

SPIRENT COMMUNICATIONS PLC

Trading Update 2024 - Strong Close to the Year

London, UK - 17 January 2025 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 2024, noting all financial results are subject to external audit.

Key highlights

- Despite ongoing challenging market conditions, fourth quarter trading saw a strong uptick of order growth on the same period in 2023
- Early signs of market recovery as second half order growth mitigated the weaker first six months, bringing the full year orders to a level comparable to 2023
- Revenue growth in the fourth quarter, and for second half of the year was 5 per cent, resulting in full year revenue at approximately 460 million, compared to 474 million in 2023
- We delivered good order growth in EMEA and North America, which offset a decline in China
- We continue to invest and drive forward our key product roadmaps
- Strong balance sheet and cash flow conversion. Cash closed at 141 million (2023: 108 million)

As previously stated, the telecommunications sector continued to be very challenging in 2024. By continuing to invest in our leading products we have been able to support our customers as they continue to progress their 5G related roll out programmes with a focus on targeted network expansions and improved quality and coverage.

Full year revenue closed at approximately 460 million (2023: 474 million). We returned to growth in North America and EMEA supported by good progress in customer diversification. This offset a reduction in China. Looking ahead, in Asia we expect to increase our focus on growing our customer base in various geographies, including Japan and India, where we expect to make more progress as we enter the new financial year.

We have retained our usual focus on gross margin protection and continued to manage costs carefully. As a result, we expect our full year adjusted operating profit to be similar to 2023.

Financial position

We maintained our strong balance sheet, supported by our ongoing effective working capital management. Cash closed at 141 million.

Outlook

Notwithstanding the challenging market conditions, 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 emerging across our end customer markets whilst we continue to invest in our leading technology solutions across our portfolio. This will position us well in our key markets as they continue to recover. Overall, the Group is well-placed for the year ahead.

Eric Updyke, Chief Executive Officer, commented:

"The results in 2024 speak to the dedication of the whole global Spirent team who have yet again demonstrated their commitment and operational resilience in the face of both a challenging market environment while also working closely with Keysight to conclude their acquisition of the Group. It has been a very busy year, in which we delivered a good performance and I would like to personally thank all of Spirent staff for their continued support.

"Momentum picked up in the latter part of the financial year. Good progress was made in customer diversification and the recent launch of new products has started to achieve traction. In particular, our AI solutions for high-speed Ethernet are already delivering growth, and we secured more logos for assurance products from the Financial Services sector."

Next scheduled update

Spirent expects to announce its full year results for the financial year ended 31 December 2024 on Tuesday, 4 March 2025.

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"). Completion of the Transaction remains subject to the satisfaction or (if capable of waiver) waiver of the remaining conditions to the Transaction set out in the scheme document (as published on 25 April 2024). Keysight and Spirent are continuing to actively engage and work constructively with the relevant regulatory authorities in order to satisfy the regulatory conditions in relation to the Transaction as set out in the scheme document. As announced by Keysight on 2 December 2024, in connection with satisfying the regulatory conditions and with support and assistance from Spirent, Keysight is running a competitive process to divest Spirent's High-Speed Ethernet and network security business lines.

Note

1. Adjusted operating profit is before acquired intangible asset amortisation, share-based payment and other adjusting items.

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Enquiries

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Application of Rule 28 of the Takeover Code

The statement above regarding operating profit for the financial year ended 31 December 2024 constitutes a profit estimate for the purposes of Rule 28 of the Takeover Code ("FY24 Profit Estimate").

The Spirent Directors confirm that, as at the date of this announcement, the FY24 Profit Estimate remains valid and that it has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Spirent's accounting policies which are in accordance with UK-adopted International Accounting Standards and those that Spirent applied in preparing its financial statements for the year ended 31 December 2023.

In confirming the FY24 Profit Estimate, the Spirent Directors have made the following assumptions in respect of the period to 31 December 2024:

There have been no material changes to existing prevailing macroeconomic, regulatory or political conditions in the markets and regions in which the Group operates.

There have been no material adverse events (internal or external to the Group) that will have a significant impact on the Group's financial performance.

No material adjustments will be made to the unaudited management accounts upon which the FY24 Profit Estimate is based during the preparation and audit of the annual report and accounts for the financial year ended 31 December 2024.

About Spirent Communications plc

Spirent Communications plc (LSE: SPT) is a 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, AI, 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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This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

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