

Press release

Half-year results 2022 and Outlook

+28% annual growth in the number of subscribers: Objective confirmed of half a million subscribers at the end of 2022

- ✓ **411,000 subscribers**¹ at the end of June 2022, the result of the deployment of NetgemTV offers with telecom operators and video service providers.
- ✓ This level of activity, combined with good control of costs and customer margins despite the current inflationary context, is reflected in the **growth in turnover (+11%), gross margin (+7%) and EBITDA (+60%)** compared to 2021.
- ✓ In the United Kingdom, commercial launch of **TalkTalk TV+ powered by Netgem**, with the first integration of the Tik Tok social network.
- ✓ In France, launch of **Gaumont Classique** and strengthening of the partnership with the Oceinde group with a view to providing **ZeopTV powered by Netgem** to its Very HighSpeed subscribers.

Paris, July 29, 2022

On July 28, 2022, Netgem's Board of Directors approved the accounts for the first half of 2022.

For Mathias Hautefort, CEO of Netgem, *"Our Content-as-a-service strategy is paying off, semester after semester. All the financial indicators are growing, such as the number of our partnerships with operators and publisher. We confirm the objective of half a million subscribers in 2022."*

Activity and Outlook

On the French market, the group signed an agreement strengthening its partnership with the Reunionese operator Zeop. From the 4th quarter of 2022, the Netgem group will operate under the brand **ZeopTV powered by Netgem** the television offers intended for Zeop's 100,000 Very High Speed subscribers. This agreement initially covers Reunion Island and is intended to extend to other territories in the Indian Ocean. Due to the synergies, this agreement will contribute to the Group as soon as 2023.

¹ includes any end-user subscriber of the services of the Netgem platform, subject to invoicing, either indirectly (B2B and B2B2C modes), which is the main axis of development of the group, or directly (B2C mode).



This partnership illustrates Netgem's ability to take over the management of existing customer bases, opening up prospects for other similar operations in Europe.

In France, the Group has identified the market for video service providers as an area of development complementary to that of service to telecom operators. Its commercial conquest efforts have yielded initial results with new reference customers such as Gaumont Classique launched in May 2022, and it is studying various options for accelerating in this sector through organic or strategic growth.

In the Nordic region, deliveries to the operator Elisa for its Premium offer Elisa Viidhe in Finland will remain strong throughout the year.

In the United Kingdom, the Group anticipates an acceleration of the deployment of TalkTalk TV *powered by Netgem*, thanks to the opening of new distribution channels and the improvement of the content offer with the launch of NowTV.

In these conditions, Netgem is able to confirm its objective of half a million subscribers to its services by the end of 2022, leading to the improvement of its key financial indicators.

The Group is little impacted by the Russo-Ukrainian conflict. In the global inflationary context which has repercussions on internal costs and the increase in certain transport costs, as well as the negative effects of the dollar/euro parity, it has taken a series of pricing measures with its customers. It also anticipated the purchase of component stocks to secure its supplies for the whole of 2022 and the first half of 2023, with an upward impact on the working capital requirement over the past half-year.

Results for the 1st half of 2022

IFRS DATA in million of euros	2022 S1	2021 S1	CHANGE
Revenue	16.3	14.7	+11%
Gross Profit	9.6	9.0	+7%
Opex	(6.5)	(7.0)	-7%
EBITDA	3.2	2.0	+60%
Current operating income	(1.3)	(2.2)	+41%

IFRS DATA in million of euros	2022 S1	2021 S1
Operating result	(1.3)	(2.1)
Financial result	(0.1)	(0.0)
Taxes	0.0	0.0
Net result (Group share)	(0.5)	(1.0)

Growing subscriber base and revenue; improvement in profitability

The total number of subscribers to the group's services stood at 411,000 at the end of the past half-year, up by 48,000 in the first half of 2022 and by 91,000 compared to the end of June 2021, i.e. an increase of 28 % over a full year.

Revenue for the first half of 2022 was €16.3 million (H1 2021: €14.7 million), an increase of 11% compared to the same period in 2021. This growth is reflected in a 7% increase in gross margin to €9.6 million. Compared to the second half of 2021, the change is more marked for both revenue (+20%) and gross margin (+12%) due to a strong rebound in activity at the start of 2022.

Due to the control of operating costs, this semester is reflected in a 60% growth in EBITDA, which stands at €3.2 million (H1 2021: €2.0 million).

Current operating income amounted to €(1.3) million (H1 2021: €(2.2) million). The latter remains impacted by the depreciation of assets identified as part of the entry of Vitis into the consolidated scope, most of which ends in 2022, as well as the depreciation of equipment provided to new subscribers. Net income Group share² also improved and amounted to €(0.5) million compared to €(1) million for the first half of 2021.

² after taking into account minority interests (Caisse des Dépôts and Groupe Océinde) in the French subsidiary Vitis, 55% owned by Netgem as of June 30, 2022

Cash flows for the 1st half of 2022

IFRS DATA in million of euros (unaudited)	2022 S1	2021 S1
Cash Flow from operating activities (A) (*)	3,3	3,3
Of which:		
Cash flow before tax payment	3,0	1,7
Paid Tax	-	-
Reduction (increase) in WCR	0,3	1,6
Cash Flow from investments (B)	(3,6)	(3,6)
Operating Cash Flow (A+B) (*)	(0,3)	(0,2)
Cash Flow from financing (C) (*)	(1,0)	(2,3)
Of which:		
Dividends	(0,9)	-
Net purchase of treasury shares	0,2	-
Issuance/Redemption of borrowings and financial debt	(0,3)	(2,4)
Net change in cash (A+B+C)	(1,3)	(2,6)

(*) before IFRS 16 impact

The Group's activity generated €3.3 million in cash in the first half of 2022 as in 2021 over the same period, despite the impact of a €1 million cash advance made for the payment of components in order to secure deliveries in the 3rd quarter of 2022. Cash flow from investments amounting to €3.6 million mainly include capitalized equipment due to the growth in the subscriber base. Cash flow from financing mainly reflects the payment of the annual dividend in June 2022.

Equity and debt, net cash

IFRS DATA in million of euros	06/30/2022	12/31/2021
Equity and debt		
Equity, Group share	23,0	24,0
Current and non-current financial liabilities	1,7	2,0
A- Cash	5,1	6,4
B- Current financial liabilities	1,6	1,8
C- Current net cash (A) - (B)	3,6	4,6
D- Non-current financial liabilities	0,2	0,2
E- Net cash (C)-(D) before IFRS 16 impact	3,4	4,4
F- IFRS 16 standard impact	0,2	0,4
G- Net cash (E)-(F)	3,2	4,0

At June 30 2022, gross cash stood at €5.1 million and net cash at €3.2 million.

Financial communication calendar

- Trading update Thursday October 20, 2022, before market

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About Netgem

With more than 25 years of experience in the digital entertainment market, Netgem has gained recognition from the largest international publishers for the secure distribution of their digital content and has the know-how and legitimacy to operate services for leading distributors such as telecommunications operators.

Netgem offers its customers, players in digital video entertainment, services enabling them to enhance the value of their intangible assets (content, brand and customers).

These services are based on the proprietary NetgemTV software platform. They enable the complete "end-to-end" management of the streaming video and television offer accessible from all screens. In this, they respond to the Over The Top evolution of consumer usage.

Netgem deploys NetgemTV according to a B2B model operated in the cloud "as-a-Service". This model does not require investment in infrastructure and generates recurring revenue over time, indexed to the number of end active subscribers.

Netgem is listed on Euronext Growth.

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



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