

Broadpeak publishes its H1 2024 results and unveils a new strategic roadmap

- Limited decline in business activity (-5.0%) despite the difficult sector environment and a strong basis of comparison for the APAC region
- Further growth in recurring revenue (to 43.2% of total revenue) and gross margin (to 80.6%)
- Operating profitability including the seasonal effect and the decline in activity
- Sharp recovery in free cash flow to -€0.9m
- Annual targets maintained
- New ambitions for 2027:
 - Revenue > €50m, of which 50% recurring
 - EBITDA margin around 15%

Cesson-Sévigné (France), 16 October 2024

Broadpeak (ISIN: FR001400AJZ7 – Ticker: ALBPK), a leading provider of video streaming software solutions, is today publishing its results for first-half 2024. The financial statements were approved by the Board of Directors at its meeting on 16 October 2024 and were subject to a limited review by the Statutory Auditors.

In €k	H1 2023	H1 2024
Revenue	18,061	17,166
Gross margin As a %	14,253 78.9%	13,843 80.6%
EBITDA¹ before RTC²	-4,346	-4,223
<i>EBITDA after RTC</i>	-2,067	-1,854
Operating profit (loss)	-5,845	-6,607
Net income/(loss)	-3,680	-4,442

¹ EBITDA: Operating result Before Interest, Tax, Depreciation, and Amortisation

² CIR: Research Tax Credit

At 30 June 2024, Broadpeak revenue totalled €17.2m, compared with €18.1m in H1 2023, down 5.0%. Revenue at constant exchange rates¹ was down 5.6%. This trend results from both the persistent wait-and-see environment in the industry and a demanding basis of comparison, with revenue previously up 12.5%.

The impact of this basis of comparison was substantial in the APAC region, where after almost tripling (by 176% in H1 2023), revenue fell by 61.8% in H1 2024 to €1.2m. In the other geographical regions, business activity remained strong in H1 2024, both in the Americas (+10.9% to €8.3m), driven by several major contracts, and in EMEA (+3.6% to €7.6m).

The business mix also continued to trend positively over the period. Subsequent to a further decline in the contribution from equipment (to 10.1% of revenue), revenue from Licences & Services and Maintenance & SaaS accounted for nearly 90% of total business activity, i.e. €15.4m. Recurring revenue alone (Maintenance & SaaS) increased by 23% to €7.4m, accounting for 43.2% of total business at mid-year.

Further increase in gross margin rate

Slight reduction in EBITDA loss

The favourable change in the business mix limited the decline (-2.9%) in gross margin, which came out at €13.8m. This level reflects a further improvement in the gross margin rate, to 80.6% vs. 78.9% in H1 2023.

EBITDA, traditionally negative in the first half of the year owing to the unfavourable seasonality of business activity, stood at -€4.2m at 30 June 2024, compared with -€4.3m a year earlier. Restated for the research tax credit (RTC), which amounted to €2.4m over the period, Broadpeak EBITDA came out at -€1.9m, compared with -€2.1m in H1 2023.

The savings plan launched at the beginning of the year, the full effects of which will be felt in H2 2024, resulted in a reduction in the overall workforce (internal and external employees) at mid-year. The workforce stood at 310 at 30 June 2024, compared with 330 a year earlier. As announced in February, this effort was focused on external employees (consultants and service providers), the headcount of which fell by nearly a third (-31.6%) to 80. External services expenditure was thus reduced by 7.5% to €5.3m, generating an 11.1% decrease in "Other operating expenses" to €8.9m. Personnel expenses (excluding external employees) amounted to €13.0m over the period, compared with €12.3m in H1 2023.

Operating income amounted to -€6.6m in H1 2024 (compared with -€5.8 million in H1 2023), after recognition of €2.4m in depreciation, amortisation and impairment charges, mainly in connection with capitalised R&D costs.

¹ At the average exchange rate recorded on sales in fiscal 2023.

After taking into account the research tax credit (RTC) and financial expenses, which remain under control (-€0.2m), the Group's net income came out at -€4.4m (vs. -€3.7m).

Net recovery in free cash flow, financial structure under control

The recovery in free cash flow – a key Group priority in 2024 – was significant in H1 2024, coming out at -€0.9m, compared with -€5.1m a year earlier. This improvement was largely driven by net cash flow from operations. The latter amounted to +€4.9m over the period (-€1.1m previously), fuelled by the improvement in trade receivables underpinned by the rigorous management of receivables and payment deadlines, though with significant payments still pending.

On the balance sheet, shareholders' equity stood at €19.5m at 30 June 2024, compared with €23.8m at the end of 2023, while Group net debt totalled €8.8m (vs. €8.2m).

2024 : Full-year financial targets maintained

Broadpeak continues to operate in a difficult sector environment, marked by a wait-and-see attitude on the part of major customers, particularly telecoms operators. Nevertheless, the Group remains confident that it will achieve its target of a return to revenue growth over the full year. This outlook is supported by the orders already signed, which will drive business growth in the third quarter, and by further expected gains in sales, in particular on the Multicast ABR, Advanced CDN, Cloud PVR and Dynamic Ad Insertion offers.

Broadpeak is also confirming its guidance on positive free cash flow in 2024. This objective is secured by the sharp recovery already achieved in the first half of the year, while cost reductions will be stepped up in the second half of the year.

New three-year strategic roadmap

Consistent with the strategy announced at the time of its IPO, Broadpeak made significant investment efforts in 2022 and 2023, particularly in R&D, which now enable it to benefit from a well-established technological lead. The Group's portfolio of high-performance solutions perfectly addresses the new challenges of the global streaming market, driven by growing needs for performance and monetisation, the rise of SaaS, and more stringent environmental requirements.

Against this backdrop, the Group's current strategic priorities are aimed primarily at:

- **Providing new opportunities for loyalty and monetisation** to the three market targets (telecom operators, OTT platforms, new media) through the entire catalogue of Broadpeak solutions: Advanced CDN (outstanding image quality), Cloud PVR (extensive availability of millions of recordings), Multicast ABR (live streaming experience for very-high-audience content), Analytics (helping to improve customer satisfaction) and Dynamic Ad Insertion. The latter application, recently enhanced with Click2® technology, offers unparalleled

monetisation potential (targeting, interactivity) and is a powerful resource for renewing video campaigns.

- **Accelerating the roll-out of SaaS offers** to support the rapid ramp-up of OTT platforms and, in the medium term, new media (social networks, music streaming, etc.). broadpeak.io, launched in early 2022, has already developed powerful momentum, having won over 15 new customers in H1 2024 (vs. ten signatures in 2023), including TF1, which chose Dynamic Ad Insertion, in SaaS mode, for its new segmented advertising service on the TF1+ platform. The Advanced CDN solution, which Broadpeak has offered in SaaS version since spring, is also attracting significant interest.
- **Consolidating Broadpeak's leadership in energy efficiency.** With customers paying increasing attention to their streaming footprint, the Group is committed to constantly optimising its servers, software and services based on CDN. Two Broadpeak solutions in particular are unrivalled in terms of energy efficiency: Multicast ABR (significant bandwidth gains by eliminating traffic peaks during live broadcasts) and Advanced CDN (four times less energy intensive than the previous generation). Since the summer, all Broadpeak applications have also included a dashboard for monitoring energy consumption.

The Group has thus developed key competitive advantages as the streaming market enters a new growth cycle driven by monetisation and SaaS. Regarding its new roadmap, by 2027 the Group expects to broadly diversify its dominant sales model (software licenses) in favour of the SaaS offering and recurring revenue. This diversification will accompany that of clients through increased penetration of platforms and new media.

The Group's new roadmap is underpinned by a controlled expenditure structure, based on a technological offering now in place after the peak in investments reached in 2023.

Ambitions for 2027: over €50m in revenue and an EBITDA margin around 15%

Broadpeak's objective for 2027 is to exceed €50m in annual revenue, 50% of which recurring (SaaS and Maintenance), and achieve an EBITDA margin around 15%.

Upcoming event:

- 2024 3rd quarter Revenue: 6 November 2024, after market close

CONTACTS

BROADPEAK	FINANCIAL COMMUNICATION	FINANCIAL / CORPORATE PRESS
Investors@broadpeak.tv	marianne.py@seitosei-actifin.com	michael.scholze@seitosei-actifin.com
+ 33(0)2 22 74 03 50	+ 33(0)1 56 88 11 25	+ 33(0)1 56 88 11 14

Broadpeak, S.A., 3771 boulevard des Alliés,
35 510 Cesson-Sévigné, France
VAT Number FR49 524 473 063 – SIREN 524 473 063

Tel: +33 (0)2 22 74 03 50
www.broadpeak.tv

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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 2023, 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 300 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.