

SPIRENT COMMUNICATIONS PLC Third Quarter 2022 Trading Update

On track to deliver another year of good progress

London, UK – 10 November 2022: Spirent Communications plc (“Spirent”, the “Company” or the “Group”) (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 third quarter of the Company’s financial year, from 1 July to 30 September 2022, and for the year to date.

Highlights

- Strong quarterly trading performance, high win rate and record orderbook.
- Revenue growth of 10 per cent year to date.
- Our expectations for the full year remain unchanged.
- Robust balance sheet with closing cash position of \$188 million at the end of September 2022.

Group performance

We are pleased to report continued positive performance in the third quarter. We have maintained our high win rate despite seeing some customers delaying decisions in recent weeks. Overall, given the strong performance in the year to date and the strength of our forward orderbook, we remain confident in our expectations for Full Year 2022 and beyond.

We continued to see good order growth and secured a significant number of large contracts which will feed into next year’s revenue performance and beyond. For the nine months to the end of September we delivered 10 per cent revenue growth and continued to build the scale and quality of our orderbook. Once again, 5G continues to be a strong and enduring driver of growth in demand across our increasingly software-based solutions portfolio.

We have continued to manage the global supply chain challenges well, simplifying our product range, resulting in fewer component sourcing requirements. We do not expect any material improvement to the sourcing environment until sometime next year, but have experienced a stabilisation of both lead times and cost increases.

Financial position

We maintain our strong balance sheet and disciplined investment policy. The Group’s cash position closed at \$188 million on 30 September 2022. During the quarter we purchased \$6.1 million of shares for our employee benefits scheme.

Lifecycle Service Assurance

Demand for products particularly in the live assurance market resulted in good order growth in the third quarter which will largely feed into revenue performance next year and beyond as we continue to secure multi-year contracts.

Spirent Communications plc

Origin One, 108 High Street, Crawley, West Sussex RH10 1BD, United Kingdom

Tel +44 (0)1293 767676 | Fax +44 (0)1293 767677 | www.spirent.com

Registered in England Number 470893 | Registered at the above office

A key win in the quarter was our first major Managed Services (TaaS – Test-as-a-Service) order in India, from one of the largest service providers delivering design-assurance and security support for their new 5G innovation lab. In July, we launched our new easy-to-deploy, next-generation assurance solution called Vantage and the pipeline of customer interest continues to build.

Networks & Security

We delivered solid growth in high-speed Ethernet and continue to build a strong orderbook for 2023 revenue. We cemented our 800G Ethernet test leadership with our first win for this technology at a leading Hyperscaler, and also benefited from strong growth in APAC in the period. The rationalisation of our product line, coupled with inventory management, is resulting in reduced lead times to our customers. In addition, our plan to drive R&D efficiency as we transition resource to lower-cost territories is on track. Although some handset manufacturers have reduced their volumes and therefore testing requirements for our Positioning products, we won new business in the Defence sector, including in APAC.

Eric Updyke, Chief Executive Officer, said:

“I am pleased to report that we have delivered another quarter of positive performance. The strong growth in orders to date for Lifecycle Service Assurance is building the pipeline of future years’ revenue, whilst in the nearer term, we are seeing continued success in high-speed Ethernet.

“We remain confident in our expectations for the full year, with our trading performance weighted to the busy final quarter, as in previous years. At the same time, we will continue to closely monitor the impact of the global economic environment on our customers.

“Spirent will continue to benefit from the long-term structural growth drivers in our industry as our customers demand more rigorous end-to-end assurance and testing solutions to deliver faster, more resilient, more reliable networks. Our market leadership position and differentiated, high-quality operating model leaves us well placed to build on our track record of sustainable value creation through the cycle.”

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Enquiries

Eric Updyke, Chief Executive Officer Spirent Communications plc +44 (0)1293 767676
E: investor.relations@spirent.com

Paula Bell, Chief Financial &
Operations Officer

James Melville-Ross/
James Styles/Humza Vanderman/
Leah Dudley Dentons Global Advisors +44 (0)20 7664 5095
E: spirent@dentonsglobaladvisors.com

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.otcm Markets.com/marketplaces/otc-pink>.

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