



# FY 2021 Annual Results

March 9, 2022

# Speakers

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**Didier Brédy**

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Chairman - CEO



**Dmitri Pigoulevski**

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CFO

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# Ekinop's Mission Statement

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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



**2021 revenue: €103.6 m**



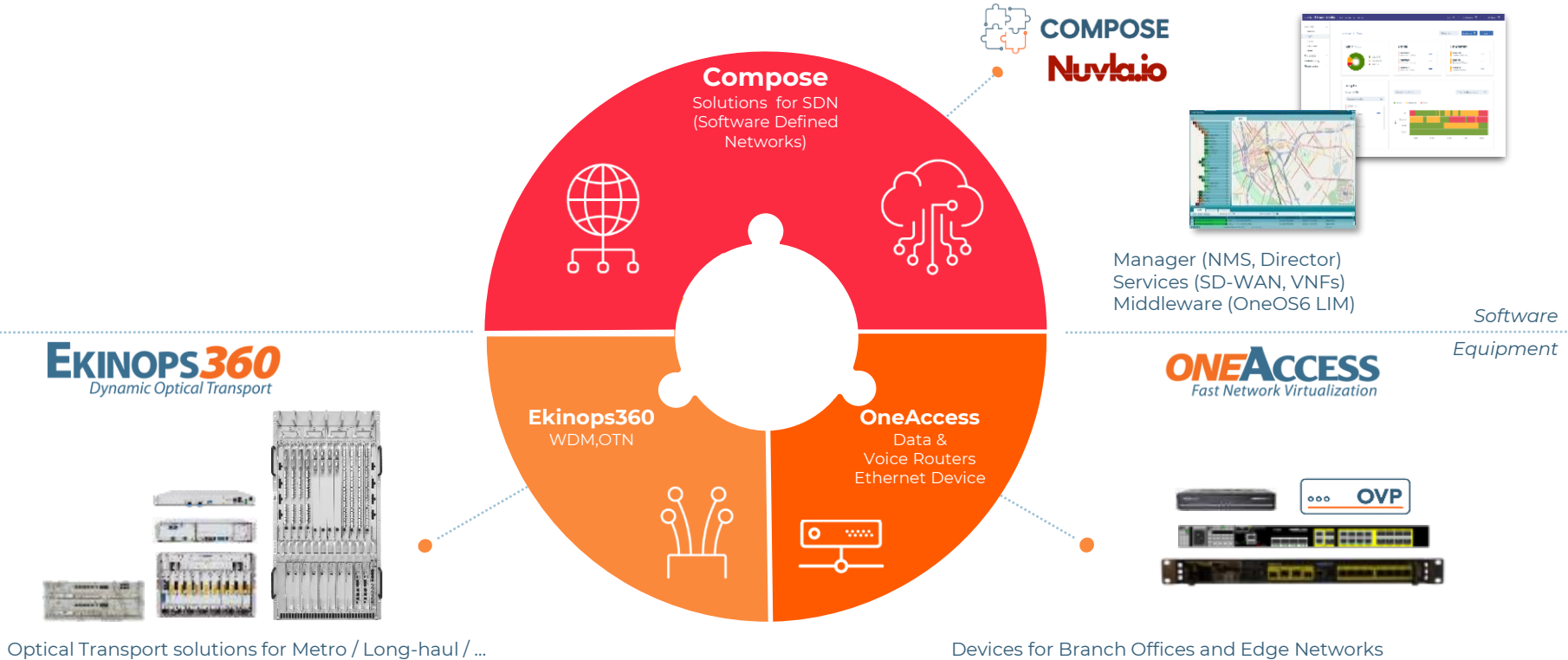
- 2019: **+11%** growth – **16.0%** EBITDA
- 2020: **flat revenue** – **15.9%** EBITDA
- 2021: **+12%** growth – **16.9%** EBITDA

**Staff: 485**



- Half in **R&D**
- **>90%** **software engineers**
- **~25%** of revenue in R&D
- **Innovation** is at the heart of our strategy

# Ekinops' Portfolio



**Empowering next-generation telecommunications networks**

# Customers: Operators and Service Providers



**16 of the Top 30**  
service providers are  
customers

1/3<sup>rd</sup> of the Top 100



**More than 3 million**  
routers deployed

**OneAccess: Top 3**  
in our segment



**Half of Ekinops360**  
installed-base  
in the USA





# ACTIVITY & HIGHLIGHTS

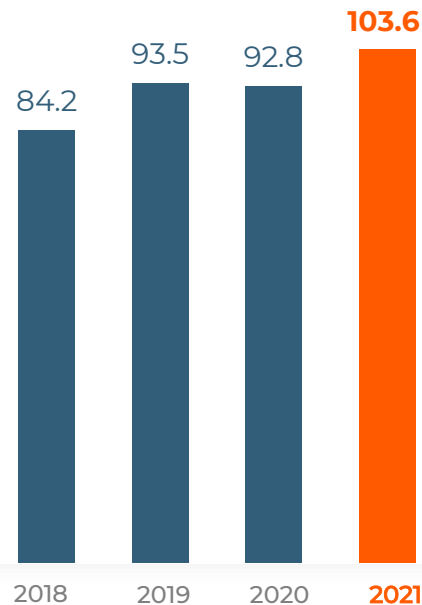
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# 2021: annual revenue tops the €100m mark

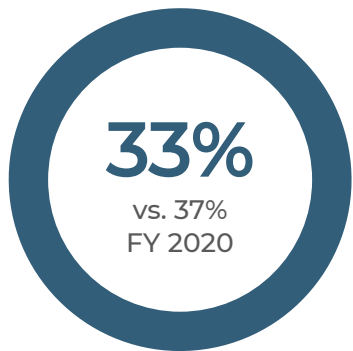
- **Annual revenue growth of +12% (identical at constant perimeter and exchange rates)**
  - Four successive quarters of double-digit organic growth
  - Q1: +12% | Q2: +14% | Q3: +12% | Q4: +11%
- **Growth in all business lines**
  - Powerful sales momentum in Optical Transport solutions
- **Over 60% increase in software and services**
  - Success of the Software Defined Networks (SDN) and virtualization offering
  - 14% of group revenues in 2021 (vs. 10% in 2020)

**2021 revenue of €103.6m: +12%**  
exceeding the €100m mark for the first time



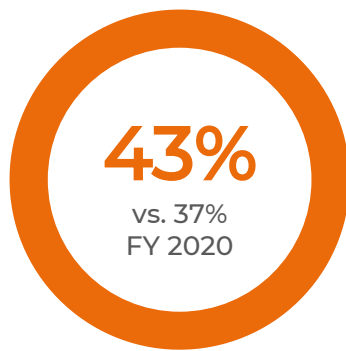
# +18% international growth in 2021

France



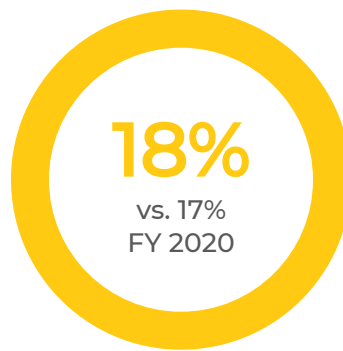
**Flat activity in 2021**  
(-0.3%) after sustained  
activity in 2020 (+9%)

EMEA  
(excl. France)



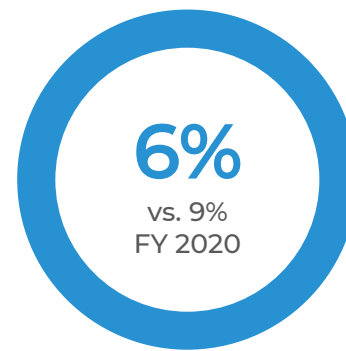
Very dynamic growth  
(+28%) with **strong  
business momentum  
in Germany**

North America



Steady growth of +21%  
**(+25% in USD)**  
Renewed strong  
growth in Optical  
Transport and take-off  
of Access solutions

APAC



Annual decline of -28%  
still affected by the health  
crisis  
**Turn-around in H2: +50%**

# Top 10 customers 2021

	Zone	Part of 2021 revenue	Variation vs.2020
Customer #1	France	19%	-6%
Customer #2	EMEA	7%	+253%
Customer #3	France	5%	-17%
Customer #4	EMEA	5%	+22%
Customer #5	France	3%	+152%
Customer #6	France	3%	+70%
Customer #7	EMEA	3%	-
Customer #8	EMEA	3%	+9%
Customer #9	EMEA	3%	-43%
Customer #10	NOR. AM.	2%	-
<b>Total</b>		<b>53%</b>	<b>+25%</b>

- **25% revenue growth on top 10 customers**
- **Customer #2, German operator**, which rolled out Ekinops' Optical Transport solutions for its fiber infrastructure across the country
- **Four French clients in the Top 10 in 2021:** #1, #3, #5 and #6
- **1<sup>st</sup> US customer:** #10, representing 2% of 2021 revenue

# Key 2021 business highlights

- **5G and Virtualization: strengthening of Ekinops' leadership**

- Successful 5G first connectivity for businesses tests at **Orange**
- Chosen by **TELUS** to deliver virtualized access functions (SDN)



**Walter Miron**, Director, Technology Strategy, SDN and Business Solutions DevOps at TELUS.



*"Delivering the connectivity and quality network experience our customers have come to expect requires a SDN strategy that implements access and optical products that are both interoperable and open. Ekinops' collaboration and versatility allows us to enhance our networks in an innovative and scalable way that reduces our environmental footprint and scales our total cost of ownership."*



- **Flexrate solutions deployed in Croatia for United Group**

- 200G and 400G FlexRate™ solutions to build optical networks for Croatian subsidiary



- **Slovak Telekom (Deutsche Telekom Group member): upgrade its Network Access Solution**

- **Aim:** deliver an enhanced and future-proof network access solution utilizing the Ekinops' ONE521 router



# Key 2021 business highlights

- **Upgrade IKOULA Data Center Interconnection Links**
  - **Aim:** modernize its backbone network between data centers to support the tremendous growth in customer traffic
- **Build for GPSS (Michigan) its own WDM Network**
  - **Aim:** deliver up to ten times the connection bandwidth compared to the fastest commercially available service
- **Technology partnership with Silicom Ltd.**
  - **Aim:** provide innovative and efficient virtualization solutions to enterprises
- **Partnership with b<>com to Develop Future Access Network**
  - **Aim:** develop technologies for private cloud infrastructures with use cases in eHealth, artificial intelligence and telecoms
- **New Distribution Agreements**
  - Nexicom (Canada)
  - Network Solutions Group (Australia)
  - Exertis (UK)



# SixSq : a step up in Edge Computing

- **Acquisition of the start-up SixSq, a software-as-a-service (SaaS) provider for Edge Computing**
  - An ultra-innovative solution complementing Cloud computing, enabling smart data processing directly on the company's site:



« **Nuvla.io** » marketplace,  
which hosts all types of business  
applications in container format



**NuvlaBox software**  
which converts enterprise routers  
or other open hardware  
platforms capable of processing  
data, into smart edge systems

- **SixSq makes it possible for all software vendors to reach the enterprise market and sell their innovative solutions via one set of applications similar to the App Store or Play Store**



- Based in Geneva (Switzerland)
- acquisition of 100% of the capital of SixSq SA
- Consolidated since November 1, 2021
- Financing from Ekinops to SixSq to increase its sales operation and R&D activities

# A key step in the development of Ekinops' software business

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- **Major step forward in Ekinops upscale and software business development strategy**
  - Ekinops and SixSq solutions are already integrated through the Ekinops virtualization offering (OneOS6-LIM)
  - **Aim:** integrate NuvlaBox software directly into OneOS6 middleware: all OneOS6 routers will be able to run “container” business applications
- **Financial ambitions:**
  - SixSq is expected to contribute **€1m to €2m to revenue in 2022** from its software business
  - SixSq is targeting **triple-digit growth in the coming years**
  - In three years' time, Ekinops aims to generate **at least 20% to 30% of its revenue through software and services (vs. 14% in 2021)**



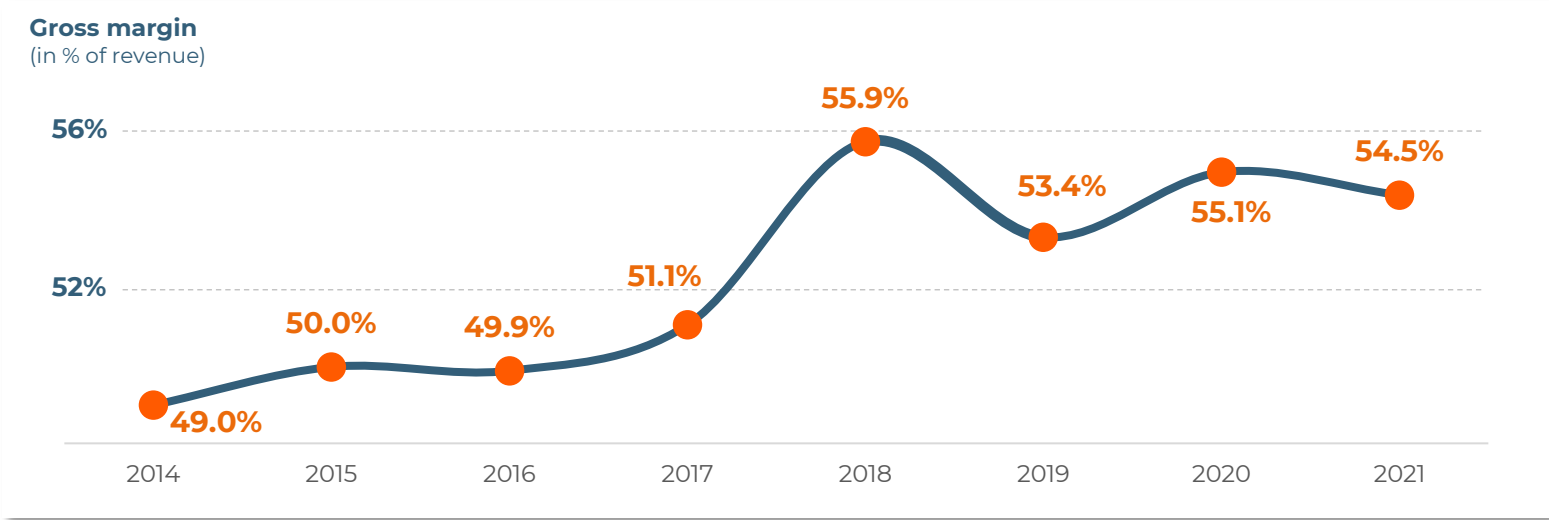
# 2021



## KEY FINANCIALS



# 2021 gross margin in line with the target range



- **Solid gross margin rate at 54.5% despite the global component crisis**
  - Successful control of the supply chain
  - Repercussion of part of component pricing tensions onto equipment sales prices
- **Increase in the share of software and services in its business mix (+60% in 2021)**

# FY 2021 P&L (1/2)

€m - IFRS - Audited	2020	2021	Change
<b>Revenue</b>	92.8	<b>103.6</b>	<b>+12%</b>
<b>Gross margin</b>	51.1	<b>56.5</b>	<b>+10%</b>
<i>% of revenue</i>	55.1%	<b>54.5%</b>	
<b>Operating expenses</b>	47.6	<b>53.0</b>	<b>+11%</b>
o/w R&D expenses	22.1	24.3	+10%
o/w S&M expenses	18.0	18.5	+3%
o/w G&A expenses	7.5	10.2	+36%
<b>EBITDA<sup>1</sup></b>	14.8	<b>17.6</b>	<b>+19%</b>
<i>% of revenue</i>	15.9%	<b>16.9%</b>	

<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.

- **Good control over operating expenses: +11%**

- **R&D : +€2.2m**

- +€1.1m related to the growth of the R&D teams / Production
    - +€0.7m related to R&D equipment and consumables
    - +€0.4m related to amortization and provisions

- **S&M : +€0.5m**

- +€1.3m of staff costs
    - -€0.8m related to trade shows, providers and provisions

- **G&A : +€2.7m**

- +€2.0m of share-based payments expenses
    - +€0.7m related to amortization and provisions

- **2021 EBITDA margin: 16.9% vs. 15.9% in 2020**

- EBITDA of €17.6m, up 19% YoY

# FY 2021 P&L (2/2)

€m - IFRS - Audited	2020	2021	Var.
<b>EBITDA<sup>1</sup></b>	14.8	<b>17.6</b>	<b>+19%</b>
<i>% of revenue</i>	15.9%	<b>16.9%</b>	
Amortization charge-tangible & intangible assets	(2.7)	(3.1)	
Amortization charge-Technologies & PPA	(5.8)	(5.8)	
Amortization - Right of use assets	(1.6)	(1.7)	
Net expenses relating to share-based payments	(0.9)	(2.8)	
Net provisions	(0.3)	(0.8)	
<b>Current operating income</b>	3.5	<b>3.4</b>	<b>-3%</b>
<i>% of revenue</i>	3.8%	<b>3.3%</b>	
Other operating income/(expenses)	(0.2)	(0.4)	
<b>Operating income</b>	3.3	<b>3.0</b>	<b>-9%</b>
<b>Net income</b>	3.2	<b>4.8</b>	<b>+52%</b>
<i>% of revenue</i>	3.4%	<b>4.6%</b>	

- **Net increase of +€0.8m in depreciation and provisions**
- **€5.8 m in amortization charges related to intangible assets following purchase price allocation**
- **Share-based payments expenses: +€2.0m**
- **Other operating income/(expenses) primarily fees linked to the external growth strategy (i.e., the acquisition of SixSq in November 2021)**
- **Annual net result rose 52% to €4.8m, representing a net margin of 4.6%**

<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.

# FY 2021 Cash Flow

€m - IFRS - Audited

	2020	2021
<b>Cash flow before taxes &amp; net borrowing</b>	<b>13.8</b>	<b>17.0</b>
Change in operating working capital	(5.6)	(4.0)
Tax paid	(1.0)	(0.5)
<b>Cash flow from operating activities</b>	<b>7.2</b>	<b>12.5</b>
<b>Cash flow used by investing activities</b>	<b>(4.9)</b>	<b>(6.1)</b>
o/w acquisition of non-current assets and R&D	(4.3)	(5.0)
<b>Cash flow used by financing activities</b>	<b>14.9</b>	<b>(10.8)</b>
o/w share issues	3.3	0.8
o/w net change in borrowings	12.7	(5.7)
o/w lease payments under IFRS 16	(1.6)	(1.7)
<b>Change in cash &amp; cash equivalents</b>	<b>17.0</b>	<b>(4.2)</b>

- **Cash flow before taxes and net borrowing costs: +23%**
- **Working capital increase in line with the growth in business activity (+€4.0m at December 31, 2021)**
- **Cash flow used by investing activities: -€6.1m**
  - o/w €5.0m of CAPEX (€2.9m related to R&D)
- **Cash flow used by financing activities: -€10.8m**
  - o/w -€5.7m in repayments net of bank debts (including pre-financing of the R&D tax credit)
  - o/w -€3.2m decrease in factoring
- **Cash & cash equivalents decreased by €4.2m in 2021**

# Net cash: €21.6 million at end 2021

€m - IFRS - Audited

2021/12/31

<b>Cash &amp; cash equivalent</b>	<b>45.4</b>
<b>Financial liabilities</b>	<b>23.8</b>
o/w bank loans	18.4
o/w factoring liabilities	4.5
<b>Net cash position<sup>1</sup></b>	<b>21.6</b>
R&D tax credit financing (CIR) receivable	4.8
Lease liabilities (IFRS 16)	4.7

- **€18.4m of bank loans**, including a €10.7m “PGE” - state-guaranteed loan (France)
- **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 cash of €21.6m at end 2021** up €3.5m from €18.1m posted in 2020

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

# Balance sheet

€m - IFRS - Audited	2020/12/31	2021/12/31
<b>Non-current assets</b>	<b>77.6</b>	<b>75.2</b>
o/w goodwill	28.3	29.4
o/w intangible assets	27.2	23.2
o/w right-of-use assets	5.3	4.6
<b>Current assets</b>	<b>41.2</b>	<b>49.7</b>
o/w inventories	13.9	19.0
o/w trade receivables	22.3	24.2
<b>Cash &amp; cash equivalents</b>	<b>49.6</b>	<b>45.4</b>
<b>TOTAL</b>	<b>168.5</b>	<b>170.3</b>

€m - IFRS - Audited	2020/12/31	2021/12/31
<b>Shareholders' equity</b>	<b>90.9</b>	<b>98.8</b>
<b>Financial liabilities</b>	<b>31.6</b>	<b>23.8</b>
o/w bank loans	21.9	18.4
o/w factoring	7.8	4.5
<b>R&amp;D tax credit pre-financing</b>	<b>6.3</b>	<b>4.8</b>
<b>Trade payables</b>	<b>12.4</b>	<b>16.2</b>
<b>Lease liabilities</b>	<b>5.5</b>	<b>4.7</b>
<b>Other liabilities</b>	<b>21.8</b>	<b>22.0</b>
<b>TOTAL</b>	<b>168.5</b>	<b>170.3</b>

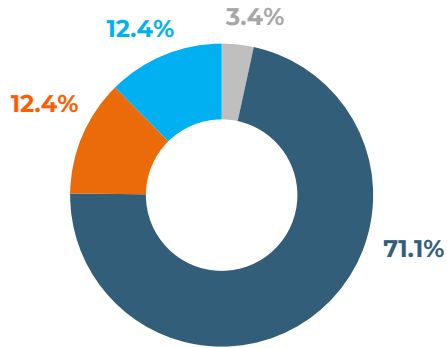
- **Intangible assets: include €16.3m of Technology and Client relations (post PPA) (vs. €22.1m at end 2021) - 3-5 years of amortization remaining**
- **Inventories: +€5.1m** due to sustained activity and anticipated orders for components



# Capital markets snapshot

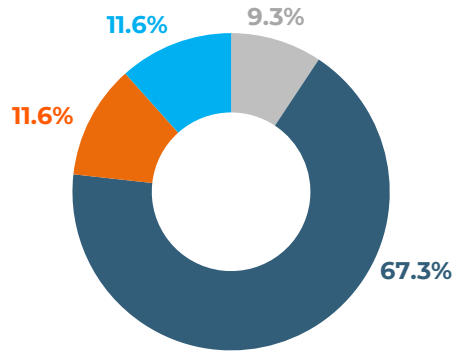
## Shareholding (current)

25,832,666 shares (at end 2021)



## Shareholding (fully diluted)

27,513,026 shares (31 déc. 2021)



Management & Employees
  Bpifrance
  Aleph Capital
  Free float

### • Stock market data (at March 4, 2022)

- ISIN: FR0011466069
- Ticker symbol: EKI
- Stock price: €6.57
- Market capitalization: €170m (comp. B)
- 2021 Daily average liquidity: €348,000

### • Financial agenda

- Q1 2022 revenue: April 12, 2022
- General Meeting: May 25, 2022
- Q2 2022 revenue: July 11, 2022
- H1 2022 results: July 28, 2022
- Q3 2022 revenue: October 11, 2022
- FY 2022 revenue: January 11, 2023
- 2022 annual results: March 7, 2023

# Our CSR Policy

- **Be an employer of choice**
  - Ensure good working conditions and well-being
  - Build loyalty through an attractive mobility and compensation policy
  - Develop a genuine corporate culture
- **Be a responsible company towards its stakeholders**
  - Responsible systems and practices (social and environmental criteria in purchasing and subcontracting, etc.)
  - Anti-corruption and tax evasion policy
  - Ethics code (prevention of corruption and conflicts of interest)
- **Limit the environmental impact of our activities**
  - Minimize the environmental impact of products (electricity consumption) and manufacturing processes
  - Select environmentally friendly (or recycled) raw materials
  - 1<sup>st</sup> carbon footprint evaluation in 2021

**New in 2022:  
creation of a dedicated CSR Committee to face  
new sustainable development challenges**



The overall rating of Ekinops  
in Gaïa Rating's 2021  
campaign was:

**71/100**

**+8 points**  
compared to last year's  
edition (63/100)



# Outlook

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# Our strategic focus

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**Bandwidth Explosion and Optimization**



**SDN, SD-WAN & Virtualization**



**5G: More Traffic, More Virtualization**



**Edge Computing: Convergence of Access Functions and WAN/Cloud Services into the Edge Network**

# 2022 Strategy

- **Strengthen leadership in OTN and SD-WAN solutions**
  - Intensify R&D investments & recruitments in 2022
- **Accelerate commercial development and customer acquisition**
  - Strengthen sales teams
  - Intensify marketing actions after two years of under-activity during the pandemic (travel, trade shows, etc.)

## Component crisis



Monitoring the component crisis that is still raging in 2022

## Limited impact of the conflict in Ukraine

Ekinops' exposure to the Russian telecom market extremely limited: less than 0.8% of 2021 revenues



# Reseller Partnership with Fujitsu for its OTN compact solution, ESTc

Ekinops' OTN switches will become the newest offering in the Fujitsu Optical Networking Portfolio



## ESTc

Ekinop's new OTN compact platform gives service providers, greater scaling capacity for optical networks and more choice in open networking solutions



## Virtuora®

Fujitsu's multi-layer, multi-vendor control and orchestration software platform, provides automated and seamless network operations for the Ekinops platform



*The combination of our high-performance OTN products integrated with Virtuora® is a best-in-class next-generation solution. North American service providers now have a flexible, scalable, future-proof system using state-of-the-art technology for operation and management.*



*Fujitsu's partnership with Ekinops is part of our continuous strategy to create an industry-leading, open networking ecosystem for service providers worldwide. We are proud to offer our customers new solutions that comply with our high performance, quality and reliability standards.*



# 2022 Financial Targets

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## Revenue

Organic growth at least equal to 2021 growth (+12%) to tend towards 15%

## Gross margin

**Between 52% and 56%**, in line with long-term ambitions and considering the potential impact of the supply chain crisis

## EBITDA

**Between 14% and 18%**, integrating human and technological investments to execute the new growth cycle





20

22

THANK YOU

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# Other 2021 highlights

- **Several key new products launched**

## Optical Transport

- 2<sup>nd</sup> generation OTN : with a first chassis and a 400Gbps line card
- New WDM products: 20 degrees ROADM, new 32GFC transponder, new 400G transpondeur

## Access

- New hardware platform based on ARM chips with a 5G router (One-5G)
- 1Gbps product based on the same OneOS6 operating system as the OneAccess routers

## SDx & Cloud

- Developments in virtualization (NFV) for Swisscom, Marlink and OWF
- Progress in SD-WAN for OBS

- **New innovative joint projects:**

- 3.6 million funding for the **NGOpt project** (new generation of high-speed optical transport equipment) as part of France Relance plan
- **5G Opera**, a French-German project for the development of innovative applications for private 5G networks via open and/or virtualized hardware and software solutions



# Market drivers



## A digital era

- 5 billion individuals have at least 1 mobile device today
- 25 billion IoT devices by 2025
- Pandemic accelerated the trend

## Cloud & Edge

- Flexible, distributed resources for on-demand usage
- Growth of real-time tools for collaboration
- Work anywhere with same performance as if in the office

## Service providers

- Network core: strengthen the optical layer
- Edge: bring compute power and telecom resources closer to the users
- Access: 5G / less latency
  - Management: virtualization / all software defined (SDN)