

Press release

H1 2020 results

Paris, July 31, 2020,

The accounts for H1 2020, approved by the Board of Directors on July 30, 2020 and presented below, are the first to reflect the new consolidated scope including the control of Vitis-Videofutur, and translating in the figures the withdrawal from the equipment supplier business and the strategic reorientation towards the services started several years ago.

This semester was marked by the following events:

- Major change in scope with strategic refocusing and synergies.
- Good resilience to the Covid crisis.
- Acquisition finalized in early July of a very high-speed subscriber base.

Results (in millions of euros, IFRS)

Netgem Group	2020 H1	2019 H1	H1 / H1
Revenue	15.4	13.1	2.2
Net revenue	13.1	6.7	6.5
Ebitda	-0.3	0.2	-0.5
Current operating income	-2.3	-0.3	-2.1
Operating income	7.7	-0.1	7.8
Financial result	-0.2	-0.5	0.3
Equity method (Vitis / VideoFutur)	1	-1.7	1.7
Tax	ı	-0.1	0.1
Overall net income	7.5	-2.4	9.9
Net income, Group share	8.5	-2.4	10.9
Net income from minority interests	-1.0	-	-1.0
Comprehensive net income, Group share	8.4	-2.4	10.8



Over the past half-year, customer base management services activities, measured by Net revenue, represented more than 80% of activity of the Group and are today the only generators of the Group's growth and value. The consolidation of the French activities (Vitis) brings \in 7.9m out of the total Net revenue of \in 13.1m, and thus enables a growth of more than 100% in services.

Current operating income of - \in 2.3m mainly reflects the contribution of consolidated Vitis-Videofutur activities (- \in 2.4m). The synergies made possible by the takeover of these activities are only weakly reflected in these figures at this stage. The operating income of + \in 7.7m reflects mainly the positive IFRS impact of the first consolidation of French activities.

Equity and debt (in millions of euros, IFRS)

Netgem Group	At 06/30/2020	At 12/31/2019	Change
Equity, group share	26.1	15.5	10.6
Current and non-current financial liabilities	6.1	0.8	5.3

Analysis of net cash (in millions of euros, IFRS)

Netgem Group	As of 06/30/2020	As of 12/31/2019	Change
A. Liquidity	10.9	8.5	2.4
B. Current financial liabilities	5.4	0.5	4.9
C. Current net cash position (A) - (B)	5.5	7.9	-2.5
D. Non-current financial liabilities	0.6	0.2	0.4
E. Net cash position before IFRS 16 impact (C) - (D)	4.9	7.7	-2.9
F. Impact of IFRS 16	0.5	0.7	-0.2
G. Net cash position (E) - (F)	4.4	7.0	-2.6

The statutory auditors have carried out their limited review procedures and their report is in the process of being issued.

Increase in gross cash to € 10.9 million

It should be noted that current debt within the meaning of IFRS includes € 2.4



million in respect of the bond redeemable in shares issued by Vitis in 2020 and subscribed by CDC. This amount corresponds economically to equity as it is planned to be repaid in Vitis shares in April 2021. Net cash restated accordingly amounted to € 6.8m as of June 30, 2020, virtually unchanged compared to the end of 2019.

Resilience of the business

In the first half of 2020, Netgem demonstrated the resilience of its market and its business model. Thus, its turnover and net income remained at levels very close to those of the 1st quarter, despite the consequences of the Covid-19 crisis. More generally, the epidemic has not had a significant impact on strategic orientations, performance, cash flows and balance sheet aggregates.

On the French market, the slowdown in customer acquisitions in the 2nd quarter was partially offset by the decrease in churn rate on the existing subscriber base and by a significant consumption of video on demand (+ 50%).

In Great Britain, NetgemTV was launched commercially with fiber operators Pure telecom, Origin and Gigaclear.

Finland was little impacted by the crisis and sales of the service Elisa Viidhe Premium remained strong on that market.

Outlook for the second half of the year

In France, Netgem anticipates that the deteriorating economic context could lead to pressure on the acquisition of new subscribers. Conversely, the strong trends in teleworking reinforce the importance of fiber in lower density territories, the Group's natural market in France.

The contribution of new operator partners in the United Kingdom, continued growth in Finland and the impact of the acquisition of Comcable's business should reduce the consequences of this uncertainty, and should make it possible to post sequential growth on the second semester.

In addition, the operational synergies made possible by the change in consolidation scope should demonstrate their first effects by a reduction in the structure of fixed costs from the second half of this year.

NETGEM thus has the assets to emerge stronger from this economic and health crisis, primarily because of its agile organization, its new market positioning - Fiber and digital - and its good financial health.



For Mathias Hautefort, CEO of NETGEM, "This semester is the first with our new consolidation scope, and serves as a point of reference for our development plan. This semester demonstrated the strong capacity of the teams of the new "ONE Netgem" organization to mobilize and be agile in order to meet the expectations of our customers. We are confident that taking into account the overall market opportunity, our commercial refocus and the operational synergies that we are developing within the new scope, we will be able to improve the main activity indicators in terms of growth and profitability semester after semester."

Financial communication calendar

• Q3 2020 Turnover and Net revenue

October 21, 2020, before market

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About Netgem

Netgem is an independent provider of ultra-broadband consumer services. The customers managed by the Group are located in Europe, mainly in France, Great Britain and Finland. They are managed for Netgem's own account (in France) and for the account of third-party operators. In France, the Group operates in rural areas in conjunction with infrastructure investments underwritten by public authorities aiming to reduce the digital divide and improve regional planning.

The Group stands out thanks to its end-to-end technological mastery of its digital TV, video and music streaming offer with a unified and unique experience on TV, mobile and voice control, including the biggest brands of local and global content.

Netgem is listed on Euronext Paris Compartment C

(ISIN: FR0004154060, Reuters: ETGM.PA, Bloomberg: NTG: FP) www.netgem.com