

## Press release

### Annual results 2020 - Outlook 2021 Successful Pivot

- ✓ In 2020, the Group has shown that the pivot that began several years ago towards the business of streaming video access provider (OTT) is bearing fruit.
- ✓ 90% of Net Revenue is now recurring and the growth in Gross Margin coupled with synergies linked to the integration of Vitis enables to post a positive EBITDA in the second half of 2020.
- ✓ The group is targeting further growth in 2021 with an improvement of its key financial aggregates.

Paris, March 19, 2021

Netgem's Board of Directors met on March 18, 2021 and approved the annual accounts for 2020.

For Mathias Hautefort, CEO of Netgem, *"The year 2020 has been exceptional due to both the health crisis and the responses we have had to provide. The group's profound transformation into an OTT operator for the connected home has demonstrated its relevance. With a solid financial situation, the group is equipped to continue its growth in 2021."*

*In the special conditions of this past year, I would like to thank in particular our teams and our operator partners who were formidable in their mobilization and allowed users of our services to make the most of the possibilities of Ultra-Fast Broadband when they need it most."*

### Results 2020

Data\FRS EUR million	2020	2019	Change
Turnover	30.3	25.3	5.0
Net revenue (*)	26.8	13.5	13.3
Gross profit	15.9	13.2	2.6
Opex	-15.0	-12.5	-2.5
EBITDA	0.9	0.7	0.2
Operating income	-6.0	-0.1	-5.9
Operating result	4.2	0.7	3.5 For

(\*) defined as turnover less the cost of equipment sold.

Over the financial year ended December 31, 2020, Netgem achieved consolidated sales of € 30.3 million, up 20% compared to financial year 2019.

Net revenue grew by 99% from 2019, and over 90% of that net revenue is recurring services.

The growth in gross margin and the cost reductions made possible by the ONE NETGEM plan to integrate Vitis and refocus on the OTT operator businesses enabled a return to positive EBITDA as from the second half for a total of € 0.9 million for the whole year.

The current operating income of € -6.0 million includes the contribution of consolidated Vitis activities including € -2.0 million depreciation on assets identified as part of the allocation of goodwill of Vitis.

The operating result of € 4.2 million includes € 10 million for the IFRS impact of the first full consolidation of Vitis.

The contribution of the full integration of Vitis on the accounts presented above is therefore € 16.6 million on turnover, € 16.0 million on net revenue and € -6.6 million on current operating profit.

IFRS data in millions of euros	2020	2019	Change
Operating income	4.2	0.7	3.5
Financial income	income -0.1	-0.5	0.4
Equity accounting result (Vitis)	-	3.1	3.1
Taxes	-	-4.0	4.0
Overall net income	4.1	-7.0	11.1
Net income (Group share)	7.2	-7.0	14.2
Net income from minority interests	-3.1	-	-3.1
Comprehensive net income (Group share)	7.0	-6.9	14.0

After taking into account a financial charge of € -0.1 million, the Group records a net gain of € 7.2 million in 2020 (group share).

IFRS data in millions of euros	2020	2019
Cash flow from operating activity (A) (*)	3.8	1.3
Of which:		
Operating cash flow before before payment of tax	1.0	1.5
Tax paid	-	-0.1
Decrease (increase) in working capital	2.8	-0.1
Cash flow from investments (B)	-6.0	-2.0
Cash flow from operations (A + B) (*)	-2.3	-0.7
Cash flow from financing (C) (*)	4.0	-1.6
Of which:		

Dividends	-	-1.7
Capital increase	0.3	-
Net purchase of own shares	-	0.1
Issuance of loans and financial debts	3.7	0.0
Discontinued operations & currency variation (D)	-	-0.2
Net change in cash (A + B + C + D)	1.7	-2.5

(\*) excluding IFRS 16 restatement

Netgem's cash position at the end of 2020 amounts to € 10.2 million, an increase of € 1.7 million compared to the end of 2019.

The Group's operating activity generated an amount of cash after tax of € 3.8 million in 2020, compared to € 1.3 million in 2019.

Investment cash flows include acquisition costs (equipment, connections, content, etc.) related to the growth in the number of direct or indirect subscribers to the services operated by the Group. The marketing expenses related to the acquisition of the general public part of the activity are not capitalized but recorded directly in charge. The growth of these amounts is directly linked to the growth of the activity.

The cash flow from financing includes € 2.4 million related to a bond redeemable in shares issued by Vitis in 2020 for the benefit of Caisse des Dépôts and a loan of € 1.6 million taken out in anticipation of future repayments research tax credits.

IFRS data in millions of euros	12/31/20	12/31/19
<b>Equity and debt</b>		
Equity, Group share	24.3	15.5
Current and non-current financial liabilities	7.5	0.8
<b>Analysis of net cash</b>		
A. Liquidity	10.2	8.5
B. Liabilities current financial	6.1	0.5
C. Net current cash (A) - (B)	4.1	7.9
D. Non-current financial liabilities	1.4	0.2
E. Net cash (C) - (D) before IFRS 16 impact	2.7	7.7
F. Impact of IFRS 16	0.8	0.7
G. Net cash position (E) - (F)	1.8	7.0

The IFRS current debt includes € 2.4 million in respect of the bond redeemable in shares issued by Vitis for the benefit of Caisse des Dépôts, which will be redeemed in shares of Vitis in April 2021. Restated for this amount, the net cash position amounts to € 4.2 million.

### Dividend

In order to have the maximum flexibility to finance its growth in 2021, the Board, on the recommendation of the Chief Executive Officer, will propose to the Shareholders' Meeting to extend the suspension of the dividend as decided last year.

## Outlook

The television market is profoundly shaken by the spectacular increase in the role of *streaming* (OTT) in video consumption to the detriment of linear channels, and by the growing role of *new screens* in this evolution of consumption.

At a time when European consumers are massively switching to fiber, more and more people are questioning the validity of 3P packages integrating hundreds of linear channels offered by telecom operators.

In this context, most operators, in order to more quickly amortize the massive investments required by their presence on fiber networks, now offer so-called 1P or 2P offers at aggressive prices for fiber access and telephony without TV, leaving room for stand-alone services to access streaming television (the "cord-cutting" phenomenon already observed in the United States for several years).

The Netgem Group, after inventing the "Box" in the 2000s, intends to become a benchmark European operator in multi-screen access to video and television streaming, offering its services directly to the end customer and / or in partnership with telecommunications operators through its NetgemTV service.

To the end customer, NetgemTV provides a simplified, personalized and innovative interface, integrating the entire range of TV and streaming videos, accessible on any screen - including televisions - in and outside the home, through a single application, for a family subscription at a very attractive price. NetgemTV can be enriched with a SuperStream option to improve the quality of WiFi, thanks to *mesh* technology, in all rooms of the household.

In its partnerships with operators, the Netgem Group can deploy a varied approach, from the simple management of the technological assets necessary for this service (SaaS mode - Software as a Service) to the provision of a turnkey service (CaaS mode - Content as a Service) - content included - under one of the Group's brands. The partner operator always has the possibility of differentiating themselves by personalizing their content offer according to their market.

Over 2021, the Group intends to consolidate its growth and improve its key financial indicators (Net Revenue, Gross Margin, Ebitda) from half-year to half-year by relying on the favorable outlook in its 3 main markets:

In France, the distribution model of The Group relies on the direct-to-consumer distribution of NetgemTV in a *bundle* with the resale of fiber access in the local area

under the VIDEOFUTUR brand and on indirect distribution via telecom operator partners. The NetgemTV offer in French is particularly rich, and various options for expanding its distribution are being studied.

The English market is experiencing very strong momentum in its fiber market, which is extremely fragmented with around a hundred operators. This context is very favorable to the indirect distribution model favored in this territory. 14 partners have already been signed up, including 6 since the second half of 2020. In 2021 growth will be driven by the ramp-up of signed operators, the expected signing of new ones and the arrival of new content partners to enrich the offer.

In Finland, the Group is benefiting from the growth of Elisa, the leading operator in the region and long-standing partner of the Group for more than 15 years. The Elisa Viidhe product, built on the Netgem Group's technologies, is very successful and is marketed as a *bundle* with the Elisa Group's fiber offers, but also independently in order to benefit from the cord-cutting trend towards other Finnish operators.

The Group is closely monitoring the global tension on the supply of *chipsets* and the potential consequences on its ability to support the growth of its activity.

## Netgem adopts the Middlednext corporate governance code

Netgem, which until now referred to the AFEP-MEDEF corporate governance code, decided, at the term of the Board of Directors meeting of March 18, 2021, to refer to the Middlednext Corporate Governance Code. This code appears to be better suited to the company, particularly with regard to its size and the structure of its capital. It is, in its latest version published in September 2016, available on the Middlednext site ([www.middlednext.com](http://www.middlednext.com)).

## Financial communications calendar

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|------------------------------------|---------------------------------|
| • Turnover and Net Revenue Q1 2021 | April 21, 2021, before market   |
| • Annual General Meeting           | May 26, 2021                    |
| • H1 2021 Results                  | July 30, 2021, before market    |
| • Turnover and net revenue Q3 2021 | October 20, 2021, before market |

*The 2020 annual accounts are being audited by the auditors.*

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### About NetgemNetgem's

NetgemTV (TV by Netgem) allows personalized access to the entire streaming video and television offer on all screens in and outside the home, through a single application. This service is marketed directly to consumers, or through partnerships with fiber access operators.

For a family, NetgemTV is the guarantee of paying only for the television that everyone wants to watch, while having the freedom to choose the fiber offer that suits them. Thanks to its SuperStream option, NetgemTV greatly improves WiFi coverage throughout the home.

For the operator, Netgem provides access to an innovative offer, designed for new uses and enhancing the promise of fiber; with an economic model without investment and aligning interests with the satisfaction of the end customer.

Netgem is listed on Euronext Growth.

(ISIN: FR0004154060, Reuters: ETGM.PA, Bloomberg: ALNTG FP) [www.netgem.com](http://www.netgem.com)