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Business update on the impact of the COVID-19 crisis

AudioValley, an international specialist in BtoB digital audio solutions (ISIN Code: BE0974334667/Ticker: ALAVY) is providing a business update on the impact of the COVID-19 crisis.

AudioValley's business grew in the first quarter of 2020, despite the slowdown caused by the initial isolation measures implemented due to the COVID-19 crisis. The Group is expecting a decline in turnover of around 40% in the second quarter compared to 2019, due to the sharp reduction, or deferral, of digital audio advertising budgets allocated by advertisers.

Faced with this situation, AudioValley has implemented all measures necessary to protect the health and safety of its employees, while continuing to provide business continuity through remote working solutions. These measures mean that the Group can continue to develop new technical solutions, guarantee that all campaigns will be broadcast, prepare to exit the crisis and plan for the rapid catch-up of deferred advertising campaigns. Furthermore, sales contacts are continuing with a view to broadening the Group's monetisable audience internationally.

Against this backdrop, AudioValley has put in place a strict cost control structure in order to limit the impact on its operating income and cash consumption. Actions have been focused primarily on controlling payroll expenses, which account for almost 75% of the Group's fixed costs. As such, short-time work and other measures to reduce working hours have been implemented in all regions where the Group operates. Combined with cuts to marketing and transport costs, these measures have already led to around a 50% reduction in expenses. **Thanks to all these measures, the impact of the drop in business on profitability and cash consumption is currently limited.**

Furthermore, AudioValley has enacted all the applicable adaptation measures in the different regions where the company operates. On 31 March, AudioValley also announced that it had obtained an agreement from Vivendi to defer payment of the final instalment due to Vivendi on the prepayment of the outstanding debt relating to the seller credit obtained when acquiring the majority stake in the Radionomy/Targetspot division. The deadline for this €3m instalment has now been deferred until 30 September 2020 at the latest, instead of 31 March 2020. The conditions for availing of the discount set out in the initial agreement (a maximum discount of 35% representing €8.6m) have also been extended until 30 September 2020.

AudioValley had a cash position of €1.9m as of 31 December 2019. This level of cash combined with a sharp reduction in fixed costs and deferral of the Vivendi debt repayment gives the Group confidence in its ability to successfully weather this crisis and quickly return to a growth track as soon as the situation normalises.

AudioValley has decided to postpone the release of its 2019 annual results from 21 April 2020 to 21 May 2020 due to various parties' availability issues in light of the current situation. This is in line with the positions taken by the market authorities the FSMA and the AMF.

Press release

www.audiovalley.com

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