



Connect the future

29 July 2024

**H1 2024 Results**

**Investor Presentation**

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# Speakers

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**Didier Brédy**

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CEO



**Dmitri Pigoulevski**

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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



- **2021:** +12% growth – 16.9% EBITDA
- **2022:** +23% growth – 17.7% EBITDA
- **2023:** +1% growth – 14.4% EBITDA

**FY 2023 revenue: 129.1 m€ - FY 2023 EBITDA: 18.6 m€**

**Staff: +500 people** (End-2023)



- **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

## Network Management System



## SBC, SD-WAN, FW, SDN-NFV Edge Computing



COMPOSE

COMPOSE

Solutions for Software Defined Networks & Network Management System



**EKINOPS360**

**EKINOPS360**  
WDM, OTN L1



Optical Transport Solutions for Metro / Long-haul/....

**ONEACCESS**  
Data & Voice Routers Ethernet Device L2, L3



**ONEACCESS**

Software

Hardware



Devices for Branch Offices and Edge Networks

Empowering next-generation telecommunications networks

# Why we win ... and Deliver !



## Access

### OneOS6, a unique Operating System incl. routing

Runs on physical/special-purpose CPEs (pCPEs)  
or universal/virtualized CPEs (uCPEs)

### Superior performance-over-price ratio

Our carrier-grade software products are less hardware-demanding for a given performance level resulting in significant capex savings

### A large choice of equipment and VNF solutions & a unique "one-box" offering

Voice, data, SD-WAN, security, SixSq, etc.

1

2

3



## Transport

### Proprietary optical interface

Designed in-house with off-the-shelf components, highly differentiated in performance and cost

### Superior performance-over-price ratio

Thanks to our embedded software, our hardware platform is "light", scalable and less costly

### 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

4

### Simplicity and automation

Installation, management, monitoring, maintenance, upgrades, etc.

### Company agility

Superior supply chain and delivery management (e.g., during the Covid and component crises)

5

Being true partners of our customers is part of our DNA

# Customers: Operators & Service Providers



1/3<sup>rd</sup> 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





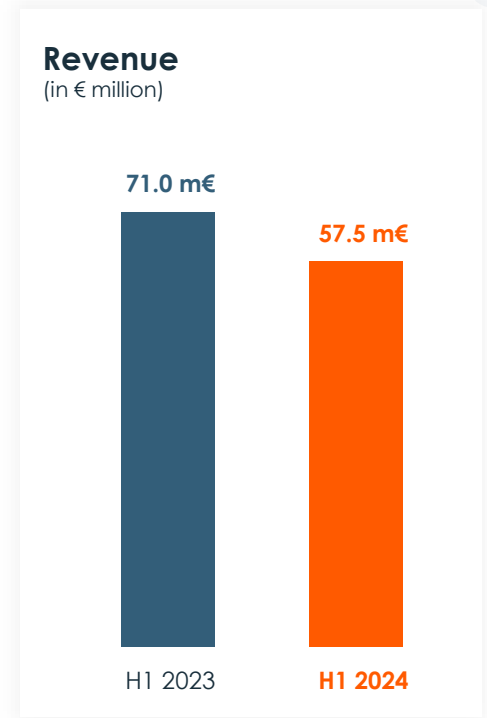
# ACTIVITY & HIGHLIGHTS

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H1 2024

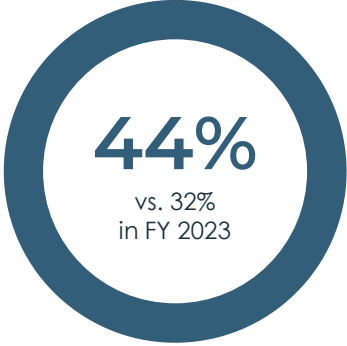
# H1 2024 consolidated revenue: 57.5 m€

- **Ekinops' H1 2024 revenue down -19%** (identical at constant exchange rates)
  - 29.2 m€ in Q2, down -25% as expected, given a high basis for comparison (+10% in Q2 2023)
  - Quarterly revenue in line with Q3 and Q4 2023 trend
  - On a sequential basis, Q2 2024 revenue was up +3% relative to Q1 2024
  - A still slowing economic environment in H1 2024
- **Access up +1%, Optical Transport down -41% over H1**
  - **+1% growth in Access**, driven by the rebound in sales in France (+16% over the semester)
  - **Optical Transport sales : -41% decline**, after a record year in 2023 (+41% growth in H1 2023)
    - cautious investment policies by operators (high levels of inventory)
    - less buoyant internet traffic growth since 2023
    - wait-and-see attitude regarding the launch of the new 800G optical solution (effective since end of Q2 2024)
- **Software & Services: 17% of groups revenue in H1 2024**
  - vs. 14% in H1 2023 and 17% in FY 2023



# Sales by region

## France

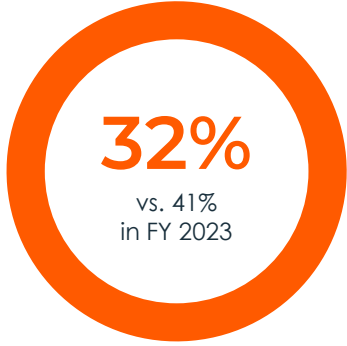


**+5% growth**

**Rebound in Access sales** (+16%), which represented more than 90% of Ekinops' business in France

**Optical Transport solutions down sharply**, by -48%, after +108% in H1 2023

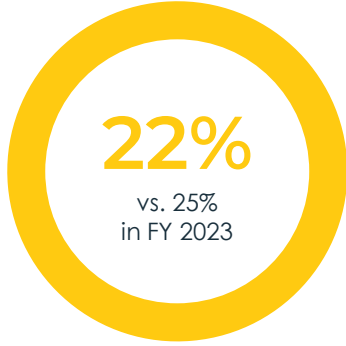
## EMEA (excl. France)



**-32% decline**

Penalized by the sharp decline in Optical Transport sales, after the strong growth in 2023, notably in Germany and Eastern Europe

## North America

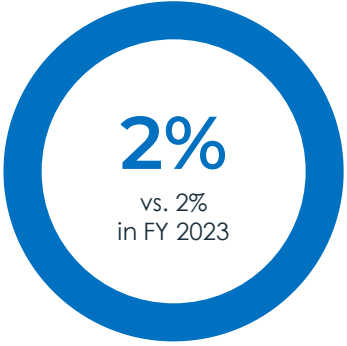


**-31% decline**

Sales down -31% vs. H1 2023 which represented a high comparison base (+42% growth)

**Wait-and-see attitude** linked to the slow deployment of the 42 billion dollars federal BEAD program

## Asia-Pacific



**Revenue down -15%**

**Q2 2024 saw a +32% rebound**, driven mainly by growth in Optical Transport equipment

# H1 2024 Top 10 clients

	Geography	Business	% revenue H1 2024	Change vs. H1 2023
Client #1	France	Access	29%	+5%
Client #2	France	Access	6%	+102%
Client #3	NorAm	Transport	6%	-5%
Client #4	EMEA	Access	6%	+70%
Client #5	EMEA	Transport	3%	+141%
Client #6	France	Transport	3%	-45%
Client #7	EMEA	Access	3%	+116%
Client #8	EMEA	Access	3%	-69%
Client #9	EMEA	Transport	3%	-22%
Client #10	France	Access	2%	+699%
<b>Total</b>			<b>65%</b>	<b>+4%</b>

- **+4% revenue growth on Top 10 clients**
- **Strong growth for 5 Top 10 clients in Europe**
  - Client #2: +102% (~3.7 m€)
  - Client #4: +70% (~3.3 m€)
  - Client #5: +141% (~2.0 m€)
  - Client #7: +116% (~1.8 m€)
  - Client #10: +699% (~1.2 m€)
- **1 North American accounts in the Top 10**
  - Client #3: US operator representing 6% of H1 2024 revenue (>3.5 m€)

# Enriching our SD-WAN offering with Infovista's "5view" software suite

- **Acquisition of the "5View" software suite from Infovista, an infrastructure management software editor for mobile and fixed networks**
  - **5View:** a solution for analyzing application performance across networks
  - **Collects data** in real time, **stores** and **aggregates** it to **provide reports for analyzing problems, service level agreements (SLAs) and long-term network capacity management**
  - Provides the **necessary visibility of application traffic** in the context of an SD-WAN solution
- **A key step in Ekinops' strategy with enhanced SD-WAN offering**
  - **Extension of Ekinops' software offering** (Compose) for telecom operators and enterprises
  - **Added value to any operator or business** seeking to increase visibility over applications in its network, regardless of their network technology
  - **Strengthening Ekinops' R&D team** with 4 engineers (maintenance and enhancing of the solution)
  - Approx. **1 m€ of business volume**, generated from operators and enterprises in EMEA and APAC
  - Commercial agreement enabling Infovista to continue **integrating and selling 5View as an integral part of its own network insurance services solutions**



# Orange Business launches its SD-WAN Essentials solution based on Ekinops' technology



## Business

Orange Business SD-WAN Essentials is a co-managed solution giving all businesses access to the essentials of SD-WAN services, providing

- **control,**
- **reliability,**
- **performance**
- **application-level routing**
- **security**

**Solution based on Ekinops SD-WAN Xpress technology**, enables businesses to:

- **switch to intelligent routing** in a secure way
- **limit the number of devices**
- **energy consumption**



*"We are proud to support the Orange Business new SD-WAN Essentials offering, which enables enterprise digital transition while minimizing its carbon footprint."*

**Didier Brédy, CEO Ekinops.**

# Other H1 2024 highlights



Valo Networks chooses Ekinops360 WDM transport platform to **deliver rural broadband connectivity** in Red Deer County, AB, Canada



Distribution partnership with EUVIC to help bring **more cost-effective and scalable, high-performance optical transport solutions** in Poland



**1.8 m€ subsidy** granted as part of the “ORANGE MECT PART” project in collaboration with **Orange**



Opening of **new head office and R&D hub** for optical transport activities in Lannion (Brittany)



# FINANCIAL RESULTS

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H1 2024



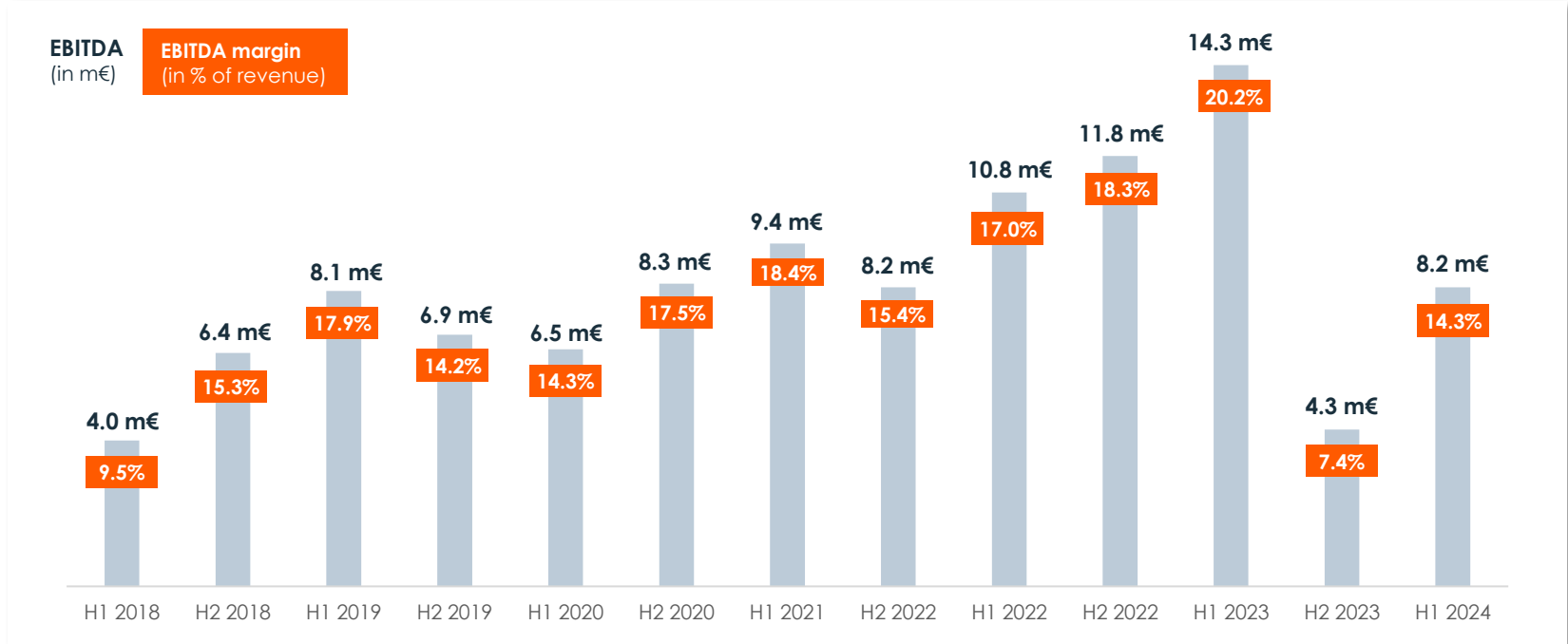
# P&L (1/2)

In €m - IFRS - Audited	H1 2023	H2 2023	H1 2024	FY 2023
<b>Revenue</b>	<b>71.0</b>	<b>58,1</b>	<b>57.5</b>	<b>129.1</b>
<b>Gross margin</b>	<b>37.7</b>	<b>29,6</b>	<b>32.2</b>	<b>67.3</b>
<i>% of revenue</i>	<i>53.1%</i>	<i>50.9%</i>	<i>56.1%</i>	<i>52.1%</i>
<b>Operating expenses</b>	<b>31.0</b>	<b>31.3</b>	<b>29.3</b>	<b>62.3</b>
o/w R&D expenses	13.5	14.5	12.8	28.0
o/w S&M expenses	11.4	12.0	11.1	23.4
o/w G&A expenses	6.1	4.8	5.5	10.9
<b>EBITDA<sup>1</sup></b>	<b>14.3</b>	<b>4.3</b>	<b>8.2</b>	<b>18.6</b>
<i>% of revenue</i>	<i>20.2%</i>	<i>7.4%</i>	<i>14,3%</i>	<i>14.4%</i>

<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 linked to share-based payments

- **Record 56.1% gross margin for a semester**
  - favorable business mix (growth in Access)
  - components crisis is over
  - growing weight of S&S (17% vs 14%) in the top line
- **Effective OPEX management (-6% decrease Y-o-Y)**
  - **-6% in R&D: -0.7 m€**
    - increase in staff: +0,6 m€ of staff & +0.6 m€ lease costs
    - decrease of -2.0 m€ in PPA amortization
  - **-3% in S&M: -0.3 m€**
    - lower of staff costs / sales commissions
    - lower travel expenses and overheads
  - **-11% G&A: -0.6 m€**
    - including -0.3 m€ in share-based payment expenses
    - including +0.3 m€ of positive impact from FX gains
- **EBITDA margin: 14.3%**  
(vs. record high 20.2% year earlier and 14.4% in FY23)

# EBITDA margin of 14.3% in H1 2024



# P&L (2/2)

€m - IFRS - Audited	H1 2023	H2 2023	H1 2024	FY 2023
<b>EBITDA<sup>(1)</sup></b>	<b>14.3</b>	<b>4.3</b>	<b>8.2</b>	<b>18.6</b>
% of revenue	20.2%	7.4%	14,3%	14,4%
D&A - tangible & intangible assets	(2.2)	(2.4)	(2.9)	(4.6)
Amortization - Technologies (PPA)	(3.2)	(2.1)	(1.1)	(5.3)
Amortization - Right of use assets	(1.1)	(1.1)	(1.2)	(2.2)
Net expenses relating to share-based payments	(0.7)	(0.7)	(0.3)	(1.4)
Net provisions	(0.4)	0.4	0.3	0.0
<b>Current operating income</b>	<b>6.7</b>	<b>(1.6)</b>	<b>3.0</b>	<b>5.1</b>
<b>Adjusted EBIT</b>	<b>9.9</b>	<b>0.5</b>	<b>4.1</b>	<b>10.4</b>
% of revenue	14.0%	0.9%	7.0%	8.0%
Other operating income/(expenses)	(0.1)	(1.3)	(0.4)	(1.4)
<b>Operating income</b>	<b>6.6</b>	<b>(3.0)</b>	<b>2.6</b>	<b>3.6</b>
Financial interests expenses	(0.3)	(0.7)	(0.8)	(1.0)
Other financial income/(expenses)	0.2	0.6	0.3	0.8
Tax income/(expenses)	(0.5)	0.8	(0.4)	0.3
<b>Net income</b>	<b>6.0</b>	<b>(2.4)</b>	<b>1.5</b>	<b>3.6</b>
% of revenue	8.4%	n.m.	2.6%	2.8%

- **D&A charge of 5.2 m€, including 1.1 m€ of PPA technologies (vs 6.5 m€ & 3.2 m€ in H1 2023)**
- **0.4 m€ decrease in share-based payments expenses**
- **Adjusted EBIT: 7.0%**,  
(excluding amortization related to intangible assets identified post purchase price allocation)
- **Other operating expenses: 0.4 m€**
- **Net income of 1.5 m€, vs. 6.0 m€ a year earlier and 3.6 m€ in FY23**

<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 linked to share-based payments

<sup>2</sup> 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	H1 2023	H1 2024
<b>Cash flow before working capital &amp; taxes</b>	<b>14.6</b>	<b>7.3</b>
Change in operating working capital	(13.1)	(1.9)
Tax paid	(0.5)	(0.1)
<b>Cash flow from operating activities</b>	<b>0.9</b>	<b>5.3</b>
<b>Cash flow used by investing activities</b>	<b>(4.4)</b>	<b>(5.8)</b>
o/w acquisition of assets and R&D	(4.3)	(5.7)
<b>Cash flow used by financing activities</b>	<b>11.7</b>	<b>(4.9)</b>
o/w new borrowings	13.0	0.0
o/w bank debt reimbursement	(2.5)	(2.5)
o/w lease payments	(1.0)	(1.1)
<b>Change in cash &amp; cash equivalent</b>	<b>8.2</b>	<b>(5.4)</b>

- **Limited working capital increase in H1 2024: 2.1 m€**
  - trade receivables decrease (-3.5 m€) vs 31/12
  - rise in inventory levels (+3.3 m€) due to Transport line slow down
- **Operating cash-flow of +5.1 m€, vs. +0.9 m€ a year earlier**
- **Cash flow from investments: -5.8 m€**
  - including -1.1 m€ of investment in equipment
  - including -4.5 m€ of capitalized R&D and 5View
- **Cash flow from financing: -4.7m€**
  - including -2.5 m€ of bank debt reimbursement
  - including -1.1 m€ of lease payments
- **Change in cash & cash equivalent: -5.4 m€**
  - vs. +8.2 m€ in H1 2023

# Net cash<sup>1</sup> of 22.3 m€ by end June 2023

€m - IFRS - Audited	30/06/2024
<b>Cash &amp; cash equivalent</b>	<b>41.8</b>
<b>Financial liabilities<sup>2</sup></b>	<b>19.5</b>
o/w bank loans	17.0
o/w factoring liabilities	2.5
<b>Net cash position</b>	<b>22.3</b>
R&D tax credit financing (CIR) receivable	4.3
Lease liabilities (IFRS 16)	12.9

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

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

- **19.5 m€ of various bank loans**
- **No use of M&A line so far**
- **Factoring liabilities:** receivables factored 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<sup>1</sup> of 22.3 m€ as of 30 June 2024**  
(vs. 20.3 m€ a year earlier and 25.8m€ at 31/12 2023)

# Balance sheet

€m - IFRS - Audited	31/12/2023	30/06/2024
<b>Non-current assets</b>	<b>78.8</b>	<b>85.4</b>
o/w goodwill	28.5	28.4
o/w intangible assets	17.1	18.5
o/w right-of-use assets	6.7	12.4
<b>Current assets</b>	<b>66.6</b>	<b>68.9</b>
o/w inventories	25.9	29.2
o/w trade receivables	30.0	26.6
<b>Cash &amp; cash equivalents</b>	<b>47.2</b>	<b>41.8</b>
<b>TOTAL</b>	<b>192.6</b>	<b>196.0</b>

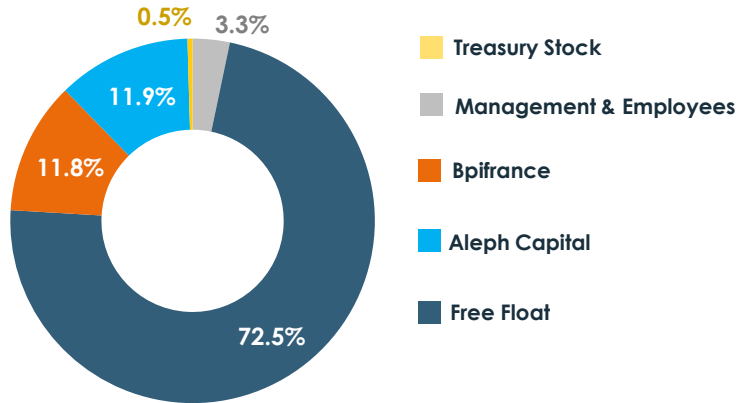
€m - IFRS - Audited	31/12/2023	30/06/2024
<b>Shareholders' equity</b>	<b>119.4</b>	<b>120.4</b>
<b>Financial liabilities</b>	<b>21.4</b>	<b>19.5</b>
o/w bank loans	18.3	16.7
o/w factoring	2.8	2.5
<b>R&amp;D tax credit pre-financing</b>	<b>5.1</b>	<b>4.3</b>
<b>Trade payables</b>	<b>18.2</b>	<b>17.1</b>
<b>Lease liabilities</b>	<b>7.0</b>	<b>12.9</b>
<b>Other liabilities</b>	<b>21.5</b>	<b>21.8</b>
<b>TOTAL</b>	<b>192.6</b>	<b>196.0</b>

- **Intangible assets: 6.3 m€ of Technologies and Client relations at end June 2024** (vs. 7.7 m€ at end 2023)
- **12.4 m€ in right-of-use assets:** increase due to the signing of the lease for the new *Lannion* headquarters and the renewal of the Belgian subsidiary commercial lease

# Capital markets snapshot

## Shareholding

26,994,049 shares (30 June 2024)



Number of potential shares to be issued: 349,958 i.e. a maximum potential dilution of 1,3%

## Stock market data (at 26 July 2024)

- ISIN: FR0011466069
- Ticker symbol: EKI
- Stock price: 2.985 €
- Market capitalization: 80.6 m€
- Daily average liquidity (1 year) : €148 K

## Financial agenda

- Q3 2024 revenue: October 15, 2024
- 2024 revenue: January 13, 2025
- 2024 annual results: March 5, 2025



# Our sustainable performance in 2023

## Reduced carbon footprint

reduction in tons of CO<sub>2</sub> emissions on revenue (tCO<sub>2</sub>e/m€) by -40% vs. 2022



## First CoP\* published

testifying to the progress on implementing the Ten Principles and helping reach the 17 Sustainable Development Goals



## 3 strategic axes

- Be an employer of choice
- Be a responsible company towards stakeholders
- Limiting the environmental impact of our activities

## Life-cycle and energy performance analyses

of a representative piece of Access equipment to identify the impact of its products across the entire value chain



## Increased female representation

+15% rise in the number of female employees vs. +8% in number of male employees  
Women representing 21% of Group's workforce at end-2023



## A recognized ESG policy

EthiFinance  
Ratings

62/100  
(81/100 on comparable methodology)



Top 13%  
best performing companies in sector

## Focus on employees

Identifying their needs and expectations through anonymous surveys  
Training campaign on conflict of interest and corruption risks

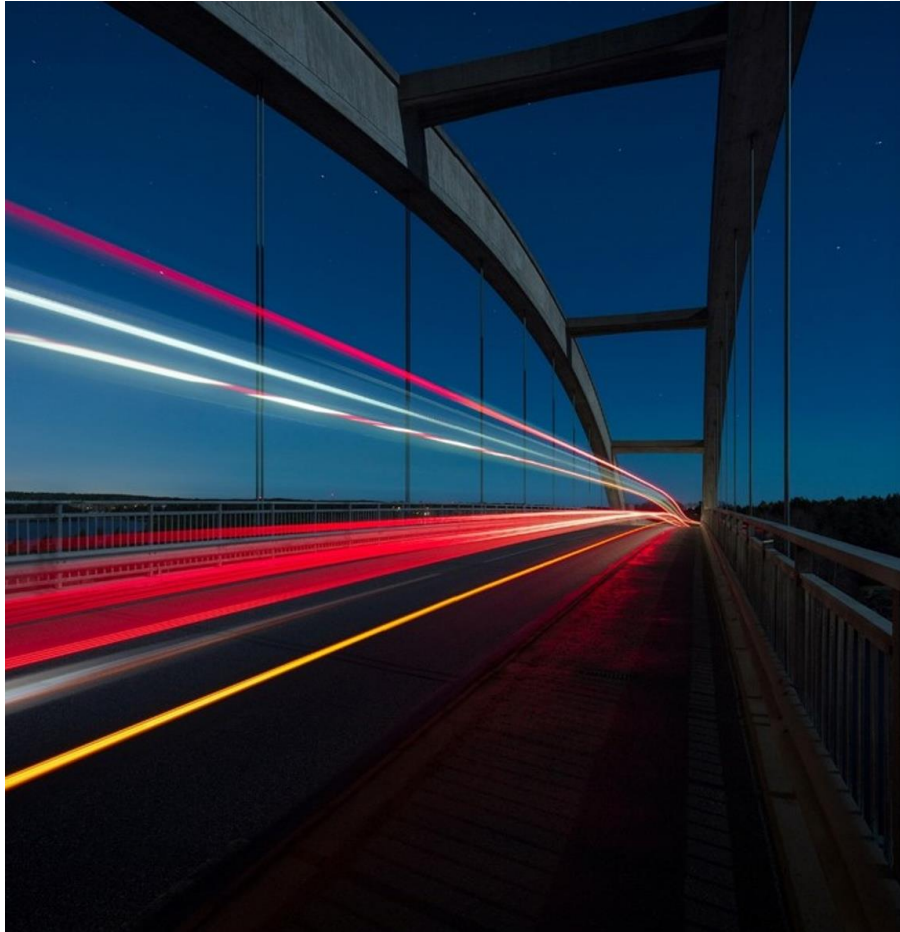


## “Corporate Sustainability and Risks Manager”

Starting from January 2024, new position created to reconcile risks and sustainable development and enable the company to better respond to ESG regulations







# OUTLOOK



# Optical Transport: Product news to support our growth

**Celestis** *End to End service creation, alien wave management,  
nms optimized network operations*

## Low Cost 100G

- Cost optimized 100G
- Long reach
- Single slot form factor
- Low power consumption



PM\_100HDF01

## High Performance 400G/800G

- Latest 135Gbaud DSP and optics
- High capacity, high performance for 800GMR & 400GLH applications
- Multi-rate, multi-protocol client interfaces



PM\_800FR04

## Edge OTN

- 400 Gbps switching capacity in 1RU form factor
- Multi-protocol edge aggregation device
- SONET/SDH support for managing legacy service migration/modernization



RM\_ETSc1

New **optimized** platforms, bringing **cost improvement** and **advanced solutions** for service providers and enterprise customers

# Access: Ready to empower the Branch



## Ekinops' Uniqueness

**Unique Vendor** in the world **combining** all Network Services in a **single device powered by a single OS**

## 2024: we should start seeing some return on our software investment

- Large **SD-WAN** deployments
- Large **Virtualization** deployments
- With our **computing** capabilities we'll start seeing **vertical applications** on our platform **and AI**

# Outlook

- **With overall of economic slowdown, Q2 2024 activity followed the trend of previous quarters**
    - revenues around 28 m€/30 m€ for the four consecutive quarters.
  - **Encouraging signs in Access**
    - improved sales in H1 2024 in France: inventory easing continued at operators
    - Target: accelerate this trend in H2 2024, in France and EMEA region, conditional on the strength of the economic recovery
  - **New products in 2024, boosting Optical Transport momentum over the coming semesters**
    - including the **new 800G** product, **100G solution** offering greater competitiveness and **new edge OTN solution**
  - **External growth strategy**
    - carrying out one or more transactions that could augment our R&D staff, strengthen our offering and complete our customer base, with a preference for non-dilutive financing
- ➡ **Q3 2024 should be in line with the four previous quarters**
- ➡ **Improvement of the trend starting in Q4 2024**

# Questions - Réponses

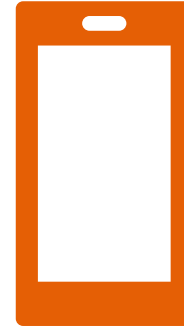
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**Microsoft Teams**

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**Bouton lever la main  
Activer le micro**



**Téléphone**

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**Touches « \* » puis « 6 »**



# Thank you

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