

July 27, 2020 – 17:40 CEST

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First half 2020 revenue: €8.7m

Business activity resilient in the face of COVID-19 outbreak

Back on the growth path in July 2020

Major steps taken to prepare for expected rebound in H2

AudioValley, an international specialist in BtoB digital audio solutions (ISIN Code: BE0974334667/ Ticker: ALAVY) published its first-half 2020 revenue today.

For the purposes of clarity, AudioValley's financial data has been restated for changes in consolidation scope in relation to the sale of Storever at the start of December 2019, which can be read as if Storever was no longer consolidated in FY 2019.

AudioValley recorded an 11% decline in revenue over the first six months of 2020, to a total of €8,674k. This performance highlights the resilience in the Group's business activity despite the health and economic crisis caused by COVID-19.

Business activity steadily improving since May 2020

Although the first-half period saw a significant slump in the Group's top line, monthly sales trends were mixed. After a flat first quarter when the initial lockdown restrictions took a toll, the Group recorded a 37% decrease in sales in April 2020, at the height of the crisis. By May, however, the decline had slowed to 23% relative to the same period of last year. These encouraging signs were confirmed in June, when the Group's revenue slipped by just 4% relative to June 2019. Overall, in the second quarter of 2020, Group revenue therefore declined by 22% relative to the year-earlier period.

This is a much healthier trend than the Group had been expecting when it published its 2019 annual results on May 19, 2020. Indeed, at that point, the Group was looking for Q2 2020 sales to be down by 35%-40%.

Back on the growth path in July 2020

Despite the prudence imposed by the lack of visibility on the course and duration of the crisis, the Group confirmed the gradual upturn in its business activity during the first weeks of July, with revenue gaining more than 5% relative to 2019 during the period.

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Turnover in €k (unaudited figures)	Like-for-like data				
	H1 2020	% of 2020 revenue	H1 2019	Change 2020/2019	Change on CER ¹
Targetspot	7,576	87%	8,336	-9%	-11%
Jamendo	1,098	13%	1,419	-23%	-23%
Group total	8,674	100%	9,755	-11%	-12%

Targetspot sees a very slight 9% dip in H1, with growth of 33% in Europe

As announced, the COVID-19 economic and health crisis temporarily undermined Targetspot's solid momentum as of March 2020. The business line recorded a 9% decrease in revenue to €7,576k, due to the sharp reduction in, or postponement of, advertising expenditures budgeted for digital audio ads during this unprecedented period.

The situation took a particularly heavy toll on North America, where revenue plunged 22% to €4,978k. However, in Europe, Targetspot continued to gain from strong traction in the market driven by the ongoing shift in ad spending from FM radio to digital audio. In this favourable environment, revenue increased sharply, to €2,588k, up 33% relative to 2019.

Note that Targetspot has been gradually returning to pre-crisis business activity levels in North America since the lockdown restrictions were eased. In June 2020, revenue was flat (-1%) relative to June 2019, and 14% higher than in May 2020. This rally was confirmed in the first weeks of July, when revenue increased 6% relative to July 2019.

Jamendo, which accounts for 13% of total Group sales, had a tougher time in H1, recording a 22% slump in revenue to €1,098k. However, business activity in recent weeks has shown that it too can expect to recover slowly but surely in the second half of the year.

¹CER: constant exchange rates

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Major steps taken to prepare for rally

In addition to showing strong resilience on the activity front, the first-half period saw AudioValley take a number of major steps to underpin growth once the situation fully returns to normal:

- Signature of worldwide partnership with Adobe under which part of Jamendo's music catalogue is to be folded into and marketed with the new Adobe Stock Audio solution;
- Numerous contracts won with key players amassing extremely large international audiences (Sonos^{2,3}, TuneIn⁴, Stingray⁵ and Radio France⁶). Once fully deployed, the aggregation of these newly signed contracts is expected to generate full-year revenue of €10m;
- The €5.4m capital increase via private placement, which consolidated the Group's financial position;
- The payment of the final instalment of €3m owed to Vivendi, enabling the Group to gain from the maximum discount provided (€8.6m).

The Group is now free of its debt with Vivendi which, together with a strengthened financial position of €2.5m at July 15, 2020, means it can now focus all of its efforts on its strategic push into the flourishing digital audio market. In light of the many commercial successes achieved in recent months and the rebound shaping up in its market since July 2020, the Group remains confident in its ability to restore sustainable growth in its performance.

NEXT EVENT

First-half 2020 results

Wednesday, 14 October, 2020 (after market close)

² Press release of 29 April 2020 "[Targetspot and Sonos forge international partnership for the exclusive monetisation of radio streaming service launched by Sonos](#)"

³ Press release of 4 June 2020 "[Partnership between Targetspot and Sonos to capture the continental European market](#)" "[Rollout of the radio monetisation service in six new countries](#)"

⁴ Press release of 6 May 2020 "[Targetspot becomes TuneIn's exclusive advertising platform in 5 countries \(France, Italy, Belgium, Spain and the Netherlands\)](#)"

⁵ Press release of 9 June 2020 "[New international major business success: Stingray Selects Targetspot to Lead its Global Audio Ad Sales on Stingray Music](#)"

⁶ Press release of 29 June 2020 "[Targetspot confirms its leadership in digital audio by winning the two lots of the tender issued by Radio France and France Médias Monde](#)"

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