

Broadpeak has published its full-year results

- **Revenue is down 6.8% (-5.5% at constant exchange rates) in a difficult sector environment since the second half of 2023**
- **Recurring revenues are up sharply (+41%), with gross margin rising to 76.2%**
- **EBITDA is close to breakeven after recognition of research tax credit (CIR)**
- **Outlook for 2024:**
 - Increase in revenue
 - Free cash flow in positive territory thanks to the ongoing savings plan

Cesson-Sévigné (France), 15 April 2024

Broadpeak (ISIN: FR001400AJZ7 – Ticker: ALBPK), a leading provider of video streaming software solutions, today published its full-year results for the 2023 financial year.

| In €k | 2022 | 2023 |
|--|---------|----------------|
| Revenue | 41,901 | 39,041 |
| Gross margin | 31,232 | 29,738 |
| Ebitda¹ before CIR² | 593 | (4,667) |
| <i>EBITDA after CIR</i> | 4,585 | (18) |
| Operating profit (loss) | (1,567) | (8,452) |
| Net income/(loss) | 1,430 | (4,237) |

¹ EBITDA: Earnings before interest, tax, depreciation and amortisation

² CIR: Research tax credit

Broadpeak's full-year revenue came to €39 million compared with €41.9 million in 2022, a decrease of 6.8%. At constant exchange rates¹, sales were down 5.5% in 2023.

This decrease resulted from a significant contrast in performance between the first half (+12.5%) and second half (-18.9%) of the year. During the second half, the Group was penalised by a difficult comparison base after the strong growth posted in the second half of 2022 (+19.6%). In particular, Broadpeak suffered from a tightening of business

¹At the average exchange rate observed on 2022 sales

conditions due to a strict wait-and-see attitude by TV and telecom operators (more than 80% of revenue).

By geographic region, APAC (Asia Pacific) kept up a sustained pace of growth in 2023 (+23.6% to €4.7 million) while sales in EMEA (Europe, Middle East & Africa) remained stable (+0.7% to €17.7 million). The Americas region (-18.8% to €16.7 million) suffered from a particularly high comparison base (+63% in 2022).

In terms of the product mix, the contribution from Licences & Services remained virtually stable at more than half of Group revenue (51.1%), while the share of equipment sales fell sharply to 16.2% (vs. 26.8% in 2022). There was a remarkable rise in recurring revenue (Maintenance & SaaS) in 2023 of 41% over the year, to 32.7% of total activity, reflecting good momentum in services provided to the installed customer base and the expansion of the SaaS offering (broadpeak.io) launched in early 2022.

Gross margin up, EBITDA close to breakeven after taking research tax credit into account

This change in the product mix had a mechanically favourable effect on the gross margin rate, which reached 76.2% in 2023, compared with 74.5% a year earlier. In absolute terms, the gross margin was €29.7 million.

EBITDA came to -€4.7 million for the year, compared with +€0.6 million in 2022. EBITDA restated for the research tax credit (CIR) amount of €4.7 million in 2023 (vs. approx. €3.9 million in 2022) was close to breakeven at -€0.02 million. It reflects an increase in personnel expenses (+19.5%) to €23.9 million related to an increase in the internal headcount, which rose from 190 to 218 employees in one year. The overall workforce, including external employees - consultants and service providers supporting the R&D and sales teams - was 332 (vs. 312 at end-2022). External services therefore represented a total budget of €10.8 million in 2023 (+14.8%), explaining most of the increase in other operating expenses (+9.7%) to €18.3 million.

The Group made an operating loss of €8.5 million after recognition of €3.8 million in depreciation, amortisation and impairment (vs. €2.2 million in 2022), mainly related to capitalised R&D costs. This change reflects an intense investment phase with a view to finalising the Group's structuring to prepare for future growth.

After factoring in the research tax credit (CIR), there was a net loss of €4.2 million (vs. net income of €1.4 million in 2022).

Increase in net debt linked to WCR

At 31 December 2023, Broadpeak had shareholders' equity of €23.8 million, compared with €28.0 million a year earlier. Available cash stood at €3.7 million (vs. €10.9 million at end-2022) while the Group's net debt stood at €8.2 million.

This change is attributable in particular to the sharp increase in working capital requirement (+37.2% to €12.9 million), in line with the increase in trade receivables (+23.5% to €19.1 million). As a reminder, the 2022 financial year was marked by a sharp contraction in trade receivables (-33%) following the implementation of a factoring contract, which continued at a much slower pace in 2023.

Free cash flow for the year was -€13.2 million. The Group aims to recover this as a priority for 2024.

Multicast ABR, SaaS, Cloud PVR: commercial ramp-up of flagship offers

During 2023, Broadpeak continued its strategy of consolidating its technological lead and commercial potential in order to be part of a sustainable growth trajectory beyond the current sector slowdown. This proactive strategy has enabled the Group to strengthen its positioning in several flagship offers, in particular through:

- **For Multicast ABR, increased penetration among Tier 1 operators.** This solution, whose technological lead is now undisputed, has been deployed in recent months by Orange in Spain, Bouygues Telecom (Bbox Smart TV offer) and América Movil in a third Latin American country. BT Group also announced the rollout of Broadpeak's Multicast ABR solution to make it available to several major TV channels and content providers in the UK in 2024.
- **For Broadpeak.io, a gradual ramp-up.** The SaaS platform, which has won ten new customers over the past year, was enhanced with the latest generation of the Dynamic Ad Insertion application (less intrusive advertising, easier use across multiple devices). At the beginning of April, moreover, the application integrated state-of-the-art Click2 technology which enables better targeted advertising and unprecedented viewer interaction with ads. The result is significantly increased monetisation potential, for both operators and streaming platforms. There is strong interest currently from these two customer bases in the Dynamic Ad Insertion application.
- **For Packager/Cloud PVR, various commercial gains.** Having won Gold at the Digital Media World Awards in the cloud category, this solution was chosen in 2023 by several operators including ORS Group (Austria), Taiwan Mobile, Izzi Telecom (Mexico), to name a few. This positive momentum is expected to continue in the current financial year.
- **For the "advanced CDN" solution, confirmation as a lead runner.** Broadpeak's ultra-dense solution, which won Gold at the Digital Media World Awards 2023

in the streaming category, enables operators to cope with growing streaming demand while limiting the impact on their budget and the environment.

At the same time, multiple partnerships were formed to strengthen Broadpeak's value proposition over time. The Group notably signed a partnership with Interdigital on the large-scale streaming of MPEG immersive content in visual volumetric video-based coding (V3C) and initiated a collaboration with Microsoft Azure and Deutsche Telekom Global Carrier to trigger a bandwidth boost for mobile users during network traffic peaks.

2024: return to positive free cash flow thanks to a savings plan

Bolstered by its strengthened technological positioning, and despite still limited visibility on business conditions, Broadpeak expects a return to revenue growth in 2024. This growth will be driven in particular by the finalisation or ongoing finalisation of several major contracts that were pending at the end of 2023. Additionally, the Group is expected to reap the benefits of the new sales structure put in place in 2023, which in particular involved the appointment of regional managers and the hiring of sales specialists for streaming platforms.

In the current year, the Group also plans to bring its free cash flow into positive territory. This will be possible through a savings plan following two intense years of R&D investments and commercial expenses to help the Group complete the structuring efforts necessary for its future growth.

The savings plan, which is focused on external services, is under way and is expected to start showing results from the second quarter of 2024. In particular, external R&D spending will be reduced to a more normative level, with a focus on the most promising technologies. Meanwhile, Broadpeak will observe very strict discipline on all costs in order to preserve its cash flow. A firm policy will also be implemented to limit late payments by customers.

As indicated during the publication of full-year revenue, the growth lag seen in 2023 means that Broadpeak will not be able to meet the financial targets set at the time of its IPO, i.e. revenue of €100 million and an EBITDA margin of 20% by 2026. In a still uncertain economic and sector environment and given the ongoing rollout of the savings plan, Broadpeak plans to communicate its new medium-term targets to investors when it publishes its interim results on 26 September.

Upcoming events:

- 1st quarter revenues : 29 April 2024, after market close

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About Broadpeak

Since its creation, Broadpeak has grown with a sole purpose in mind: to roll out software solutions worldwide streaming content that people love with a compelling quality of experience. These solutions target the world's leading players, including large TV and telecom operators and global broadcasting platforms (OTTs), as well as new media in the corporate, sports and entertainment segments. At the end of 2022, Broadpeak had 150 customers across 50 countries, representing 200 million spectators worldwide. These include leading players such as Bouygues Telecom, Orange, Telecom Italia, Deutsche Telekom, BT Group, HBO, Mola TV, StarHub TV+ and Megacable. Broadpeak has more than 320 employees in 23 countries. The company is mainly based in France (head office in Cesson Sévigné near Rennes) but is also

present in the United States (Denver), Canada (Ottawa), Brazil (Sao Paulo), Singapore and Dubai. Broadpeak generates approximately 90% of its revenue internationally.