



## Strategic plan

### **SERVE IOT 2025**

*Shaping a Smarter World for Humanity & Environment*

#### **Kerlink® in 2025: a high-growth and profitable Group**

Milestone of €40m, i.e. double the 2021 level

EBTIDA margin: 15%

**YTD revenue to end-September 2022: +20%** (vs. same period in 2021)

**2022 target confirmed:**

**Revenue growth topping €20m**

#### **PRESS RELEASE**

Thorigné-Fouillard, France – 25 October 2022, 6.00 p.m.

[Kerlink](#) (AKLK FR0013156007), a specialist provider of networks and solutions for the Internet of Things (IoT), today unveiled its new three-year strategic plan, "**SERVE IoT 2025**", which will enable the Group to consolidate its position as one of the world leaders in IoT and to establish a new path of sustainable growth and profitability.

#### **An IoT market disrupted by heightened environmental requirements and the arrival of new technological and economic trends**

Kerlink Group has decided to implement an ambitious strategic plan to take advantage of growth opportunities in a market undergoing profound changes with heightened requirements around:

- **Energy efficiency**, requiring enhanced monitoring and management of raw materials and energy production and consumption.
- **Reduction of greenhouse gases**, requiring energy performance monitoring and stricter controls on the use of resources to reduce human activities environmental footprint.
- **Combating the effects of global warming**, requiring increased efforts around the monitoring and protection of natural resources (water, soil, plant cover, wildlife, etc.).
- **Increased regulatory constraints and fiscal pressure** in a more difficult and volatile economic and geopolitical environment.



Alongside developments to meet these requirements, new technological solutions are emerging, and different business models are helping to reshape the IoT landscape and speed up its transformation, with new opportunities that the Group is now in a position to reach.

Among these myriad opportunities, the Group is particularly focused on:

1. **The advent and anticipated growth of Blockchain**, which has led to the monetisation of data concurrent with their "notarization" (verification of evidence of electronic exchange and archiving in order to make data authentic and auditable).
2. **The progress of Edge Computing** (optimisation method that involves processing data on the periphery of the network, as close as possible to the data source) to limit the impact of data transmission and storage and thus reduce the carbon footprint of cloud computing.
3. **Greater segmentation of IoT protocols** with the increased adoption of LoRaWAN®, a protocol around which the Group has developed specific expertise since 2013, giving it a leading edge on the market. The emergence of this unique type of "unlicensed LPWAN" technology should support the expansion of the IoT market by stimulating the use and interoperability of the different networks.
4. Confirmation of the **ramp-up of private networks** (businesses, industries, cities, local authorities, etc.) with specific requirements, a market on which Kerlink achieved a successful strategic pivot in 2019.

Kerlink is now ideally positioned to take full advantage of these changes. The Group will be able to draw on its technological expertise and partnerships, and its extensive market reach, with locations around the world.

In this context, the launch of the "Serve IoT 2025" plan should enable the Group to begin a development cycle that will help it to double its revenue.

## Serve IoT 2025

Under this plan, the Group will focus from an R&D and commercial perspective on **three priority verticals**:

- **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 and pollution prevention, remote infrastructure supervision and management, and more.

Set to account for more than 70% of the world's population in the near future<sup>(1)</sup>, cities are already facing new challenges. With more than 55% of greenhouse gas emissions<sup>(2)</sup> and increasing pressure on water resources, the issue of the fitness for habitation of megacities implies an increasing availability of services offered by municipalities.

Considering this, safety applications, as well as those aimed at optimising waste and domestic refuse treatment and the monitoring of pollution and sanitation, will become increasingly important in the investments of the local authorities and the private sector concerned. Kerlink already has a portfolio of proven solutions to address these issues.

<sup>(1)</sup> Source: World Urbanization Prospects 2018: Highlights

<sup>(2)</sup> Source: OECD Environmental Outlook to 2050: The Consequences of Inaction - Key Facts and Figures



- **Smart Building & Industry**, which covers the supervision of occupancy of premises, monitoring of air quality, lighting, heating and ventilation, as well as asset management, maintenance and protection.

In this segment in which electricity consumption of industrial and commercial buildings is expected to account for half of the electricity consumed worldwide and in which 30% of electricity is wasted <sup>(3)</sup>, Kerlink also intends to increase its penetration through its solutions. These solutions will enable the Group to showcase its expertise in the areas of energy efficiency, control of the use of water resources, measurement of pressure or control of fluid levels through, for example, the management of heating, ventilation and cooling systems.

- **Smart Agriculture & Environment**, covering precision farming and smart farming, environmental protection and anticipation of natural phenomena, guarantee of food quality and safety during processing and along the supply chain, protection of natural environments and endangered species, etc.

This segment, which is particularly critical for the future, is a fundamental vector for the wide distribution of IoT solutions. With nearly 10 billion inhabitants by 2050<sup>(4)</sup>, pressure on agricultural resources is expected to intensify, favouring the deployment of targeted solutions.

To seize the growth opportunities of these different markets, the "Serve IoT 2025" plan is built around three strategic pillars:

- **Free the Internet of Things** by adopting technologies and best practices to densify cellular networks through Edge Networking. The aim of this strategic focus is to position Kerlink's new generation of equipment as an active component of the IoT infrastructure covering the final kilometres and, thus, granting the flexible connectivity needs for targeted applications. This evolution in the network architecture model will also add further value to this equipment (with embedded data processing capacity) that should lead to an increase in recurring revenues generated by these services.
- **Target massive IoT** by strengthening partnerships with key players, vertical integrators and service operators in strategic areas that have already been identified, such as building management or smart water and gas meters, for example.
- **Strengthen the Group's activity with "private network" customers** by offering ready-to-use solutions and user-friendly deployment and supervision operations. This will reduce decision-making cycles and increase the number of projects.

## Ambition for 2025: Increase revenue to double the 2021 level and obtain EBITDA of 15%

The implementation of the plan will help Kerlink to consolidate its position as a leading global IoT player. Its forward integration in the value chain as part of this new strategy should also support future growth, increase the contribution of recurring revenues and bolster profitability.

By 2025, the Group aims to make more than €40m in revenue, or average annual growth of nearly 19%. Entirely through organic means, this growth should come jointly with a strong increase in operating profitability, to give an EBITDA target of 15% of revenue by 2025. These ambitions do not incorporate the revenue potential associated with crypto-based solutions, given the reduced visibility currently on the growth prospects of this market.

As it embarks on this new growth cycle, Kerlink has a well-managed financial position, which was recently strengthened by new four-year bank loans signed with five partner banks for a total amount of €6m.

<sup>(3)</sup> Source: 1990 – 2018 Level U.S. Greenhouse Gas Inventory

<sup>(4)</sup> Source: Food and Agriculture Organization of the United Nations Rome, 2017



William Gouesbet, co-founder and Chairman and CEO of Kerlink, said about the plan: "This ambitious strategic plan is based on limited funding needs, and we do not expect it to require any dilutive transactions. The investments and innovation that the Group aims to achieve are based on organic and profitable growth, driven notably by the development of our distribution network.

## Revenue in the year to end-September up 20%

In the year to end-September, sales came to €13m versus €10.8m, up 20% on the same period in 2021. This incorporates the third quarter revenue contribution of €2.9m versus €3.2m in the third quarter of 2021. This quarterly change is mainly due to the decline in orders in the Americas, in connection with the collapse of the crypto market. As a reminder, the third quarter of 2021 had seen strong sales of equipment intended for the deployment of the Helium network.

The fourth quarter is expected to show a high level of activity, enabling the Group to achieve its full-year revenue target of more than €20m, up from its 2021 level.

Revenue from IoT solutions by business area	Cumulative as at 30 September 2022	% of total IoT 9M 2022	Q3 2022	Q2 2022	Q1 2022
In thousands of euros					
<b>Private operators</b>	<b>10,625</b>	<b>83%</b>	<b>2,507</b>	<b>4,992</b>	<b>3,126</b>
Smart Cities & Quality of Life	2,656	21%	869	1,104	683
Smart Building & Industry	6,807	53%	1,322	3,237	2,248
Smart Agriculture & Environment	1,162	9%	316	651	195
<b>Historic telecoms operators</b>	<b>2,238</b>	<b>17%</b>	<b>387</b>	<b>1,242</b>	<b>609</b>
<b>Sub-total IoT solutions</b>	<b>12,864</b>	<b>100%</b>	<b>2,894</b>	<b>6,234</b>	<b>3,736</b>
<b>Revenue HNT cryptocurrency</b>	97		15	20	62
<b>Total</b>	<b>12,961</b>		<b>2,910</b>	<b>6,254</b>	<b>3,798</b>

IFRS – Unaudited figures

Revenue by geographic region (excluding cryptocurrency revenue)	Cumulative as at 30 September 2022	Cumulative as at 30 September 2021	Change	Q3 2022	Q3 2021	Change
In thousands of euros						
NCSA (Americas)	1,200	1,661	-28%	157	347	-55%
APAC (Asia-Pacific)	2,232	786	184%	286	300	-5%
EMEA	9,432	8,311	15%	2,451	2,532	-3%
<b>Total IoT solutions</b>	<b>12,864</b>	<b>10,758</b>	<b>20%</b>	<b>2,894</b>	<b>3,179</b>	<b>-8%</b>

IFRS – Unaudited figures

Revenue by type of sales (excluding cryptocurrency revenue)	Cumulative as at 30 September 2022	Cumulative as at 30 September 2021	Change	Q3 2022	Q3 2021	Change
In thousands of euros						
Equipment	9,476	8,202	16%	1,902	2,193	-13%
Services	3,388	2,556	36%	992	986	1%
<b>Total IoT solutions</b>	<b>12,864</b>	<b>10,758</b>	<b>20%</b>	<b>2,894</b>	<b>3,179</b>	<b>-8%</b>

IFRS – Unaudited figures



## 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](http://www.kerlink.com).

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**Upcoming Event**

2022 Full Year Revenue: January 24, 2023  
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