

Third-quarter 2020 revenue:

Gradual recovery in business activity

Limited revenue drop: -7% (vs. -38% in second-quarter 2020)

Business activity on the rise for private operators +2% vs. Q3 2019

International revenue up 10%

PRESS RELEASE

Thorigné-Fouillard, 22 October 2020, 5.45 p.m.

Thorigné-Fouillard, France - Kerlink (ALKLK - FR0013156007), specialising in network and IoT solutions, published its third-quarter 2020 revenue today.

Revenue by business line In thousands of euros	Q3 2020	Q3 2019	Change	At 30 September 2020	At 30 September 2019	Change
Historic and alternative telecom operators	452	692	-35%	1,187	1,795	-34%
Private network operators	2,228	2,186	+2%	6,090	7,366	-17%
Reference design	41	49	-16%	210	227	-7%
Total	2,721	2,927	-7%	7,487	9,389	-20%

After falling 38% in Q2 2020, revenue posted a weaker year-on-year decline of 7% in Q3 2020 to €2.7m, an encouraging trend that underscored the gradual recovery of business activity despite the persistently uncertain state of the ongoing health crisis.

The private operators segment, up 2%, generated more than 80% of business over the period and reiterated its strong momentum.

International sales picked up 10%, now accounting for over half of revenue in the third quarter (52%).

At 30 September 2020, cumulative sales for the first nine months of the year amounted to €7.5m, down 20% (vs. -26% at the end of H2 2020).

Private network operators back on the growth track

The strategy for expanding the network of partners, ramped up early in the year, has begun to pay off with the signing of multiple new contracts in FY 2020.

These partners market our IoT solutions to private operators, accelerating their market penetration and adoption in dynamic geographic areas or in the three major areas targeted by the Group:

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- **Smart Cities:** combining multiple market segments such as smart metering, smart parking, street lighting, waste management, air quality & pollution, smart building & facilities, assets monitoring, etc.
- **Smart Industries:** fleet & asset tracking, smart energy & utilities, oil, gas & mining, airports, harbors, infrastructures, manufacturing, retail, etc.
- **Smart Territories:** covering segments such as smart precision agriculture, environment protection and rural towns & areas, etc.

Conversely, and as expected, revenue earned from historic and alternative telecom operators continued to decline, to €452k in Q3 2020 (-35% year-on-year).

Service revenue held steady, however, accounting for 28% of the Q3 2020 product mix.

10% international growth year-on-year

Revenue by geographic region In thousands of euros	Q3 2020	Q3 2019	Change	At 30 September 2020	At 30 September 2019	Change
NCSA (Americas)	140	98	+43%	263	210	+26%
APAC (Asia-Pacific)	210	287	-27%	553	629	-12%
EMEA excl. France	1,053	892	+18%	2,880	2,878	0%
International	1,403	1,277	+10%	3,696	3,717	-0.5%
France	1,318	1,650	-20%	3,791	5,672	-33%
Total	2,721	2,927	-7%	7,487	9,389	-20%

Europe-Middle East-Africa and North/South America delivered robust growth, reflecting the commercial transformation implemented in these regions specifically targeting private operators. The Asia-Pacific region struggled once again under the weight of health restriction measures. That said, it has lost none of its considerable potential.

Overall, the Group was able to catch up in terms of business activity in Q3 2020 to generate stable international revenue over the first nine months of the financial year.

The impact of the health crisis was more substantial in France, which saw cumulative business decline by one-third at 30 September. In Q3 alone, revenue posted a less significant downturn, however (-20% year-on-year), and sales picked up among private network operators, now a priority segment in Kerlink's development.

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Structural momentum: uncertainties surrounding the persistence of the health crisis

To capitalise on the progress achieved in Q3 2020, the Group plans to continue the commercial efforts undertaken year-to-date. The stricter health requirements imposed as of late are expected to stimulate the roll-out of IoT projects in the areas of employee protection in the workplace (personal protective measures, contact tracing, social distancing), building sanitisation controls, process automation and remote equipment supervision.

Kerlink also plans to step up efforts to promote its Universal Contact Tracing™ solution to fight the spread of the Covid-19 epidemic in the workplace. The deployment of this contact tracing solution, which does not rely on the use of GPS or smartphones and protects personal data confidentiality, is easy to implement and thus boasts significant development potential in these unique circumstances.

Drawing on a secure financial position and a well-managed cost structure, Kerlink is confident as ever in its ability to weather the crisis and move forward with the implementation of its strategy to restore sustainable momentum once things are back to normal.

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About Kerlink

Kerlink Group is a leading global provider of connectivity solutions for designing, launching, and operating public & private Internet of Things networks. Its comprehensive product portfolio includes industrial-grade network equipment, best-of-breed network core, operations and management software, value-added applications and expert professional services, backed by strong R&D capabilities. Kerlink specializes in enabling future-proof intelligent IoT connectivity for three major domains: **Smart Cities** - metering, parking, street lighting, waste management, air quality & pollution, building & facilities, assets monitoring... -, **Smart Industries** - fleet & asset tracking, energy & utilities, oil, gas & mining, airports, harbors, infrastructures, manufacturing, retail,...- and **Smart Territories** - precision agriculture, environment protection and rural towns & areas -. More than 120,000 Kerlink installations have been rolled out with more than 330 clients in 69 countries. Based in France, with subsidiaries in the US, Singapore, India, and Japan, Kerlink is a founding and board member of the LoRa Alliance® and the uCIFI Alliance™. It is listed on Euronext Growth Paris under the symbol ALKLK.

For more information, visit www.kerlink.com/ or follow us on Twitter @kerlink_news.



Upcoming events

2020 Annual Results

11 February 2021, after market close

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