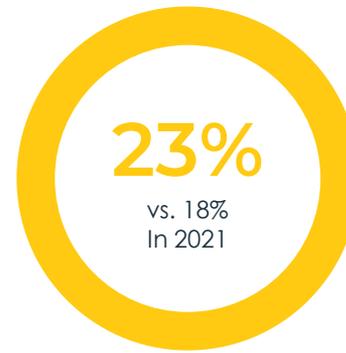
Strong sales momentum to the Group's historical customers

EMEA (excl. France)



-2% in revenue
relative to 2022 mainly due to negative base effect
(+29% in 2021)

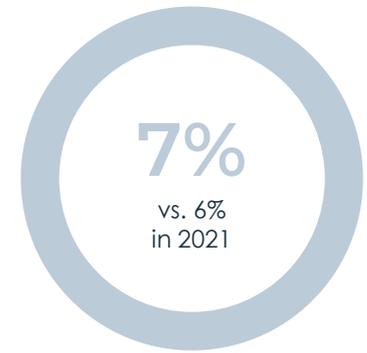
North America



Robust growth of +56%
(+39% in USD)

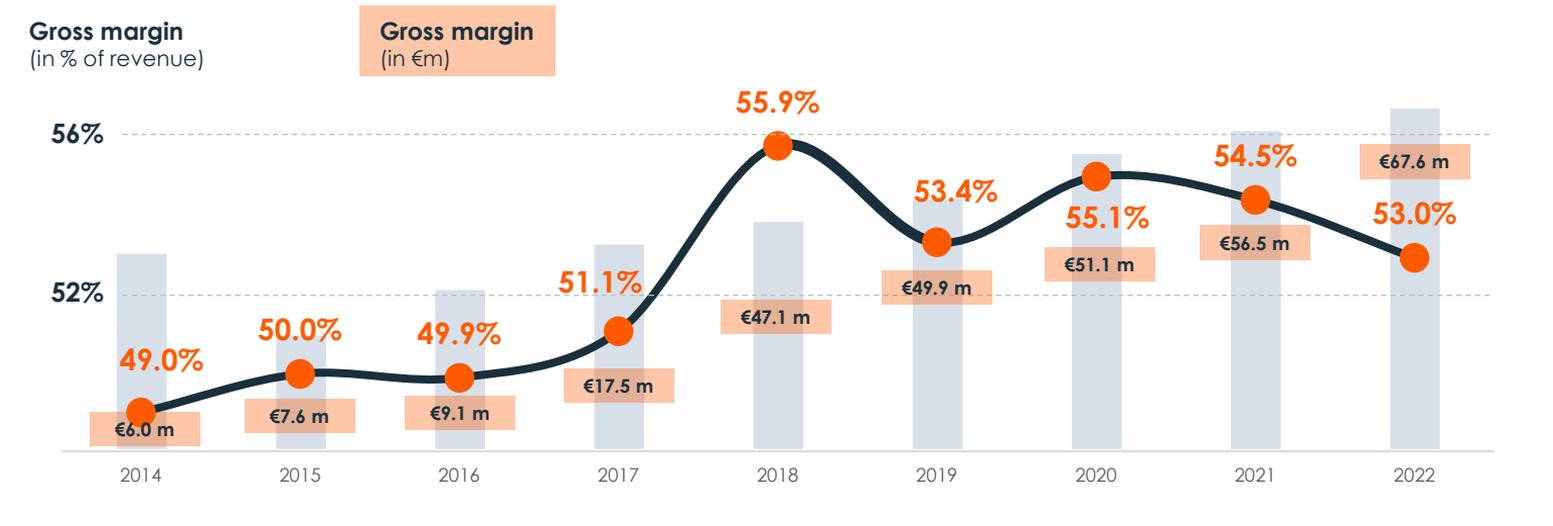
Strong demand for Optical Transport equipment

Asia-Pacific

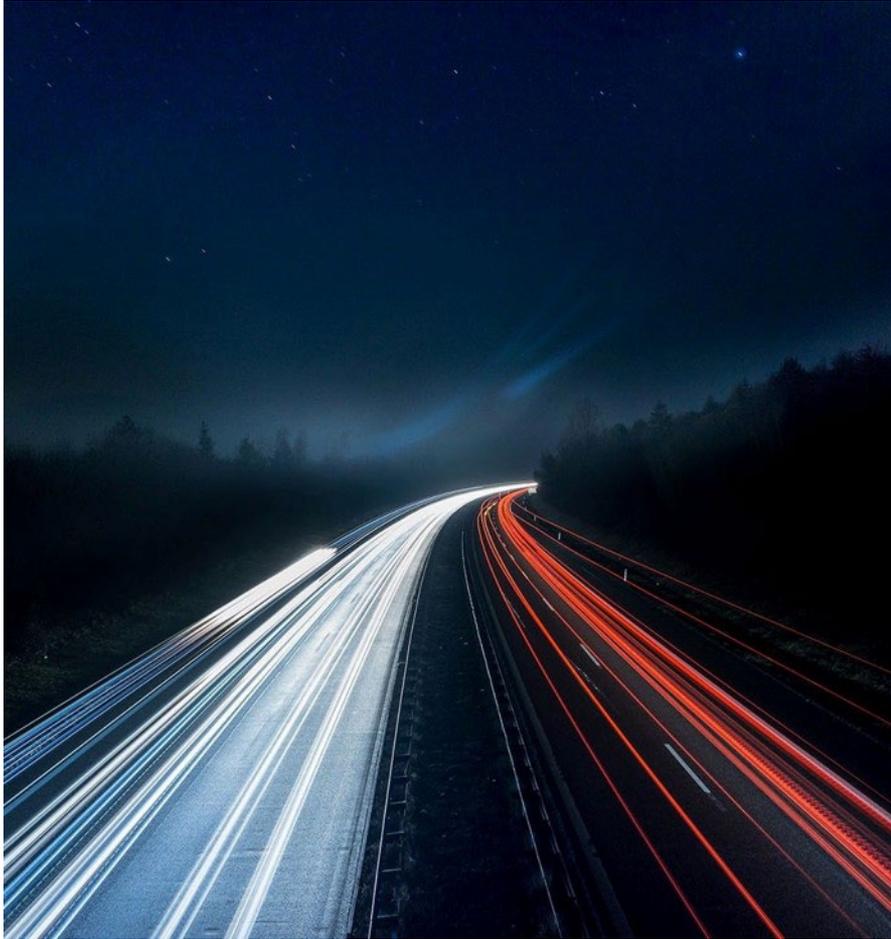


Strong growth trajectory in 2022 with +38% increase

Gross margin in line with the target range



- **Robust 2022 gross margin of 53.0%, despite the global component crisis**
 - 53.1% in H2 2022 vs. 52.9% au H1 2022
 - Evolution of products mix in 2022
 - Impact of USD appreciation
 - Successful control of the supply chain
 - Limited impact of component pricing thanks to increase of our prices



FINANCIAL STATEMENTS



2022

P&L (1/2)

| In €m - IFRS - Audited | 2021 | 2022 | Var. |
|---------------------------|-------|--------------|-------------|
| Revenue | 103.6 | 127.6 | +23% |
| Gross margin | 56.5 | 67.6 | +20% |
| <i>% of revenue</i> | 54.5% | 53.0% | |
| Operating expenses | 53.1 | 58.4 | +10% |
| o/w R&D expenses | 24.4 | 25.2 | +4% |
| o/w S&M expenses | 18.5 | 22.0 | +18% |
| o/w G&A expenses | 10.2 | 11.2 | +10% |
| EBITDA¹ | 17.6 | 22.6 | +29% |
| <i>% of revenue</i> | 16.9% | 17.7% | |

¹ 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 linked to share-based payments

- **Gross margin growth (+20%) higher than the increase in operating expenses (+10%)**

- **R&D : +€0.9m**

- Increase in staff: +€4,6m of staff costs
- +€3,9m of subsidies and R&D tax credit
- consumables: acceleration of R&D programs

- **S&M : +€3.5m**

- including +€0,9m of trade shows and travel
- including +€1,3m of staff costs
- including +€0,9m of fees and consulting/demo materials

- **G&A : +€1.0m**

- including +1,2 M€ of staff costs
- including -0,6 M€ of share-based payments expenses
- including +0,4 M€ of fees and consulting

- **2022 EBITDA margin: 17.7% at the high end of the target range (14%-18%)**

- EBITDA growth of +29% compared to 2021
- vs. 16.9% in 2021 and 15.9% in 2020

P&L (2/2)

| €m - IFRS - Audited | 2021 | 2022 | Var. |
|--|-------|-------------|--------------|
| EBITDA1 | 17.6 | 22,6 | +29% |
| <i>% of revenue</i> | 16.9% | 17,7% | |
| Amortization charge-tangible & intangible assets | (3.1) | (3.6) | |
| Amortization charge-Technologies & PPA | (5.8) | (6.3) | |
| Amortization - Right of use assets | (1.7) | (1.9) | |
| Net expenses relating to share-based payments | (2.8) | (2.3) | |
| Net provisions | (0.9) | 0.8 | |
| Current operating income | 3.4 | 9.3 | +172% |
| Adjusted EBIT | 9.3 | 15.6 | +68% |
| <i>% of revenue</i> | 3.3% | 12.2% | |
| Other operating income/(expenses) | (0.0) | (0.5) | |
| Operating income | 3.4 | 8.8 | +160% |
| Financial debt expenses | (0.4) | (0.3) | |
| Other financial income/(expenses) | 0.6 | 1.6 | |
| Tax expenses | 1.6 | 2.0 | |
| Net income | 5.2 | 12.0 | +133% |
| <i>% of revenue</i> | 5.0% | 9.4% | |

- **Increase in technologies amortization charges (post PPA)**
- **-€0,6m decrease in share-based payments expenses**
- **Reprise de provisions nette de 0,8 M€**
- **Current adjusted operational margin: 12,2%, (excluding amortization related to the intangible assets identified post purchase price allocation)**
- **Record net income of 12,0 M€, up+133% and record net margin of 9.4%**

¹ 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 linked to share-based payments

² The Group defines adjusted EBIT as current operating income restated for amortization of intangible assets identified post purchase price allocation, i.e. developed technologies and customer relation

Cash Flow Statement

€m - IFRS - Audited

| | 2021 | 2022 |
|---|---------------|--------------|
| Capacité d'autofinancement | 17.0 | 23.6 |
| Variation (-)/+ du BFR | (4.0) | (13.6) |
| Impôts payés | (0.5) | (0.6) |
| Flux de trésorerie opérationnels | 12.5 | 9.4 |
| Flux de trésorerie d'investissements | (6.1) | (7.4) |
| dont Acquisition d'immobilisation et R&D | (5.0) | (7.2) |
| Flux de trésorerie de financement | (10.8) | (8.2) |
| dont Augmentations de capital | 0.8 | 1.2 |
| dont Variation nette des emprunts | (5.7) | (7.2) |
| dont Remboursement des dettes de loyers | (1.8) | (1.9) |
| Variation de la trésorerie | (4.2) | (6.0) |

- **Cash flow before taxes and net borrowing costs: €23.6m, up +39%**
- **Working capital increase of €13.6m, due to active anticipated purchasing of components and end of quarter high business activity (accounts receivables)**
- **Cash flow used by investing activities: -€7,4m**
 - including -€4,1m of capitalized R&D
- **Cash flow used by financing activities: -€8,2m**
 - -€7,2m in net repayments of bank debt (including pre-financing of the R&D tax credit)
- **Cash and cash equivalents decreased by -€6,0m**

Net cash¹ of €20,5m by end December 2022

| €m - IFRS - Audited | 31/12/2022 |
|---|-------------|
| Cash & cash equivalent | 39.4 |
| Financial liabilities² | 18.9 |
| o/w bank loans | 14.5 |
| o/w factoring liabilities | 4.4 |
| Net cash position | 20.5 |
| R&D tax credit financing (CIR) receivable | 2.6 |
| Lease liabilities (IFRS 16) | 6.9 |

- **€14.5m if bank loans**
- **Factoring liabilities:** financial assets sold are included in trade receivables
- **Bank debt relating to R&D tax credit (CIR) pre-financing:** repayment via liquidation of debt by tax authorities
- **Positive net cash¹ of €20.5m as of December 31, 2022 (vs. €21.6m as of December 31, 2021)**

¹ Net cash = cash and cash equivalents – borrowings (excluding bank debt relating to R&D tax credit (CIR) pre-financing and IFRS 16 lease liabilities).

² Financial debt excluding bank debt relating to R&D tax credit pre-financing and IFRS 16 lease liabilities.

Balance sheet

| €m - IFRS - Audited | 31/12/2021 | 31/12/2022 |
|------------------------------------|--------------|--------------|
| Non-current assets | 75.8 | 79.8 |
| o/w goodwill | 28.4 | 28.5 |
| o/w intangible assets | 24.8 | 21.1 |
| o/w right-of-use assets | 4.6 | 6.8 |
| Current assets | 49.7 | 63.5 |
| o/w inventories | 19.0 | 25.0 |
| o/w trade receivables | 24.2 | 29.9 |
| Cash & cash equivalents | 45.4 | 39.4 |
| TOTAL | 170.9 | 182.7 |

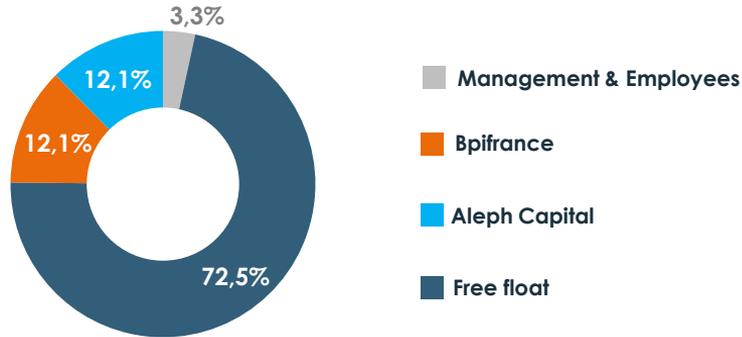
| €m - IFRS - Audited | 31/12/2021 | 31/12/2022 |
|---|--------------|--------------|
| Shareholders' equity | 99.1 | 113.6 |
| Financial liabilities | 23.8 | 18.9 |
| o/w bank loans | 19.3 | 14.5 |
| o/w factoring | 4.5 | 4.4 |
| R&D tax credit pre-financing | 4.8 | 2.6 |
| Trade payables | 16.2 | 17.7 |
| Lease liabilities | 4.7 | 6.9 |
| Other liabilities | 22.3 | 23.0 |
| TOTAL | 170.9 | 182.7 |

- **Intangible assets: €12,8m of Technologies and Client relations at end 2022 (vs. €18.5m at end 2021 – SixSq PPA finalization)**
- **Active anticipated purchasing of components (inventories)** to address supply shortages
- **Increase in trade receivables** in line with the level of growth

Capital markets snapshot

Shareholding

26,505,946 shares (February 28, 2023)



Number of potential shares to be issued as of February 28, 2023:
1,031,763, i.e. a maximum potential dilution of 3.9%

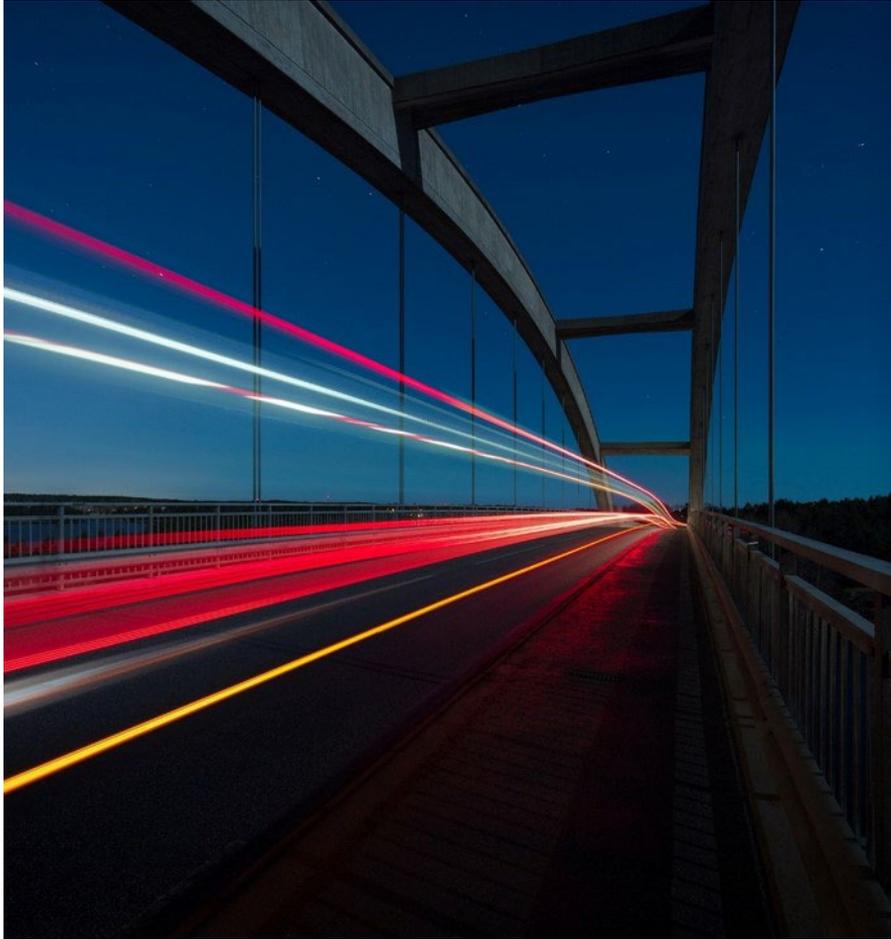
Stock market data (at March 7, 2023)

- ISIN: FR0011466069
- Ticker symbol: EKI
- Stock price: €8.81
- Market capitalization: €234m (comp. B)
- FY 2022 Daily average liquidity : €201K

Financial agenda

- Q1 2023 revenue: April 13, 2023
- Q2 2023 revenue: July 11, 2023
- H1 2023 results: July 27, 2023
- Q3 2023 revenue: October 11, 2023
- FY 2023 revenue: January 10, 2024





OUTLOOK



2023 & beyond

2023 and beyond: strategic initiatives to aim bigger



BIGGER



IN TERMS OF EXTERNAL GROWTH

Accelerate growth through acquisitions with a view to **scaling up R&D firepower, increasing customer base and continuing sharp growth trajectory**



IN TERMS OF CUSTOMER PORTFOLIO

..... Become a **reference brand in the telecom universe**, working with the **largest telecom operators worldwide**



IN TECHNOLOGICAL TERMS IN EDGE, METRO AND THE CLOUD

..... Become a **major player** in these three areas by supplying service providers with **equipment** and, increasingly, **software and services** that are regular and **recurring sources of revenue**



IN TERMS OF ESG

Strengthen and accelerate its ESG actions that are focused on three key initiatives:

- **limiting the environmental impact** of its business activities,
- **becoming a leading and engaged employer to ESG**,
- **acting as a responsible corporate citizen with its stakeholders.**

2023 Targets

Revenue

Activity growth
of **more than +12%**

EBITDA

Between 15% and 19%,
including investments
to prepare for the new
growth cycle

External growth

**Carrying out a
transaction** by
privileging a non-
dilutive financing
model



Thank you

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