



SPIRENT COMMUNICATIONS PLC

Trading Update 2023 – In Line with Revised Expectations

London, UK – 16 January 2024: 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 financial year ended 31 December 2023, noting all financial results are subject to external audit.

Key highlights

- Full year results in line with the Board’s revised expectations following a challenging year.
- Accelerating our focus on non-telco segments where market dynamics are currently more positive.
- Organisation restructure to drive efficiencies with no impact to key product road maps.
- Strong balance sheet and cash flow conversion.

As previously announced, the telecommunications sector was very challenging in 2023. Full year revenue closed at \$474 million (2022: \$607 million) and we expect to deliver an adjusted operating profit¹ in line with the market consensus².

Whilst we continue to see softness and customer spending delays in the telecommunications sector, we are accelerating our focus on non-telco end markets, and we have seen good growth in order intake for our Positioning business and from Hyperscalers. We also closed a strategic, and significant sized deal with a world leading Financial Services organisation representing a new end market for us. We are building an order pipeline for these end customers.

To optimise our cost base whilst protecting our technology leadership, we are implementing a number of key initiatives:

- Organisation restructure – from 1 January we are merging our High-Speed Ethernet business with Lifecycle Service Assurance to better support how we sell to our customers’ increasing numbers of solutions, including more products from across our portfolio.
- We have reduced our headcount by circa 8 per cent through the year, including as part of the organisation restructure mentioned above. We have taken a very targeted approach to ensure all key R&D product road maps remain intact.
- We are reducing our overall office footprint, reflecting a more flexible office working environment post COVID-19.

The initiatives, with an anticipated exceptional restructure cost of circa \$15 million have driven cost savings during 2023 and significant savings for 2024 which will more than mitigate cost inflation. The overall payback of the change initiatives is expected to be less than two years.

Financial position

We maintained our strong balance sheet and disciplined investment policy. The Group's cash position closed at \$103 million supported by our effective working capital management. \$72 million of shares were repurchased during the year. We remain well placed to take advantage of investment opportunities as they arise.

Outlook

We are pleased to have started the new financial year with a growing orderbook. We are well positioned to deliver strategic and operational progress, with growth opportunities in our non-telco end customer markets whilst we continue to invest in our leading technology solutions across our portfolio which will position us well in these markets as and when they recover. Overall, the Group remains well-placed for the year ahead.

Eric Updyke, Chief Executive Officer, commented:

"We are making good progress diversifying and expanding our customer base whilst our telco end market key customers are managing their own challenges driven by the macroeconomic environment.

"Whilst we cannot predict the duration of the current market challenges, we remain confident in our mid-term targets with the long-term structural growth drivers for our business continuing to be compelling, including:

- Evolution of global 5G infrastructure and further development of ORAN, leveraging our market-leading solutions.
- Growth in next-generation cloud and AI data centre needs for Hyperscalers will gather pace, driving growth for our 400G and 800G high-speed Ethernet test solutions.
- Heightened need for automated testing and assurance to help our customers benefit from both performance and cost efficacy.
- Demand for highly accurate location-based solutions for growing defence, aerospace and automotive applications."

Next schedule update

Spirent expects to announce its full year results for the financial year ended 31 December 2023 on Wednesday, 6 March 2024.

Notes

1. Adjusted operating profit is before acquired intangible asset amortisation, share-based payment and other adjusting items.
2. Management believes consensus expectations for adjusted operating profit for the year to be \$45 million, with a range of expectations of \$37 million to \$50 million.

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Enquiries

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

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