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## **Audio 2025 strategic plan: initiating a new cycle of growth**

- **Revenue to reach the €50m mark**
- **EBITDA margin target of above 15%**

## **H1 2022 results**

- **Revenue growth of 17.6%**
- **Positive EBITDA excluding Winamp**

**Targetspot (formerly AudioValley) is publishing its financial statements for the first half of 2022. The Group is also unveiling its new three-year strategic plan, Audio 2025, aimed at stepping up its transformation to rank among the world's leading digital audio technology companies.**

**The unaudited consolidated financial statements at June 30, 2022 were approved by the Board of Directors on October 17, 2022.**

At 30 June, the Targetspot Group generated revenue of €14.5m, compared with €12.3m one year earlier, for growth of 17.6%. Growth amounted to 11.7% at constant exchange rates (CER). The exchange rate effect, stemming from the appreciation of the dollar against the euro, stood at +5.9% in the first half of the year.

As expected, the Group's powerful momentum was driven by the Targetspot division, which accounted for 92% of total sales in the first half of the year. Responsible for monetising all digital audio channels (podcasts, web radios, music platforms), this division posted revenue of €13.6m, up 19.8% (+13.3% at CER). The division grew in all of its geographical regions, with Europe in the lead (+36.1%) and momentum remaining strong in North America (+11.1%).

En K€*, Normes IFRS	S1 2022	S1 2021
<b>Revenue</b>	<b>14 497</b>	<b>12 332</b>
Cost of sales	(7 247)	(6 511)
Personnel expenses	(5 503)	(4 471)
Other administrative and commercial exp.	(3 711)	(1 763)
<b>EBITDA</b>	<b>(1 964)</b>	<b>(413)</b>
Depreciations and amortizations, other ch.	(2 180)	(2 055)
<b>EBIT</b>	<b>(4 144)</b>	<b>(2 468)</b>
Other products and charges	-	(2)
<b>Operating income</b>	<b>(4 144)</b>	<b>(2 470)</b>
Financial result	(1 158)	(818)
Income taxes	(253)	(2)
<b>Result</b>	<b>(5 555)</b>	<b>(3 290)</b>

\*Unaudited

### Summary by division

REVENUE BY DIVISION in H1 2022*, in €k	Winamp	Targetspot	Corporate	Group
Revenue	1,111	13,386	-	14,497
Cost of sales	(439)	(6,808)	-	(7,247)
<b>Gross margin</b>	<b>672</b>	<b>6,578</b>	<b>-</b>	<b>7,250</b>
Personnel expenses	(965)	(4,219)	(319)	(5,503)
Other administrative and commercial expenses	(1,378)	(1,868)	(534)	(3,780)
Other operating income / expenses	-	26	43	69
<b>EBITDA by division</b>	<b>(1,671)</b>	<b>517</b>	<b>(810)</b>	<b>(1,964)</b>

\*Unaudited

### Increase in gross margin, Targetspot EBITDA nearly quadrupled

Gross margin rose 24.5% Group-wide in H1 2022 to €7.2 million, driven by the momentum of the Targetspot core business. Despite this positive trend, EBITDA was negative at -€2m, compared with -€0.4m a year earlier, attributable to efforts to develop the Winamp division. After amortisation and impairment, operating income was -€4.1m.

The financial position remains under control, with €11m in shareholders' equity and gross cash of €3.1m. Financial debt stood at €23m, compared with €17.6m at the end of 2021.

#### ▪ Targetspot Division

Targetspot Division*, in €k	H1 2022	H1 2021
Revenue	13,386	11,178
Cost of sales	(6,808)	(6,044)
<b>Gross margin</b>	<b>6,578</b>	<b>5,134</b>
Personnel expenses	(4,219)	(3,748)
Other administrative and commercial expenses	(1,868)	(1,249)
Other operating income / expenses	26	-
<b>EBITDA by division</b>	<b>517</b>	<b>137</b>

\*Unaudited

The momentum of the Targetspot division was reflected in revenue growth of 19.8% (+13.3% at CER) and an increase in gross margin, which stood at 49.1% of revenue in H1 2022, compared with 45.9% in H1 2021. Gross margin came out at €6.6m, compared with €5.1m at 30 June 2021, up €1.5m.

EBITDA was positive at +€517k, nearly four times higher than at 30 June 2021.

#### ▪ Winamp Division

Winamp Division*, in €k	H1 2022	H1 2021
Revenue	1,111	1,154
Cost of sales	(439)	(467)
<b>Gross margin</b>	<b>672</b>	<b>687</b>
Personnel expenses	(965)	(595)
Other administrative and commercial expenses	(1,378)	(344)
Other operating income / expenses	-	(2)
<b>EBITDA by division</b>	<b>(1,671)</b>	<b>(254)</b>

\*Unaudited

The Winamp subsidiary generated EBITDA of -€1,671k in H1 2022, compared with -€254k in H1 2021. The trend resulted primarily from an increase in personnel expenses, mainly for recruitments, the workforce having been increased by nearly 40% in six months (54 employees at 30 June 2022 versus 39 at the end of 2021). Winamp's investments in technological and commercial development also impacted "Other administrative and commercial expenses", particularly through the increased use of external service providers over the period.

### **AUDIO 2025: five strategic priorities to take advantage of global market opportunities**

The digital audio advertising market took off in the lead-up to the 2020s, marked by double-digit growth rates. The boom was fuelled by the multiplication of various content sources (radio, music streaming, podcasts, video platforms, mobile games, audio books, etc.) and new technologies (including smartphones, connected speakers, wireless headsets and Apple CarPlay).

The digital audio market is set to continue on this strong growth path, offering unprecedented benefits to all players in the ecosystem:

- **Listeners** are more than ever seeking out affinity content, available at any time of the day and including ads closer to their interests. Digital audio has become a daily companion for billions of consumers around the world.
- **Advertisers**, looking for the best advertising efficiency, are attracted by a channel that guarantees unparalleled listener receptiveness, highly qualified targeting, and premium advertising formats. The shift in advertising investments from traditional FM radio to digital audio continues to accelerate.
- With digital audio, **publishers** are taking advantage of new drivers to increase their audience and maximise monetisation through prices linked to the medium's targeting capabilities and unique ad receptivity.

As a pioneer in AdTech, Targetspot has developed independent, innovative and all-in-one solutions that have continued to strengthen its competitive advantage. To exploit the full potential of the market while improving financial performance, the Group is today announcing a three-year strategic plan that will enable it to deliver strong performance in both growth and profitability over the long term.

Called Audio 2025, the plan has five priority focuses:

- Accelerate in all aspects of digital audio. Initially limited to the monetisation of radio audiences, Targetspot's market is expanding in a number of extremely promising territories where the Group will continue to harness its advantage by adapting its technological platform and establishing partnerships with leading players, as seen recently in mobile games with Gadsme.
- Unite all resources for a single activity. To develop, Targetspot needs to concentrate all its resources and investments on a single core business. As announced last May, the Group intends to sell its subsidiary Winamp in order to refocus on the growing and profitable Targetspot division, which is already international.
- Develop international positions. Already boasting strong presence in North America (two-thirds of its revenues) and Europe, Targetspot is now ready to accelerate internationally with a view to reinforcing its decisive advantage among major advertisers with global inventories. The Group initiated this

acceleration this summer in Latin America, through a series of local partnerships.

- **Innovate to extend its market lead.** Targetspot has a unique proprietary technology platform for monetising digital audiences, one that it upgrades continuously constantly to stay ahead of emerging competition. To go further, R&D priorities will be focused on programmatic advertising and targeting capabilities.
- **Optimise the organisation structure.** The management team has already been strengthened in all key functions such as general management and marketing. A further priority of the Audio 2025 plan is to develop the Targetspot culture and promote the company's talents.

### **Strong leverage effect on growth and profitability**

The execution of this plan should enable AdTech to become the digital audio leader in Europe and a challenger in North America, with solid positions in the rest of the world.

The Group will accompany this strategic ambition by boosting its growth and profitability profile. For a business scope no longer including the Winamp subsidiary, Targetspot is targeting an average annual revenue growth of 20% over the 2023-2025 period. By 2025, it plans to generate over €50m in annual revenue. As a reminder, the Targetspot division generated revenue of €26m in 2021.

In terms of profitability, the Group aims to increase its EBITDA margin to more than 15% in 2025, double that of 2021 (7.6% for the Targetspot division).

Strengthened by these new directions, the Group is poised to embark on a new development cycle allowing it to take full advantage of the opportunities in its market.

### **NEXT EVENT**

**Annual revenue**

26 January 2023, after market close

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[idray@actifin.fr](mailto:idray@actifin.fr)**About Targetspot**

Targetspot, an AdTech group company listed on the Brussels and Paris stock exchanges, has been a leader and pioneer in digital audio since 2007. Targetspot connects brands to their target audiences via an inventory of leading publishers across all areas of digital audio. Through its proprietary technologies, Targetspot provides end-to-end integration between advertisers and publishers, for contextually targeted, cookie-free campaigns involving both direct and programmatic buying. Targetspot is also a leader in audio streaming, its Shoutcast brand enabling over 85,000 radio stations to be streamed online. Targetspot is operational in 9 countries and employs around 100 people worldwide.