



SPIRENT COMMUNICATIONS PLC

Trading Update

London, UK – 19 July 2024: Spirent Communications plc (“Spirent” or the “Company”) (LSE: SPT), the leading provider of automated test and assurance solutions for next-generation devices and networks, today issues the following Trading Update for the period 1 January to 30 June 2024, ahead of announcing its Half Year Results on 6 August 2024.

Performance in the period has been impacted by the ongoing industry-wide slowdown, coupled with some customer hesitancy following the recently announced offer by Keysight Technologies Inc. (“Keysight”) for the purchase of Spirent. In the second quarter we experienced delays to contract placements as customers digested the information whilst pleasingly note no order cancellations.

We have continued to focus on delivering our product roadmaps to serve our customer needs so that we can fully support them as they advance their own R&D investments and plans, which we expect to happen as the broader sector recovers. In addition, we have focused on retaining our critical talent, which is a vital part of our people strategy at this time of transition.

First half revenue of \$197 million was down 12 per cent on the same period last year; the impact to operating profit was somewhat mitigated in part by effective cost actions implemented in the last 12 months. The outcome reflects some customer order delays, particularly in China where both trade compliance challenges and softness in the economy continue. EMEA delivered good order growth in the first half but, as a smaller part of our portfolio, it was not large enough to offset weakness in other regions.

Whilst at an early stage, our diversification strategy is continuing to advance and deliver results, and in the first half we secured more contract wins for Financial Services assurance, automation and test. Whilst smaller in value, they represent important progress as we develop a growing pipeline in this segment. To underpin growth into 2025, our new Positioning product (PNT X) was released in April and, in the period, we also introduced new Wi-Fi 7 products.

Our approach to strong financial management and focus on our balance sheet remains in place. Cash closed at \$131 million.

We expect challenging market conditions to continue in the second half, which we expect will be reflected in our near-term performance.

Commenting, Eric Updyke, Chief Executive Officer, said:

“Our diversified portfolio of solutions and services, combined with our robust operating model, means we are able to focus on delivering innovative solutions into new customer segments, whilst also positioning our business for recovery in our more traditional segments. New logo wins for our financial services segment in particular remain very promising and many product releases in the first half are important to retain our technology leadership positions.

“The first half trading was impacted by the slowdown in customer spending that the sector is currently experiencing, coupled with customer hesitancy resulting from recent takeover announcements. We expect this to continue through the remainder of the year. We will continue to focus on advancing our products, nurturing client relationships and retaining talent during this period of transition. We are working closely with Keysight to close out the Transaction as expeditiously as possible.

“Looking forward, our confidence in 5G as an enduring growth driver remains intact. While initial 5G Standalone (SA) launches have remained sluggish due to the complexity associated with deploying and operating a cloud-native core network, acceleration is anticipated in 2025 as demand-side drivers increase, especially from enterprises for private 5G.

“Core network spending, including cloud capabilities and associated high-speed Ethernet (HSE) IP core upgrades, is also poised to increase through at least 2027 as investment cycles move beyond 5G New Radio coverage, the long tail of global service providers progressively upgrade, and 5G Advanced becomes standardised. This will enable a wealth of new capabilities for direct-to-device satellite connectivity, eXtended Reality (XR) and AI, well positioned to capitalise on through our leadership in HSE test and core network test and assurance.

“Our market leading products and solutions will promote market opportunities as they open up.”

Further details of the recommended cash offer for Spirent by Keysight

On 28 March 2024, the Boards of Keysight and Spirent announced that they had reached agreement on the terms of a recommended cash offer for the entire issued ordinary share capital of Spirent (the “Transaction”). It is intended that the Transaction will be implemented by means of a scheme of arrangement under Part 26 of the Companies Act 2006 (the “Scheme”). On 25 April 2024, Spirent published a shareholder circular to convene the Court Meeting and the General Meeting, to approve the Scheme. On 22 May 2024, the resolutions proposed at the Court Meeting and General Meeting in connection with the Transaction were duly passed.

Keysight and Spirent continue to engage and work constructively with the relevant regulatory authorities in order to satisfy all necessary regulatory conditions (per Clause 3.3.1 of the Co-operation Agreement entered into between Keysight and Spirent) in relation to the Transaction as promptly as practicable (and in any event, prior to the long stop date (being 29 September 2025)). Keysight and Spirent continue to expect the Scheme to become effective during the first half of Keysight's next fiscal year, being 1 November 2024 to 30 April 2025.

Note

1. All financial results are presented before external auditor review.

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About Spirent Communications plc

Spirent Communications plc (LSE: SPT) is the leading global provider of automated test and assurance solutions for networks, cybersecurity and positioning. The Company provides innovative products, services and managed solutions that address the test, assurance and automation challenges of a new generation of technologies, including 5G, SD-WAN, Cloud, autonomous vehicles and beyond. From the lab to the real world, Spirent helps companies deliver on their promise to their customers of a new generation of connected devices and technologies. Further information about Spirent Communications plc can be found at <https://corporate.spirent.com/>.

Spirent Communications plc Ordinary Shares are traded on the London Stock Exchange (ticker: SPT; LEI: 213800HKCUNWP1916L38). The Company operates a Level 1 American Depositary Receipt (ADR) programme with each ADR representing four Spirent Communications plc Ordinary Shares. The ADRs trade in the US over-the-counter (OTC) market under the symbol SPMYY and the CUSIP number is 84856M209. Spirent ADRs are quoted on the Pink OTC Markets electronic quotation service which can be found at <https://www.otcmarkets.com/marketplaces/otc-pink>.

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