



Ekinops acquires OTN technology from Padtec: aiming to triple optical transport business in 5 years

PRESS RELEASE

PARIS, May 29 2019 - **EKINOPS (Euronext Paris - FR0011466069 – EKI)**, a leading supplier of telecommunications solutions for telecom operators, today announces the signing of definitive agreements, subject to conditions precedent, to acquire the OTN-Switch (Optical Transport Network) platform developed by Padtec, an optical communications system manufacturer based in Brazil. Group's cash resources and debt will finance the acquisition, for an amount of €10 million in cash. To strengthen its balance sheet, but subject to favorable market conditions, the Group plans to carry out a capital increase by private placement over the coming weeks, for an amount capped at 10% of the capital stock.

OTN technology is used to switch data traffic over optical fibers, significantly optimizing network bandwidth utilization. The OTN technology developed by Padtec will allow Ekinops to meet growing market demand for this type of technology. This strategic acquisition will enable the Group to become a leader in this field and deliver additional revenue from new OTN products starting in 2020. It is estimated that over 40% of the optical network market uses OTN solutions.

Ambition: target major operator core networks

The rapid growth of data traffic on the Internet, which is fueled by new services such as big data, cloud computing and 5G, requires the construction of new networks providing higher bandwidth (200G-400G) and meeting strict requirements in terms of latency, synchronization and flexibility.

OTN technology provides a solution built around a scalable architecture, making it possible to **(i)** rapidly increase switching capacity and **(ii)** support Packet Optical Transport (network layer 2). By developing a new generation of OTN products, Ekinops will meet the requirements of mobile operators, in particular for their 5G networks.

With this acquisition, Ekinops expects to be able to offer a complete OTN/DWDM solution for optical networks from early 2020, enabling flexible data traffic and support for the evolution of data speeds and protocols transmitted over 200-400G modulated optical wavelengths, eventually reaching 1Tbps (terabit per second).

The new product line will enable Ekinops to target the major operator core networks market segment with the objective to triple its optical transport product sales within 5 years.

Main transaction terms

Through this transaction, Ekinops will acquire OTN technology and an R&D team comprising 25 engineers based in Campinas, near Sao Paulo (Brazil) for €10 million in cash. Brazilian operations will be overseen by Jean-Luc Pamart, co-founder of Ekinops and VP of R&D for optical transport.

The acquisition is financed by the Group's cash resources (€14.2 million net cash¹ at December 31, 2018) and debt. The Group raised €6.5 million of bank loans in Q2 2019.

To strengthen its balance sheet, the Group plans to carry out a capital increase over the coming weeks, provided that market conditions are favorable. It will take the form of a private placement with qualified investors for an amount capped at 10% of the capital stock. The major shareholders sitting on the Board of Directors, Aleph Golden Holdings Sarl and Bpifrance, have notified the company of their intention to take part.

This acquisition is subject to the usual conditions precedent for this type of acquisition. Ekinops SA's works council (IRP) has been consulted and has delivered a favorable opinion. The Group intends to close the acquisition in Q3 2019.

Padtec CEO Manuel Andrade said:

"The acquisition of the OTN-Switch Platform by a globally recognized company such as Ekinops is a validation of the capability of Padtec's engineers to develop state-of-the-art technologies deployable worldwide. Additionally, we are happy to enter into commercial agreements with Ekinops that will enable Padtec to offer the OTN-Switch on an OEM basis to our customer base in Latin America. This is a clear win-win agreement for both companies."

Didier Brédy, Chairman & CEO of Ekinops, made the following comments:

"The OTN technology developed by Padtec is particularly innovative and will enable Ekinops to take a major technological and commercial leap forward in order to advance its position with leading telecom operators. The agreements with Padtec, the leading Latin American manufacturer and supplier of optical networking equipment, will also allow Padtec to source the OTN products it needs from Ekinops. This major strategic acquisition means that Ekinops can target to triple its sales of optical transport products within 5 years."

¹ Cash and cash equivalents minus borrowings (excluding bank debt relating to CIR research tax credit pre-financing)

About PADTEC

Padtec is a global provider of flexible and high-capacity optical transmission solutions based on DWDM technology. Padtec offers an extensive products portfolio for corporate access, DCI, metropolitan networks and multi-terabit long-distance networks, which meets the end-to-end demands – in transmission, optical amplification and route protection – of operators, integrators, carrier of carriers, utilities and service providers. Padtec's service unit is specialized in the deployment, operation and maintenance of DWDM systems and in the optical networks management. With a strong focus on research and development, Padtec's pioneering technology travels long distances and challenges boundaries to connect the world intelligently.

For more information, visit Padtec.com.

EKINOPS contact

Didier Brédy
Chairman
contact@ekinops.net

Investors

Mathieu Omnes
Investor relation
Tél. : +33 (0)1 53 67 36 92
momnes@actus.fr

Press

Nicolas Bouchez
Press relation
Tél. : +33 (0)1 53 67 36 74
nbouchez@actus.fr

About EKINOPS

Ekinops is a leading provider of open and fully interoperable Layer 1, 2 and 3 solutions to service providers around the world. Our programmable and highly scalable solutions enable the fast, flexible and cost-effective deployment of new services for both high-speed, high-capacity optical transport as well as virtualization-enabled managed enterprise services.

Our product portfolio consists of two highly complementary product sets. One, marketed under the Ekinops 360 brand name, provides a single, fully integrated platform for metro, regional, and long-haul applications. The other, marketed under the OneAccess brand name, provides a wide choice of physical and virtualized deployment options for Layer 2 and Layer 3 network functions.

As service providers embrace SDN and NFV deployment models, Ekinops' solutions enable them to deploy today in the knowledge that they can seamlessly migrate to an open virtualized delivery model at a time of their choosing.

A global organization, with operations in 4 continents; Ekinops (EKI) - a public company traded on the Euronext Paris exchange - is headquartered in Lannion, France, and Ekinops Corp., a wholly-owned subsidiary, is incorporated in the USA.

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LISTED ISIN code: FR0011466069
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Total number of shares: 21,539,236

For more information, visit www.ekinops.com