

Press release

Annual results 2023 and objectives for 2024

Accelerating growth in all profitability indicators

**Recurring revenue +55%, EBITDA +14%, Net cash +16%,
positive current operating income**

Annual dividend of 5 euro cents per share



Paris, March 28, 2024,

The Netgem Board of Directors met on March 27, 2024 and approved the accounts of the 2023 financial year. The Group posts 2023 results which show the acceleration of all profitability indicators. The Board specifies its outlook for 2024:

- Positioning refocused in the market for video entertainment technological services and solutions ("*Entertainment Tech*"),
- Balance sheet able to finance its strategy of innovation and targeted external growth,

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- Proactive approach to social and environmental responsibility,
- Objective of 10% growth of its recurring revenues in 2024, with an improvement in profitability and cash flow generation indicators.

Highlights 2023

Thanks to its range of services and technologies, the Group is now firmly positioned in the digital entertainment services and technologies market.

The numerous strategic and operational achievements of 2023 have consolidated this “Entertainment Tech” positioning, expanding the potential of Netgem, and opening up to markets other than the traditional one of telecom operators:

- The sale of the Fiber activity which seals the Group's exit from B2C telecoms activities;
- The acquisition of the Eclair companies in July which consolidates the diversification of services to French and international content publishers and contributes €2.5 million to revenues (including €1.3 million to recurring revenues);
- Development of the *offercloud gaming* giving an additional dimension to the Netgem platform;
- The simplification of the Group's scope with the acquisition of minority shareholders in the subsidiary Vitis (consequently renamed Netgem France);
- A private placement of €5 million, subscribed in particular by theCash registerDeposits which today holds more than 7% of the capital of Netgem.

2023 results

IFRS DATA in millions of euros	2023	2022	Change
Revenues	35.6	36.3	-2%
Of which recurring	22.3	14.4	+55%
Of which non-recurring	13.3	21.9	-39%
Gross profit	22.0	20.1	+10%
Opex	(14.2)	(13.2)	+7%
EBITDA	7.8	6.8	+14%
Current operating income	0.4	(2.1)	

Acceleration of growth in all profitability indicators.

The revenues for the 2023 financial year amount to €35.6 million (-2%) and the gross margin to €22 million (+10%). Recurring revenues amount to €22.3 million, up 55% compared to the previous financial year, reflecting the positive dynamic of on-board growth. If the increase in recurring revenue, a source of growth for the future, has not entirely compensated in 2023 for the expected decline in non-recurring revenues, the on-board growth¹ is in a positive dynamic as illustrated by the progression of the subscriber base (up 33% over the financial year), with at the end of 2023 more than 677,000 netgem.tv subscribers, managed on behalf of around twenty fixed telecommunications operators in Europe.

EBITDA increases by 14%, going from €6.8 million in 2022 to €7.8 million in 2023 thanks to the combined effects of gross margin growth and control of operational costs. Current operating income is clearly improving, becoming positive in 2023 to reach €0.4 million compared to a loss of €2.1 million in 2022. This positive result is linked both to the growth in

¹ Based on December 2023 revenues, the ARR (annual recurring revenue) amounts to €24 million.

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Ebitda but also to the drop in depreciation charge.

IFRS DATA in millions of euros	2023	2022
Operating income	0,3	(2,2)
Financial income	(0,1)	(0,1)
Taxes	0,4	1,0
Overall net income	0,7	(1,3)
Net income (Group share)	0,5	0,1

The operating income is also clearly improving and amounts to €0.3 million over the past financial year against a loss of €2.2 million over the previous financial year. Finally, the Group's net income, also up, amounts to €0.5 million for the year compared to €0.1 million in 2022.

Cash flow and balance sheet

The Netgem Group finances its endogenous growth, its innovations and targeted acquisitions thanks to its solid balance sheet, its ability to generate cash-flow and its renewed shareholder base, including first-rank investors with knowledge of its markets and businesses.

The Group's activity generated €5.2 million in cash in 2023, including a self-financing capacity of €8.0 million, a clear improvement compared to the previous financial year (€6.8 million in 2022). The variation in working capital requirements is significant mainly due to the payment delay of a customer which was completely resolved as of February 2024.

The investment cash-flows which amounted to €7.9 million in 2023 essentially include the purchase of the companies EP and EDS, the acquisition of the minority shareholders of Vitis, the payments received from the sale of the consumer fiber activity to Nordnet and the purchase of fixed equipment in line with the growth in the number of subscribers.

Financing cash-flows reflect mainly the payment of the annual dividend of €1.5 million in June 2023 and the capital increase of €5 million.

At the end of December 2023, the Group's gross cash position amounted to **€6,6 million** (2022: **€6,2 million**). Net cash (before IFRS16 impact) of €5.7 million increased by €0.8 million over the past financial year.

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The audit procedures for the 2023 annual accounts have been carried out and the auditors' report relating to their certification is being issued.

Dividend

Given the Netgem Group's ability to generate a steady cash flow, the Board of Directors will propose to the Shareholders Meeting to renew the dividend of 5 euro cts per share.

Social and environmental responsibility

For several years, the Group has initiated a proactive approach in terms of social and environmental responsibility.

This approach, which earned Netgem the Ethifinance Gold rating (score 73/100) in 2023, is continuing with new actions such as:

- sharing the value created with the Group's employees by implementing in 2024 of a "value-sharing bonus" of €1,000 concerning 80% of the workforce;
- the eco-responsible investment project for the Eclair Préservation activity site in Augy (Yonne) newly acquired in July 2023, with the aim of creating a digital hub powered by renewable solar energy.

Perspectives for 2024

Netgem confirms its recurring revenue growth objective of around 10% in 2024

This growth will be supported by all of the Group's activities, in France and internationally, and in particular by the prospects of gaining new customers thanks to new products launched in 2023 in the areas of *cloud gaming* and *FAST channels* aimed at telecom operators, and new media clients through the Eclair Preservation by Netgem and Eclair Valorisation by Netgem product lines.

Netgem successfully launched in March 2024, with the operator Zeop, and in partnership with Gamestream, the first service that unifies TV, streaming and cloud gaming.

The Group also intends to continue the simplification of its organization, particularly following the changes in scope that occurred in 2023, leading to a significant reduction in its overheads as soon as 2024.

The Group should therefore further improve its profitability and cash flow generation

indicators in 2024.

It has thus given itself the means to also pursue an acquisition policy which will allow it to further strengthen its position in its *digital entertainment technology* market.

Mathias Hautefort, CEO of Netgem, declares: *“The operations of the past year have placed us firmly in the market for technologies and services to the video entertainment industry. Our business is profitable, debt-free and has excellent visibility thanks to the strong recurrence of our revenues. The reduction in our capex in the Telecom (iptv) segment will allow us to generate increasing free cash flow in the coming years. Our priority is to reinvest these cash flows in accelerating our growth, either endogenous or through external growth”.*

Financial communications calendar

- | | |
|------------------------|--------------------------------------|
| - Update Q1 2024 | Thursday May 30, 2024 |
| - Shareholders Meeting | Thursday May 30, 2024, 2:30 p.m. CET |
| - H1 2024 results | Wednesday July 31, 2024 |
| - Update Q3 2024 | Friday October 18, 2024 |

The press releases are distributed before market closing.

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About Netgem

Netgem supports the audiovisual industry in its digital transformation and establishes itself as an essential partner for telecom 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 telecom operators in Europe under the operator's brand (B2B2C model) to over 670,000 subscribed households.

Netgem is listed on Euronext Growth.

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



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FINANCIAL ANNEXES

Cash-flow statement

IFRS DATA in millions of euros	2023	2022
Cash-flow from operations (A)(*)	5.2	6.6
Of which :		
Self-financing capacity before payment of tax	8.0	6.8
Tax paid	-	-
Decrease (increase) in WCR	(2.7)	(0.3)
Cash-flow from investments (B)	(7.9)	(6.0)
Operating cash-flow (A+B) (*)	(2.7)	0.5
Cash-flow from financing (C) (*)	3.1	(0.8)
Of which:		
Dividends	(1.5)	(0.9)
Net purchase of treasury shares	0.2	(0.2)
Issues/Repayments of loans and financial debts	(0.5)	0.2
Increase in capital	4.9	-
Net cash change (A+B+C)	0.4	(0.3)

(*) excluding IFRS 16 restatement.

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Equity, debt and net cash analysis

IFRS DATA

in millions of euros

2023

2022

Equity and debt

Equity, Group share	25.1	23.5
Current and non-current financial liabilities	0.9	1.3
Net Cash Analysis		
A - Liquidity	6.6	6.2
B - Current financial liabilities	0.4	0.5
C- Net current cash (A)-(B)	6.2	5.7
D - Non-current financial liabilities	0.5	0.8
E - Net cash (C)-(D) before IFRS 16 impact	5.7	4.9
F - Impact of IFRS 16 standard	1.1	1.6
G - Net cash (E)-(F)	4.6	3.3

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