

Press release

Half-year results 2024 and Perspectives

Recurring revenue +16%, EBITDA +5%, current operating income +250%
vs. H1 2023

Paris, July 31, 2024,

The Netgem Board of Directors held on July 30, 2024 approved the accounts for the first half of 2024.

For Mathias Hautefort, CEO of Netgem Group, *"In the first half of 2024, we confirmed the improvement of our key financial performance indicators. Our positioning in the "Entertainment Technology" market is delivering results and has allowed the Group to diversify with new revenue streams, across telecom operators as well as content publishers."*

Activity and Outlook

In the first half of 2024, the Group focused on innovation, commercial development and winning new customers:

- The Group's Media services continue their development by carrying out, among other activities, digital services for films such as *Dead For A Dollar*, *Bolero* and *Cocorico*, and are also strengthening their international activity with the delivery of Amazon packages in the LATAM zone.
- The TV subscriber base continues to grow thanks to the dynamic of fibre partners in the United Kingdom and will strengthen in the second half of the year with the launch of new alternative operators, notably BRSK (Better TV) and ATI Fibernet (Just TV).
- The "Cloud Gaming" offering continues to grow with the extension of mobile games in a "Super App" that unifies TV Streaming and Gaming, and the growth of the Bouygues Telecom and zeop subscriber bases.
- Netgem extended the distribution agreements for its aggregation service for telecom operators of FAST channels (linear thematic streaming channels funded by dynamic Ad insertion), "FAST Lane", to French-speaking territories (France,

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Réunion, Switzerland) by relying on the content from its French-speaking and Anglo-Saxon producing partners.

- Commercial activity is sustained thanks to Netgem's participation in numerous Industry events in Europe, feeding a pipeline of operators looking for innovative solutions, in particular enhanced with Cloud gaming and FAST channels. Netgem is also nominated in 6 categories for the CSI Awards at the next IBC in September 2024 including "Best interactive TV technology" for cloud gaming and "Best FAST innovation" for its FAST Lane service.

All of these initiatives allow the group to confirm its objective of growing recurring revenues and improving its profitability in 2024.

The Group is also continuing its CSR policy in 2024, with particular objectives of limiting its carbon impact, improving gender parity and sharing value between the Group's shareholders and its employees.

Results for the first half of 2024 (unaudited)

IFRS DATA in millions of euros	2024 H1	2023 H1	EVOLUTION
Revenue	16.7	18.1	-8%
of which recurring revenue	11.7	10.1	+16%
Gross profit	11.7	10.0	+17%
Opex	7.7	6.2	+24%
EBITDA	4.0	3.8	+5%
current operating income	0.7	0.2	+250%

IFRS DATA in millions of euros	2024 S1	2023 S1
Operating income	0,8	0,1
Financial income	-	(0,1)

Taxes	-	-
Net profit (Group share)	0,8	(0,1)

Growth of key performance indicators

Recurring revenue in the first half of 2024 stands at €11.7 million (H1 2023: €10.1 million), an increase of 16% compared to the same period in 2023. This increase in recurring revenue did not fully offset the anticipated decrease in non-recurring revenue (disengagement from hardware activities finalised in H1 2024), and consequently total revenue is down 8%.

Since the recurring activity has a gross margin higher than that of the non-recurring activity, gross profit grew by 17% and the gross margin increased from 55% in the first half of 2023 to 70% in the first half of 2024.

Thanks to the ongoing control of operational costs (which include restructuring costs of €0.2 million in the first half of 2024) associated with the growth in gross profit, this half-year results in EBITDA growing by 5% and amounting to €4.0 million (S1 2023 : €3.8 million).

Current operating income is also improving and amounts to €0.7M over the past half-year compared to €0.2 million over the same period in 2023. Finally, the group's share of net profit, also up, amounts to €0.8 million over the first half of 2024 against (€0.1) million in the first half of 2023.

The Group's activity generated €4.5 million in cash over the first half of 2024, including a self-financing capacity of €4.0M.

Investment-related cash flows, which amounted to (€4.1) million, mainly include capitalised equipment linked to the growth of the subscriber base and investments made as part of the restructuring of Eclair activities.

Operating cash flows amount to €0.4 million over the first half of 2024 compared to (€0.5) million over the same period in 2023. Financing cash-flows which amount to (€1.8) million essentially correspond to the payment of the annual dividend in June 2024.

As at June 30, 2024, gross cash stands at €5.2 million (€6.6 million at the end of 2023) and net cash (before IFRS16 impact) at €4.5 million (€5.7 million at the end of 2023).

Financial communications calendar

- Activity point Friday October 18, 2024, before market close

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About Netgem

Netgem supports the audiovisual sector in its digital transformation and is a key partner for telecoms operators and media groups in developing new immersive entertainment solutions. Netgem is the publisher of the digital entertainment service netgem.tv, distributed through a network of fixed and mobile telecoms operators in Europe, under the operator's brand (B2B2C model) to more than 700,000 subscribing households.

Netgem is listed on Euronext Growth.

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



FINANCIAL APPENDICES

Cash flow statement for the first half of 2024 (unaudited)

IFRS DATA in millions of euros	2024 H1	2023 H1
Cash Flow linked to activity (A) (*)	4.5	4.6
Of which :		
Self-financing capacity before payment of tax	4.0	4.6
Tax paid	(0.1)	-
Decrease (increase in working capital requirement)	0.6	-
Cash Flow linked to investments (B)	(4.1)	(5.2)
Operating cash flow (A+B) (*)	0.4	(0.5)
Cash Flow linked to financing (C) (*)	(1.8)	3.2
Of which :		
Dividends	(1.7)	(1.5)
Increase in capital	-	5.0
Issues/Repayments of loans and financial debts	(0.2)	(0.3)
Discontinued activities & currency variation (D)	-	-
Net cash change (A+B+C+D)	(1.4)	2.7

(*) excluding IFRS 16 impact

Equity and debt, net cash (unaudited)

IFRS DATA

in millions of euros

June 30, 2024

December 31,
2023

Equity and debt	June 30, 2024	December 31, 2023
Equity, Group share	24.3	25.1
Current and non-current financial liabilities	0.7	0.9
Net Cash Analysis		
A - Liquidity	5.2	6.6
B - Current financial liabilities	0.4	0.4
C- Net current cash (A)-(B)	4.9	6.2
D - Non-current financial liabilities	0.3	0.5
E - Net cash (C)-(D) before IFRS 16 impact	4.5	5.7
F - IFRS 16 impact	0.8	1.1
G - Net cash (E)-(F)	3.7	4.6