

# FIRST-HALF 2021 RESULTS

Sustained recovery across all business activities in Q2 2021

Sharp reduction in operating losses

A stronger and more secure financial position

Significant growth expected for the end of the financial year

## PRESS RELEASE

Thorigné-Fouillard, 23 September 2021, 5:45pm.

**Thorigné-Fouillard – Kerlink** (AKLK – FR0013156007), a specialist provider of networks and solutions for the Internet of Things (IoT), today released its consolidated earnings for the first half of 2021.

Following the impact of the 2020 health crisis, a sustained recovery was recorded in the first two quarters of the 2021 financial year. Half-year revenue stood at €7.6m, up 59%. The Group had an excellent second quarter (+11% compared with Q2 2019).

This latest financial year has been marked by an increase in direct sales to private network operators and has benefited from an increase in the number of distribution partnerships signed with players in the IoT ecosystem.

From a financial perspective, the return to a solid growth is reflected in a sharp improvement of the Group's earnings. The successful fundraising that totalized more than €11m in the second quarter strengthened Kerlink's financial structure and enabled it to continue its development.

## Consolidated half-year financial statements

On 21 September 2021, the Board of Directors approved the consolidated financial statements as at 30 June 2021.

In thousands of euros	H1 2021	H1 2020	Change (€k)
<b>Revenue</b>	<b>7,578</b>	<b>4,765</b>	<b>2,813</b>
Gross margin	<b>3,672</b>	<b>2,551</b>	<b>1,121</b>
Gross margin rate	48.5%	53.5%	-
Other operating costs	-4,049	-4,299	-250 (-5%)
<b>EBITDA</b>	<b>-376</b>	<b>-1,748</b>	<b>+1,372</b>
Depreciation and amortisation	- 820	-1,736	916
<b>Operating income (expense)</b>	<b>-1,197</b>	<b>-3,484</b>	<b>+2,287</b>
Financial income	-53	655	-708
Income tax	21	-21	+42
<b>Group net income (expense)</b>	<b>-1,229</b>	<b>-2,849</b>	<b>1,620</b>

*A limited review has been carried out on the half-year IFRS consolidated financial statements.  
The statutory auditor's report on the limited audit is currently being prepared.*

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## Increasing contribution from the private network operators segment

Sales to **private network operators** accounted for **more than 90% of the Group's income** in the first half of the year. These results demonstrate the relevance and success of the strategic positioning adopted by Kerlink more than two years ago to target of these players and a clear shift in the weight of these targets in the customer portfolio. Revenue from this market segment is more than €6.8m, up from nearly €4.0m – a 72% increase compared with the first half of 2020 and up 27.7% compared with 30 June 2019.

## Strong growth in equipment sales

Sales of **infrastructure equipment** mainly benefited from the resumption of business activity. Revenue exceeded €6m in the first half, compared with €3.2m in 2020 and €4.8m in 2019.

The Group particularly benefited from the first income from the partnership signed with Cal-Chip Connected Devices, in the context of roll-out of the IoT "People's Network" by the US company Helium. This network provides public, long-range and low-consumption wireless coverage by combining the LoRaWAN® wireless protocol with Helium blockchain technology, allowing any LoRaWAN sensor to transfer data via the network. By creating its blockchain, the Helium network has decentralised IoT network coverage, paving the way for the deployment of a global community wireless network, open and available all around the world and providing a glimpse of the future of distributed networks (edge networking).

Meanwhile, revenue from **services** (operation and administration of IoT networks, value-added applications and professional services) was stable at €1.6m over the period.

## Take-off in US sales

The geographical breakdown of sales recorded strong revenue growth in the **Americas region**. **The remarkable acceleration in income** (€1.3m compared with around €0.1m in 2019 and 2020) is mainly explained by sales resulting from the partnership with Cal-Chip Connected Devices in the United States. The agreements signed with Microshare also contributed to the take-off of sales in the zone.

Renewed business activity was recorded in the **APAC zone** (Asia-Pacific) following the slowdown in 2020 due to the health crisis. Half-year revenue in the region **increased by 42%** to €0.5m in the first half of 2021, compared with approximately €0.3m in 2019 and 2020.

In the **EMEA region** (Europe, Middle East, Africa), revenue was **up 34%** compared with the first half of 2020. Revenue came out at €5.8m, close to the total in first-half 2019 (€6.0m over a comparable period, business activity at the time having been carried out in part with telecom operators).

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## Significant reduction in operating losses

The growth in business activity led to an automatic improvement in the Group's earnings. Kerlink also benefited from the full effect of measures to control operating expenses implemented in 2019. As at 30 June 2021, other operating costs stood at €4.0m compared with €4.3m as at 30 June 2020, a decrease of 5.8%. **As at 30 June 2021, EBITDA was nearly back to breakeven point at -€0.4m compared with -€1.7m at 30 June 2020.** The operating result also improved very significantly, with an operating loss reduced to -€1.2m compared with -€3.5m over the first six months of the 2020 financial year. The final net result for the first half of 2021 stands at -€1.2m, up from -€2.8m.

*The Group recalls that in the first half of 2020, Depreciation and amortisation expense (€1.7m) included €644,000 in additional impairment on the goodwill of Wyres and that the finalisation of that company's acquisition resulted in a reassessment of the earnout on the purchase of the balance of Wyres shares, which in the first half generated a gain of €670,000 recognised as financial income.*

## A stronger financial position

In order to secure its medium-term development and respond to strong growth in the order book, Kerlink carried out a **fundraising in the first half of the year**. With a target initially set at €8m, the operation was very successful, reaching more than **€11m from leading investors**. This operation accelerates the development of a new range of connectivity equipment, to secure purchases of electronic components in a context of significant tensions over both prices and procurement times and to support the development of the NaaS (Network as a Service) offering. Group shareholders' equity therefore stood at €15.9m, up from €6.6m at 31 December 2020. As at 30 June 2021, the Group's cash position stood at €16.6m, up from €6.5m at 31 December 2020. At the end of the financial year, financial debt totalled €7.6m (excluding rental debt in accordance with IFRS16).

## Solid growth expected in 2021

**The second half of the year opened with a strong commercial outlook, boosted by a wide range of projects and a growing order book across all zones and activities.** It partly incorporates orders from the partnership with Cal-Chip Connected Devices, in the context of roll-out of the "People's Network". Helium recently issued the HIP19 licence, enabling Kerlink to begin integrating the first base stations into its network at the end of August.

However, the end of the financial year will continue to be impacted by continuing tensions over the availability of certain electronic components, which are likely to affect the fulfilment of some orders. In this context, Kerlink forecasts a 2021 revenue of at least €16 m for the full year corresponding to a growth of more than 40%. With regard to the commercial backlog to be delivered in 2021, revenue could even reach €19 million, subject to noticeable improvement of the international context affecting the supply of electronic components.

**In addition to this expected growth in activity, the 2021 financial year should also see strong growth in earnings.**

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## About Kerlink

Kerlink Group is a leading global provider of end-to-end connectivity solutions for designing, deploying, and operating public & private low power/wide area (LPWA) Internet of Things (IoT) 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 City & Quality of Life – urban operations, utilities & metering, retail & public places, infrastructure & hubs, health; Smart Building & Industry – buildings & real estate, industry & manufacturing, asset monitoring & tracking, and Smart Agriculture & Environment – precision agriculture, cattle monitoring & farming, environment & climate, and wildlife protection. More than 140,000 Kerlink installations have been rolled out with over 350 clients in 70 countries. Based in France, with subsidiaries in the US, Singapore, India and Japan, Kerlink is a co-founder 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](http://www.kerlink.com) or follow us on our social media - Twitter @kerlink\_news, LinkedIn #Kerlink, YouTube – Kerlink



## Upcoming events

2021 Third Quarter Revenues : October 21<sup>st</sup>, after market close

[www.kerlink.fr](http://www.kerlink.fr)



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