



## 2023 annual results: EBITDA margin of 14.4%

PRESS RELEASE

PARIS, 5 March 2024 – 6.00 pm - EKinops (Euronext Paris - FR0011466069 – EKI), a leading supplier of telecommunications solutions for telecom operators and businesses, reports its FY 2023 financial statements (for the period ended 31 December 2023), as approved by the Board of Directors on 4 March 2024. The statutory auditors have finished auditing the consolidated financial statements and the certification report will be issued shortly.

m€ - IFRS	2022	2023	Change
<b>Revenue</b>	<b>127.6</b>	<b>129.1</b>	<b>+1%</b>
<b>Gross margin</b>	<b>67.6</b>	<b>67.3</b>	<b>n.s.</b>
<i>As a %</i>	<i>53.0%</i>	<i>52.1%</i>	
Operating expenses	58.4	62.3	+7%
<b>EBITDA<sup>1</sup></b>	<b>22.6</b>	<b>18.6</b>	<b>-18%</b>
<i>As a %</i>	<i>17.7%</i>	<i>14.4%</i>	
<b>Current operating income (EBIT)</b>	<b>9.3</b>	<b>5.1</b>	<b>-45%</b>
Operating income	8.8	3.6	-59%
<b>Consolidated net income</b>	<b>12.0</b>	<b>3.6</b>	<b>-70%</b>
<i>As a %</i>	<i>9.4%</i>	<i>2.8%</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 (see appendices).

### 2023 revenue of 129.1 m€, up +1%

In 2023, Ekinops' consolidated revenue stood at 129.1 m€, up +1% from the previous year, and +2% at constant exchange rates.

H2 2023 was harshly affected by deteriorated market conditions in the **Access** business line, against a backdrop of economic slowdown and a high level of equipment inventories at operators. Access solutions fell by -15% over the year (vs. +20% in 2022).

Driven by numerous commercial successes and customer wins, the **Optical Transport** business line posted strong growth of +27% in 2023, underpinned by operators' bandwidth needs and the success of Ekinops' WDM solutions.

Revenue generated by **Software & Services** rose by +12% in 2023, driven by sales of network virtualization solutions, SD-WAN solutions and services. Software & Services accounted for 17% of Group revenue in 2023, vs. 15% a year earlier.

International sales increased by +8%, while business in France declined by -11%. International sales accounted for 68% of total business in 2023 (vs. 64% in 2022), of which 25% in North America (+6%) and 41% in EMEA (Europe, Middle East and Africa) (+23%).

### EBITDA margin<sup>1</sup> of 14.4% in 2023

In this complex economic environment, gross margin amounted to 67.3 m€ in 2023, same as the previous year (67.6 m€).

Gross margin came to 52.1%, compared with 53.0% a year earlier, reflecting the business mix evolution over the year.

EBITDA<sup>1</sup> stood at 18.6 m€ in 2023, down -18%. The increase in operating expenses was contained (+7% over the year), while Ekinops maintained most of its investments (net increase of 47 employees over the year, trade shows and business travel, equipment dedicated to R&D, etc.) in order to prepare for future growth.

EBITDA<sup>1</sup> margin was 14.4% in 2023, compared with a record-high level of 17.7% in the previous year.

### Adjusted EBIT margin<sup>2</sup> of 8.0% in 2023

After accounting for net depreciation, amortization and provisions (12.1 m€, including 5.3 m€ of amortization relating to post purchase price allocation technologies) and non-cash expenses relating to share-based payments (1.4 m€), current operating income came to 5.1 m€ in 2023, vs. 9.3 m€ a year earlier. Current operating margin therefore stood at 3.9% of revenue in 2023, vs. 7.2% in 2022. Excluding amortization of intangible assets identified post purchase price allocation, adjusted EBIT<sup>2</sup> came to 8.0%, compared with 12.2% a year earlier.

Other operating expenses totaled 1.4 m€, including 1.1 m€ for the project of implementing a new management system (ERP). Operating income came to 3.6 m€ in 2023, vs. 8.8 m€ a year earlier.

After taking into account financial expenses of 0.3 m€ and a tax income of 0.3 m€, net income amounted to 3.6 m€ in 2023, vs. 12.0 m€ in 2022.

### Operating cash flow of 13.5 m€ in 2023, 7.8 m€ in total cash generation

FY 2023 illustrates Ekinops' ability to generate cash through its business.

Operating cash flow amounted to 13.5 m€ in 2023, compared with 9.4 m€ the previous year. After the high mid-year level, change in working capital requirements fell in H2 due to the business slowdown and optimal cash management.

Cash flow from investments (non-current assets and R&D) amounted to a 8.2 m€ outflow (vs. 7.4 m€ a year earlier) with 4.5 m€ in equipment investments and 3.6 m€ for capitalized R&D. Free cash flow totaled 5.3 m€ million in 2023 (vs. 2.0 m€ in 2022).

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<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.

<sup>2</sup> Adjusted EBIT corresponds to current operating income adjusted for amortization of intangible assets identified after allocation of goodwill, Technologies developed and Customer relations.

Cash flow from financing activities totaled 2.5 m€, of which 5.1 m€ in new bank loans (net of repayments, including the research tax credit pre-financing), with a €7.8 million stimulus loan (*Prêt Participatif de Relance - PPR*) cashed in March 2023.

Overall, change in cash flow was +7.8 m€ in 2023 (vs. -€6.0 million in 2022).

### Net cash<sup>3</sup> of 25.8 m€ as of 31 December 2023

Cash and cash equivalents amounted to 47.2 m€ at end-2023 (vs. 39.4 m€ one year earlier), and financial borrowings<sup>4</sup> of 21.4 m€.

In H2 2023, Ekinops signed a new 100 m€ syndicated line of financing with its banking partners (external growth loan of up to 90 m€ and 10 m€ revolving credit facility) to provide the company with additional financial resources to support its development, in particular its acquisition strategy. Ekinops has not yet used this line, which includes conditions related to the Group's non-financial performance as part of its Corporate Social Responsibility (CSR) policy.

Net cash<sup>3</sup> stood at 25.8 m€ at 31 December 2023 (vs. 20.5 m€ a year earlier), for shareholders' equity of 119.4 m€ (+5.8 m€ compared with end-2022).

ASSETS - €m - IFRS	12/31 2022	12/31 2023	LIABILITIES - €m - IFRS	12/31 2022	12/31 2023
<b>Non-current assets</b>	79.8	78.8	<b>Shareholders' equity</b>	113.6	119.4
o/w goodwill	28.5	28.5	<b>Financial borrowings</b>	18.9	21.4
o/w intangible assets	21.1	17.1	o/w bank loans	14.1	18.3
o/w right-of-use assets	6.8	6.7	o/w factoring	4.4	2.8
<b>Current assets</b>	63.5	66.6	<b>French research tax credit pre-financing</b>	2.6	5.1
o/w inventories	25.0	25.9	<b>Trade payables</b>	17.7	18.2
o/w trade receivables	29.9	30.0	<b>Lease liabilities</b>	6.9	7.0
<b>Cash</b>	39.4	47.2	<b>Other liabilities</b>	23.0	21.5
<b>TOTAL</b>	182.7	192.6	<b>TOTAL</b>	182.7	192.6

### Further progress in sustainable performance in 2023

As part of its Corporate Social Responsibility (CSR) policy, Ekinops continued to work in 2023 on minimizing the environmental impact of its products and their manufacturing processes. A life-cycle analysis of a representative piece of Access equipment and energy performance analyses were carried out in 2023, enabling the Group to identify the impact of its products across the entire value chain. Committed to reducing its emissions for several years already, the 2023 carbon footprint reflected reduction in emissions in tons of CO<sub>2</sub> on revenue (tCO<sub>2</sub>e/m€) of -40% vs. 2022.

In terms of human resources policy, female representation continued to increase in 2023, with a +15% rise in the number of female employees, compared with +8% rise in the number of male employees. At end-

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

<sup>4</sup> excluding bank debt relating to research tax credit pre-financing and IFRS 16 lease liabilities

2023, women represented 21% of the Group's total workforce. Particular attention was paid in 2023 to employees' feedback, notably through anonymous "Pulse" surveys, to understand their expectations and to identify their needs.

On a societal level, after becoming a member of the United Nations Global Compact in 2022, Ekinops published its first "Communication on Progress" (CoP) in 2023, testifying the progress made by Ekinops in implementing the Ten Principles and helping to reach the 17 Sustainable Development Goals. In addition, the training campaign for all Group personnel in respect of the risks of conflicts of interest and corruption continued in 2023 as part of the Group's responsible systems and practices policy.

Starting from January 1, 2024, Ekinops has created the position of "Corporate Sustainability Risks Manager", to reconcile risks and sustainable development and to enable the company to better respond to ESG objectives.

## Outlook

Against a backdrop of economic slowdown and rising interest rates affecting investment policies and financial health of companies, the Access activity was severely impacted in H2 2023. 2024 has started in the wake of end-2023, with the market now stabilized but not yet showing any signs of recovery.

In view of demanding comparison (H1 2023 revenue up +12% to €71.0 million), revenue in H1 2024 is likely to be down compared to last year.

Further ahead, Ekinops expects Access equipment sales to rebound as the economy recovers, and plans to launch a major new optical transport product this summer, doubling the capacity of optical links, and a new OTN (Optical Transport Network) product, which should contribute to the healthy momentum of the Group's optical activity.

In view of current visibility and a still uncertain timing for an economic recovery at this stage of the year, Ekinops does not provide financial guidance for 2024.

In terms of acquisitions, Ekinops' management remains mobilized to carry out one or more operations to consolidate its R&D clout and round out its customer base, favoring non-dilutive financing.

## 2024 financial calendar

Date	Release
April 15, 2024	Q1 2024 revenue
May 23, 2024	General Meeting
July 11, 2024	Q2 2024 revenue
July 29, 2024	H1 2024 results
October 15, 2024	Q3 2024 revenue
January 13, 2025	FY 2024 revenue
March 5, 2025	2024 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, trusted and innovative network connectivity 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: EKINOPS360, OneAccess and Compose.

- EKINOPS360 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 and SixSq Edge-to-Cloud solutions.

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 operates on four continents.



Name: Ekinops  
ISIN code: FR0011466069  
Ticker: EKI  
Total number of shares: 26,801,716

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 applicable to the Group's 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) expenses and income related to share-based payments.

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.

€m - IFRS	2022	2023
<b>Current operating income</b>	<b>9.3</b>	<b>5.1</b>
Amortization and provisions	4.7	6.8
Amortization of developed technologies and customer relations	6.3	5.3
Share-based payments	2.3	1.4
<b>EBITDA</b>	<b>22.6</b>	<b>18.6</b>