

Broadpeak reports annual revenue

- Revenue totalled €39.03m in 2023, down 6.8% (-5.5% at constant exchange rates) in a less dynamic market during the second half of the year
- Recurring revenue increased by 41% over the year to €12.8m
- Outlook for 2024:
 - Several major orders expected to be signed in the coming weeks
 - Cost savings implemented to return to positive free cash flow over the financial year

Cesson-Sévigné (France), 13 February 2024

Broadpeak (ISIN: FR001400AJZ7 – Ticker: ALBPK), a leading provider of video streaming software solutions, is reporting its third-quarter and full-year 2023 revenue.

Revenue (in €K)	Q4 2022	Q4 2023	Change	2022	2023	Change
EMEA	6,448	6,612	+2.5%	17,549	17,667	+0.7%
Americas	8,218	5,472	-33.4%	20,566	16,693	-18.8%
APAC	1,507	1,007	-33.2%	3,786	4,680	+23.6%
TOTAL	16,172	13,091	-19.1%	41,901	39,041	-6.8%

At 31 December, annual revenue amounted to €39m, compared with €41.9m in 2022, for a decrease of 6.8%. This change includes no variation in scope but does include a negative foreign exchange effect of €0.5m. At constant exchange rates¹, sales were down 5.5% in 2023.

Fourth-quarter revenue fell 19.1% to €13.1m. Broadpeak posted a highly contrasted performance in FY 2023, with an 18.9% decline in the second half after strong momentum in the first half (+12.5% at 30 June 2023).

This disappointing trend reflects tighter business conditions, with a marked wait-and-see attitude on the part of TV and telecom operators (accounting for over 80% of Broadpeak revenue). This economic environment has slowed the pace of commercial transformation, with major orders under negotiation remaining on hold at the end of

¹At the average exchange rate observed on 2022 sales

2023. The end-of-year slowdown also reflects an unfavourable base of comparison given the strong growth posted in Q3 and Q4 2022 (+21% and +18.5% respectively).

By geographic region, APAC (Asia-Pacific) maintained a sustained pace of growth in 2023. The region ultimately posted an increase of 23.6%, for revenue of €4.7m, now accounting for 12% of the Group's total business activity. In EMEA (Europe, Middle East & Africa), sales increased by 0.7% over the year to €17.7m. The Americas region was down 18.8% to €16.7m, adversely affected by a particularly high basis of comparison, with sales having increased by 63% in this region in 2022.

Increase in recurring revenue, to nearly one-third of total revenue

In terms of product mix, the trend observed in the first nine months of 2023 was confirmed during the fourth quarter. For the year as a whole, the contribution of equipment (servers, routers, etc.) fell sharply to 16.2% of total revenue, compared with 26.8% a year earlier. The share of Licences & Services remained virtually stable, at more than half of Group revenue (51.1%). Recurring revenue (Maintenance & SaaS) increased remarkably in 2023. Now accounting for 32.7% of total business, they grew by 41% over the year, in step with the growth of the SaaS offering launched in early 2022 and with the momentum of services associated with the installed customer base.

This change in the product mix will automatically have a favourable effect on the increase in the gross margin rate. However, this assessment will not suffice to generate positive EBITDA for 2023.

Widely awarded innovations and interest from leading players

Broadpeak has pursued a proactive strategy in the field of innovation over the past year, crowned by key advances and several awards:

- The new "CDN Advanced" solution won the Gold award at the Digital Media World Awards 2023 (Streaming category), after winning the "Best of Show" TV Tech award at the NAB Show 2023. As a reminder, since September 2023 this solution has included the latest version of the BkS450 software, offering the best performance on the market (throughput > 1 Terabit per second);
- The Packager/Cloud PVR solution, which offers live channel recording, also won a Gold award at the Digital Media World Awards 2023 (Cloud category).

The strengthening of the technology value proposition backed by the Broadpeak offering generated strong expressions of interest throughout FY 2023, reflected in partnerships, new references, and upsell among existing customers.

The ABR Multicast offer was chosen by leading players, including the DAZN sports platform, Orange in Spain and, more recently, Bouygues Telecom, with Bbox Smart TV subscribers now having access to Multicast ABR technology on more than 30 high-ratings channels.

Lastly, the Packager/Cloud PVR solution has attracted strong commercial interest in recent months, while the roll-out of the SaaS offering has moved ahead, with ten customer signatures in 2023.

2024: several commercial successes in sight; cost discipline

Order intake momentum is favourable at the start of 2024. Several significant signings are already expected in the first quarter with leading players for the Origin Packager, Multicast ABR and SaaS solutions. Resulting from discussions initiated in 2023, these contracts altogether are expected to generate several million euros in revenue, which can be fully invoiced in 2024.

However, the economic and sector environment continues to offer limited visibility for the current financial year. Against this backdrop, Broadpeak has begun to implement cost savings measures, primarily on spendings related to external services. Broadpeak will also control its cost structure through the stabilisation of the workforce and efforts in R&D after an intense investment phase.

All these factors should enable Broadpeak to bring free cash flow to positive territory in 2024.

Looking beyond 2024, the lag in growth in the past few months will lead the Group to adjust its financial targets for 2026 when it publishes its annual results on 15 April. This cyclical adjustment does not call into question market fundamentals or Broadpeak's ability to capture growth. Our transformation priorities remain unchanged, i.e. an increase in the contribution of recurring revenue, solid and sustainable growth, and a sharp increase in margins.

Upcoming events:

- 2023 full year results: 15 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 Megacableò. 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.