

18 February, 2019 – 17:40 CET

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2018 revenue in line with expectations: +25.0% at CER¹

Consistently strong momentum for the Radionomy Division: €14.2m, up +32.4%

Growth expected to top 35% in 2019

AudioValley, an international specialist in BtoB digital audio solutions, (ISIN Code: BE0974334667/ticker symbol: ALAVY) generated total consolidated revenue of €24.6m in fiscal year 2018, up +22.9% (+25.0% at constant exchange rates). All the Group's business divisions posted revenue growth. This robust performance was perfectly in line with Group guidance.

After climbing +14.2% in H1, growth gathered pace in the second half, ending up +31% higher than H2 2017 with revenue of €13.6m.

The Group once again demonstrated the strength of its global footprint over the course of the year. In Europe, the Group earned revenue of €11.8m, i.e. almost 48% of the consolidated total for the year.

In North America, predominantly covered by the Radionomy Division, revenue rose nearly +33% to €11.6m, accounting for 47% of total revenue versus 44% in 2017.

Meanwhile, Other Markets held steady at 5% of consolidated revenue.

Revenue in €k (unaudited figures)	2018	% of revenue 2018	2017 proforma ²	Change 2018/2017	Change at CER ¹
Radionomy	14,152	58%	10,687	+32.4%	36.2%
Storever	7,680	31%	6,639	+15.7%	+15.7%
Jamendo	2,780	11%	2,692	+3.3%	+3.3%
Group total	24,612	100%	20,018	+22.9%	+25.0%

Radionomy: a solid growth driver

Radionomy, a solution designed to aggregate and monetise digital audio audiences (digital radio and podcasts), generated revenue of €14.2m in 2018, a year-on-year improvement of +32.4% (+36.2% at

¹ CER: constant exchange rates. Excluding the forex effect, the Group posted substantial consolidated revenue of €25.0m in 2018.

² For the sake of clarity, all financial data are shown proforma, i.e. as if AudioValley's acquisition of the majority stake in Radionomy, held by Vivendi since the end of 2015, which took effect in August 2017, had actually been carried out at 1 January 2017.

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constant exchange rates). The division contributed 58% to consolidated revenue in 2018 versus 53% in 2017. This excellent performance was primarily rooted in the sharp acceleration of business growth in the United States, i.e. +39% (at CER) to €10.9m. In Europe, where the Group is still just beginning to redirect advertising expenses to digital radio, the division saw its revenue climb +26% (€3.3m).

The Group achieved all the priority targets for 2018 that it set during the IPO. With four new offices added since summer 2018 (Spain, Netherlands, Canada and Germany), digital audio advertising platform Targetspot expanded its global sales network in a bid to ramp up development on the fast-growing digital audio market. Setting its sights on capturing all potential market opportunities, Targetspot also launched a new service in December 2018, *Targetspot Podcast Marketplace*, a turnkey monetisation solution for radio producers and advertisers. The podcast market³ will be a key focus of development in the coming months. Lastly, the division which also owns technology assets Shoutcast and Winamp, then launched its premium service range (*Shoutcast for Business* and *Shoutcast for Enterprise*) targeting producers and advertisers to monetise the use of proprietary Shoutcast software.

All these developments will take full effect from 2019.

Storever: solid momentum combining recurring revenue and growth

Storever, the “one-stop shop” for POS audio and video broadcasting solutions, delivered revenue of €7.7m in 2018, up +15.7% year-on-year. This performance was driven by a strong contribution from recurring revenues (+16.8%).

Sales development picked up the pace, with an increase in the number of POS under contract (from 13,200 at end-2017 to 16,000 at end-2018) and higher average revenue per store in Europe, driven in particular by the roll-out of the video offer.

The division secured several commercial successes over the year and now boasts nearly 190 client brands (all sectors combined) versus 170 at end-2017. Some of the biggest names include:

- In France: Tissot, Alexander McQueen, Marionnaud, Sabon, Swatch, Bréguet, Dafy Moto
- In Germany: Lascana, Betty Barclay, Brax, Steigenberger, Le Crobag, Philipp Plein
- In Spain: Alvaro Moreno, Scalpers, Botticelli, Casa del Libro, Daniel Espinosa, Nunez Arenas
- In Belgium: Delitrateur, BigMat

Recurring business accounted for 75% of 2018 revenue, providing excellent visibility for the Storever division. The expansion of the client base, invoiced via subscriptions, further consolidated the Group’s revenue base for 2019.

Jamendo: a rising star in the midst of a revamp

Jamendo, the sales platform for professional media projects, posted revenue of €2.7m in 2018, an improvement of +3.3% (slightly behind the Group’s forecasts). In recent months, efforts were focused on strengthening the division through a series of strategic recruitments, broadening its international reach by establishing a direct operation in the United States, and launching the Trading Desk offer.

³ Podcast advertising revenue shot up +86% on the US market in 2017, totalling \$314 million invested by advertisers. The US market is expected to double to \$659 million in 2020. - IAB

Press release

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The first major impacts of these developments should be seen in 2019. The new year began with the adoption of a new legal status in Luxembourg - Independent Asset Management Entity - with the ambition of operating all across the European Union. This status gives Jamendo a new edge when it comes to forging a dynamic path in the transformation of the music industry.

2019: Accelerated sales momentum, with sales growth targeted at over +35% (at CER)

Drawing on the momentum built in the second half of 2018, AudioValley is confident it will be able to step up its growth in 2019 to achieve revenue growth of more than +35%.

Looking beyond 2019, the Group confirms the guidance presented during the IPO.

Financial position overview

As expected at the time of the IPO, the Company does not expect to be able to meet its payment deadlines over the next 12 months, with maximum funding requirements of approximately €5,500k over the period.

The capital increase carried out with the July 2018 IPO generated net income of €8m, exceeding the minimum target amount (i.e. €5.2m). The Group then stepped up its sales development initiatives with the aim of capturing the momentum on the highly buoyant market - particularly in the Radionomy division - first by setting up and developing offices in Spain, Germany and the Netherlands, and second by launching two paid services based on its proprietary streaming software, Shoutcast. These initiatives brought liquidity risk forward from Q4 2019 to August 2019. By that time, funding requirements should amount to roughly €520k.

To meet these requirements, which were budgeted at the time of the IPO, the Group is considering an as-yet undetermined financial transaction, which depending on market conditions may consist of a private placement or a public offering, without ruling out debt financing as an option. Furthermore, AudioValley plans to further its efforts to improve EBITDA and to limit WCR in a bid to optimise net cash flows generated by operating activities.

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