

# Press Release

## 2023 half-year results and Outlook Growth, profitability and innovation

- ✓ Improvement of all economic indicators
- ✓ 647,000 subscribers<sup>1</sup> by the end of June 2023
- ✓ Annual ARR<sup>2</sup> growth target raised to 30%
- ✓ Acquisitions of Eclair Preservation and Eclair Digital Services finalized

Paris, July 28, 2023

On July 27, 2023, Netgem's Board of Directors approved the financial statements for the first half of 2023.

Netgem CEO Mathias Hautefort commented: *"The first half of 2023 confirmed the improvement in Netgem's results thanks to organic growth. The Group has also implemented projects to open up other growth levers, both strategically and in terms of innovation, with the same vision: to be the reference partner for players in the digital entertainment sector. We are confident and have raised our ARR growth target to 30% for 2023."*

### Business and outlook

In the first half of 2023, the Group implemented the strategic refocusing on digital entertainment announced at the beginning of the year, with in particular :

- the sale of the Fibre business to Nordnet and the continuation of the TV business operated for the latter following this transaction,
- the refocusing on the platform business, combined with the gradual withdrawal from hardware with the switch to Android technologies.

Against this backdrop, the Group announced the simplification of its legal and capital structure, with the acquisition of minority interests in its subsidiary Vitis, and the entry into the Group's capital of Caisse des Dépôts and Manco, transactions which were finalized at the end of June 2023.

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<sup>1</sup> includes any end-user subscriber of Netgem platform services, billed directly or indirectly (B2B and B2B2C modes)

<sup>2</sup> annual recurring revenue

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Netgem had announced in July 2022 that it had identified the video service providers market as a development axis complementary to that of services to telecom operators. The Group thus strengthened its position in this field with the acquisition of Eclair Préservation and Eclair Digital Services, a transaction finalized in early July 2023.

The group also launched several new products and innovations:

- its first complete offering of operated TV services integrating an Android BOX for operator Zeop,
- a new product combining TV and Cloud Gaming, in partnership with GameStream,
- several services on the Amazon Channel platform, in particular Gaumont Classique.

In the second half of the year, the Netgem group will benefit from its various areas of organic growth, the momentum of its operator customers, its new development axis with publishers, and its new TV & Cloud Gaming offering for operators.

In these conditions, Netgem is in a position to raise its ARR growth target to 30% for 2023.

The Group is also pursuing its CSR policy in 2023, with in particular targets for limiting its carbon impact (-65% in H1 2023 on STB deliveries), improving gender parity (target of 33% of women) within the new scope following the acquisition of Eclair Digital Services and Eclair Préservation, and sharing the value generated between shareholders and Group employees.

### Half-year results 2023

| <b>IFRS DATA</b><br>in million euros | <b>H1 2023</b> | <b>H1 2022</b> | <b>CHANGE</b> |
|--------------------------------------|----------------|----------------|---------------|
| Revenue                              | <b>18.1</b>    | 16.3           | +11%          |
| Gross margin                         | <b>10.0</b>    | 9.6            | +4%           |
| Opex                                 | <b>6.2</b>     | 6.5            | -5%           |
| EBITDA                               | <b>3.8</b>     | 3.2            | +21%          |
| Current operating profit             | <b>0.2</b>     | (1.3)          |               |

| <b>IFRS DATA</b><br>in million of euros | <b>2023 H1</b> | <b>2022 H1</b> |
|---|----------------|----------------|
| Operating result                        | <b>0.1</b>     | (1.3)          |
| Financial result                        | <b>(0.1)</b>   | (0.1)          |
| Taxes                                   | <b>0.0</b>     | 0.0            |
| Net result<br>(Group share)             | <b>(0.1)</b>   | (0.5)          |

### Growing subscribers base and sales, confirmed improvement in profitability

Netgem saw marked growth in its subscribers base under management in the first half of 2023 (+26% vs. end of 2022) thanks to the momentum of its operator customers, particularly in Finland with Elisa, in the UK with Talk Talk, and also in Luxembourg with the switchover of POST to the NetgemTV platform.

Revenue for H1 2023 amounts to €18.1M (H1 2022: €16.3M), up 11% on the same period in 2022. ARR was €10.1M (H1 2022: €6.1M), up 65%. This growth translates into a 4% increase in gross margin to €10M.

Continued control of operating costs combined with growth in gross margin resulted in a 21% increase in Ebitda to €3.8M (H1 2022: €3.2M).

Profit from recurring operations was positive at €0.2M (H1 2022: €(1.3)M). It remains impacted by the depreciation of assets identified in connection with the inclusion of Vitis in the scope of consolidation as from January 1, 2020, as well as by the depreciation of equipment supplied to new subscribers. Group net income<sup>3</sup> came to €(0.1)M, compared with €(0.5)M for the first half of 2022. Overall net income broke even in H1 2023, compared with a loss of (€1.4M) in H1 2022.

The Group's operations generated total cash flows of €4.6M over the first half of 2023, compared with €3.3M over the same period in 2022. Capital expenditures of €(5.2)M include capitalized equipment resulting from the growth in the subscribers base, the purchase of Vitis shares held by Caisse des Dépôts and Oceinde, and the impact of the sale of the fiber business to Nordnet. Cash flows from financing activities amounted to €3.2M, corresponding to the payment of the annual dividend in June 2023 and the reserved capital increase subscribed by Caisse des Dépôts and Manco.

<sup>3</sup> after taking into account minority interests (Caisse des Dépôts and Groupe Oceinde) in Netgem's 55%-owned French subsidiary Vitis at June 30, 2023

At June 30, 2023, gross cash stood at €8.9M (€6.2M at year-end 2022) and net cash at €7.8M (€4.9M at year-end 2022). The cash position at the end of June includes resources generated by the €5M private placement, the buyout of minority interests in Vitis, and the payment of €1.5M in dividends. The finalization of the EP and EDS acquisition for a net consideration of €3.6M was completed at the beginning of July and is not included in these figures, nor is an additional payment of €0.5M for the sale of the Fibre business, expected at the end of July.

## Governance

Following the arrival of new long-term shareholders, the Group's governance is evolving, with the replacement of Virginie Banet by Alexandra Barth, appointed by cooptation of the Board of Directors.

Alexandra Barth is an Investment Director at Caisse des Dépôts since 2011. She has participated in the financing of telecoms projects and has sat on numerous boards of tech & media companies (Universign, My Trip Tailor, Universciné, Up Factor) with the aim of supporting their growth. Alexandra knows the Netgem group well, having sat on the strategic board of its subsidiary Vitis (aka Videofutur) since 2016 until the group's buyout of minority interests. She is a graduate of ESCP Business School

## Financial communication calendar

- Business update Thursday, October 19, 2023, before market opening

## Contacts

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## About Netgem

Netgem operates the netgem.tv platform of digital video entertainment services, integrating all live, on-demand and subscription content available on the market, and accessible by all family members on mobile, PC or TV screens.

The netgem.tv product is distributed through a network of fixed telecom operators in Europe, under the operator's brand (B2B2C model) to over 600,000 subscriber households.

Netgem is listed on Euronext Growth.

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



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## FINANCIAL APPENDICES

### H1 2023 cash flow

| <b>IFRS DATA</b><br>in million of euros              | <b>2023 H1</b> | <b>2022 H1</b> |
|--|----------------|----------------|
| <b>Cash flow from operating activities(A)(*)</b>     | <b>4.6</b>     | <b>3.3</b>     |
| Of which :   |                |                |
| Cash flow before tax payment                         | 4.6            | 3.0            |
| Taxes  | (0.0)          | 0.0            |
| Reduction (increase) in WCR                          | 0.0            | 0,3            |
| <b>Cash flow from investments (B)</b>                | <b>(5.2)</b>   | <b>(3.6)</b>   |
| <b>Operating cash flow (A+B) (*)</b>                 | <b>(0.5)</b>   | <b>(0.3)</b>   |
| <b>Cash flow from financing (C) (*)</b>              | <b>3.2</b>     | <b>(1.0)</b>   |
| Of which :   |                |                |
| Dividends  | (1.5)          | (0.9)          |
| Capital increase                                     | 5.0            | 0.0            |
| Net purchase of treasury shares                      | 0.0            | 0,2            |
| Issuance/Redemption of borrowings and financial debt | (0.3)          | (0.3)          |
| Discontinued operations & currency variation (D)     | 0.0            | 0.0            |
| <b>Net change in cash (A+B+C+D)</b>                  | <b>2.7</b>     | <b>(1.3)</b>   |

(\*) Excluding IFRS 16 restatement

## Equity and debt, net cash position

| IFRS DATA<br>in million of euros              | 2023 H1    | 2022 H1    |
|---|------------|------------|
| <b>Equity and debt</b>                        |            |            |
| Equity, Group share                           | 24.2       | 23.5       |
| Current and non-current financial liabilities | 1.1        | 1.3        |
| <b>Analysis of net cash</b>                   |            |            |
| A - Cash                                      | 8.9        | 6.2        |
| B - Current financial liabilities             | 0.5        | 0.5        |
| C - Current net cash (A)-(B)                  | <b>8.4</b> | <b>5.7</b> |
| D - Non current financial liabilities         | 0.6        | 0.8        |
| E - Net cash (C)-(D) before IFRS 16 impact    | <b>7.8</b> | <b>4.9</b> |
| F - IFRS 16 standard impact                   | 1.3        | 1.6        |
| G - Net Cash (E)-(F)                          | <b>6.5</b> | <b>3.3</b> |