

## 2023 first-half results

- Revenue up 12.5%
- 41% growth in Licenses & Services and 36% growth in recurring revenue (Maintenance & SaaS)
- 25.7% increase in gross margin to €14.2m (78.9% of revenue)
- Operating profitability that incorporates the seasonal effect and the last stage of structuring with a view to achieving the 2026 targets

## Targets for 2023 and beyond confirmed

Cesson-Sévigné (France), 17 October 2023

**Broadpeak** (ISIN: FR001400AJZ7 – Ticker: ALBPK), a leading provider of video streaming software solutions, is today publishing its accounts for the first half of 2023. These accounts were approved by the Board of directors at its meeting on October 16, 2023, and have undergone a limited review by the statutory auditors.

In €k	H1 2022	H1 2023
Revenue	16,050	18,061
Gross margin	11,336	14,253
As a % of revenue	70.6%	78.9%
EBITDA <sup>1</sup>	-4,444	-4,346
Operating profit	-5,388	-5,845
CIR <sup>2</sup>	1,763	2,268
Net income	-3,824	-3,680

<sup>1</sup> EBITDA: Operating income before interest, tax, depreciation, and amortisation

<sup>2</sup> CIR: Research tax credit

Broadpeak generated revenue of €18.1 million at 30 June 2023, an increase of 12.5%, compared with €16.05 million a year earlier. This performance, entirely through organic growth, includes a positive currency effect of €0.2 million. At constant exchange rates, growth came to 11% in the first half of 2023.

Having generated nearly 94% of its revenue outside France over the period, the Group significantly strengthened its positions in APAC (Asia-Pacific), where its sales increased by 176% to €3.2 million. In the Americas (-3% to €7.5 million) and Europe (+3% to €7.4

million), the level of activity was impacted by a very high comparison base (growth of +49% and +33% respectively in the first-half of 2022) but without raising any questions about sales momentum in these regions.

In the first half of the current financial year, the product mix changed significantly in favour of the two revenue streams with the biggest contribution to gross margin. The Licences & Services business, Broadpeak's core offering, saw an increase of 40.8% over the period to €9.6 million (i.e. 53.2% of revenue). Recurring revenue (Maintenance & SaaS) saw an increase of 36.1% to €6.0 million, reaching 33.4% of Group revenue, a ramp-up that underpins the target to achieve a contribution to total activity of 40% by 2026.

At the same time, equipment sales fell by 49.5% in the first half of the year to €2.4 million, accounting for only 13.4% of revenue. This reflects a downward trend in proprietary infrastructure investments among Broadpeak's customers.

### **Sharp increase in gross margin**

#### **Negative EBITDA linked to the traditional seasonal effect**

In line with this positive change in the product mix, the Group's gross margin increased sharply over the period (+25.7%) to €14.2 million. It represents 78.9% of revenue, compared with 70.6% the previous year.

EBITDA came to -€4.3 million, compared with -€4.4 million a year earlier. As a reminder, EBITDA is structurally negative in the first half of the year due to the seasonal nature of sales (less than 40% are traditionally achieved over the period) and the fact that the cost structure is linear over the entire financial year.

Moreover, in line with the strategy presented to investors at the time of its IPO, Broadpeak forged ahead with significant structuring efforts. In this context, the workforce totalled 330 employees at 30 June 2023, compared with 278 a year earlier. The bulk of resources are now in place to achieve the objectives set for 2026.

Personnel expenses consequently rose by 29.8% in the first half of 2023, to €12.3 million, in particular to implement the investment plan for the software offering and the broadpeak.io platform. Other operating expenses also increased (+27.5%, to €10.0 million), due in particular to marketing investments and the strengthening of our global sales presence.

There was an operating loss of €5.8 million versus an operating loss of €5.4 million in the first half of 2022. The sustained investment policy led to an increase in depreciation, amortisation and impairment charges (particularly in capitalised R&D costs), which amounted to €1.5 million, compared with €0.9 million a year earlier.

The Group made a net loss of €3.7 million at 30 June 2023 versus a net loss of €3.8 million a year earlier. It includes a reduction in financial expenses (-54% to €0.1 million) and a research tax credit of €2.3 million (versus €1.8 million in the first half of 2022).

### **The financial structure remains solid**

#### **Refinancing of Group debt**

At 30 June 2023, shareholders' equity stood at €24.4 million, compared with €28.0 million at the end of 2022, and cash stood at €4.9 million, compared with €10.8 million six months earlier. Free cash flow was -€5.2 million, in line with the significant level of expenditure and investment committed in the first half of the year to prepare for future growth.

Meanwhile, the Group managed to keep its financial debt at €5.7 million (versus €5.9 million at end-2022).

As announced at the time of the IPO, the portion of this debt backed by convertible bonds, totalling €5.3 million plus interest, was fully refinanced. During the second half of the year, it was replaced by a €4.5 million equity loan in the form of a State-sponsored loan for economic stimulus (PPR) over eight years, including four years of deferred amortisation and bearing a much more attractive interest rate, with an expected positive effect on financial expenses.

### **New technological and commercial advances**

Since the beginning of the year, the Group has continued to implement its roadmap, involving in particular new technological advances, one of which was the latest version of the BkS450 streaming software, released last September. The performance of this software, which is part of Broadpeak's core "advanced CDN" offering, has surpassed the symbolic threshold of 1 Terabit per second. This represents a 72% improvement in performance, which is also accompanied by even greater energy efficiency (+11%) at a time when customers are looking for more environmentally friendly streaming solutions.

Additionally, enrichment of the SaaS platform (broadpeak.io) continued with the integration of the latest generation of the Dynamic Ad Insertion application, offering increased monetisation capabilities and easier use across multiple devices.

These innovations were showcased at the IBC2023 trade show, which took place from 15 to 18 September in Amsterdam. They attracted strong expressions of interest, with a record attendance at the Broadpeak stand, which welcomed more than 800 visitors (+50% compared with the 2022 event). The result is an unprecedented increase in the number of new prospects and a future sales driver that is likely to confirm the trends seen in recent months, marked in particular by:

- **Strong momentum around Multicast ABR**, which is benefiting from a recently expanded ecosystem through a series of partnerships: with DAZN, which has chosen this technology for the live broadcast of sporting events on its platform; with Orange, for the broadcast in Spain of DAZN's premium sports content (La Liga, Formula1, MotoGP, etc.); and with the Swedish group Agama Technologies, which has integrated the support of Multicast ABR technology into its test and monitoring products for video streaming services.
- **Numerous commercial gains for the Packager & Cloud PVR solutions** (live channel recording), chosen in 2023 by several telecom operators including ORS Group (Austria), Taiwan Mobile, and Izzi Telecom (Mexico).
- **The continued ramp-up of the SaaS offering**, which won five new customers in the first six months of the year; new partnerships were also formed to strengthen the value proposition of broadpeak.io, such as the launch of FAST 2.0 channels with streaming platform publisher Okast.

#### Financial targets confirmed for the current financial year and for 2026

Building on these technological and commercial advances, Broadpeak remains confident in its ability to post revenue growth in the second half of 2023 above that of the first six months of the year.

This growth should be accompanied by further favourable changes in the product mix with a positive effect on the gross margin, thus confirming the announced target of an increase in EBITDA over the full year.

In the longer term, Broadpeak confirms that it is targeting revenue of €100 million, with an EBITDA margin of 20% by 2026 (compared with 9% in 2021).

**Upcoming events:**

- Q3 2023 revenue: 14 November 2023, after market close
- 2023 full-year revenue: 13 February 2024, after market close
- 2023 full year results: 16 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, 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. Since 2015, Broadpeak has posted average annual growth of more than 30%. For 2026, the objective is to reach €100 million in sales, i.e. a more than threefold increase in activity compared to 2021, with an EBITDA margin of 20%.