



Connect the future

6 March 2024

Investor Presentation
FY 2023 Results

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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



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



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

Staff: +500 people (End-2023)



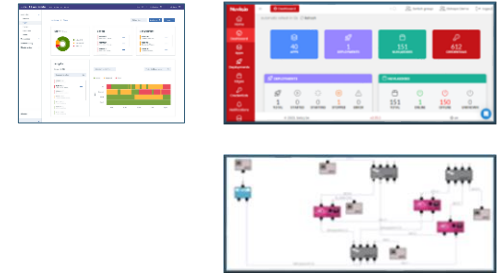
- **55%** internationally
- **+50%** in R&D
- **>90%** software engineers
- **~20%** of revenue invested in R&D
- **Innovation** is at the heart of our strategy

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



Devices for Branch Offices and Edge Networks

Software

Hardware

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



1/3rd of the top 100* are customers

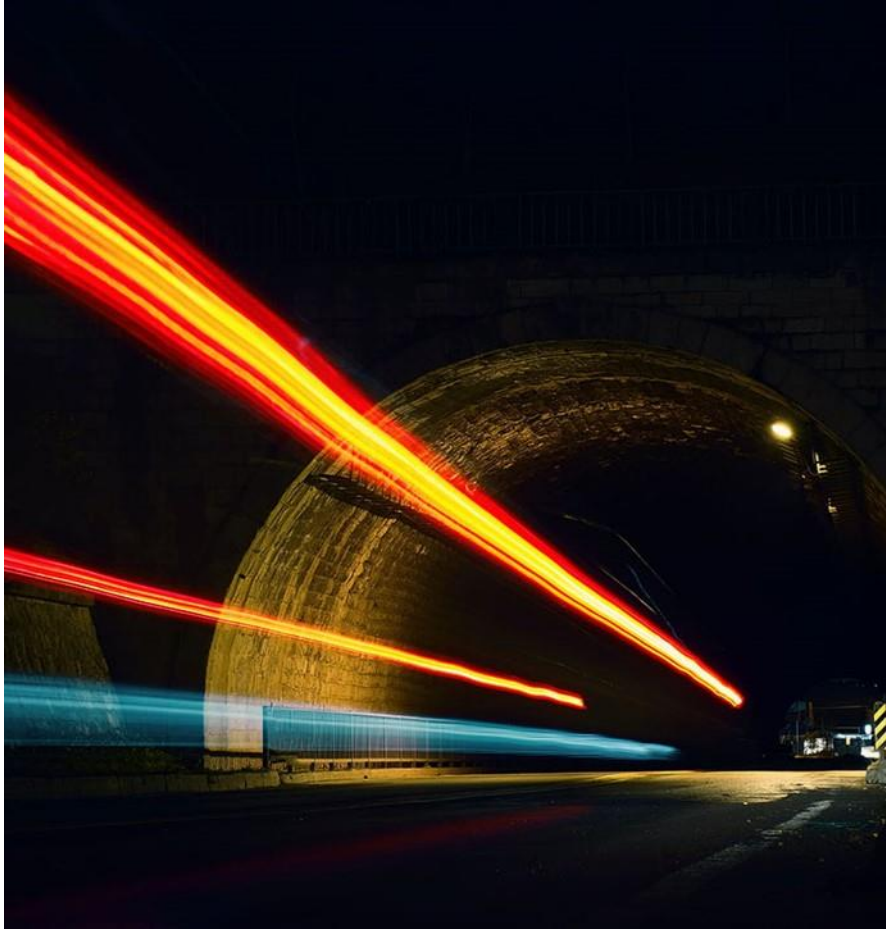


More than 3 million routers deployed

OneAccess : Top 3 in our segment



+50% of Ekinops360 installed-base in the USA

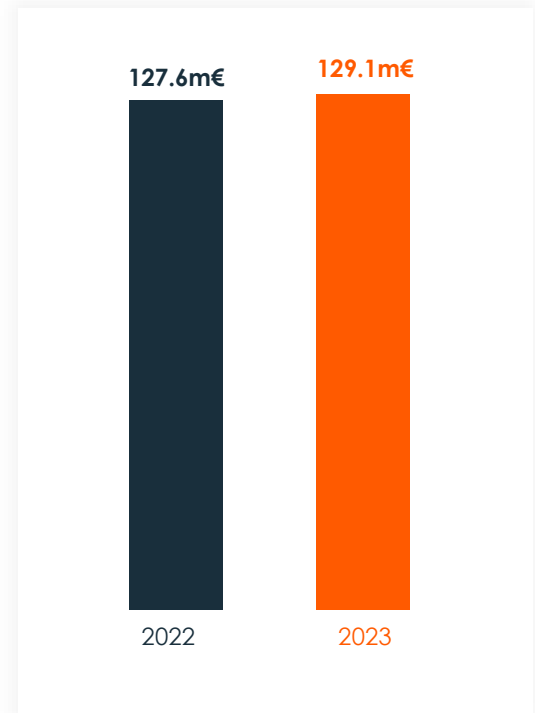


ACTIVITY & HIGHLIGHTS

FY 2023

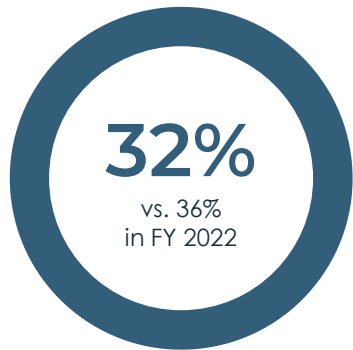
FY 2023: +1% revenue growth

- **129.1 m€ revenue in FY 2023: +1% growth**
 - **+2% growth** at **constant exchange rates**
 - **+9% sequential growth** in Q4 2023 (vs. Q3 2023)
 - **Declining demand** and **economic slowdown** in H2 2023
- **+27% growth in Optical Transport, -15% decline in Access**
 - Continued strong growth trajectory for **Optical Transport** solutions, particularly in France and EMEA: +27% driven by the success of WDM solutions and new customer wins in Eastern Europe
 - -15% decline in **Access** solutions sales, penalized by challenging comparison (+20% in 2022) and economic slowdown
- **Growth in Software & Services**
 - +12% activity growth in FY 2023
 - 17% of Group's activity in FY 2023 (vs. 14% in FY 2022)
 - H2 2023: **Software & Services representing 20% of Group's activity** for the 1st time



Double-digit growth in North America and EMEA

France

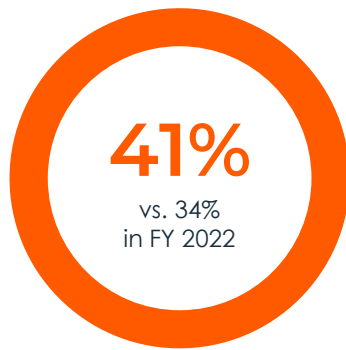


-11% decline

Economic slowdown causing a decline in Access solutions sales

Strong momentum in Optical transport revenue (+57% Y-o-Y)

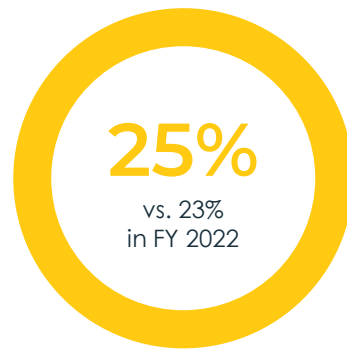
EMEA
(excl. France)



Robust increase of +23%

Solid growth in sales of **Optical Transport solutions**, especially in Germany

North America

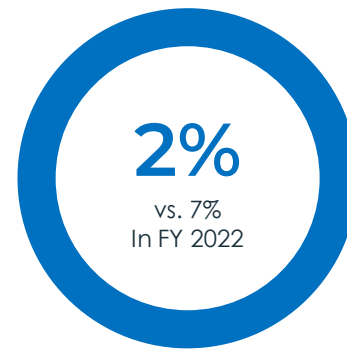


+6% growth

despite a very **challenging comparison basis** (+56% in 2022)

+10% in US dollar terms

Asia-Pacific



-65% decline

Revenue generated with **just a few clients**

FY 2023 Top 10 clients

	Geography	Business	% revenue 2023	Change vs.2022
Client #1	France	Access	20%	-9%
Client #2	EMEA	Transport	8%	-
Client #3	Noram	Transport	6%	+8%
Client #4	EMEA	Access	5%	+251%
Client #5	France	Transport	4%	+47%
Client #6	EMEA	Access	4%	-22%
Client #7	France	Access	4%	-35%
Client #8	EMEA	Transport	3%	+164%
Client #9	Noram	Transport	2%	-48%
Client #10	EMEA	Transport	2%	-59%
Total			57%	+11%

- **+11% revenue growth on Top 10 clients**
- **Strong growth for 3 Top 10 clients in Europe**
 - Client #4: +251% (~7 m€)
 - Client #5: +47% (~5 m€)
 - Client #8: +14% (~4 m€)
- **2 North American accounts in the Top 10**
 - Client #3: US operator representing 6% of 2023 revenue (>7 m€)
- **1 new account directly in Top 10 clients**
 - Client #2: German operator representing 8% of 2023 revenue

Key 2023 business highlights

EKINOPS360

Availability of New CFP2-based 400G **Transport Solution**, offering **lower cost**, **lower power coherent** solutions than what is offered by high-performance embedded optics



MEF 3.0 Carrier Ethernet **certification** for Ekinops' **entire Ethernet Access Device portfolio**, supported by its unique **OneOS6** network operating system



Ekinops **upgrades** Strata Networks' **Optical transport network** using the **Ekinops360** with **FlexRate™** technology



Ekinops secures **€1.3 million** in funding for the **5Geneva project** in collaboration with **Orange**



Ekinops provides its **SBC services** to **Microsoft Azure Marketplace** to help carriers create voice services for enterprises and organizations to securely **streamline operations** and **increase efficiency**



Ekinops **modernizes** and **unifies** Deutsche Glasfaser's **Optical transport network infrastructure** throughout Germany using Ekinops **FlexRate™ 100G to 400G solutions**

Further progress in sustainable performance in 2023

Reduced carbon footprint

reduction in tons of CO₂ emissions on revenue (tCO₂e/m€) by -40% vs. 2022



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



Focus on employees

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



3 strategic axes

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

A recognized ESG policy

EthiFinance
Ratings

62/100
(81/100 on comparable methodology)



Top 35%
best performing companies in sector



First CoP* published

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



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

"Corporate Sustainability Risk Manager"

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





FINANCIAL RESULTS



FY 2023

P&L (1/2)

In €m - IFRS - Audited	2022	2023	Var.
Revenue	127.6	129.1	+1%
Gross margin	67.6	67.3	n.s.
<i>% of revenue</i>	53.0%	52,1%	
Operating expenses	58.4	62.3	+7%
o/w R&D expenses	25.2	28.0	+11%
o/w S&M expenses	22.0	23.4	+6%
o/w G&A expenses	11.2	10.8	-4%
EBITDA¹	22.6	18.6	-18%
<i>% of revenue</i>	17.7%	14,4%	

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

- **Steady (in €) gross margin vs. +7% increase in operating expenses**

- **R&D : +2.8 m€**

- increase in staff: +3.5m€ of staff & contractors costs
- increase of +0.4 m€ in amortization
- off-set by -1.1 m€ of R&D tax credit and subsidies

- **S&M : +1.5 m€**

- including +1.5 m€ of staff costs
- including +0.4 m€ of business travel and overheads
- off-set by -0.4 m€ of net provisions

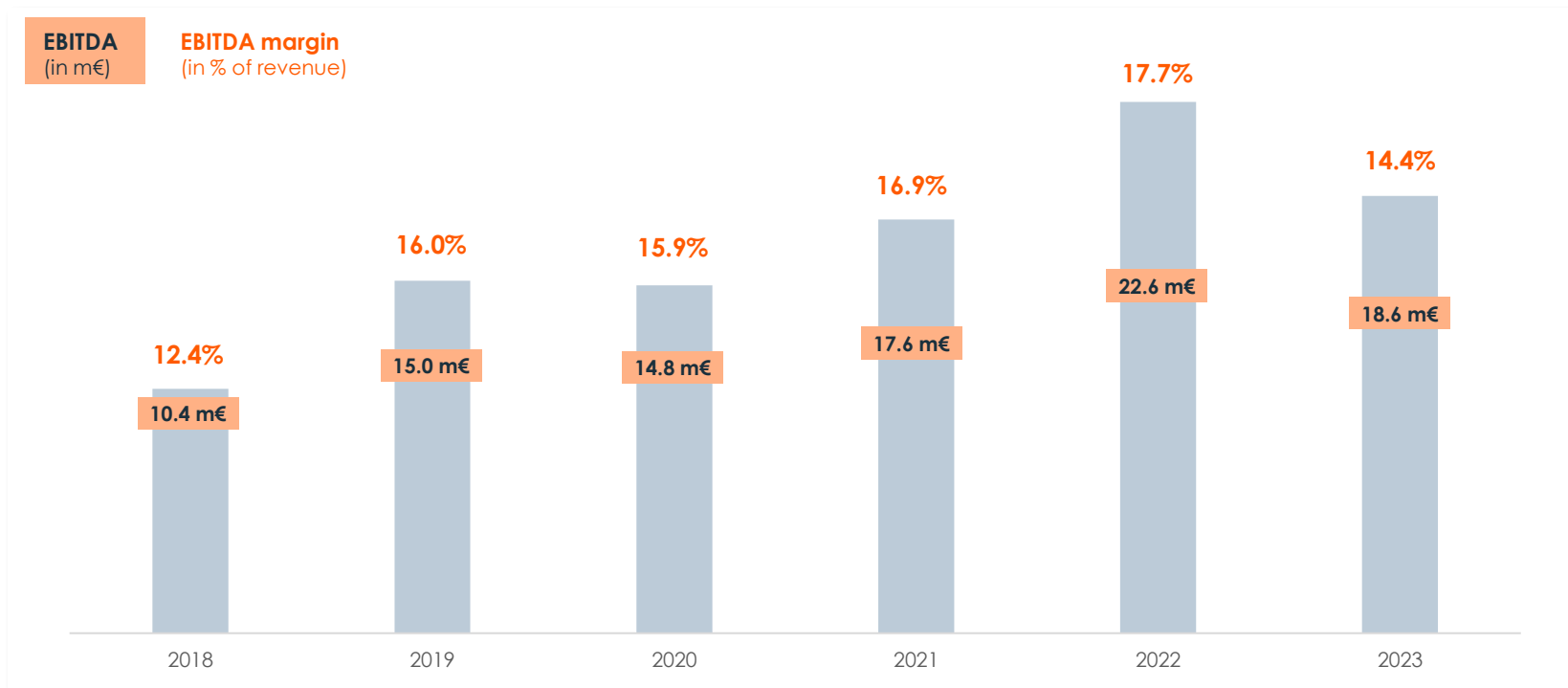
- **G&A : -0.4 m€**

- including -0.8 m€ in share-based payment expenses
- including +0.4 m€ in maintenance and fees

- **EBITDA margin: 14.4%**

- EBITDA decline of -18% compared to FY22 (vs. record high 17.7% in FY22)

EBITDA margin of 14.4% in 2023



P&L (2/2)

€m - IFRS - Audited	2022	2023	Var.
EBITDA⁽¹⁾	22.6	18.6	-18%
<i>% of revenue</i>	17.7%	14.4%	
Amortization -tangible & intangible assets	(3.6)	(4.6)	
Amortization -Technologies (PPA)	(6.3)	(5.3)	
Amortization - Right of use assets	(1.9)	(2.2)	
Net expenses relating to share-based payments	(2.3)	(1.4)	
Net provisions	0.8	0.0	
Current operating income	9.3	5.1	-45%
Adjusted EBIT	15.6	10.4	-33%
<i>% of revenue</i>	12.2%	8.0%	
Other operating income/(expenses)	(0.5)	(1.4)	
Operating income	8.8	3,6	-59%
Financial interests expenses	(0.3)	(1.0)	
Other financial income/(expenses)	1.6	0.8	
Tax income /(expenses)	2.0	0.3	
Net income	12.0	3.6	-70%
<i>% of revenue</i>	9.4%	2.8%	

- **amortization expenses of 12.1 m€, including 5.3 m€ of PPA technologies (vs 11.8 m€ & 6.3 m€ in 2022)**
- **-1.4 m€ decrease in share-based payments expenses**
- **Adjusted EBIT: 8.0%**,
(excluding amortization related to intangible assets identified post purchase price allocation)
- **Other operating expenses: 1.4 m€**,
(including 1.1 m€ for the project of implementing a new management system - ERP)
- **Net income of 3.6m€**, vs. 12.0 m€ a year earlier

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

	2022	2023
Cash flow before working capital & taxes	23.6	17.8
Change in operating working capital	(13.6)	(3.3)
Tax paid	(0.6)	(1.0)
Cash flow from operating activities	9.4	13.5
Cash flow used by investing activities	(7.4)	(8.2)
o/w acquisition of assets and R&D	(7.2)	(8.0)
Cash flow used by financing activities	(8.2)	2.5
o/w capital increases	1.2	0.4
o/w net change in borrowings	(7.2)	5.12
o/w lease payments	(1.9)	(2.0)
Change in cash and cash equivalent	(6.0)	7.8

- **Working capital decrease in H2 2023, due to business slowdown and optimal cash management**
- **Cash flow from investments: -8.2 m€**
 - including -4.7 m€ of investment in equipment
 - including -3.4 m€ of capitalized R&D
- **Cash flow from financing: +2.5m€**
 - new bank loans (net of repayments) of 5.1m€
 - including 7.8m€ participatory recovery loan (PPR)
 - Net interest paid 0,8 m€ vs 0.2 m€ in 2022
- **Cash and cash equivalent +7.8 m€ (vs. -6.0 m€ in 2022)**

Net cash¹ of 25.8 m€ by end December 2023

€m - IFRS - Audited

31/12/2023

Cash & cash equivalent¹	47.2
Financial liabilities²	21.4
o/w bank loans	18.3
o/w factoring liabilities	2.8
Net cash position	25.8
R&D tax credit financing (CIR) receivable	5.1
Lease liabilities (IFRS 16)	7.0

- **18.3 m€ of 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 25.8m€ as of 31 December 2023 (vs. 20.5m€ in FY 2022)**

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	31/12/2022	31/12/2023
Non-current assets	79.8	78.8
o/w goodwill	28.5	28.5
o/w intangible assets	21.1	17.1
o/w right-of-use assets	6.8	6.7
Current assets	63.5	66.6
o/w inventories	25.0	25.9
o/w trade receivables	29.9	30.0
Cash & cash equivalents	39.4	47.2
TOTAL	182.7	192.6

€m - IFRS - Audited	31/12/2022	31/12/2023
Shareholders' equity	113.6	119.4
Financial liabilities	18.9	21.4
o/w bank loans	14.1	18.3
o/w factoring	4.4	2.8
R&D tax credit pre-financing	2.6	5.1
Trade payables	17.7	18.2
Lease liabilities	6.9	7.0
Other liabilities	23.0	21.5
TOTAL	182.7	192.6

- **Intangible assets: 7.7 m€ of Technologies and Client relations at end 2023** (vs. 12.8m€ at end 2022)
- **+5.8 m€ in shareholders' equity compared with end-2022**

July 2023: New 100 m€ syndicated line of financing to support Ekinops' external growth strategy

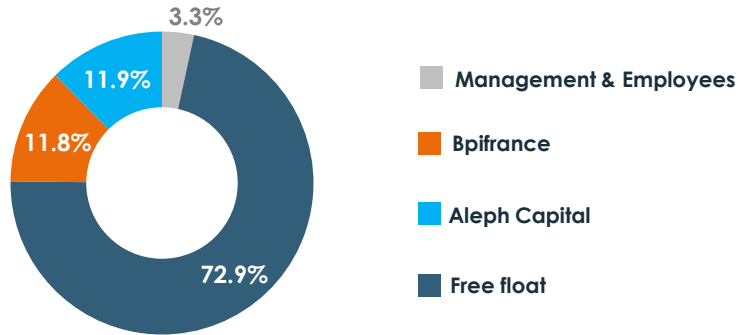
- **Signing of a 50 m€ loan facility (can be increased to 90 m€) intended for external growth**
 - **Aim:** to finance one or more M&A transactions and related costs
 - **Maturity:** 7 years
- **Setup of a 10 m€ revolving credit facility**
 - **Aim:** to finance the Group's general needs
- **Introduction of ESG criteria in new financing packages**
 - **Bonus of up to 5 basis points** applicable to the new financing lines, depending on the number of **ESG criteria** achieved

Reinforcement of Ekinops' balance sheet in an extremely competitive market environment & extension of its debt maturity

Capital markets snapshot

Shareholding

26,801,716 shares (31 December 2023)



Number of potential shares to be issued as of 31 December 2023:
714,659 i.e. a maximum potential dilution of 2.7%

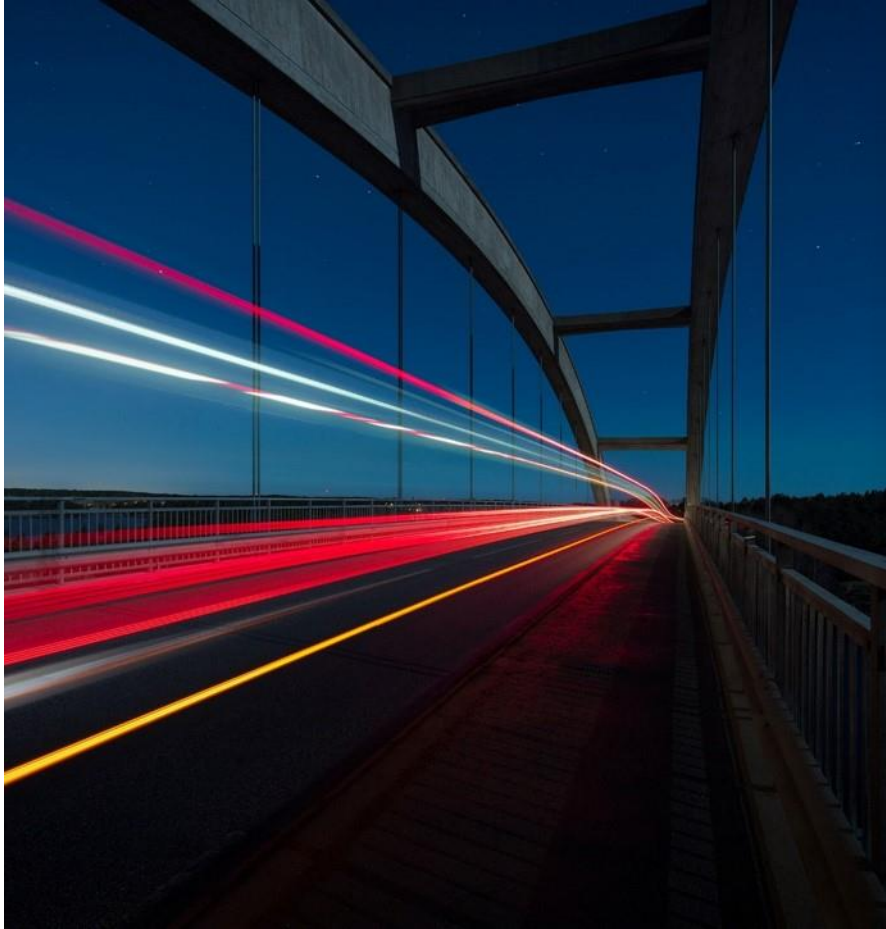
Stock market data (at 4 March 2024)

- ISIN: FR0011466069
- Ticker symbol: EKI
- Stock price: 3.90 €
- Market capitalization: 105 m€ (comp. B)
- FY 2023 Daily average liquidity : €190 K

Financial agenda

- | | |
|------------------------|------------------|
| • Q1 2024 revenue: | April 15, 2024 |
| • General Meeting: | May 23, 2024 |
| • Q2 2024 revenue: | July 11, 2024 |
| • H1 2024 results: | July 29, 2024 |
| • Q3 2024 revenue: | October 15, 2024 |
| • 2024 revenue: | January 13, 2025 |
| • 2024 annual results: | March 5, 2025 |





OUTLOOK



What's to come in 2024

- **Access activity severely impacted in H2 2023**
 - economic slowdown
 - rising interest rates affecting investment policies and financial health of companies
 - high level of inventory at service providers'
 - expected rebound as the economy recovers
- **Stabilized market in early 2024**
 - 2024 in the wake of H2 2023...
 - ...not yet showing signs of recovery
- **H1 2024 activity likely to be less than that of H1 2023**
 - in view of demanding comparison (23% growth in 2022, +12% in H1 2023, at 71.0 m€)
- **New products and streams of revenue in 2024**
 - including a **major new optical transport product** and an **OTN solution** to be launched this summer

Transport 2024 : 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 2024: 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**



Thank you

www.ekinops.com

