

Press release

2021 Results and 2022 Objectives

2021 Results

Growth of more than 30% in the number of subscribers to 363.000 at year-end
 Operational performance up sharply: EBITDA of €4.3m (x 4.8)
 Increase in net cash to €4.0 million (+€2.2 million)
 Resumption of dividend payment

2022 objectives

Another year of growth with half a million subscribers at year-end

Paris, March 31, 2022,

Netgem's board of directors met on March 30, 2022 and approved the 2021 accounts.

Results 2021

IFRS data in millions of euros	2021	2020	Change
Revenue	28.3	30.3	-6%
Gross profit	17.6	15.9	+11%
Opex	(13.3)	(15.0)	-11%
Ebitda	4.3	0.9	+378%
Current operating income	(4.4)	(6.0)	+27%

In 2021, Netgem successfully deployed its "Content-as-a-service" offer in its main markets:

- ✓ In the Nordic countries, Netgem supported the strong growth of its partner Elisa Viihde's Premium TV offer, despite tensions over the availability of components,
- ✓ On the British market, the NetgemTV offer enjoyed a year of commercial success, with many alternative fiber operators, and with *TalkTalkoperator Tier 1*
- ✓ On the French market, Netgem launched several new "OTT" services such as Viva by VIDEOFUTUR.

The total number of subscribers¹ to the Group's services reached 363,000 at the end of December, up more than 30% over the year. Over the past financial year, Netgem achieved consolidated revenue of €28.3 million. Gross profit growth over the period was 11% to reach €17.6 million, more than 90% of which was recurring revenue.

EBITDA rose from €0.9 million to €4.3 million (+378%) thanks to the combined effect of growth in the gross profit and the cost reduction plan. Initiated in March 2020 as part of the ONE NETGEM plan, this bore fruit for a full year in 2021, with operating costs down 11%. Current operating income of -€4.4 million is up by €1.6 million. The increase in depreciation

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



- essentially due to the capitalization of equipment provided to new customers as part of service offers - reflects the growth of the subscribers base over the past two years. They also include €2 million in depreciation on assets identified as part of the entry of Vitis into the consolidated scope in January 2020.

IFRS data in millions of euros	2021	2020	Change
Operating result	(3.7)	4.2	-187%
Financial result	(0.1)	(0.1)	-
Taxes	0.5	-	+3106%
Net result (Group share)	(1.3)	7.2	-118%

Operating result amounts to - €3.7 million over the past financial year compared to +€4.2 million over the previous financial year. As a reminder, in 2020 it included the capital gain of €10 million recognized for the impact of the entry of Vitis into the consolidated scope. Excluding this accounting treatment, the operating result of -€3.7 million compares to -€5.8 million, thus improving by €1.9 million.

Net income Group share amounted to -€1.3 million due to minority interests (Caisse des Dépôts and Océinde) in the Vitis subsidiary, which was 53% owned by Netgem SA at 31 December 2021.

IFRS data in millions of euros	2021	2020
Cash flow from operating activities (A) (*)	6.0	3.8
Of which:		
Cash flow before tax payment	5.1	1.0
Reduction (increase) in WCR	0.9	2.8
Cash flow from investments (B)	(6.8)	(6.0)
Operating cash flow (A+B) (*)	(0.9)	(2.3)
Cash flow from financing (C) (*)	(2.9)	4.0
Of which:		
Dividends	-	-
Capital increase	-	0.3
Net purchase of treasury shares	0.2	-
Issuance/Redemption of borrowings and financial debt	(3.1)	3.7
Discontinued operations & currency variation (D)	-	-
Net change in cash (A+B+C+D)	(3.7)	1.7

(*) Excluding IFRS 16 restatement

Group activity generated €6.0 million of cash in 2021, compared to €3.8 million in the previous financial year, up 58% due to the increase in EBITDA.

Investment flows amounted to €6.8 million in 2021. They mainly included costs related to the growth of the subscriber base, in particular equipment that was capitalized.

Cash flows related to financing for -€2.9 million reflect the repayment of the loan contracted in anticipation of the repayment of debts owed by the French State in respect of the research tax credit and of loans from a credit institution and the BPI.

IFRS data in millions of euros	12/31/21	12/31/20
Equity and debt		
Equity, Group share	24.0	24.3
Current and non-current financial liabilities	2.0	7.5
Analysis of net cash		
A. Cash	6.4	10.2
B. Current financial liabilities	1.8	6.1
C. Current net cash (A) - (B)	4.6	4.1
D. Non-current financial liabilities	0.2	1.4
E. Net cash (C)-(D) before IFRS 16 impact	4.4	2.7
F. IFRS 16 standard impact	0.4	0.8
G. Net cash (E)-(F)	4.0	1.8

Net cash improved by €2.2 million over the past financial year, mainly due to the redemption in Vitis shares of the bond contracted with Caisse des Dépôts and to the repayment of the loan linked to the research tax credit as described below. above.

Dividend

Confident in the Group's strategy and ability to generate operating cash in its "Content-as-a-service" economic model, the Board of Directors will propose to the General Meeting to resume the payment of a dividend of 3 euro cents per share.

Perspectives 2022

Ukraine

The group is not directly impacted by the crisis, having no activity in either Ukraine or Russia, and has taken a series of measures to secure possible risks on the transport or supply of certain components.

Price inflation

In an inflationary context, Netgem obtained price readjustments from its customers to preserve the profitability of its contracts and also continues to tightly control its cost structure.

2022 objectives

In 2022, Netgem's objective is to exceed half a million subscribers. In addition to major agreements with Elisa in the Nordic countries, *Talk Talk* in the United Kingdom, "OTT" services in France such as Viva by VIDEOFUTUR or ZeopTV, Netgem intends to continue to sign agreements with other alternative operators and to strengthen its platform with new content publishers. In the first quarter of 2022, NetgemTV is thus the first multi-screen TV streaming platform to integrate the TikTok service on its boxes as part of the TalkTalk deployment.

The group is targeting continued growth over the year, positively impacting revenue, gross profit, EBITDA and operating cash generation.

For Mathias Hautefort, CEO of Netgem, *"I would like to thank all the Netgem teams and our partners for their efforts which have led to a marked growth dynamic in 2021 which should continue in 2022, and for the resulting good financial results. The outsourcing of all or part of TV and video services by telecom operators is a strong and long-lasting trend, as it improves their financial indicators and customers satisfaction. Netgem is a benchmark player in this market in Europe. 2022 is the year of commercial acceleration, endogenously and exogenously if opportunities arise."*

Financial communication calendar

- Annual general meeting and activity update Thursday, May 19, 2022
- H1 2022 results Wednesday, June 1, 2022
- Business update Thursday, October 20, 2022

Press releases are distributed before market opening.

The audit procedures for the 2021 annual accounts have been carried out and the report of the auditors relating to their certification is in the process of being issued.

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About Netgem

Netgem develops, markets and operates the NetgemTV digital entertainment platform which allows telecommunications operators and digital content publishers to create or boost their entertainment offers in streaming mode, accessible on all screens, supplemented if necessary by optimized WiFi SuperStream.

Netgem deploys NetgemTV in Europe and the United States, according to a B2B "Content-as-a-Service" model, requiring no infrastructure investment and generating recurring income over time, indexed to the number of active end-users.

With more than 25 years of experience in the digital entertainment market, Netgem has acquired the recognition of leading telecommunications operators, the know-how necessary to conclude agreements with the largest content owners, and the right combination of hardware and software technological skills to offer its customers the most robust solutions.

Netgem is listed on Euronext Growth.

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

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