

Paris, September 24, 2020 – 17.45 CET

FIRST HALF 2020 RESULTS

- ≡ 4% RISE IN GROSS MARGIN DESPITE REVENUES DOWN 3%
- ≡ OPERATING LOSS CONTAINED AT €2.2 MILLION
- ≡ RECORD LEVEL OF CASH
- ≡ 2020 SET TO DELIVER MODERATE GROWTH AND PROFITABILITY

Consolidated data (in € million)	H1 2019	H1 2020	%
Revenues	30.1	29.0	-3%
Gross margin	14.1	14.6	+4%
Operating result	(1.3)	(2.2)	na
Financial result	0.1	(0.2)	na
Tax income	0	(0.2)	na
Net result	(1.2)	(2.6)	na

ATEME's financial statements for the six months to June 30th 2020 were approved by the Board of Directors at its meeting on 23 September. The limited review of the company's financial information by its statutory auditors is complete. The half-yearly report which is now available to the public and has been filed with the French markets authority, the Autorité des Marchés Financiers, can be downloaded from the "Financial Documents" section of the ATEME website <https://www.investor.ateme.com/en/>.

Paris, September 24, 2020 - ATEME (ISIN: FR0011992700), world specialist in video compression, has published its results for the Half Year to 30th June 2020.

Robust revenues performance

First half revenues amounted to €29.0 million, down 3% year-on-year and by 5% at constant exchange rates.

EMEA and Latin America suffered in the COVID-19 context, with the cancellation of sports events related orders and more broadly, the delay in operations, contributing to a decline in revenues of 20% and 45% respectively. On the other hand, North America and Asia Pacific demonstrated strong resilience with revenue growth of 19% and 34% respectively.

Overall, ATEME continued to gain new customers thereby increasing its market share.



Rise in software sales driving gross margin improvement

As previously announced, the 3% decline in total revenues reflected a decline in the resale of third party products (notably servers sold with TITAN software), while software sales increased, thereby leading to an improvement in Gross Profit from €14.1 to €14.6 million, with a margin up from 46.7% to 50.2% (+3.5 points).

The rise in operating costs was limited to 10% (€15.3 to €16.8 million) with a strong focus on strategic investment in future software solutions (TITAN payout, transition to cloud, etc). Hence R&D expenses rose by 25%; on the other hand Sales & Marketing costs grew by only 4% on the back of savings in travel and trade fairs due to the pandemic.

In spite of the Covid-19 environment, the operating result for the First Half was contained to a deficit of €2.2 million, representing 7.6% of sales, i.e. much closer to the 4.3% achieved in H1 2019 than to the 14.2% of 2018.

Habitual H2 revenue acceleration expected to lead to growth and operational profitability for the year as a whole

In the six years since the 2014 IPO, Second Half revenues have accounted for an average of 57% of Full Year revenues, exceeding the First Half by some 30%. This established seasonality is not expected to be altered by the Covid-19 context. Moreover, the rise in monthly recurring revenues (MRR), which have doubled over the past 18 months, from €570K in January 2019 to €1.1 million in July 2020, lends further revenue security.

The increase in R&D investment will continue, but additional savings in travel and trade shows will continue to benefit sales & marketing spend. Overall, the seasonal acceleration in Second Half revenues is expected to compensate for the First Half, and ATEME¹ should deliver moderate growth and operational profitability in FY 2020. Net result will include exceptional costs related to the acquisition of Anevia.

Record level of cash

Cash amounted to €20.6 million at 30 June 2020, compared with €10.3 million at 31 December 2019. The increase mostly reflects the high level of invoicing in Q4 2019, as well as bank and government-backed loans to the tune of €8 million under Covid-19 aid measures to industry.

¹ On a same perimeter basis



ATEME Chairman and Chief Executive Officer, Michel Artières, said: " *First Half 2020 demonstrated ATEME's remarkable ability to continue to increase both software sales and recurring revenues in spite of the Covid-19 environment. In this context, we are confident in being able to deliver a further year of profitable growth. Our visibility and strong cash position have enabled us to enter exclusive negotiations for the acquisition of Anevia, thereby expanding our portfolio of software solutions for the OTT delivery and preparing for an exciting 2021.*"

Post-closing event: On July 31st 2020, ATEME and Anevia entered into exclusive negotiations for the acquisition by ATEME of 87% of the share capital and 90% of the voting rights of Anevia. The combination of the two companies would create a major player in video delivery, with combined revenues of more than €80 million (pro forma 2019).

Next publication:

November 5, 2020: Q3 2020 revenues

About ATEME: ATEME is the emerging leader of video delivery infrastructure, servicing the world's largest content and service providers. Listed on Euronext Paris since 2014, ATEME has a history of transforming video delivery, being the first to market with a 10-bit 4:2:2 solution, the first production-ready HEVC & HDR, and recently, the first genuine video delivery NFV software solution designed to lead service providers' transition to video datacenter. To complement its cutting-edge technology, ATEME has partnered with leaders such as Intel, Apple and Microsoft to create best-in-class video delivery solutions. ATEME is a leading member of industry forums and organizations, such as the DVB and SMPTE, actively participated in the ITU in the standardization of HEVC in 2013 and joined the Alliance for Open Media to help develop the AV1 open and royalty-free video codec in June 2014. ATEME is headquartered in Vélizy near Paris, with worldwide support and R&D offices in Rennes, Denver, Sao-Paulo, Singapore and Sydney. With a commercial presence in 24 countries, ATEME counts 319 employees, including some 150 of the world's leading R&D video experts. In 2019 ATEME served close to 400 customers worldwide with revenues of €66.3 million, of which 93% outside its home market.

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