

Press release

2022 Annual Results

- A year of adaptation to accommodate rapidly evolving market conditions
- A refocused strategy to drive growth and target positive EBITDA in 2023

London, 28 March 2023 – Invibes Advertising, an advanced technology company specialising in digital advertising, publishes its annual results for 2022, a year marked by a swift adaptation to market conditions that radically changed within a few months.

The annual financial report is available on the Company's website:

<https://www.invibes.com/uk/en/investors.html>

Consolidated data audited, in €k	2022	2021	Δ
Turnover	27,966	23,201	+20.5%
Purchases and external expenses	(17,873)	(13,664)	+30.8%
Personnel expenses	(11,227)	(8,159)	+37.6%
REBITDA¹	(1,134)	1,378	(€2,512)
Non-recurring expenses	(3,374)	(11)	-
EBITDA	(4,508)	1,367	(€5,875)
Depreciation, amortisation, and provisions	(1,419)	(958)	+48.1%
Recurring operating income (loss)	(5,927)	409	(€6,336)
Exceptional depreciation	(1,766)	-	n/a
Operating income (loss)	(7,693)	409	(€8,102)
Financial result	(469)	(353)	+32.9%
Tax	190	314	-39.5%
Net result (loss)	(7,972)	370	(€8,342)

(1) REBITDA: Recurring EBITDA - Operating income before depreciation and provisions and non-recurring expenses as explained in disclosure 1.3 – Major operations, of the 2022 financial statements.

+20.5% turnover growth in 2022 in a context of slowing market conditions

Following a doubling in revenue in 2021, Invibes Advertising generated an overall growth of +20.5% over the course of 2022. In context the Company achieved this despite the rapidly deteriorating market conditions, caused by a significant slowdown in the digital advertising market over H2 2022 linked to the uncertainties and tougher economic environment in Europe.

The activity in some of Invibes Advertising's more established markets (France, Spain, Switzerland and ML2Grow) has been impacted where turnover grew by 12%. France in particular has proved challenging over the period.

Scale-up countries (Germany, United Kingdom, Italy and Belgium) performed much better with a robust growth of 40%, confirming their potential.

Strong cost-adjustment measures to adapt to the evolving market conditions

H1 of 2022 structural costs increased to support an ambitious commercial ramp-up in line with the Company's prospects of strong growth. The workforce expanded rapidly, reaching 230 FTE in June 2022 up from 124 in December 2021.

A major slowdown in the advertising market over the summer months persuaded Invibes Advertising to take swift measures and to adapt its cost structure to the degraded economic climate, significantly reducing its sales and support staff in the 4th quarter of 2022. By December 2022, the Company's FTE was down to 195, a 15% reduction from its peak six months earlier. The flexibility of the Company allowed for adaption in the evolving situation whilst maintaining necessary commercial forces to pursue its growth in all strategic countries.

Additionally, Invibes Advertising has temporarily suspended the launch of Adspark, its self-service platform dedicated to SMEs, as its deployment would have generated too much short-term expenditure without an immediate return on investment.

These measures have generated substantial additional but non-recurring expense in 2022. From 2023, the Company will benefit favourably from the effect of this adaption on its cost structure - profitable growth remains management's objective!

The implemented changes have been carefully chosen and to enable Invibes Advertising to retain its strong capacity for innovation, which is essential its ability to differentiate itself within the digital advertising ecosystem and to gain market share. Indeed, the Company's fully integrated proprietary technology platform is the cornerstone for its future development and growth as well as a major point of differentiation, as it allows Invibes Advertising to control the entire value chain, from the advertiser through to the publisher.

2022 EBITDA impacted by the successive ramp-up and ramp-down phases

The Company's EBITDA in 2022 was -€4.5 million compared to €1.4 million in 2021.

EBITDA of 2022 includes K€ 762 restructuring costs, K€ 278 recruitment fee's and K€ 498 business departments who were terminated in 2022. These costs will not reoccur in 2023. The corresponding REBITDA (Operating income before depreciation and provisions and non-recurring expenses) amounts to K€(1,134) compared to K€1,378 in 2021.

The EBITDA of 2022 also includes a non-recurring cost of a share-based non-cash compensation through emission of stock option plans essentially to senior staff, valued to K€ 1,837 according to a valuation report of 8Advisory dated March 27, 2023.

Within purchases and external expenses, in a general inflationary environment, certain operating costs such as office expenses have increased faster than revenues. However, the main impact on 2022 EBITDA is related to the evolution of the Company's personnel expenses throughout the year during toughening market conditions.

Cost adjustment measures affected EBITDA margins at both Group and Country levels. That said, EBITDA remained strong in existing countries (France, Spain, Switzerland and ML2GROW) with EBITDA contribution amounted to 25.8%. Again, showing the resilience of the model when a market is matured and established and where all key fundamentals are activated, despite more challenging conditions.

The breakdown of EBITDA by country maturity is as follows:

<i>Consolidated data audited, in €k</i>	2022	2021	Δ
Existing countries *			
Turnover	19,892	17,802	+12%
EBITDA contribution	5,131	5,080	
EBITDA	25.8%	28.5%	
Scale-up countries **			
Turnover	7,538	5,379	+40%
EBITDA contribution	(640)	579	
EBITDA	n/a	10.8%	
New countries (start-up) ***			
Turnover	536	19	x 28
EBITDA contribution	(1,529)	(479)	
EBITDA	n/a	n/a	
Group overheads excl. CAPEX	(7,470)	(3,813)	
Consolidated EBITDA	(4,508)	1,367	

* France, Spain, Switzerland and ML2GROW

** Germany, UK, Italy and Belgium

*** Sweden, Norway, Denmark, South Africa, Netherlands, UAE, Poland and Czech Republic

Operating income includes exceptional depreciation of €1.8 million, related to one-off amortizations of part of the technological platform. Part of the past developments were depreciated because of lack of future economic value.

A solid balance sheet structure

With €20.4 million in cash (which includes €6.2 million deconsolidated factor financing) and a €13.6 million net cash position as of 31 December 2022, the Group has the capacity to finance its future development and maintain a high level of R&D investments as innovation remains essential to Invibes Advertising's approach.

Management is carefully managing cash flow. The measures deployed over H2 2022 to lower the Company's cost base substantially and reduce its cash burn going forward from 2023 onwards.

2023 outlook: drive growth and target positive EBITDA

In 2022, Invibes Advertising saw a strong increase in multi market campaigns for internationally recognised brands including: Club Med, Michael Kors, UGG, Max Mara, Saudi Aramco, Fender, Wimbledon, Bacardi, Facebook Gaming, Energizer, Benetton, Dell, Slack, Nestle, Lenovo, LEGO, Versace, Workplace, Siemens, Audi, LiuJo.

The increase has been primarily driven by the geographical presence of Invibes in Europe and also related to its capacity and relentless strategy to innovate. Invibes Advertising has continued to deploy its Invibes ID Network to offer an alternative to third-party cookies (which will progressively be discontinued), through Hashed emails, providing the same benefit and targeting advantages of the logged environments of the large platforms.

Harnessing hashed emails with the Invibes ID Network enables more accurate targeting but more importantly enables Invibes to generate the necessary insights that prove the business case and impact of its campaigns.

Invibes Advertising announced the details of its new roadmap built around three key levers, this will enhance the product further enabling it to rise above alternative offerings in markets, by providing customers with a unique, high-performing, and tailor-made value proposition:

- **Capitalise on the fundamentals** that have built Invibes Advertising's success since its creation:
 - o Innovation as a source of performance and efficiency in advertising campaigns and user engagement.
 - o An international network spanning 15 countries - allowing a cross-market approach, and the implementation of pan-European systems sought after by major international brands.
 - o A network of publishers offering unparalleled reach for campaigns.
 - o Experienced and customer-oriented teams.
- **Continue to develop our *Industry Solutions*** - adapted to the specific needs of certain industries. Today such industry solutions exist for the automotive, aviation and tourism, sustainability.
- **Deploy value-added technology services** for strategic customers, with the key objective of signing long term contractual commitments and increasing the services the Company delivers to those customers.

In an economic climate that remains challenging, the Group will be unable to reach its previously announced 2024 target turnover. However, a refocused strategy combined with cost adjustments implemented over the past few months has laid the right foundations and put Invibes Advertising in an advantaged position to pursue growth and target a return to positive EBITDA in 2023.

About Invibes Advertising

Invibes Advertising (Invibes) is an international technology company specialising in digital advertising innovation. Founded by co-CEOs Kris Vlaemynck and Nicolas Pollet on the philosophy that digital advertising efficiency comes from being truly innovative and naturally engaging to users, Invibes has developed an integrated technology platform for brands to reach consumers through high-quality in-feed advertising experiences.

Invibes delivers high user engagement and attention for brands by harnessing the power of big data, innovative in-feed formats, broad reach, and extensive intelligence services.

To partner with some of the greatest brands in the world, like Amazon, Bacardi, Dell, IKEA and Toyota, we rely on even greater people. At Invibes we strive to maintain an energetic, open environment that fosters a culture of ideation, growth and #GoodVibes, that shines straight through to our clients.

Want to hear more about Invibes? Visit: www.invibes.com

Invibes Advertising is listed on the Euronext Stock Exchange (Ticker: ALINV – ISIN: BE0974299316)

Read our latest press releases at:

<https://www.invibes.com/investors.html>



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