

Press release

Results and Objectives

Positive evolution of all financial indicators in 2022

Dividend increased to €0.05 per share

Growth of more than 20% of the ARR in 2023

Paris, March 31, 2023,

Netgem's Board of Directors met on March 30, 2023 and approved the accounts of the 2022 financial year.

IFRS DATA in millions of euros	2022	2021	Evolution
Revenue	36.3	28.3	+28%
Gross profit	20.1	17.6	+14%
Opex	(13.2)	(13.3)	0%
EBITDA	6.8	4.3	+58%
EBITA	(0.2)	(2.5)	+93%
Current operating income	(2.1)	(4.4)	+52%

The year 2022 was marked by many operational achievements:

- the launch of the “best-in-class” service TalkTalk TV 4K in the UK.
- The extension of the agreement with Elisa in Finland, integrating androidTV technology.
- The launch of ZeopTV, a service entirely operated by Netgem (Zeop is the first independent mobile and FTTH operator in La Réunion).
- The launch of Gaumont Classique in France demonstrating the incremental potential of our platform for rights holders.

Netgem thus ends the year 2022 with a base of 508,000 netgem.tv subscribers, managed on behalf of some twenty fixed telecommunications operators in Europe, under the operator's brand (B2B2C model), up 40% compared to the end of 2021.

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Supported by the growth in the number of subscribers, the revenue and gross profit for the 2022 financial year amount to €36.3 million and €20.1 million, respectively up 28% and 14% compared to the 2021 financial year. The total annual revenue resulting from the *streaming TV* business amounts to €29.5 million, of which €14.4 millions give rise to recurring billing (ARR¹).

EBITDA increases by 59%, from €4.3 million in 2021 to €6.8 million in 2022 thanks to the combined effects of gross profit growth and control over operating costs. The current operating result of - €2.1 million is an improvement of €2.3 million compared to the previous financial year. It remains impacted by the amortization of the assets identified as part of the first consolidation of the Vitis subsidiary, in the amount of €2 million, and also by the depreciation of equipment supplied to subscribers. EBITA (before amortization of these assets related to the first consolidation Vitis) is also significantly improving, turning positive in the 2nd half of 2022.

IFRS DATA in millions of euros	2022	2021
Operating result	(2.2)	(3.7)
Financial result	(0.1)	(0.1)
Taxes	1.0	0.5
Net profit / (loss) (Group share)	0.1	(1.3)

The operating result amounts to - €2.2 million over the past financial year against - €3.7 million over the previous year, an improvement of €1.5 million. Net profit attributable to the Group, also improving, was positive over the financial year (€0.1 million).

The Group's activity generated €6.6 million of cash in 2022, compared to €6.0 million in the previous financial year, up 10% due to the increase in EBITDA.

Investment cash-flows amounting to €6 million in 2022 mainly include capitalized equipment in connection with the growth of the subscribers base.

Cash flows from financing activities mainly reflect the payment of the annual dividend in June 2022.

At the end of December 2022, the group's gross cash amounted to €6,2 million (2021 : €6,4 million). Net cash (before IFRS16 impact) of €4.9 million improved by €0.5 million over the past financial year, mainly due to the decrease in current financial liabilities (deposits of fiber customers).

The audit procedures for the 2022 annual accounts have been carried out and the report of the auditors relating to their certification is in the process of being issued.

1 Annual recurring revenue

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Dividend

Renewing its confidence in Netgem's strategy and its ability to generate cash, and in view of the exceptional resources freed up by the sale of the Fiber business, the Board of Directors will propose to the General Meeting to increase the dividend from 3 cents to 5 cents per share.

Perspectives for 2023

As announced at the end of January 2023, Netgem has decided to initiate the sale of its Fiber business, which has been effective as of April 1, 2023 with a positive net cash effect of €3 million. The resources freed up will enable the Company to increase its investments in innovation in order to strengthen its market position.

The rapid evolution of the market towards standardized set-top box terminals based on androidTV should also allow the Group to withdraw from the sale of access equipment. These changes in scope will enable the company to reduce its operating costs despite the inflationary context.

The Company anticipates ARR growth of more than 20% in 2023. The cash flows generated by the subscribers base will thus be progressing and will be sufficient to finance this growth.

For Mathias Hautefort, CEO of Netgem, *"Netgem is positioned as a B2B platform for access to a family digital entertainment video offer at the right price. Our growth model is simple: More content on an innovative platform strengthens our proposition to our privileged distribution partners that are telecoms operators, attracting new content looking for new monetization solutions. After a good year in 2022 and excellent prospects for 2023, the sale of our fiber business gives us the means to accelerate this virtuous circle."*

Financial communication calendar

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|--------------------------|------------------------------------|
| - Q1 2023 trading update | Thursday, May 25, 2023 |
| - Annual general meeting | Thursday, May 25, 2023, 10:00 a.m. |
| - 2023 half-year results | Friday, July 28, 2023 |
| - Q3 2023 trading update | Thursday, October 19, 2023 |

Press releases are distributed before market opening.

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About Netgem

Netgem.tv is a digital video entertainment platform for families. The platform's services allow rights holders to enhance their content, and telecom operators to create or improve their entertainment service.

The platform offers content from around a hundred French and international rights holders and is used to provide operator-branded services (B2B2C model) to more than 500,000 subscriber households.

Netgem is listed on Euronext Growth.

(ISIN : FR0004154060, Reuters : ETGM.PA, Bloomberg: ALNTG FP)



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FINANCIAL APPENDICES

Cash Flow Statement

IFRS DATA in millions of euros	2022	2021
Cash Flow related to activity (A) (*)	6.6	6.0
Of which :		
Self-financing capacity before tax payment	6.8	5.1
Tax paid	0	-
Decrease (increase) in BFR	(0.3)	0.9
Cash Flow related to investments (B)	(6.0)	(6.8)
Operating Cash Flow (A+B) (*)	0.5	(0.9)
Cash Flow linked to financing (C) (*)	(0.8)	(2.9)
Of which :		
Dividends	(0.9)	-
Net purchase of treasury shares	(0.2)	0.2
Issues/Repayments of loans and financial debts	0.2	(3.1)
Discontinued operations & currency variation (D)	-	-
Net change in cash (A+B+C+D)	(0.3)	(3.7)

(*) excluding IFRS 16 restatement.

Equity, debt and net cash analysis

IFRS DATA in millions of euros	2022	2021
Equity and debt		
Equity, Group share	23.5	24.0
Current and non-current financial liabilities	1.3	2.0
Net cash analysis		
A - Cash	6,2	6.4
B - Current financial liabilities	0.5	1.8
C - Current net cash (A)-(B)	5.7	4.6
D - Non-current financial liabilities	0.8	0.2
E - Net cash (C)-(D) before IFRS 16 impact	4.9	4.4
F - Impact IFRS 16 standard	1.6	0.4
G - Net cash (E)-(F)	3.3	4.0