

ADVA posts record results for Q2 2021

- Quarterly revenues up 3.0% year-over-year to EUR 149.4 million
- Pro forma operating income significantly up by 42.6% to EUR 14.4 million (9.7% of revenues)
- Outlook fiscal year 2021: Revenues EUR 580 - 610 million; Pro forma operating income 7.0% - 10.0% of revenues

Munich, Germany. July 22, 2021. ADVA (ISIN: DE0005103006, FSE: ADV), a leading provider of open networking solutions for the delivery of cloud and mobile services, reported record financial results for Q2 2021 ended on June 30, 2021. The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

Q2 2021 financial summary¹

(in thousands of EUR)	Q2 2021	Q2 2020	Change	Q1 2021	Change
Revenues	149,354	145,024	3.0%	144,473	3.4%
Pro forma gross profit	57,274	50,204	14.1%	55,345	3.5%
in % of revenues	38.3%	34.6%	3.7pp	38.3%	0.0pp
Pro forma operating income	14,415	10,107	42.6%	12,860	12.1%
in % of revenues	9.7%	7.0%	2.7pp	8.9%	0.8pp
Operating income (loss)	13,036	8,658	50.6%	11,573	12.6%
Net income	12,001	7,629	57.3%	11,228	6.9%

(in thousands of EUR)	Jun. 30 2021	Jun. 30 2020	Change	Mar. 31 2021	Change
Cash and cash equivalents	85,023	67,586	25.8%	79,060	7.5%
Net cash (+) / Net debt (-)	3,876	-44,928	n.a.	-10,626	n.a.
Net working capital	132,767	127,917	3.8%	125,785	5.6%

¹ Potential difference due to rounding

Q2 2021 IFRS financial results

Revenues in Q2 2021 reached EUR 149.4 million, up by 3.4% from EUR 144.5 million in Q1 2021, also up by 3.0% compared to EUR 145.0 million in Q2 2020. As in the first quarter of the fiscal year, this success was particularly due to high order volume from communication service providers as well as private enterprises and governments.

Pro forma gross profit in Q2 2021 increased by 3.5%, reaching EUR 57.3 million (38.3% of revenues) compared to EUR 55.3 million (38.3% of revenues) in Q1 2021 and increased considerably by 14.1% compared to EUR 50.2 million (34.6% of revenues) reported in Q2 2020. Software and service revenue contribution was strong, and the customer and product mix also supported the gross margin growth.

Pro forma operating income for Q2 2021 was EUR 14.4 million (9.7% of revenues) and increased by 12.1% compared to EUR 12.9 million (8.9% of revenues) reported in Q1 2021. Compared to Q2 2020, pro forma operating income improved significantly by 42.6% from EUR 10.1 million (7.0% of revenues).

Operating income for Q2 2021 of EUR 13.0 million increased by 12.6% from EUR 11.6 million reported for Q1 2021 and significantly increased by 50.6% from EUR 8.7 million in Q2 2020.

Net income reached EUR 12.0 million in Q2 2021, up by 6.9% from EUR 11.2 million in Q1 2021, and significantly up by 57.3% from EUR 7.6 million in Q2 2020.

The company's cash and cash equivalents totaled EUR 85.0 million, representing an increase of EUR 5.9 million compared to EUR 79.1 million at the end of Q1 2021. Year-over-year cash and cash equivalents substantially increased by EUR 17.4 million from EUR 67.6 million at the end of Q2 2020.

Net cash at the end of Q2 2021 stood at EUR 3.9 million when compared to net debt positions of EUR 10.6 million at the end of Q1 2021 or EUR 44.9 million at the end of Q2 2020, respectively. Thus, Q2 2021 was the first quarter showing a net cash position since the introduction of the accounting standard IFRS 16.

Net working capital at quarter-end was EUR 132.8 million and increased by EUR 7.0 million compared to EUR 125.8 million at the end of Q1 2021.

Management commentary

"We continue to grow our business, showing profits and building our financial resources," said Brian Protiva, CEO, ADVA. "The macro-environment for our industry continues to be good. The digitization efforts in many global regions are in full swing, and the expansion of communication infrastructure is moving at speed. Security is on the top of our customers' digital agenda, and we are sharpening our profile as the supplier of choice for trusted network infrastructure. With a record-level order backlog, we will continue to use all of our strengths to produce results that allow us to be a leader in a consolidating market."

“The second quarter of 2021 marked another record quarter in terms of profitability. While continuing to execute our business transformation strategy, we were able to absorb higher purchase prices of components due to the semiconductor crisis and reached a pro forma EBIT of 9.7%,” commented Uli Dopfer, CFO, ADVA. “Also, cash generation was once again very positive. Despite debt repayments of EUR 7.5 million, we were able to increase cash by EUR 6 million and now report a net cash position of EUR 3.9 million also when applying IFRS 16. With that strong first six months in the bank, I am encouraged that we will manage the current supply bottlenecks and reach for the full year a pro forma EBIT between 7% and 10% of revenues.”

Financial outlook 2021

For the fiscal year 2021, ADVA expects revenues to be in the range of EUR 580 million and EUR 610 million and a pro forma operating income of between 7.0% and 10.0% of revenues.

The company will publish its financial results for Q3 2021 on October 21, 2021.

Conference call details

ADVA will hold a conference call for analysts and investors today, July 22, 2021, to discuss the Q2 2021 results. The company’s CEO, Brian Protiva, and CFO, Uli Dopfer, will host the call at 3:00 p.m. CEST (9:00 a.m. EDT). A question and answer session will follow management presentations.

A corresponding presentation is available on ADVA’s website:

<https://www.adva.com/en/about-us/investors/financial-results/conference-calls>

The complete half-year report 2021 (January – June) is available as a PDF:

<https://www.adva.com/en/about-us/investors/financial-results/financial-statements>

A replay of the call will be available here:

<https://www.adva.com/en/about-us/investors/financial-results/conference-calls>

Forward-looking statements

The economic projections and forward-looking statements contained in this document relate to future facts. Such projections and forward-looking statements are subject to risks that cannot be foreseen and that are beyond the control of ADVA. ADVA is therefore not in a position to make any representation as to the accuracy of economic projections and forward-looking statements or their impact on the financial situation of ADVA or the market in the shares of ADVA.

Use of pro forma financial information

ADVA provides consolidated pro forma financial results in this press release solely as supplemental financial information to help investors and the financial community make meaningful comparisons of ADVA’s operating results from one financial period to another. ADVA believes that these pro forma consolidated financial results are helpful because they exclude non-cash charges related to the stock option programs and amortization and impairment of goodwill and acquisition-related intangible assets, which are not reflective of the company’s



operating results for the period presented. Additionally, expenses related to restructuring measures are not included. This pro forma information is not prepared in accordance with IFRS and should not be considered a substitute for the historical information presented in accordance with IFRS.

About ADVA

ADVA is a company founded on innovation and focused on helping our customers succeed. Our technology forms the building blocks of a shared digital future and empowers networks across the globe. We're continually developing breakthrough hardware and software that leads the networking industry and creates new business opportunities. It's these open connectivity solutions that enable our customers to deliver the cloud and mobile services that are vital to today's society and for imagining new tomorrows. Together, we're building a truly connected and sustainable future. For more information on how we can help you, please visit us at www.adva.com.

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