

Press Release

Activity 3rd Quarter 2019:

Pursuing the development strategy of Services operator activities

Paris-La Défense, 17 October 2019

Netgem outlines the main characteristics of its activity for the third quarter of 2019:

- **The managed Services activities have taken over the traditional Box activities**
- **Continuing growth for Vitis, whose *Vic* and *Victoria* new Fiber offers are marketed to 1.5 million passed connected homes**
- **Strong financial position with 7.8 M euros of cash at the end of September**

For Mathias Hautefort, CEO of Netgem and President of Vitis, *"the Netgem Group continues its transformation to a service operator model addressing the fixed and mobile broadband market. The satisfying results of Vitis on the French Fiber market in France in 2020 will enrich our offerings for operators in Europe."*

Revenue and Net Revenue (*) (in millions of euros, IFRS, unaudited)

| group Netgem | Q3 2019 | Q2 2019 | Q3 2018 | Change Q3 / Q2 | Change Q3 / Q3 | 1st 9 months 2019 | 1st 9 months 2018 | Change |
|---|---------|---------|---------|----------------|----------------|-------------------|-------------------|--------|
| Revenue | 5.7 | 6.8 | 7.9 | -1.1 | -2.2 | 18.8 | 31.0 | -12.2 |
| Net Revenue | 3.2 | 3.4 | 4.0 | -0.2 | -0.8 | 9.9 | 15.0 | -5.1 |
| Net Revenue, excluding Platform activity (‡) | 3.2 | 3.4 | 3.7 | -0.2 | -0.5 | 9.9 | 14.3 | -4.4 |
| Vitis (as it is consolidated with the equity method, its Net Revenue below is not included in the group Net Revenue above; Net Revenue for Vitis in 2019 includes the Platform activity carried over by Netgem to Vitis): | | | | | | | | |
| Net Revenue | 3.9 | 3.5 | 2.4 | 0.4 | 1.5 | 10.9 | 6.3 | 4.6 |

(*) defined as revenue less cost of equipment sold.

(‡) As the Platform activity was carried over to Vitis in 2019, this information is provided for the purpose of comparing Net Revenues for different periods of time with the same scope of activity.

Over the quarter, Netgem's revenue decreases by 16% (-€ 1.1m) and Net Revenue by 5% (-€ 0.2 million) due to lower deliveries of *hardware* products and the stability of services revenues.

The Net Revenue for Vitis (not consolidated) increases it by 11% (+€ 0.4 million) due to the net increase in the number of subscribers.

The Group's cash position was € 7.8 million as at the end of September 2019.

The Netgem Group confirms its focus on managed services, with its multi-screen platform combined with high-end connected devices.

The myVIDEOFUTUR cloud offer, which allows the provision of a multi-screen service with or without a Box, is now being marketed by Vitis in Fibre-connected areas in France. The expansion of its distribution via partner operators will start in 2020.

In addition, the launch of the connected soundbar co-developed in partnership with Sharp and including Amazon Alexa has confirmed the Group's high-end positioning, which aims to enable ultra-fast broadband operators to grow their revenue per user and improve customer retention.

Financial communications calendar

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|-----------------------------------|--------------------------------|
| ● Revenue and Net Revenue Q4 2019 | 23 January 2020, before market |
| ● Results 2019 | 20 March 20, before market |
| ● Revenue and Net Revenue Q1 2020 | 14 May 2020, before market |
| ● Annual General Meeting | 14 May 2020 |
| ● Results H1 2020 | 31 July 2020, before market |
| ● Revenue and Net Revenue Q3 2020 | 21 October 2020, before market |

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About Netgem

Netgem, is the pioneer of the connected home in France, with the invention of the Box and the co-creation of the independent operator of services for ultra-fast broadband in France, under the Videofutur brand. Millions of homes around the world today use the Netgem Box, under the brand names of its distribution partners, telecom and entertainment operators.

Netgem is listed on Euronext Paris Compartment C
(ISIN: FR0004154060, Reuters: ETGM.PA, Bloomberg: NTG FP) www.netgem.com