

FY 2023 RESULTS

- **FY revenues up 17% to €166.2m**
- **Gross margin up 6% to €53.3m**
- **Good operating profitability maintained against a backdrop of heavy investment**

Madrid, April 25, 2024 – 8:00am - ISPD (ISIN ES0109429037), a global cognitive marketing group, today presents its consolidated results for FY 2023, ending 31 December 2023.

In millions d'euros	2023	2022	Chge. %
Consolidated revenues	140.6	106.4	+32%
Net revenues ⁽¹⁾	140.0	105.9	+32%
Net pro forma revenues ⁽²⁾	166.2	142.2	+17%
Gross margin	53.3	50.2	+6%
Gross margin rate (% of net revenues)	32%	35%	-
Staff costs	(35.9)	(36.5)	-2%
Other operating expenses	(10.9)	(7.8)	+39%
EBITDA	6.8	6.8	+0%
Amortization and depreciation	(1.5)	(1.2)	+20%
EBIT	5.3	5.6	-6%
Financial income and expenses	(1.0)	0.0	
Consolidated income before tax	4.3	5.6	-23%
Tax expense	(1.4)	(1.2)	17%
Consolidated net income	2.9	4.4	-34%

(1) Revenues less volume discounts on ad sales

(2) Pro forma sales calculated by reintegrating the advertising space sales in Mexico, invoiced to clients directly by the publisher since the second half of 2021 under the new law on advertising transparency that has since been amended. ISPD Mexico started billing again advertising space to clients since October 2023.

"In 2023, we took advantage of the growth momentum generated by the relevance of our offering and our geographical positioning to strengthen the capabilities of our information systems in terms of automation, security and service, all with increasing use of AI. These investments have had a modest impact on our results for the year, but they strengthen our development prospects for the future," says Andrea Monge, CEO of ISPD.

Growth driven by digital media trading and growing footprint in Latin America

ISPD recorded consolidated net sales of €140.0 million in 2022 and €166.2 million on a pro forma basis, up 17% year-on-year. This growth is being driven by the Digital Media Trading segment (up 17% to €162m on a pro forma basis), underpinned by the entry of new accounts and increased investment by existing customers. It is also linked to a favourable geographical footprint, with positioning in the most dynamic regions, particularly the USA and Latin America. ISPD is present in 4 of the 6 countries in the world where digital advertising is growing fastest in 2023: Argentina, Chile, Colombia and Mexico.

Operating profit down 6% to €5.3m, against a backdrop of heavy investment in information systems

As a result of the shift in the revenues mix towards digital media trading, the gross margin rate fell from 35% to 32% in 2023. Gross margin rose by 6% to €53.3m.



Operating profit fell slightly by 6% to €5.3m. Payroll costs were stable (-2% to €35.9m), with an average headcount of 527, compared with 511 in 2022. However, other operating expenses rose sharply to €10.9m, up 39% on 2022. This increase is due to major investments in information systems in 2023 that have not been capitalised: automation in the USA, cyber security for all sites, AI-based systems for strategic planning, decision-making tools and process automation.

Net financial expenses made a negative contribution of €1.0m (vs. 0 in 2022), mainly due to exchange losses on Latin American currencies (Argentinean, Colombian and Mexican pesos). After a tax charge of €0.2m (€1.4m vs. €1.2m in 2022), linked to the results of the US and Latin American subsidiaries, net profit for the year is €2.9m.

Decrease in cash flow

Cash flow from operating activities was negative at €2.7m, due to a sharp increase in WCR (€8.4m). This was due to the impact of changes in Mexican law. Given an investment flow of €2.6m, including the acquisition of Rocket PPC in October 2023, and debt repayments of €1.6m, the Group's cash position was down €7.2m in 2023, to €11.7m at 31.12.23. Shareholders' equity stood at €7.8m and financial debt at €9.4m (excluding IFRS 16 rental commitments of €1.2m), giving a net cash position of €2.3m, compared with €10.0m at 31.12.2022.

Outlook

In a more mature digital advertising market, ISPD has positioned itself with offerings tailored to the new needs of brands and a favourable geographical footprint. Strengthened by the IT investments made in 2023, the Group intends to maintain its growth momentum and continue to outperform the global digital advertising market in 2024.

Publication of the 2023 financial report

The 2023 full-year financial report is available to the public and was filed today with the French Financial Markets Authority (AMF). It can be consulted on the company's website at <https://ispd.com/investors/> under "Financial Information".

Next date: HY 2024 revenues, 24 July 2024 (before stock market opening)

About ISPD

ISPD is a cognitive marketing group redefining how people and brands relate. We blend cognitive science and creativity to provide our customers with end-to-end capabilities across our network of agencies. Our 500+ multidisciplinary experts from research, data science, strategic planning, creative storytelling, shopper marketing, gaming, media, technology solutions, and consulting deliver breakthrough results for our clients.

Visit us at ispd.com to learn more.

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