



Alchimie reports 2021 half-year results and announces a refocusing of its strategy

- Confirmation of the marketplace's virtuous model and strengthening of its fundamentals: launch of 40 channels, premiumization of the rights catalog, expansion of the distribution network including internationally, new version of Alchimie Studio
 - Cash position as of June 30, 2021 of €8.5 million
 - Confirmation of strategic orientations to boost growth: focus on strong editorial themes, prioritize action on leading channels, change in distribution mix, concentration on high-potential language areas
 - Revision of channel and subscriber growth assumptions and postponement of the achievement of operational breakeven by 12 months to Q4 2023
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Paris, October, 19 2021 – 05:45pm CEST, ALCHIMIE (FR0014000JX7 – ALCHI – Eligible PEA-PME), an OTT (over the top) subscription video on demand (SVoD) platform featuring original and exclusive thematic channels published jointly with media groups and talents, announces today its consolidated half-year results for the period ended June 30, 2021.

Nicolas d'Hueppe, Founder and CEO of Alchimie comments: *“We are very pleased with the operational progress made by our teams during the first half of the year, in terms of technology, marketing and publishing. These are all structuring achievements that contribute to the virtuous dynamic of our marketplace in France and internationally. With 124 thematic channels today, some of which are distributed by major OTT players such as Orange France and Amazon Prime Video Channels, Alchimie's offering is gradually establishing itself as a credible complement to generalist offerings for those who want to be entertained by original and premium thematic programs. In this context, the virtuous model of our marketplace, based on revenue sharing between rights owners, media and talent, and distributors, continues to reveal its full potential. However, the growth trajectory of subscriber recruitment has been below our objectives. We have therefore decided to refocus our strategic orientations to focus our resources on the development of major channels while exploiting the drivers of the creative economy. We will also concentrate our efforts on high-audience language areas (English and Spanish) that offer faster growth prospects, and we will rely more heavily on leading distributors. These adjustments should enable us to break even in the last quarter of 2023 by capturing more effectively the growth potential of the global premium thematic content market.”*

IFRS consolidated income statement

<i>In thousands of euros</i>	30.06.2021	30.06.2020	Change
Revenue	15,621	13,668	+14.3%
Cost of sales	-8,009	-6,458	+24.0%
Gross profit	7,613	7,211	+5.6%
Technological and development costs	-2,368	-1,913	+23.8%
Sales and marketing costs	-8,293	-7,460	+11.2%
General and administrative expenses	-2,665	-2,498	+6.7%
Operating income	-5,713	-4,660	-22.6%
Net financial expense	-211	-183	-15.3%
Net income from continuing operations	-5,936	-4,689	-26.6%
<i>Net income from discontinued operations</i>	-	105	na
Consolidated net income	-5,936	-4,584	-29.5%
Cash position at end of period	8,515	4,007	+112.5%

Figures subject to limited review by the auditors

Activity and results for the first half of 2021

The Group's consolidated half-year revenues (IFRS) at June 30, 2021, communicated on July 20, amounted to €15.6 million, up +14% compared to June 30, 2020. The Video activity, which amounted to €14.2 million, maintained its momentum with a growth rate of +22% over the period.

During the past six months, cost of sales amounted to €8.0 million, as the Company is currently in an investment phase (structuring and strengthening of international teams, follow-up of channel launches, development of Alchimie Studio and marketing investments to recruit subscribers), resulting in a gross margin of €7.6 million.

More specifically, the gross margin rate for the Video business, Alchimie's main activity, was 45% compared with 48% in H1 2020. This change is mainly due to the increase in sales commissions, particularly in the context of distribution via platforms such as Amazon Channel, in line with the optimization of the distribution strategy and initiatives and experiences in the creation of exclusive and original content (co-production, content localization)

Operating expenses increased by +12%, as a result of the increase in technology and development costs (+24%), marketing and sales costs (+11%) and general and administrative costs (+7%). The increase in technological and development costs is the result of the strengthening of the Alchimie Studio tool, which is now positioned at the best market standard and offers full autonomy to partners. These developments have also made it possible to divide production costs by 4, and the time required to build a chain has been reduced to 4 days, with maintenance costs now amounting to half a day per month.

The operating loss was -5.7 M€ compared to -4.7 M€ for the previous year.

The financial result was -0.2 M€ at June 30, 2021, stable compared to the first half of 2020.

Overall, the consolidated net loss for the period was €5.9 million, compared with €4.6 million in the first half of 2020.

As of June 30, 2021, Alchimie's cash position amounted to €8.5 million, providing the Group with visibility to carry out its strategy given the expected decrease in operating expenses over the next few years.

Highlights of the first half of 2021 and post closing events

The first half of 2021 has demonstrated the relevance of Alchimie's approach, confirming the dynamics of the marketplace's virtuous model, which combines the interests of rights owners, publishers and distributors. Over the past six months, Alchimie has launched 37 new channels, bringing the total number of co-published channels to 107, in line with the year-end target of 140. In France, Alchimie now co-publishes 57 channels with celebrities and talents or media groups, representing 53% of the total number of channels.

Internationally, Alchimie now operates 50 channels, including 10 in the United States, 19 in the United Kingdom, 17 in Spain and 4 in Germany. As of June 30, 2021, the Company had 391,000 subscribers.

Among the highlights of the past six months, Alchimie has strengthened its fundamentals:

- **Premiumization and internationalization of the content catalog**

During the period, the Group entered the U.S. market following the acquisition of TV4 Entertainment assets, a transaction that enabled it to integrate a portfolio of 8 co-published English-language thematic channels. Alchimie's international catalog has thus been enriched by more than 5,000 hours of content on various affinity themes (crime, documentaries, arts & passions). Alchimie has signed a partnership with All3media for the co-publishing of the thematic OTT gardening channel, Inside Outside, and the integration of 400 hours of exclusive premium content within Alchimie's English-language catalog. Other major agreements with the Spanish group, Planeta, and the production company Phare Ouest illustrate Alchimie's ability to attract leading players with its model.

- **Strengthening and extension of the distribution network**

Recently, Alchimie announced the signing of new distribution agreements with Orange box in France, Amazon Prime Video France and Spain as well as the platform of Spanish mobile operator Movistar. The Group has also partnered with Struum, an innovative streaming service, entered into a privileged partnership with Altice and strengthened its strategic partnership with Samsung TV Plus, which now offers the platform's content in Europe.

- **New version of Alchimie Studio offering full autonomy to partners**

On the technological front, a new version of the Alchimie Studio tool, a channel co-editing platform, has been launched, offering users, both talents and media, total autonomy in their channel editing and animation work. This advance enables us to capture the full potential of the creative economy and to support overall profitability, as the launch of new channels can now be carried out at a marginal cost (4 days). It also favors a better allocation of resources to channels with very high ratings.

Strategic directions to boost growth are affirmed

With its strengthened fundamentals, Alchimie wishes to boost its growth by capitalizing on 4 strategic orientations:

- **Focus on strong editorial themes (science and culture, history and personalities, sustainable development, passions, crime and defense, ...);**
- **Emerge leading channels with committed partners and a clear editorial (CultivonsNous, Scènes de crime, The Big Issue, Inside-Outside, ...);**
- **Focus on high-potential language areas (English and Spanish);**
- **Evolution of the distribution mix with partnerships for impact channels.**

Alchimie's development will now take place through the launch of channels with a larger audience and a strong editorial theme. The objective is to have channels with a larger average number of subscribers. In concrete terms, the Company's objective is now to reach a break-even point of 1.3 million subscribers by the end of 2023 with this new distribution mix.

The 2021 half-year financial report will be available today on: <https://www.alchimie-finance.com/>

Next financial release: annual sales on January 25, 2022

About Alchimie

Alchimie is a channel factory: a unique video platform in partnership with talents and media to co-publish their own thematic channel. Alchimie has a catalog of more than 70,000 hours of content from more than 300 renowned partners (Arte, France TV distribution, ZDF Entreprises or Zed). Alchimie partners with 110+ talents (celebrities, influencers), brands and media groups to create new channels (Cultivons-Nous, The Big Issue, Army Stories, Jacques Attali, Poisson Fécond, Vaughan, Scène de Crime, Point de Vue) which are then distributed on more than 60 distribution platforms (TVPlayer, Amazon, Orange, Movistar, Samsung, Huawei, etc.) constantly expanding its audience and consequently its revenues. In 2019, Alchimie acquired TVPlayer, the largest independent OTT platform in the UK. With offices in France, the UK, Germany, Spain and Australia, Alchimie employs 125 people and is ranked 48th in FW500 (ranking of French technology companies). In 2020, Alchimie obtained an extra-financial rating of 70/100, which corresponds to an "Advanced +" performance level on the Ethifinance rating scale.

For more information: www.alchimie-finance.com / www.alchimie.com



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