



2023 full-year results

A year focused on preparing for the rebound

Confident business outlook for 2024

Q1 2024 revenue: €3.3m

Target of around 20% revenue growth and positive EBITDA¹

PRESS RELEASE

Thorigné-Fouillard, France – 18 April 2024, 6.00 pm

[Kerlink](#) (AKLK - FR0013156007), a specialist provider of networks and solutions for the Internet of Things (IoT), is today publishing its 2023 consolidated full-year results and revenue for Q1 2024.

Annual revenue for 2023 amounted to €13.7m, compared with €18.8m at end-December 2022. The Group recalls that in the previous financial year it recorded €3.8m in sales of solutions for the roll-out of the Helium network, mainly in the NCSA (Americas) and APAC (Asia-Pacific) regions. The implementation in summer 2023 of a new market access strategy aimed at increasing the attractiveness of the Group's solutions drove the increase in sales in Q4.

The Group also initiated strict measures in 2023 aimed at reducing its expense structure (external expenses and payroll) and reinforcing its financial structure by consolidating its cash position.

These decisions will be fully reflected in the Group's financial statements in 2024. The Group entered fiscal 2024 with the objective of achieving growth of around 20% in revenue and achieving positive EBITDA.

¹ EBITDA = Earnings before interest, taxes, depreciation and amortisation

Consolidated financial statements

On 15 April 2024, the Board of Directors approved the consolidated financial statements for the financial year ended 31 December 2023.

In thousands of euros	2023	2022
Revenue	13,706	18,897
Cost of sales	-8,311	-10,839
Gross margin	5,395	8,059
Gross margin rate	39.4%	42.6%
Other operating costs	-7,657	-10,115
O/w provision for doubtful receivable	-193	-831
O/w provision for loss in value of HNT held	+473	-473
EBITDA	-2,262	-2,057
Depreciation and amortisation	-1,272	-1,410
Operating income (expense)	-3,534	-3,467
Net financial income (expense)	-1,097	-13
Income tax	-19	-29
Group net income (expense)	-4,650	-3,509

IFRS – Audited financial statements

The results do not include the benefit of cost reduction measures initiated at the end of H1 2023

Gross margin was 39.4% in 2023, compared with 42.6% in 2022. To stimulate demand and reduce inventories, the Group occasionally granted price reductions on certain items of equipment. The discontinuation of equipment and services sales related to the deployment of the Helium network mechanically impacts the overall product mix and, hence, the margin rate.

Regarding operating expenses, the Group initiated measures in 2023 to reduce payroll and external expenses, which will have their full effect on the 2024 financial year. Operating expenses totalled €7.7m, compared with €10.1m the previous year.

EBITDA amounted to -€2.3m against -€2.1m at end-December 2022. The Group ultimately succeeded in containing the fall in EBITDA (-€205k) despite the decline in revenue over the period.

The financial result, down €1.1m compared with fiscal 2022, includes an impairment of equity investments of €300k as well as an increase in financial expenses after the renegotiation of loan maturities with the Group's banking partners (including the impact of IFRS9. The future cash flows of these loans having been modified, the amortised cost of these loans had to be recalculated, generating an upwards revaluation of the outstanding principal of the loans for €360k).

Net income amounted to -€4.6m at 31 December 2023, compared with -€3.5m a year earlier.

Financial position under control

At 31 December 2023, Group shareholders' equity stood at €7.8m, versus €12.6m at December 2022.

Inventories amounted to €11.7m at 31 December 2023 compared with €14.2m at 31 December 2022.

Though down by around €1.8m in H2 2023, inventories remained high because the Group at the beginning of the year had to honour the end of commitments to purchase electronic components and manufacture from its subcontractors. These commitments, entered into at the height of the semiconductor crisis, were initially intended for the roll-out of the Helium network. The Group points out that this inventory is not specific and serves the needs of customers of its core IoT business.

The decline in inventory levels over the period, in tandem with the reduction in trade receivables, led to a positive variation in the working capital requirement.

The Group's cash position stood at €4m at 31 December 2023 compared with €3.8m at 30 June 2023.

Financial debt (excluding lease liabilities under IFRS16) was €13.3m (of which €1.4m factored) versus €13.9m (of which €1.3m factored) at 31 December 2022.

As a reminder, after the finalisation of an agreement with all its banking partners on the restructuring of the Group's financial debts, €3m in current financial debts were reclassified as non-current debts in the presentation of the financial statements at 31 December 2023.

In thousands of euros	31 December 2023	31 December 2022
Net assets and other non-current assets	5,590	6,342
Current assets	18,640	22,199
Of which inventory	11,654	14,203
Cash and cash equivalents	3,994	5,746
Total assets	28,224	34,287
Shareholders' equity	7,848	12,586
Long- and medium-term financial liabilities	12,047	10,602
Other non-current liabilities	691	441
Current financial liabilities	2,148	4,369
Other current liabilities	5,490	6,288
Total liabilities	28,224	34,287

IFRS – Audited financial statements

2024: a better-oriented sales pipeline

As mentioned earlier, the initial effects of the commercial strategy have already begun to materialise with the positioning on new projects as well as an increase in the number of consultations and opportunities identified.

These factors are directly reflected in an increase in the sales pipeline in 2024. As such, Kerlink is now expecting revenue growth of around 20%, mainly from the second half of the year onwards.

Q1 2024 revenue: €3.3m

Sales in the first quarter were stable overall (-3%). The Group recalls that revenue no longer includes sales of solutions intended for the roll-out of the Helium network.

An analysis of Q1 performance shows a mechanical change in the product mix to the benefit of equipment. By integrating value-added solutions directly into infrastructure products to make them fully Plug & Play, the Group is favouring the sale of gateways. Equipment sales were up 16%.

Service revenue fell 39% over the period as the Group terminated two Network as a Service (NaaS) contracts signed a few years ago with players currently experiencing economic difficulties.



Revenue by type of sales	Q1 2024	Q1 2023	Change
In thousands of euros			
Equipment	2,541	2,196	16%
Services	716	1,171	-39%
Total	3,257	3,367	-3%

IFRS – Unaudited figures

Geographically, sales were stable overall in the EMEA region (Europe, Middle East, Africa) and up nearly 40% in the Americas (NCSA).

Though down slightly over the period, the Asia-Pacific (APAC) region is demonstrating renewed momentum. It is expected to post growth in H1 2024, with the Group already positioned on some promising projects.

Revenue by geographical area	Q1 2024	Q1 2023	Change
In thousands of euros			
NCSA (Americas)	268	195	37%
APAC (Asia-Pacific)	278	330	-16%
EMEA (Europe, Middle East & Africa)	2,711	2,842	-5%
Total	3,257	3,367	-3%

IFRS – Unaudited figures

Revenue by business line	Q1 2024	Q1 2023	Change
In thousands of euros			
Historical and alternative telecom carriers	168	185	-9%
Private operators	3,089	3,182	-3%
Smart Cities & Quality of Life	1,350	1,282	5%
Smart Building & Industry	1,412	1,417	0%
Smart Agriculture & Environment	327	478	-32%
Total	3,257	3,367	-3%

IFRS – Unaudited figures

2024: towards positive EBITDA

Excluding macroeconomic events that could affect the global economy, the Group will benefit from a gradual acceleration in the deployment of LoRa® solutions in private networks from 2024². These global trends will drive Kerlink's development over the coming years to gradually generate profitable growth.

The adaptation of the expense structure implemented in 2023 reduces the profitability threshold to significantly improve the Group's profitability. Against this backdrop, the Group is targeting positive EBITDA in 2024.

To that end, the Group will draw on its winning positioning placing it at the heart of business transformation. With its products and services, now broadly perceived as offering the best quality/safety/price ratio on the market, Kerlink today is a key player in the roll-out of IoT networks, with solutions ensuring swift implementation, control ergonomics, personalised control, security, reliability and rapid ROI.

² According to the Research and Markets Institute, "The LoRa® market was worth around USD5.6 billion in 2023 and is expected to grow five-fold to USD25.5 billion in 2028. This average annual growth of 35% will continue to be largely driven by private network rollouts."

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. More than 250,000 Kerlink installations have been deployed at more than 550 customers in 75 countries. Kerlink is a founding member 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, please visit our website at www.kerlink.com.

Kerlink®, Wirnet® and Wanesy® are registered trademarks of Kerlink SA and its subsidiaries around the world and must not be used without authorisation. All rights reserved.

SEITOSEI . ACTIFIN


MAHONEY | LYLE
COMMUNICATIONS

Kerlink Contact

Presse Financière :

Actifin

Isabelle Dray

+33 (0) 1 56 88 11 29

isabelle.dray@seitosei-actifin.com

Kerlink Contact Presse et

Analystes Marchés :

Mahoney Lyle

Sarah-Lyle Dampoux

+33 (0) 6 74 93 23 47

sldampoux@mahoneylyle.com

Kerlink Contact Investisseurs :

Actifin

Benjamin Lehari

+33 (0) 1 56 88 11 25

benjamin.lehari@seitosei-actifin.com



Next publication

H1 2024 Revenue

11 July 2024 after the market closes

www.kerlink.com



www.kerlink.com



kerlink



@kerlink_news



Kerlink