

2021 full-year results

Excellent business activity

Growth in earnings, EBITDA close to breakeven

A record order book in a challenging economic environment



PRESS RELEASE

Thorigné-Fouillard, France – 31 March 2022, 6.00 p.m. CET

Kerlink (AKLK FR0013156007), a specialist provider of networks and solutions for the Internet of Things (IoT), is today publishing its consolidated full-year results for 2021.

After the effects of the sanitary crisis in 2020, Kerlink saw a resumption of growth in 2021 during which it also registered strong acquisition of new customers. **The Group's 2021 revenue reached €19.9 million, up 78% compared to the 2020 financial year** (€11.2m). This performance is nearly 5% higher than the high end of the €16m to €19m target range announced during the half-year results.

Earnings increased sharply over the period. Amid sharp price fluctuations due to pressure on the availability of electronic components (increasing sourcing and logistics costs), the two-fold increase in equipment sales slightly weighed on the gross margin for the period. However, driven by the increase in activity and good control of operating expenses, **EBITDA for the year is very close to breakeven**.

In 2022, the Group will remain vigilant considering the fast-changing environment around supplies of electronic components, which continues to be challenging. Kerlink nevertheless confirms that at the start of this year it embarked on a new cycle of growth made possible by the quality of orders to be invoiced in the current year. As a reminder, on 1 January 2022, the order book stood at €17.8 million compared to €6.2 million on 1 January 2021.

Consolidated financial statements

On 28 March 2022, the Board of Directors approved the consolidated financial statements for the financial year ended on 31 December 2021.

In thousands of euros	2021	2020
Revenue	19,875	11,184
Gross margin	8,036	4,829
Gross margin rate	40.4%	43.2%
Other operating costs	-8,190	-8,025
EBITDA	-154	-3,196
Depreciation and amortisation	-1,559	-3,075
Operating income (expense)	-1,713	-6,271
Financial income	-109	554
Income tax	-12	-9
Group net income (expense)	-1,834	-5,726

IFRS – Audited financial statements

A record fourth quarter despite a context of tight supply

The Group had **an unprecedented fourth quarter, with sales up 2.5 times compared to Q4 2020**, which had already seen a record high of €3.7m in revenue. In the context of pressure on supply, the Group held up well during the period, during which it generated nearly half of its annual revenue (46%) by securing the necessary supplies. In the end, revenue for the quarter came out at €9.1m, pushing 2021 sales above the higher end of the target range.

Two-fold increase in revenue from network infrastructure equipment

This strong business momentum came mainly from **sales of network infrastructure equipment**, which account for **81% of 2021 revenue**. Kerlink's IoT gateways, now accessible from an extensive network of distribution channels, are becoming increasingly popular around the world.

Service revenue, in addition, **came to €3.8m**, up 22% in value terms compared with 2020.

Strong international growth

The Group's offer has grown in all regions. The Europe, Middle East, and Africa (EMEA) region accounted for 65% of the Group's activity in 2021. The other regions weight, such as the Americas (NCSA) and Asia-Pacific (APAC), increased significantly in the total mix, illustrating the growth in the Group's business momentum and in its **international distribution channels, which now account for 70% of total sales compared to 52% in 2020**. The Americas region registered the strongest growth rate, with **activity increasing more than ten-fold**.

Strong growth in earnings, EBITDA close to breakeven

The results show a significant improvement over the year, benefiting from the sharp increase in activity with private network operators or businesses. Gross margin came out at €8.0m, reflecting a gross margin rate of 40.4% of revenue for the year compared with €4.8m in 2020 and a rate of 43.2%.

At €8.2m versus €8.0m in 2020, operating expenses were stable overall in value terms despite the sharp increase in activity.

This good control of the cost structure in the context of growth in new customers enabled Kerlink to post EBITDA very close to breakeven at -€0.2m compared to -€3.2m in 2020.

Operating income, including depreciation and amortisation, and in particular the activation of R&D costs for an amount of €0.8m in 2021 compared with €0.3m in 2020, came out at -€1.7m versus -€6.3m in 2020.

In the end, Group net income for 2021 showed a significant improvement at -€1.8m compared to -€5.7m in 2020.

The Group points out that in the first half of 2020, depreciation and amortisation expense included €900,000 in additional impairment on goodwill relating to Wyres and that the completion of that company's acquisition resulted in a reassessment of the earnout on the purchase of the balance of Wyres shares, which generated a gain over the year of €670,000 recognised as financial income.

A stronger financial position

Group shareholders' equity stood at €15.7m at the end of December 2021 versus €6.6m on 31 December 2020. **The Group reported a solid cash position of €14.5m** compared with €6.5m on 31 December 2020.

At the end of the financial year, financial debt totalled €9.2m (excluding rental debt in accordance with IFRS16).

The strong growth in activity during the fourth quarter led to an automatic increase in the working capital requirement. This was due to the increase in trade receivables, which were partially offset by the increase

in trade payables, and the increase in inventories at the end of the year in anticipation for deliveries planned for 2022.

To secure its medium-term development and meet strong growth in the order book, Kerlink carried out a **fund-raising in the first half of 2021**. With a target initially set at €8m, the operation was very successful, raising more than **€11m from leading investors**. This operation enabled Kerlink to speed up the development of a new range of connectivity equipment, to optimise purchases of electronic components in a context of significant pressure on both prices and procurement times.

In the first quarter of 2022, the Group supplemented its financing with a €2.5 million loan from BPI France as part of its recovery plan.

Confidence in 2022 confirmed, a record order book

Although Kerlink Group is not directly commercially impacted by the outbreak of the war in Ukraine, the geopolitical consequences on the global economy of this major new event are difficult to assess and anticipate.

In this context, the Group decided to postpone the announcement of its strategic plan and associated financial objectives to a later date.

2022 also got under way amid difficulties relating to the industrial environment due to lockdowns in China related to the health crisis which have disrupted logistics supply chains of semiconductors.

Despite these areas of vigilance, **Kerlink continues to operate based on a positive outlook thanks to its wide variety of projects and solid order book**, for which the trends remain upbeat.

The Group's fundamentals remain solid with a cash position of €14.5 million, enabling it to be **confident in the financial year ahead**.

Activity volumes in 2022 will be communicated according to the three main areas addressed by the Group:

- **Smart Cities & Quality of Life:** combining multiple market segments such as smart energy meters, smart building management, public lighting management systems, waste management, parking space administration, air quality measurement, remote equipment supervision and management, etc.
- **Smart Agriculture & Environment:** covering the smart farming segments, environmental protection with software and network solutions for food processing and safety, livestock monitoring and management and animal welfare.
- **Smart Building & Industry:** covering areas of occupancy supervision, air quality and atmosphere monitoring, asset management and air maintenance and pollution.

About Kerlink

Kerlink Group is one of the world's leading providers of connectivity solutions for the design, rollout and operation of public and private networks dedicated to the Internet of Things (IoT). Its comprehensive portfolio of solutions includes industrial-grade network equipment, best-of-breed network core, network operations and management software, value-added applications and expert professional services, backed by strong R&D capabilities. Kerlink specialises in access to smart and scalable IoT connectivity for three main areas: Smart cities and quality of life - urban operations, energy distribution and metering, retail and public places, infrastructure and trade centres, quality of life and health; Smart Building and Industry - buildings and real estate, industry and manufacturing, asset monitoring and tracking; and Smart Agriculture and Environment - precision agriculture, livestock monitoring and farming, environment and climate, protection of fauna and flora. More than 200,000 Kerlink installations have been deployed at more than 350 customers in 70 countries. Based in France, with subsidiaries in the United States, Singapore, India and Japan, Kerlink is a founding member of the boards of the LoRa® Alliance and the uCIFI™ Alliance. It is listed on Euronext Growth Paris under the symbol ALKLK.

For more information, please visit our website at www.kerlink.com.

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