

Activity and results for the first half of 2025

- Netgem's new offerings in cloud gaming and FAST channels demonstrate their ability to engage tier 1 operators and expand the Company's addressable market, in a context of shrinking TV subscriber bases for European operators.
- Thanks to these new services, Netgem increases its recurring revenue and gross margin rate, despite a decline in total revenue
- Solid financial position, strong expected increase in operating profit and free cash flow over the entire 2025 financial year

Paris, July 31, 2025 – Netgem (Euronext Growth - ALNTG), a player in Entertainment Technology serving publishers and distributors of video content, publishes its 2025 half-year accounts (1st January – June 30), as approved by the Board of Directors on July 30, 2025.

Over the past few months, Netgem has taken further steps in the execution of its strategic roadmap with the reorganization of its activities around service platforms positioned across the entire *Entertainment Technology* value chain, from operators to publishers.

TV services by European telecom operators ("TV boxes") have entered a phase of strategic transformation. Faced with competition from smart TVs on the one hand, and OTT offerings delivered directly by platforms like YouTube, Amazon, and Netflix on the other, they are showing the first signs of decline in their subscriber base. This trend is due to a decrease in the recruitment of Internet-TV offerings (triple-play), which no longer fully compensates for the natural churn of subscribers. These trends directly impact the group's business.

Netgem has taken the full measure of this transformation by investing in new uses such as Cloud Gaming or "Fast channels" (free channels financed by advertising).

In its activity with publishers, Netgem has been offensive and grown its business, supported by agreements with leading players (such as the one with Pathé¹). In recent months, Netgem has taken a position in AI by launching, in partnership with BARY, "TheSubtil.ai", a subtitling service, adopted by several studios².

However, given its size, the contribution of this activity does not fully offset the trends observed in the telecom operators market.

¹ Press release of June 4, 2025: Pathé and Netgem strengthen their partnership in heritage preservation

² Press release of March 19, 2025: Netgem relies on generative AI to expand its offering to media publishers

Financial elements for 2025 H1 (unaudited)

IFRS DATA in millions of euros	2025 H1	2024 H1	CHANGE
Revenues	15.4	16.7	-8%
including recurring revenues	12.1	11.7	+3%
Gross profit	11.0	11.7	-6%
As a % of revenue	71%	70%	
Operating expenses	8.4	7.7	+9%
EBITDA	2.5	4.0	-38%
Current operating profit	0.4	0.7	-43%
Operating profit	0.5	0.8	
Financial result	-	-	
Taxes	(0.1)	-	
Net result	0.4	0.8	

Total revenues down, recurring revenues up and reaching 79% of total revenues, improvement of the gross margin rate

Over the period, total revenues show a drop of 8% to €15.4 million, compared to €16.7 million over the same period of the previous financial year.

As anticipated, the progress made on new growth drivers is not yet reflected in the half-year's activity. The decline in equipment sales, the decline in subscriber recruitment and the wait-and-see attitude of telecom operators directly translate into the decline of non-recurring revenues.

This drop of non-recurring revenues is only partially offset by the good performance of recurring revenues which increased by 3%, thanks to the positive impact of new services such as Gaming, and now constitutes 79% of turnover compared to 70% in the first half of 2024. In recent months, Netgem has also strengthened its international positions with more than 50% of total activity carried out outside France over the half-year.

The shift in the product mix towards higher-margin recurring activities is reflected in the change in the gross margin rate, which stands at 71% of turnover compared to 70% at the end of June 2024.

Results in line with the integration of new services

The increase in operating costs, which increased by 10% to €8.5 million, results from the investments made for the implementation of new offers, in a direct link with the integration of the former Gamestream team as from October 2024.

Beyond this change in scope, the Group has maintained strict management discipline, materialized by the stability of main expense items for historical activities.

Taking these developments into account, EBITDA is down to €2.6 million (17% of total turnover) compared to €4 million in the first half of 2024 (24% of total turnover).

Current operating profit stands at €0.4 million compared to €0.7 million over the same period in 2024, including a decrease in depreciation and amortization charges linked to the withdrawal of non-recurring hardware activities that contributed little to profitability.

After taking into account the financial result and taxation, the net result attributable to the Group was positive at €0.4 million.

A solid financial situation

As of June 30, 2025, Netgem has €23.6 million in equity and net cash (excluding IFRS 16 impact) of €4.8 million (compared to €6.5 million at the end of 2024).

Cash flow from operations remains positive at over €1.0 million, thanks in particular to the optimization of the operating cycle and the reduction of hardware investments ("Box TV").

This solid financial situation allows Netgem to finance its organic growth and its innovation strategy.

Outlook: Continuing ramp-up of growth drivers to support market transformation

As a pioneer of TV Boxes, Netgem has a rare expertise in this market. It now appears that the operators' content offerings are no longer sufficiently adapted and in line with the expectations of a section of their customer base, particularly younger generations and families. The abundance of content is no longer enough, and contributes to "subscription fatigue". Users are prioritizing useful curation, "value for time" and ease of access.

Netgem's mission for the coming years is to help its customers fortify their place within users' homes.

Hence, the investments made by Netgem to create an offer of streaming video games³, which transforms the TV Box into a console and the mobile phone into a gamepad, has already won over Sonatel, a subsidiary of Orange present in West Africa⁴, JIO (India) and Telkom Indonesia. It is worth noting that these initial successes are due to operators outside Europe, contributing to the expansion of Netgem's addressable market towards more dynamic geographies. In Cloud Gaming, Netgem is also working on signing agreements with major game publishers, which will strengthen its catalog's attractiveness.

Similarly, the launch of free interactive channel packages financed by targeted advertising (FAST channels) aims to improve the economic competitiveness of telecom operator bundles and their attractiveness to an audience accustomed to YouTube-type content.

In the United Kingdom, Netgem is one of Everyone TV's preferred partners and should benefit from the momentum of the launch of the new "Freely" products⁵ with, as a result, an increase in its subscriber base and associated revenues. The acquisition of new operators is also expected in this strategic territory with several discussions currently being finalized.

If these business prospects are encouraging, Netgem remains cautious about the development of its activity and anticipates a confirmation of first-half trends throughout 2025.

³ Press release of October 24, 2024: Netgem acquires Gamestream's Cloud Gaming activities

⁴ Press release of February 12, 2025: Sonatel and Netgem launch the first Cloud Gaming service in West Africa

⁵ Press release of July 31, 2025: Freely announces move into streaming devices

In terms of results, the Group remains fully confident in its ability to generate operating profit and free cash flow over the entire 2025 financial year that are significantly higher than in 2024.

For Mathias Hautefort, CEO of Netgem group, *“over the past few years, Netgem has returned to a positive trajectory in terms of profitability and cash generation. This performance was based on the continued mobilization of our teams to face a rapidly changing market. We have chosen to act, invest, and transform ourselves. Our new offers are here and their adoption is beginning. We have the expertise and the resources to support the necessary evolution of the offers of our customers, telecom operators and content publishers, in France and internationally.”*

2025 Financial Communication Calendar

- Update for the 3rd quarter of 2025: Thursday, October 16, 2025 before stock market opening

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About Netgem

Netgem is a technology and services provider for the video entertainment industry. Netgem's activity revolves around two product platforms : upstream, services to entertainment content publishers grouped under the Eclair brand and downstream, the management of Streaming services, which offers content and technologies to telecom operators under the PLEIO brand. The common objective of the two product lines is to help our customers provide entertainment offers accessible to all, as reflected in the Group's baseline "everyone's entertained".

NETGEM shares are listed on Euronext Growth (ISIN: FR0004154060, Reuters: ETGM.PA, Bloomberg: ALNTG FP).



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FINANCIAL APPENDICES

Cash flow for the first half of 2025 (unaudited)

IFRS DATA in millions of euros	2025 H1	2024 H1
Cash flow from operations (A) (*)	1.0	4.5
Of which :		
Self-financing capacity before payment of tax	2.4	4.0
Tax paid	0.0	(0.1)
Decrease (increase in working capital)	(1.4)	0.6
Cash Flow from investments (B)	(1.0)	(4.1)
Operating Cash Flow (A+B) (*)	(0.1)	0.4
Cash Flow from financing (C) (*)	(1.8)	(1.8)
Of which :		
Dividends	(1.7)	(1.7)
Capital increase	-	-
Issues/Repayments of loans and financial debts	(0.1)	(0.2)
Discontinued operations & currency variation (D)	-	-
Net cash variation (A+B+C+D)	(1.9)	(1.4)

(*) excluding impact of IFRS 16

Equity and debt, net cash (unaudited)

IFRS DATA in millions of euros	June 30 2025	December 31, 2024
Equity and debt		
Equity, Group share	23.6	25.0
Current and non-current financial liabilities	0.3	0.5
Net cash flow analysis		
A - Liquidity	5.1	7.0
B - Current financial liabilities	0.3	0.3
C- Current net cash flow (A)-(B)	4.8	6.8
D - Non-current financial liabilities	0.1	0.2
E - Net cash (C)-(D) before IFRS 16 impact	4.8	6.5
F - Impact norme IFRS 16	1.9	0.5
G - Net Treasury (E)-(F)	2.9	6.0