

For translation purposes only



French société anonyme (public limited company)
Share capital: 1.566.759.18 euros

Registered office: 6, rue Dewoitine
- Immeuble Green Plaza, 78140 Vélizy
382,231,991 RCS Versailles

HALF YEAR FINANCIAL REPORT AT 30 JUNE 2021

About ATEME:

ATEME is a world leader in video delivery and compression solutions helping content providers, service providers and streaming platforms to increase their audience and subscriber commitment.

Leveraging a unique R & D working group in the video sector, ATEME's solutions make sustainable television services possible, improve the quality of end user experience, optimize the total acquisition cost of TV/VOD services and generate new revenue sources based on customization and insertion of advertising. Beyond technological agility, ATEME's value proposition is to partner with its clients by offering them great flexibility in the engagement and business models that correspond to their financial priorities. A consequence is a rapid shift to recurring income, reinforcing the company's resilience and creating long term value for shareholders.

Founded in 1991, ATEME has 490 employees based at its registered office in France and 20 offices worldwide including the United States, Brazil, Argentina, the United Kingdom, Spain, Germany, Russia, the United Arab Emirates, Singapore, China, Korea and Australia.

ATEME has been listed on the Euronext Paris market since 2014 and acquired in November 2020 Anevia, a provider of OTT and IPTV software solutions. In 2020 ATEME served close to 1,000 customers around the world with revenue of 70.7 million euros, including 93% outside its domestic market.

Name: ATEME - ISIN Code: FR0011992700 - Stock Exchange Symbole: ATEME - Compartment: B

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1. Statement by the person responsible for the half year financial report

1.1 PERSON RESPONSIBLE FOR THE SEMI ANNUAL FINANCIAL REPORT

Michel Artières, Chairman and Chief Executive Officer of ATEME.

1.2 STATEMENT BY THE PERSON RESPONSIBLE

(Article 222-3 - 4 of the AMF General Regulations)

'I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation taken as a whole, and that the half yearly activity report includes a fair review of the significant events that occurred during the first six months of the financial year, their impact on the financial statements and a description of the main risks and uncertainties for the remaining six months of the financial year.'

Vélizy, 27 September 2021

Michel Artières, Chairman and Chief Executive Officer of ATEME.

2. Activity report at 30 June 2021

2.1 HIGHLIGHTS OF THE FIRST HALF OF 2020

On 19 January 2021, ATEME announced the closing of the acquisition of Anevia, a software developer for live, deferred and on demand TV and video (VOD), following the successful public offer and squeeze out.

On 28 January 2021, the company announced that it received three Emmy® Awards in the Technology & Engineering category from the Académie Nationale des Arts et des Sciences de la Télévision (NATAS) for its exceptional achievements in video compression, which contribute to the effective delivery and distribution of media, content and TV:

- Development of perceptual measures for the optimisation of video encoding
- Optimizing artificial intelligence processes for video compression
- Development of optimized compression technologies for mass treatment

On 4 February 2021, ATEME announced that its multi platform video delivery solution was deployed by Viya, the largest telecommunications and entertainment service provider in the Virgin Islands (United States), which is part of the ATN International Group.

On 25 February 2021, the company announced to facilitate more than 50% of ATSC 3.0 deployments in North America in 2020, guaranteeing technological leadership to the largest US broadcasters.

On 8 March 2021, ATEME announced that it had integrated AVS2 into its TITAN range. AVS2 is the second generation digital audio video compression standard, defined by the AVS working group, which aims to meet the needs of the audio and video industry in China.

On 9 March 2021, ANEVIA (now ATEME owned) and the company celebrate the tenth anniversary of their technology partnership. This collaboration was a key factor in making Net + one of Switzerland's most innovative TV service providers.

On 16 March 2021, ATEME announced a partnership with Digitalrich, Korea's leading supplier of advertising integration technologies. Titan Live and TITAN Mux by ATEME as well as Digitalrich's Advertising insertion server are now available as an integrated solution for ATEME clients worldwide. Through this partnership, clients will benefit from a comprehensive advertising replacement solution capable of managing analog or digital markers as well as advertising campaigns for chains processed by ATEME video processing components. This partnership will enable Digitalrich to increase its international presence and increase its market share, while ATEME will be able to offer a robust, flexible and customised end to end solution for the insertion of announcements.

On 23 March 2021, the company announced that it had been selected by Nuuday, a subsidiary of TDC Group, Denmark's largest telecommunications company, has adopted its TITAN range of solutions to improve the video experience of viewers.

On 15 April 2021, ATEME announced today that Nilesat has chosen to deploy its TITAN Live platform for two projects, thereby increasing the ATEME presence in the region.

On 6 May 2021, DU teamed up with ATEME on OTT and SHT projects to improve supply in the United Arab Emirates.

On 11 May 2021, ATEME launched a green delivery solution for video service providers. Green Delivery - an integrated end to end solution enables OTT and DTH operators to significantly reduce the carbon footprint of their video delivery, helping them reach their sustainability goals.

On 18 May 2021, ATEME brings a latency in terms of broadcasting through just in time conditioners to a world first. These updates make ATEME the first to market a low latency JIT bundler - a complex technical challenge that ATEME has taken up using its own patented technology.

On 25 May 2021, ATEME set top boxes will support the first live sporting video project on the Huawei Cloud in Brazil.

On 1 June 2021, ATEME announced the launch of PILOT Media a native cloud solution that provides business intelligence, work flow automation and media supply chain efficiency.

On 8 June 2021 ATEME announced that its NEA streaming solution is now supporting the creation of full channels. This allows content owners, broadcasters and service providers to offer more relevant content to their viewers through customised television channels, resulting in more viewers and increased loyalty to OTT and OTA services.

On 15 June 2021 ATEME announced that Korean broadcaster KBS has selected ATEME Kyrion set top boxes to update its existing infrastructure, enabling high quality MPEG-2 HD broadcasting.

On 17 June 2021, ATEME collaborated with Intel to double coding performance by integrating the latest third generation Intel Xeon evolving processors. The company announced a revolutionary increase in the performance of its video set top boxes. By working closely with Intel and exploiting the combination of Intel processors and ATEME set top boxes, ATEME clients will benefit from delivery of encoding up to 2 times more efficient for OTT, resulting in high visual quality at lower cost.

On 22 June 2021 ATEME announced that TCCL (Thamizhaga Cable TV Communication Pvt Ltd), one of India's largest cable distribution companies with a strong focus on service quality and content, has chosen to implement ATEME's TITAN Live solution for its cable television platform.

On 24 June 2021, ATEME allows AIS to switch to new generation OTT delivery. The company announces that it has provided a timely, state of the art packaging and storage solution for AIS, Thailand's largest telecom and mobile phone operator.

On 29 June 2021, ATEME and Hoist Group, a leading provider of next generation hotel technology in the EMEA region, announced the availability of VOD and catch up TV, two new TV services to improve client entertainment info in the hotel industry.

2.2 IMPACT OF THE HEALTH CRISIS ON THE FINANCIAL STATEMENTS AT 30 JUNE 2021

Given the international travel restrictions still in force in most countries, very few customers have started meeting their suppliers again, while major industry trade fairs have been postponed (from April to October for NAB in Las Vegas and from September to December for IBC in Amsterdam). If the situation improves on the travel front thanks to the deployment of

vaccination and these major events succeed in attracting visitors, this could trigger a rebound in sales in the fourth quarter.

In addition, some semiconductor manufacturers face production difficulties that impact major server manufacturers. This leads to longer lead times and increased costs, resulting in delays in delivery and impacting gross project margins as our clients source equipment through us. We seek to build a security buffer in order to mitigate customer spillovers.

The decline in activity 2021 is related to the health crisis and is therefore considered to be isolated. This situation does not call into question the medium- and long term outlook of the Group's management.

2.3 ACTIVITY AND RESULTS OF THE COMPANY

Income statement	30/06/2021 6 months K €	30/06/2020 6 months K €
Revenue	32,436	29,039
Cost of sales	(12,860)	(14,485)
Gross profit	19,576	14,554
Research and development costs	(8,717)	(5,640)
Marketing and sales expenses	(13,164)	(9,484)
General and administrative expenses	(2,388)	(1,674)
Operating income	(4,693)	(2,243)
Financial expenses	(227)	(99)
Financial income	21	4
Foreign exchange gains and losses	360	(60)
Profit before tax	(4,589)	(2,398)
Income tax expense/benefit	209	(193)
Net income	(4,380)	(2,591)
Group share	(4,380)	(2,591)
Basic earnings per share (€/share)	(0.39)	(0.25)

2.3.1 REVENUE

AEME reported revenues of € 32436 k in the first half of 2021, up 12% on the same period last year. On a comparable basis, at constant scope and exchange rates, gross revenues decreased by 4%.

Revenue In thousands of euros	H1 2021	H1 2020	Change	Comparable basis 1
EMEA	13,339	7,963	68%	12%
United States/Canada	10,465	12,670	-17%	-16%
Latin America	4,276	3,000	42%	-1%
Asia Pacific	4,357	5,404	-19%	-16%
TOTAL	32,436	29,038	12%	-4%

At the regional level:

- EMEA reported revenue growth of 68% to € 13339 k. This robust performance was achieved thanks to organic growth of 12% and the contribution of Anevia's sales. The region starts the third quarter with a strong backlog, including the major contribution of a large scale contract concluded in the first quarter with a leading content provider (Tier 1) in the UK.
- The United States/Canada region recorded revenues of € 10465 k, down 17% and 16% on an organic basis. The region is starting the third quarter with a large pipeline and should catch up with 2020 sales by the end of the third quarter.
- Latin America's revenues increased by 42% to € 4276 k, thanks to a significant contribution from Anevia's revenues. On a like for like basis, sales fell 1%. ¹
- Revenue in the Asia Pacific region declined by 19% to € 4357 k, reflecting an unfavorable base effect (+34% in 2020). Anevia's contribution to this region is minor.

Recurring monthly revenue in thousands of euros	July 2021	July 2020
Recurring monthly income ²	1,685	1,100

As of July 2021, recurring monthly revenue (MRR) stood at nearly 1.7 million euros, thanks to a high rate of renewal of current support contracts in all regions. ²

2.3.2 IMPROVEMENT OF GROSS MARGIN

Despite lower sales than last year, the gross margin increased from € 14.6 M to € 19.6 M, an increase of 35%. Gross margin thus increased from 50.1% to 60.4% in the first half.

¹ At constant scope and exchange rates

² Alternative Performance Indicator not submitted for review by ATEME's Statutory Auditors: Recurring monthly revenue is defined as the sum of (1) monthly revenue from support contracts already signed, (2) monthly revenue from multi year operating leases already signed (CAPEX) and (3) monthly revenue from operating leases.

The improvement in gross margin was due to an improvement in the overall product mix in favour of software and service.

2.3.3 RESTATED EBITDA

Restated EBITDA (Amounts in K €)	30/06/2021	30/06/2020
Recurring operating income	(4,693)	(2,243)
(-) EBIT on fixed assets	(1,812)	(1,601)
DPA	(431)	-
(-) Payment in shares IFRS 2	(625)	(550)
Restated EBITDA	(1,825)	(92)

2.3.4 OPERATING EXPENSES

Operating expenses were up € 5848 k (+18.7%) in the first half of 2021 compared to the first half of 2020. This increase breaks down as follows:

- A € 1625 k (-11.2%) decrease in cost of sales
- An increase of € 7472 k (+44.4%) in structure costs (R & D, Marketing and Sales, overheads, etc.).

2.3.5 NET FINANCIAL INCOME

Net financial expense amounted to € 104 k at 30 June 2021. This item mainly comprises € 360 k in foreign exchange gains and € 277 k in amortized cost related to Group borrowings.

2.3.6 CONTENT INVESTMENTS

ATEME continued to invest in its development. Over the period, operating expenses amounted to 24.3 million euros, compared to 16.8 million euros as of 30 June 2020, an increase of 44.5%, this was offset by an increase of 10 pts in gross margin. Approximately one third of the additional operating expenses represent investment in research and development, notably in the new functional capacities of the TITAN and NEA solutions.

2.3.7 MAINTAINING A SOUND FINANCIAL STRUCTURE

Shareholders' equity amounted to 33.1 million euros at 30 June 2021, compared with 35.6 million euros at 31 December 2020.

First half net income was -4.4 million euros, compared with -2.6 million euros at 30 June 2020.

As business remained brisk and the Group's financial debt increased in the first half of the year, operating cash flow declined by 1.8 million euros. Cash and cash equivalents totaled 12.3 million euros at 31 December 2020 (17.1 million euros at 31 December 2012).

Net financial debt (excluding rental debt) stood at 10.3 million euros at 30 June 2021, compared with 3.7 million euros at 31 December 2020.

2.4 EVOLUTION AND OUTLOOK

A strong third quarter is expected due to:

- A strong backlog and a strong pipeline as we enter the third quarter;
- The expected acceleration of sales of Anevia's NEA software solutions following significant efforts to promote them to existing ATEME clients.

For the fiscal year, we therefore expect to exceed our growth target of 10 to 15% on a reported basis and to generate growth of 0 to 5% on a comparable basis.

In terms of net income, the second half of the year is expected to be lower than in previous years due to the following factors:

- Continued investment in R & D, with the Group's total headcount rising from 460 to 490 employees;
- Anevia's expected negative contribution which was structurally deficit and exposed to the same seasonality as ATEME;
- Significant synergies from the Anevia acquisition are still mostly expected from 2022.

As a result, our EBITDA target of 5 million euros for 2021 seems difficult to achieve; that of 10 million euros set for 2022 is nevertheless still achievable.

With recurring monthly income close to 1.7 million euros in July 2021, we are on track to reach our target of 3 million euros in monthly recurring income by 2024.

2.5 SUBSEQUENT EVENTS

On 6 July 2021 ATEME announced that it has integrated Dolby Vision® HDR and Dolby Atmos® immersive audio technologies into its TITAN Live solution, making it the first solution on the market to encode and deliver both experiences natively..

On 8 July 2021 ATEME announced that its Flamingo headend is being deployed to enable next-generation TV entertainment for the whole family in the SODIC October Plaza compound, a major residential development in Egypt's 6th of October City, in the Greater Cairo area..

On 3 August 2021 ATEME announced that that Telecom Armenia, an IPTV/OTT operator running under the Beeline brand, has selected its integrated OTT video-delivery solution to enable a re-launch of its TV offering to the Armenian market.

With a legacy system in place, Telecom Armenia identified a need for a scalable and effective video-delivery solution as part of a planned service refresh that included a new front and back office. The operator selected ATEME as a single source supplier, enabling the organization to benefit from a range of OTT technologies, from reception to CDN.

On 5 August 2021 ATEME announced its Kyrion encoders and decoders are providing contribution links to enable Thai operator National Telecom (NT PCL) to distribute the Tokyo 2020 Olympics to all broadcasters across Thailand.

The use of ATEME's Kyrion encoders/decoders allows NT PCL to provide Thai viewers with a high-quality viewing experience thanks to the technology's ultra-low latency and high video quality contribution.

On 16 September 2021, the National Association of Broadcasters decided to cancel the NAB Show 2021, which was to be held in October in Las Vegas, United States.

'For more than a year we worked tirelessly to bring our industry together safely in Las Vegas at NAB Show. Unfortunately, the pandemic and surge of the Delta variant presented unexpected and insurmountable challenges for our global community, 'said Chris Brown, Executive Vice President of the National Association of Broadcasters

The next edition will be held on 22 and 23 April 2022 with ATEME's participation.

2.6 RISK FACTORS AND RELATED PARTY TRANSACTIONS

2.6.1 Risk factors and main uncertainties for the remaining six months of the fiscal year

Risk factors affecting the Company are presented in section 3 of the Registration Document filed with the Autorité des Marchés Financiers ('AMF') on 18 June 2021 (AMF number R21-035.). The main risks and uncertainties that the Company may face in the remaining six months of fiscal year are identical to those presented in the Registration Document available on the Company's website.

These risks are likely to occur during the remaining six months of the current fiscal year as well as in subsequent fiscal years.

2.6.2 Related party transactions

Related party transactions are of the same nature as those presented in Section 17 'Related party transactions' of the Universal Registration Document registered by the AMF on 18 June 2021 under the number R21-035. During the first six months of the current fiscal year, no transactions with related parties that significantly influenced the financial position or results of the company occurred. In addition, no changes affecting related party transactions described in the Company's last Registration Document that could have a material impact on the Company's financial position or results of operations occurred during the first 6 months of the current fiscal year (see Note 24 to the interim financial statements included in this financial report).

3. Consolidated financial statements prepared in accordance with IFRS at 30 June 2021 and 31 December 2020

Statement of financial position	Notes	30/06/2021 K €	31/12/2020 K €
ASSETS			
Goodwill	3	13,186	13,186
Intangible assets	4	10,451	10,850
Property, plant and equipment	5	3,364	2,889
Utilizations rights	6	2,173	2,616
Other non current financial assets	7	1,080	1,198
Deferred tax assets	23	1,441	1,203
Total non current assets		31,695	31,942
Inventories	8	5,354	4,436
Trade receivables	9.1	26,934	31,665
Other receivables	9.2	11,056	8,335
Cash and cash equivalents	10	12,255	17,095
Total current assets		55,600	61,530
Total assets		87,294	93,472
LIABILITIES			
Shareholders' equity			
Share capital	12	1,561	1,548
Additional paid in capital	12	26,396	25,137
Translation reserve	12	151	114
Other comprehensive income	12	(159)	(217)
Retained earnings - Group share	12	9,556	9,257
Net income - Group share	12	(4,380)	(275)
Shareholders' equity		33,128	35,560
Non current liabilities			
Employee benefit obligations	15	1,240	1,223
Provisions for charges	16	41	41
Non current borrowings	14	15,813	16,154
Non current lease liabilities	14	1,443	1,788
Deferred tax liabilities	23	-	28
Non current liabilities		18,537	19,234
Current liabilities			
Debt on ANEVIA acquisition	14	-	3,738
Current borrowings	14	6,783	4,633
Current lease liabilities	16	795	909
Trade payables	17.1	11,192	14,605
Accrued taxes and payroll costs	17.2	5,608	6,490
Other current liabilities	17.3	11,251	8,303
Current liabilities		35,629	38,678
Total liabilities		87,294	93,472

Income statement	Notes	30/06/2021 6 months K €	30/06/2020 6 months K €
Revenue	19	32,436	29,039
Cost of sales	20.1	(12,860)	(14,485)
Gross profit		19,576	14,554
Research and development costs	20.2	(8,717)	(5,640)
Marketing and sales expenses	20.3	(13,164)	(9,484)
General and administrative expenses	20.4	(2,388)	(1,674)
Operating income		(4,693)	(2,243)
Financial expenses	22	(277)	(99)
Financial income	22	21	4
Foreign exchange gains and losses	22	360	(60)
Profit before tax		(4,589)	(2,398)
Income tax expense/benefit	23	209	(193)
Net income		(4,380)	(2,591)
Group share		(4,380)	(2,591)
Non controlling interests		-	-
<u>Weighted average number of shares outstanding for basic earnings</u>		11,127,282	10,483,858
<u>Weighted average number of shares outstanding for diluted earnings per share</u>		11,555,634	10,833,920
Basic earnings per share (€/share)	25	(0.39)	(0.25)
Diluted earnings per share (€/share)	25	(0.39)	(0.25)

IFRS Consolidated statement of comprehensive income	30/06/2021 K €	30/06/2020 K €
Net income for the year	(4,380)	(2,591)
Actuarial gains and losses	77	40
Items not to be reclassified to profit or loss	77	40
Translation adjustments on consolidation	43	(17)
Tax effect related to these items	(19)	
Items to be reclassified to profit or loss	23	(17)
Global income	(4,280)	(2,569)
Group share	(4,280)	(2,569)
Non controlling interests	-	-

Change in shareholders' equity

Change in shareholders' equity Consolidated	Share capital	Share capital	Share premium	Reserves and Net income	Impairment losses Conversion	Actuarial gains and losses	Shareholder s' equity	Interest Non controlling interests	Capital resources Equity
	Number of shares	K €	K €	K €	K €	K €	K €	K €	K €
At 31 December 2019	10,464,563	1,465	17,307	8,366	104	(115)	27,127	-	27,127
Net income June 2020				(2,591)			(2,591)		(2,591)
Other comprehensive income					(17)	40	23		23
Total comprehensive income		-	-	(2,591)	(17)	40	(2,569)	-	(2,569)
Exercise of stock options	34,288	5	194				199		199
Cancellation of treasury shares under the liquidity agreement				47			47		47
Share based payments				550			550		550
At 30 June 2020	10,498,851	1,470	17,501	6,372	87	(75)	25,354	-	25,354
At 31 December 2020	11,060,570	1,548	25,137	8,981	111	(217)	35,560	-	35,560
Net income June 2021				(4,380)			(4,380)		(4,380)
Other comprehensive income				30	43	58	130		130
Total comprehensive income		-	-	(4,350)	43	58	(4,250)	-	(4,250)
Issue of new shares	74,920	10	1,113				1,124		1,124
Exercise of stock options	17,898	3	146				149		149
Cancellation of treasury shares under the liquidity agreement				(79)			(79)		(79)
Share based payments				625			625		625
At 30 June 2021	10,557,381	1,561	26,396	5,176	153	(159)	33,128	-	33,128

Consolidated cash flow statement	Notes	30/06/2021 K €	30/06/2020 K €
Net income		(4,380)	(2,591)
(-) Elimination of amortization of intangible assets	4	(828)	(527)
(-) Elimination of depreciation and amortization of property, plant and equipment	5	(802)	(675)
(-) Elimination of depreciation under IFRS 16	6	(518)	(400)
(-) Provisions	15/16	(93)	(23)
(-) Expense related to share based payments	13	(625)	(550)
(-) Cost of net debt		(242)	(74)
(-) Loss on disposal of fixed assets	4-5	-	(5)
(-) Other		(34)	61
(-) Change in deferred taxes		209	(70)
Cash flow from operations before net finance costs and taxes		(1,446)	(329)
(-) Change in working capital (net of impairment of trade receivables and inventories)		340	(4,238)
Operating cash flows		(1,786)	3,909
Purchases of intangible assets	4	(138)	(223)
Capitalization of development costs	4	(291)	(295)
Purchases of property, plant and equipment	5	(1,267)	(713)
Change in other non current financial assets	7	(12)	99
ANEVIA: Balance paid to minority shareholders		(3,738)	-
Net cash used in investing activities		(5,446)	(1,132)
Exercise of stock options		1,272	199
Proceeds from new borrowings	14	3,116	8,078
Gross interest paid		(225)	(74)
Repayment of borrowings and conditional advances	14	(1,473)	(224)
Lease payments (IFRS 16)	14	(469)	(400)
Change in assets related to financing activities	7	56	-
Net cash used in financing activities		2,277	7,579
Effect of exchange rate changes		116	(45)
Increase (decrease in cash and cash equivalents)		(4,838)	10,311
Cash and cash equivalents at beginning of year		17,092	10,341
Cash and cash equivalents at end of period		12,254	20,652
Increase (decrease in cash and cash equivalents)		(4,838)	10,311

		30/06/2021	30/06/2020
Cash and cash equivalents	10	12,255	20,654
Bank overdrafts	14	(2)	(2)
Cash and cash equivalents at end of period		12,254	20,652

Detailed analysis of the variation Working capital requirement (in K €)	30/06/2021	30/06/2020
Inventories (net of inventory write downs)	898	1,346
Trade receivables (net of trade receivables)	(4,859)	(6,231)
Other receivables	2,714	1,650
Trade payables	3,549	(533)
Accrued taxes and payroll costs	956	180
Other current liabilities	(2,918)	(650)
Total movements	340	(4,238)

Notes to the Financial Statements

(Unless otherwise stated the amounts disclosed in these notes are in K €)

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Note 1: Presentation of the business and major events

The following information constitutes the Appendix to the consolidated interim financial statements IFRS at 30 June 2021.

1.1 Information relating to the Company and its business

Created in June 1991, ATEME (French joint stock company) designs software for video delivery and the manufacture of electronic and IT devices and instruments for the acquisition, processing and transmission of information.

ATEME offers products and solutions to cover:

- Contribution: Onboard set top boxes in mobile control cars and set top boxes installed in studios,
- The 'File' broadcast and the 'Live' broadcast: Content transcoding software for distribution on all types of screens that monetize content.

Registered office address: 6 rue Dewoitine, 78140 Vélizy Villacoublay

Number of the Trade and Companies Registry: 382,231,991 RCS de VERSAILLES

ATEME and its subsidiaries are hereinafter referred to as the 'Company' or the 'Group' or 'ATEME.' The Company is listed on Euronext Compartiment B.

1.2 First half 2021 events

On 19 January 2021, ATEME announced the closing of the acquisition of Anevia, a software developer for live, deferred and on demand TV and video (VOD), following the successful public offer and squeeze out.

On 28 January 2021, the company announced that it received three Emmy® Awards in the Technology & Engineering category from the Académie Nationale des Arts et des Sciences de la Télévision (NATAS) for its exceptional achievements in video compression, which contribute to the effective delivery and distribution of media, content and TV:

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- Development of optimized compression technologies for mass treatment

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On 25 February 2021, the company announced to facilitate more than 50% of ATSC 3.0 deployments in North America in 2020, guaranteeing technological leadership to the largest US broadcasters.

On 8 March 2021, ATEME announced that it had integrated AVS2 into its TITAN range. AVS2 is the second generation digital audio video compression standard, defined by the AVS working group, which aims to meet the needs of the audio and video industry in China.

On 9 March 2021, ANEVIA (now ATEME owned) and the company celebrate the tenth anniversary of their technology partnership. This collaboration was a key factor in making Net + one of Switzerland's most innovative TV service providers.

On 16 March 2021, ATEME announced a partnership with Digitalrich, Korea's leading supplier of advertising integration technologies. Titan Live and TITAN Mux by ATEME as well as Digitalrich's Advertising insertion server are now available as an integrated solution for ATEME clients worldwide. Through this partnership, clients will benefit from a comprehensive advertising replacement solution capable of managing analog or digital markers as well as advertising campaigns for chains processed by ATEME video processing components. This partnership will enable Digitalrich to increase its international presence and increase its market share, while ATEME will be able to offer a robust, flexible and customised end to end solution for the insertion of announcements.

On 23 March 2021, the company announced that it had been selected by Nuuday, a subsidiary of TDC Group, Denmark's largest telecommunications company, has adopted its TITAN range of solutions to improve the video experience of viewers.

On 15 April 2021, ATEME announced today that Nilesat has chosen to deploy its TITAN Live platform for two projects, thereby increasing the ATEME presence in the region.

On 6 May 2021, DU teamed up with ATEME on OTT and SHT projects to improve supply in the United Arab Emirates.

On 11 May 2021, ATEME launched a green delivery solution for video service providers. Green Delivery - an integrated end to end solution enables OTT and DTH operators to significantly reduce the carbon footprint of their video delivery, helping them reach their sustainability goals.

On 18 May 2021, ATEME brings a latency in terms of broadcasting through just in time conditioners to a world first. These updates make ATEME the first to market a low latency JIT bundler - a complex technical challenge that ATEME has taken up using its own patented technology.

On 25 May 2021, ATEME set top boxes will support the first live sporting video project on the Huawei Cloud in Brazil.

On 1 June 2021, ATEME announced the launch of PILOT Media a native cloud solution that provides business intelligence, work flow automation and media supply chain efficiency.

On 8 June 2021 ATEME announced that its NEA streaming solution is now supporting the creation of full channels. This allows content owners, broadcasters and service providers to offer more relevant content to their viewers through customised television channels, resulting in more viewers and increased loyalty to OTT and OTA services.

On 15 June 2021 ATEME announced that Korean broadcaster KBS has selected ATEME Kyrion set top boxes to update its existing infrastructure, enabling high quality MPEG-2 HD broadcasting.

On 17 June 2021, ATEME collaborated with Intel to double coding performance by integrating the latest third generation Intel Xeon evolving processors. The company announced a

revolutionary increase in the performance of its video set top boxes. By working closely with Intel and exploiting the combination of Intel processors and ATEME set top boxes, ATEME clients will benefit from delivery of encoding up to 2 times more efficient for OTT, resulting in high visual quality at lower cost.

On 22 June 2021 ATEME announced that TCCL (Thamizhaga Cable TV Communication Pvt Ltd), one of India's largest cable distribution companies with a strong focus on service quality and content, has chosen to implement ATEME's TITAN Live solution for its cable television platform.

On 24 June 2021, ATEME allows AIS to switch to new generation OTT delivery. The company announces that it has provided a timely, state of the art packaging and storage solution for AIS, Thailand's largest telecom and mobile phone operator.

On 29 June 2021, ATEME and Hoist Group, a leading provider of next generation hotel technology in the EMEA region, announced the availability of personal video networking (NPVR) and catch up TV, two new TV services to improve client infotainment in the hotel industry.

1.3 Impact of the COVID-19 health crisis on the interim financial statements at 30 June 2021

Given the international travel restrictions still in force in most countries, very few customers have started meeting their suppliers again, while major industry trade fairs have been postponed (from April to October for NAB in Las Vegas and from September to December for IBC in Amsterdam). If the situation improves on the travel front thanks to the deployment of vaccination and these major events succeed in attracting visitors, this could trigger a rebound in sales in the fourth quarter.

In addition, some semiconductor manufacturers face production difficulties that impact major server manufacturers. This leads to longer lead times and increased costs, resulting in delays in delivery and impacting gross project margins as our clients source equipment through us. We seek to build a security buffer in order to mitigate customer spillovers.

The decline in activity 2021 is related to the health crisis and is therefore considered to be isolated. This situation does not call into question the medium- and long term outlook of the Group's management.

1.4 Subsequent events

On 6 July 2021 ATEME announced that it has integrated Dolby Vision® HDR and Dolby Atmos® immersive audio technologies into its TITAN Live solution, making it the first solution on the market to encode and deliver both experiences natively..

On 8 July 2021 ATEME announced that its Flamingo headend is being deployed to enable next-generation TV entertainment for the whole family in the SODIC October Plaza compound, a major residential development in Egypt's 6th of October City, in the Greater Cairo area..

On 3 August 2021 ATEME announced that Telecom Armenia, an IPTV/OTT operator running under the Beeline brand, has selected its integrated OTT video-delivery solution to enable a re-launch of its TV offering to the Armenian market.

With a legacy system in place, Telecom Armenia identified a need for a scalable and effective video-delivery solution as part of a planned service refresh that included a new front and back office. The operator selected ATEME as a single source supplier, enabling the organization to benefit from a range of OTT technologies, from reception to CDN.

On 5 August 2021 ATEME announced its Kyrion encoders and decoders are providing contribution links to enable Thai operator National Telecom (NT PCL) to distribute the Tokyo 2020 Olympics to all broadcasters across Thailand.

The use of ATEME's Kyrion encoders/decoders allows NT PCL to provide Thai viewers with a high-quality viewing experience thanks to the technology's ultra-low latency and high video quality contribution.

On 16 September 2021, the National Association of Broadcasters decided to cancel the NAB Show 2021, which was to be held in October in Las Vegas, United States.

'For more than a year we worked tirelessly to bring our industry together safely in Las Vegas at NAB Show. Unfortunately, the pandemic and surge of the Delta variant presented unexpected and insurmountable challenges for our global community, 'said Chris Brown, Executive Vice President of the National Association of Broadcasters

The next edition will be held on 22 and 23 April 2022 with ATEME's participation.

Note 2: Accounting policies and methods

The financial statements are presented in K € unless otherwise stated.

2.1 Basis of preparation

Statement of compliance

ATEME prepared its consolidated financial statements, as approved by the Board of Directors on 27 September 2021, in accordance with standards and interpretations published by the International Accounting Standards Boards (IASB) and adopted by the European Union as of the date the financial statements were prepared, for all periods presented.

These standards, which are available on the European Commission's website, incorporate international accounting standards (IAS and IFRS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

In accordance with European Regulation 1606/2002 dated 19 July 2002, ATEME's consolidated financial statements for the year ended 30 June 2020 were prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Condensed financial statements do not include all the information required by IFRS in the preparation of the consolidated financial statements. These notes should therefore be read in conjunction with the ATEME IFRS consolidated financial statements published for the year ended 31 December 2020.

The accounting principles and methods and options adopted by the Company are described below. In some cases, IFRS allows the choice between using a benchmark or other permitted treatment.

Basis for preparation of the financial statements

The Group has prepared its financial statements on a historical cost basis, with the exception of certain assets and liabilities, in accordance with IFRS. The categories concerned are mentioned in the following notes.

Business continuity

The going concern assumption over the next 12 months from 30 June 2021 has been assumed by the Board of Directors based on available cash.

Accounting policies

The accounting policies applied are the same as those used to prepare the IFRS annual financial statements for the year ended 31 December 2020, with the exception of the application of the following new standards, amendments to standards and interpretations adopted by the European Union and mandatorily applicable to the Company from 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 - Amendment of Reference Interest Rates, published by the IASB on 27 August 2020 and mandatorily applicable from 1 January 2021.

These new standards and interpretations published by the IASB did not have a material impact on the Company's financial statements.

2.2 Use of judgments and estimates

To prepare the financial statements in accordance with IFRS, estimates, judgments and assumptions have been made by the Company's management, which may have affected the amounts reported for assets and liabilities, contingent liabilities at the date the financial statements were prepared, and the amounts reported for income and expenses for the year.

These estimates are based on going concern assumptions and are prepared based on information available at the time of their preparation. They are measured on an ongoing basis based on past experience and on various other factors considered reasonable that form the basis of our assessments of the carrying amount of assets and liabilities. Estimates may be revised if the circumstances on which they were based change or if new information becomes available. Actual results may differ materially from these estimates if different assumptions or conditions apply.

In preparing these interim consolidated financial statements, the principal judgments and assumptions made by management were the same as those applied in preparing the financial statements for the year ended 31 December 2020, namely:

- Attribution of equity warrants or share subscription warrants by entrepreneurs to employees, managers and external service providers;
- Revenue recognition
- Capitalization of development costs,
- Impairment of inventories,
- Provisions for retirement benefit obligations,
- Impairment of trade receivables,
- Lease obligations,
- Allocation of the purchase price of assets and liabilities to fair value.

Those assumptions underlying the principal estimates and judgements are described in the notes to those condensed consolidated financial statements.

In preparing condensed interim financial statements, the Group uses certain specific measurement methods in accordance with IAS 34 - Interim Financial Reporting:

- Income tax is calculated for each taxable entity by applying the estimated average annual effective rate for the current year to taxable income for the period.

2.3 Scope and methods of consolidation

Subsidiaries

Subsidiaries are all entities for which the Company has the power to govern the financial and operating policies, this power generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which the Company acquires control. They are deconsolidated from the date on which control ceases.

Intragroup transactions and balances are eliminated. The financial statements of the subsidiary are prepared for the same reference period as those of the parent company, on the basis of uniform accounting policies.

On the date of publication of the interim consolidated financial statements, the Company holds the following companies:

Companies	Country	Group control in%	Interest (%)
ATEME SA	France		Parent company
ATEME USA Inc	United States	100	100
ATEME Canada	Canada	100	100
ATEME Singapore	Singapore	100	100
ATEME Japan KK	Japan	100	100
ATEME Australia	Australia	100	100
ANEVIA	France	100	100

Note 3: Goodwill

On 26 October 2020, the Company acquired 87% of the shares of Anevia for € 17407 k. This amount comprised a cash payment of € 9947 k and a contribution of ATEME shares through a capital increase of € 7460 k. It has been consolidated as from 31 October 2020.

A simplified Alternative public tender offer for the shares and BSA of ANEVIA that were not tendered in connection with the acquisition of control block was initiated on 8 December 2020 with a view to obtaining 100% of Anevia's shares. As a result of the acquisition of more than 90% of the shares, the squeeze out of the shares and BSA not contributed in the two previous transactions was completed on 19 January 2021.

The acquisition of non controlling interests was analyzed as a single business combination (by analogy with IFRS 10 B.97 on disposals resulting in a loss of control), the public tender offer ('alternative') and the squeeze out procedure as only economically justified by the acquisition of the controlling interest. Therefore, goodwill is calculated based on the acquisition price of 100% without generating any non controlling interests, but on recognising a liability under current liabilities for transactions unwound in January 2021.

The total transaction between 26 October 2020 and 19 January 2021 was financed by € 12561 k in cash, of which € 2614 k was paid out in January 2021, and € 8584 k in cash, with a corresponding increase in ATEME shares, of which € 1124 k in January 2021. The total cost of the acquisition was € 21145 k and the outstanding liability at 31 December 2020 was € 3738 k (recorded in current liabilities). This liability was paid out in January 2021 and is therefore no longer on the consolidated balance sheet as of 30 June 2021.

Intangible assets recognized in connection with this acquisition amount to € 9,350 k and make up the technology related to the product ranges. These ranges are amortized over 10 to 11 years. Goodwill amounted to € 13,186 k.

The combination with Anevia and its effective solutions for optimizing the delivery of flows, in particular the NEA product, is a key step in the Group 's expansion into its customer value chain and the quest for new markets.

Research & development teams and sales staff are now working on a global portfolio of common products and customers. Management monitors the performance of an integrated group so that intangible assets recognized in connection with the acquisition and goodwill have been allocated to a single cash generating unit combining ATEME and Anevia.

The budget revised at the end of December 2021 was lower than initially planned due in part to the continuing impact of the health crisis and a delay in the expected synergies of the new entity. However, this fiscal gap alone is not an indication of impairment as at 30 June 2021 due to the expected catch up in the short- and medium term growth and profitability forecasts of the new package.

In accordance with IAS 36, an impairment test will be performed at 31 December 2021.

Note 4: Intangible assets

The projects whose development costs have been capitalised relate to the Kyrion, TITAN File and TITAN Live projects for the years 2010 to 2020. On the acquisition of Anevia, a gross technology value of € 9350 k was recognized in the Telco and Enterprise product lines. They are amortized over 10 to 11 years. Amortization for the first half of 2021 amounted to € 432 k.

GROSS VALUE OF INTANGIBLE ASSETS (Amounts in K €)	Other intangible assets	Software	Technology	Development costs	Work in progress	Total	O/w cash impact
Statement of financial position at 31 December 2020	41	1,548	9,350	5,933	63	16,935	
Capitalization of development costs					291	291	291
Acquisition		138				138	138
Disposals	(15)					(15)	
Impact of exchange rates		(2)				(2)	
Transfer		63			(63)	-	
Statement of financial position at 30 June 2021	26	1,747	9,350	5,933	291	17,348	

DEPRECIATION

Statement of financial position at 31 December 2020	41	1,336	144	4,565	-	6,085	-
Increase		157	432	238		828	
Disposals	(15)					(15)	
Impact of exchange rates		(1)				(1)	
Statement of financial position at 30 June 2021	26	1,492	576	4,803	-	6,897	-

NET BOOK VALUE

At 31 December 2020	-	213	9,206	1,369	63	10,850
At 30 June 2021	-	255	8,774	1,131	291	10,451

Note 5: Property, plant and equipment

Property, plant and equipment mainly consists of IT equipment.
 No impairment losses were recognized in accordance with IAS 36 and the rules described in the notes to the consolidated financial statements for the year ended 31 December 2020.

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT (Amounts in K €)	Statement of financial position at 31 December 2020	Increase	Decrease	Impact of exchange rates	Statement of financial position at 30 June 2021
Fixtures and fittings	1,927	451	(34)	-	2,344
Office equipment, data processing and furniture	9,900	788	(306)	25	10,408
Work in progress	87	27	-	-	115
Total	11,913	1,267	(340)	25	12,865

O/w cash impact - 1,267 - - -

DEPRECIATION (Amounts in K €)	Statement of financial position at 31 December 2020	Increase	Decrease	Impact of exchange rates	Statement of financial position at 30 June 2021
Fixtures and fittings	1,172	175	(34)	-	1,313
Office equipment, data processing and furniture	7,852	628	(306)	14	8,181
Total	9,024	802	(340)	14	9,501

NET BOOK VALUE	2,889	3,364
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Note 6: User rights

The following table sets forth the application of IFRS 16 and the recognition of rights to use in assets:

GROSS VALUE OF USER FEES (Amounts in K €)	Office equipment	Vehicles	Commercial leases	Total
Statement of financial position at 31 December 2020	1,507	18	3,597	5,122
Increases	2	-	64	66
Impact of exchange rates	-	-	10	10
Statement of financial position at 30 June 2021	1,509	18	3,671	5,197

DEPRECIATION

Statement of financial position at 31 December 2020	1,362	4	1,141	2,506
Increase	59	2	458	518
Impact of exchange rates	-	-	2	2
Statement of financial position at 30 June 2021	1,420	5	1,600	3,025

NET BOOK VALUE

At 31 December 2020	146	14	2,456	2,616
At 30 June 2021	89	12	2,071	2,172

The table below shows the rental expense prior to the application of IFRS 16:

Rental charges (in K €)	30/06/2021	30/06/2020
Rental expense restated to IFRS 16	467	392
Lease payments not restated for IFRS 16	91	77
Total Rental expense	557	469

Interest expense on rental obligations at 30 June 2021 amounted to € 18 k compared to € 19 k at 30 June 2020.

Note 7: Other non current financial assets

OTHER FINANCIAL ASSETS (Amounts in K €)	30/06/2021	31/12/2020
Loans	344	317
Guarantee deposits	310	325
Liquidity contract - Balance	128	202
Withholding of Guarantees BPI France	200	200
Retention of pre financing collateral CIR	98	98
Cautions Factor	-	56
Total other non current financial assets	1,080	1,198

The security deposits mainly concern deposits made under signed commercial leases.

Note 8: Inventories

INVENTORIES (Amounts in K €)	30/06/2021	31/12/2020
Commodity inventories	172	179
Work in progress Goods & Services	1,561	1,494
Goods in inventory	4,017	3,114
Total inventories, gross	5,751	4,786
Depreciation of raw materials inventories	(16)	(20)
Impairment of work in progress for goods and services	(108)	(95)
Impairment of goods in inventory	(272)	(235)
Total impairment of inventories	(397)	(351)
Total net inventories	5,354	4,436

As of 30 June 2021, the group decided to increase its server stocks in anticipation of potential delays in deliveries from its suppliers following the COVID crisis and the shortage of electronic components.

Note 9: Receivables

9.1 Trade receivables

TRADE RECEIVABLES (Amounts in K €)	30/06/2021	31/12/2020
Trade receivables	28,296	32,606
Impairment of trade receivables	(1,362)	(941)
Net total trade receivables	26,934	31,665

Trade receivables by maturity (Amounts in K €)	30/06/2021	31/12/2020
Portion not yet due	12,798	16,526
Due within 90 days	5,525	10,900
Due between 90 days and six months	7,391	2,230
Due between six and twelve months	798	1,319
Due beyond twelve months	1,785	1,631
Total trade receivables	28,296	32,606

Allocation of impairment losses on trade receivables by maturity (amounts in K €)	30/06/2021	31/12/2020
Portion not yet due	-	-
Due within 90 days	-	408
Due between 90 days and six months	7	-
Due between six and twelve months	564	345
Due beyond twelve months	791	188
Total impairment of trade receivables	1,362	941

Credit risk did not change at 30 June 2021.

9.2 Other receivables

OTHER RECEIVABLES (Amounts in K €)	30/06/2021	31/12/2020
Research tax credit (1)	6,591	5,130
Value added tax (2)	1,948	1,557
Prepaid expenses (3)	2,006	1,335
Trade receivables	105	278
Receivables	316	-
Employees and related accounts	72	21
Other	19	12
Total other receivables	11,056	8,335

(1) Research tax credit and CII tax credit

The Company benefits from the provisions of Articles 244 quater B and 49 septies F of the French General Tax Code relating to the research tax credit. In accordance with the principles described in Note 19.2, the research tax credit is recognized as a reduction of research expenses in the year to which the eligible research expenses relate.

It is presented as grants under the category 'Research and development expenses.'

(2) VAT receivables mainly relate to deductible VAT and requested VAT reimbursement.

(3) Prepaid expenses correspond mainly to component purchases and sub contracting expenses.

The research tax credit of 6591 € comprises:

- Cir 2021: € 2082 k (for the first half of 2021)
- CIR 2020: € 4509 K

In the first half of 2021, ATEME pre financed part of its 2020 CIR. The recognized debt in the consolidated financial statements amounts to € 2030 k (see Note 14).

Note 10: Marketable securities and cash

CASH AND CASH EQUIVALENTS (Amounts in K €)	30/06/2021	31/12/2020
Bank accounts	12,255	17,095
Total cash and cash equivalents	12,255	17,095

Note 11: Financial assets and liabilities and impact on net income

The Company's assets and liabilities are measured as follows at 31 December 2020 and 30 June 2021:

(Amounts in K €)	30/06/2021		Value - statement of financial position In accordance with IFRS 9	
	Statement of financial position	Fair value	Fair value through profit or loss	Assets and liabilities at amortized cost
Non current financial assets	1,080	1,080		1,080
Trade receivables	26,934	26,934		26,934
Other receivables	105	105		105
Cash and cash equivalents	12,255	12,255	12,255	
Total asset items	40,374	40,374	12,255	28,119
Non current borrowings	15,813	15,813		15,813
Current borrowings	6,783	6,783		6,783
Non current lease liabilities	1,443	1,443		1,443
Current lease liabilities	795	795		795
Trade payables	11,192	11,192		11,192
Other current liabilities	2,448	2,448		2,448
Total liability items	38,474	38,474	-	38,474

The only instruments held by the Company at fair value through profit or loss are Level 1 cash equivalents.

(Amounts in K €)	31/12/2020		Value - statement of financial position In accordance with IFRS 9	
	Statement of financial position	Fair value	Fair value through profit or loss	Assets and liabilities at amortized cost
Non current financial assets	1,198	1,198	-	1,198
Trade receivables	31,665	31,665	-	31,665
Other receivables	278	278	-	278
Cash and cash equivalents	17,095	17,095	17,095	-
Total asset items	50,236	50,236	17,095	33,141
Non current borrowings	16,154	16,154	-	16,154
Current borrowings	4,633	4,633	-	4,633
Non current lease liabilities	1,788	1,788	-	1,788
Current lease liabilities	909	909	-	909
Trade payables (ANEVIA)	3,738	3,738	-	3,738
Trade payables	14,605	14,605	-	14,605
Other current liabilities	892	892	-	892
Total liability items	42,719	42,719	-	42,719

(Amounts in K €)	Impact on the income statement at 30 June 2021		Impact on the income statement at 30 June 2020	
	Interest	Change in fair value	Interest	Change in fair value
Liabilities				
Liabilities measured at amortised cost: Borrowings from banks	242	-	74	-
Liabilities measured at amortized cost: Bonds	-	-	-	-
Liabilities measured at amortised cost: Advances	34	-	68	-

Note 12: Share capital

Share capital

COMPOSITION OF SHARE CAPITAL	30/06/2021	31/12/2020
Capital (in thousands of euros)	1,561	1,548
Number of shares	11,153,387	11,060,569
O/w ordinary shares	11,153,387	11,060,569
Nominal value (in euros)	0.14 €	0.14 €

Exercise of stock options and allocation of Company bonus shares

During the first half of 2021, 17,898 Company stock options were exercised:

- The share capital increase corresponding to the exercise of 14,750 stock options has not yet been recorded by the Board of Directors;
- Each holder paid the share subscription price on exercise of the options for a total amount of € 149 k, of which € 146 k was charged to share premium.

The impact on earnings per share is presented in Note 25.

Dividend distribution

The Company did not pay any dividends in the first half of 2021.

Capital management

The Company's policy is to maintain a solid capital base in order to maintain the confidence of investors and creditors and to support the future development of business.

Note 13: Equity warrants, stock options, warrants to subscribe for shares of the company's founders, and free shares

Stock options ('SO')

The following table summarizes information about outstanding stock option plans and the valuation assumptions used in accordance with IFRS 2:

Date	Type	Number of warrants issued	Number of lapsed options	Number of warrants exercised	Number of options outstanding	Maximum number of shares to be issued
Sales of 5 November 2018	SO2017-1	69,000	18,000	5,000	46,000	46,000
Sales of 5 November 2018	BSA2018	28,000	4,000	-	24,000	24,000
Sales of 18 July 2019	SO2017-2	82,000	-	10,000	72,000	72,000
Sales of 18 July 2019	BSA 2018-2	45,000	-	-	45,000	45,000
Sales of 6 May 2020	BSA 2019-1	36,000	3,000	-	33,000	33,000
Sales of 6 May 2020	SO 2017-3	87,000	-	3,015	83,985	83,985
Sales of 5 May 2021	SO 2020-1	40,500	-	-	40,500	40,500
Sales of 5 May 2021	BSA 2020-1	10,500	-	-	10,500	10,500
At 30 June 2021		398,000	25,000	18,015	354,985	354,985

Assumptions used - fair value calculation in accordance with IFRS 2					
Type	Subscription price per share in	Exercise period	Volatility	Risk free rate	IFRS2 total valuation (Black & Scholes) At the grant date
SO2017-1	10.80	8 years	41.60%	0.00%	257
BSA2018	10.80	8 years	41.60%	0.00%	104
SO2017-2	12.60	8 years	42.57%	0.00%	360
BSA 2018-2	12.60	8 years	42.57%	0.00%	198
BSA 2019-1	12.60	8 years	42.78%	0.00%	168
SO 2017-3	12.60	8 years	42.78%	0.00%	405
SO 2020-1	15.62	8 years	41.98%	0.00%	262
BSA 2020-1	15.62	8 years	41.98%	0.00%	68

Exercise rights vest at 1/4 of the stock options granted to the holder after a period of 12 months, and 6.25% of the stock options granted every 3 months for three years.

On 5 May 2021, the Board of Directors granted 10,500 BSA and 40,500 stock options.

Free shares ('AGA')

The following table summarizes the data related to stock option plans as well as the valuation assumptions used in accordance with IFRS 2:

Date	Type	Number of warrants issued	Number of lapsed AGM	Number of AGM vested	Number of AAUs outstanding	Maximum number of shares to be issued	Total valuation in K €
Sales of 18 July 2019	AGA 2016-4	53,500	1,000	-	52,500	52,500	663
Sales of 6 May 2020	AGAG 2019-1	56,000	-	-	56,000	56,000	704
At 30 June 2021		109,500	1,000	-	108,500	108,500	1,367

The Board of Directors' meeting of 5 May 2021 allocated 46,500 free shares to the Company's employees. Shares will vest after 24 months following the grant, subject to conditions of presence.

Breakdown of expense recognised in accordance with IFRS 2 at 30 June 2020 and 30 June 2021

Date	Type	30/06/2020					30/06/2021				
		Number of options outstanding	Cost of the plan	Cumulative cost at start of period	Expense for the period	Cumulative expense at 30/06/2020	Number of options outstanding	Plan cost effectiveness	Cumulative cost at start of period	Expense for the period	Cumulative expense at 30/06/2021
Sales of 7 March 2013	SO2011-3	500	289	289	-	289	-	290	289	-	289
Sales of 24 March 2014	SO2013-2	28,625	250	250	-	250	-	250	250	-	250
Sales of 4 May 2016	SO2014-2	5,625	29	29	1	30	-	29	29	-	29
Sales of 28 March 2017	SO2014-3	9,150	395	360	17	378	-	395	360	30	420
Sales of 5 November 2018	SO2017-1	51,000	269	144	36	180	46,000	269	214	70	285
Sales of 5 November 2018	BSA2018	24,000	116	62	16	78	24,000	116	92	30	123
Sales of 18 July 2019	SO2017-2	82,000	360	75	83	158	72,000	360	209	134	343
Sales of 18 July 2019	BSA2018-2	45,000	198	41	45	87	45,000	198	115	73	188
Sales of 6 May 2020	BSA2019-1	36,000	168	-	12	12	33,000	168	50	50	101
Sales of 6 May 2020	SO2019-1	87,000	405	-	28	28	83,985	405	122	122	244
Sales of 5 May 2021	SO2020-1						40,500	262	-	9	9
Sales of 5 May 2021	BSA2020-1						10,500	68	-	2	2
Total - SO - BSA		368,900	2,479	1,250	238	1,488	354,985	2,810	1,730	523	2,253

Date	Type	30/06/2020					30/06/2021				
		Number of options outstanding	Cost of the plan	Cumulative cost at start of period	Expense for the period	Cumulative expense at 30/06/2020	Number of options outstanding	Probabilised cost of the plan adjusted for lapses	Cumulative cost at start of period	Expense for the period	Cumulative expense at 30/06/2021
Sales of 5 November 2018	AGA 2016-03	33,000	368	215	92	307	-	368	215	153	368
Sales of 18 July 2019	AGA 2016-04	53,500	663	151	166	317	52,500	663	151	314	465
Sales of 6 May 2020	AGA 2019-1	56,000	704	-	54	54	56,000	704	-	230	230
Total AGM		142,500	1,736	366	312	678	108,500	1,736	366	697	1,063

Note 14: Loans and other financial liabilities

CURRENT AND NON CURRENT FINANCIAL DEBT (Amount in K €)	30/06/2021	31/12/2020
Lease obligations (IFRS 16)	1,443	1,788
Repayable advances	912	1,268
Bank borrowings	14,901	14,886
Non current borrowings	17,256	17,942
Lease obligations (IFRS 16)	795	909
Repayable advances	700	782
Borrowings from credit institutions	6,081	3,848
Bank overdrafts	2	3
Current borrowings	7,578	5,542
Total financial debt	24,834	23,484
Due within -1 year	7,578	5,542
O/w due between 1 and 5 years	16,008	16,146
Due beyond 5 years	1,117	1,796

CHANGE IN FINANCIAL DEBT (Amount in K €)		Bank borrowings	Repayable advances	Total	Lease obligations (IFRS 16)	Bank overdrafts
At 31 December 2020		18,734	2,050	20,784	2,696	3
Change in cash	Collection	3,116		3,116	-	2
	Disbursement	(1,013)	(460)	(1,473)	(469)	(3)
	Cash flows	2,103	(460)	1,643	(469)	(1)
Non cash change	Translation adjustment	-	-	-	9	-
	Lease liabilities	-	-	-	3	-
	Accrued interest	106	-	106	-	-
	Amortized cost	39	21	60	-	-
	Total non cash	145	21	166	11	-
At 30 June 2021		20,983	1,612	22,594	2,238	2

Breakdown of borrowings by maturity

Debt maturity schedules can be analyzed as follows:

CURRENT AND NON CURRENT FINANCIAL DEBT AT REDEMPTION VALUE (Amount in K €)	30/06/2021			
	Gross amount	Current portion	Due in 1 to 5 years	Greater than 5 years
Lease obligations (IFRS 16)	2,238	795	1,384	59
Repayable advances	1,655	720	881	54
Borrowings from credit institutions	21,175	6,322	13,911	943
Bank overdrafts	2	2	-	-
Total financial debt	25,070	7,839	16,175	1,056

CURRENT AND NON CURRENT FINANCIAL DEBT AT REDEMPTION VALUE (Amount in K €)	31/12/2020			
	Gross amount	Current portion	Due in 1 to 5 years	Greater than 5 years
Lease obligations (IFRS 16)	2,697	909	1,655	132
Repayable advances	2,115	782	1,191	142
Borrowings from credit institutions	18,773	3,848	13,300	1,625
Bank overdrafts	3	3	-	-
Total financial debt	23,588	5,542	16,146	1,899

Reconciliation between the carrying amount and the redemption value

RECONCILIATION OF CARRYING AMOUNT AND REDEMPTION VALUE (Amounts in K €)	Redemption value 30/06/2021	Fair value	Carrying value
Lease obligations (IFRS 16)	2,238	-	2,238
Repayable advances	1,655	(43)	1,612
Borrowings from credit institutions	21,175	(192)	20,983
Bank overdrafts	2	-	2
Total financial debt	25,070	(235)	24,834

RECONCILIATION OF CARRYING AMOUNT AND REDEMPTION VALUE (Amounts in K €)	Redemption value 31/12/2020	Fair value	Carrying value
Lease obligations (IFRS 16)	2,697	-	2,697
Repayable advances	2,115	(64)	2,050
Borrowings from credit institutions	18,773	(39)	18,734
Bank overdrafts	3	-	3
Total financial debt	23,588	(104)	23,484

14.1. Bank borrowings

MOVEMENTS IN LOANS TO CREDIT INSTITUTIONS (Amount in K €)	Borrowings from credit institutions
At 31 December 2020	18,734
(+) Encament	3,116
(-) Redemption	(1,013)
(+) Accrued interest	106
(+/-) Other movements	39
At 30 June 2021	20,983
Due within -1 year	6,081
O/w due between 1 and 5 years	13,958
Due beyond 5 years	943

New borrowings issued in the first half of 2021:

- **CIC**

On 30 June 2021, ANEVIA received a loan guarantee from the French State to CIC, amounting to € 1000 k:

- Term: 12 months;
- Rate: 0%;
- Redemption: At maturity, with the option to spread over the 5 year redemption period.

The bond is 90% guaranteed by the State.

- **Prefinancing of the CIR**

On 29 June 2021, ATEME received the amount of the CIR 2020 pre financing. This pre financing is € 2030 k interest at an annual interest rate of 3.65%.

The final expiry date is 30 June 2024.

The CIR's pre financing debt is recognised as a loan net of any collateral withheld, and the CIR receivable is recognised as an asset.

Available credit facilities

The Company has the following available credit lines:

- Credit facilities with its banking partners, up to € 150 k, which had not been drawn at 30 June 2021.

Ratios

Following the implementation of the banking agreement with Societe Generale on 3 December 2020 for € 4000 k, the Company is subject to the following financial ratios:

- R1: Consolidated net financial debt/Consolidated EBITDA \leq 3.5 for the years ending 31 December 2021 and 31 December 2022;
- R2: Consolidated net financial debt/Consolidated EBITDA \leq 2.5 for financial years ending after 31 December 2022.

14.2. Repayable advances

CHANGE IN REFUNDABLE ADVANCES AND GRANTS (Amounts in K €)	PTZI	FEI	IA4SEC	BPIFRANC E Innovation	ANEVIA PTZI	Total
At 31 December 2020	584	496	140	97	734	2,051
(+) Encament						
(-) Redemption	(150)	(100)		(100)	(110)	(460)
Subsidies						
Financial expenses	8	2		3	9	21
(+/-) Other movements						
At 30 June 2021	442	397	140	-	633	1,612

The Company did not obtain any new repayable advances during the first half of 2021.

14.3. Lease obligations

CHANGE IN LEASE OBLIGATIONS (Amounts in K €)	Total
At 31 December 2020	2,696
(+) Increase	3
(-) Redemption	(469)
(+/-) Foreign exchange gains and losses	9
At 30 June 2021	2,238
Due within -1 year	795
O/w due between 1 and 5 years	1,384
Due beyond 5 years	59

Note 15: Employee benefit obligations

Obligations to employees consist of the provision for retirement benefits, valued on the basis of the provisions of the applicable collective agreement, namely the SYNTEC collective agreement.

This commitment applies only to employees governed by French law. The main actuarial assumptions used to measure retirement benefits are as follows:

ACTUARIAL ASSUMPTIONS	30/06/2021		31/12/2020	
	Managers	Non managers	Managers	Non managers
Retirement age	Voluntary departure (65-67 years old)			
Collective bargaining agreements	SYNTEC			
Discount rate	1.00%		0.50%	
Mortality table	INSEE 2017			
Rate of salary increases	2.00%			
Turn over rate	Strong			
Payroll taxes	47%	43%	47%	43%

Changes in the provision for pension obligations were as follows:

Amounts in K €	Pension obligations
At 31 December 2020	1,223
Past service cost	90
Financial costs	3
Actuarial gains and losses	(77)
At 30 June 2021	1,240

Note 16: Provisions

PROVISIONS (Amount in K €)	30/06/2021				
	Amount at beginning of period	Additions	Reversals	Releases with no purpose	Amount at end of period
Provisions for charges	11				11
Provisions for litigation	30				30
Total provisions for risks and charges	41	-	-	-	41

PROVISIONS (Amount in K €)	31/12/2020				
	Amount at start of period	Additions	Reversals	Releases with no purpose	Amount at year end
Provisions for charges	11	-	-	-	11
Provisions for litigation	25	30	(25)	-	30
Total provisions for risks and charges	36	30	(25)	-	41

Litigation and liabilities

The Company may be involved in legal, administrative or regulatory proceedings in the normal course of its business. A provision is recorded by the Company where there is a sufficient probability that such disputes will result in costs to be borne by the Company.

Claims and litigation

The amounts provided are assessed, on a case by case basis, on the basis of the estimated risks incurred by the Company to date, based on requests, legal obligations and positions of lawyers.

Note 17: Trade payables and other current liabilities

17.1 Trade payables

Trade payables have not been discounted since they do not represent more than one year of age at the end of each financial year in question.

TRADE PAYABLES AND ACCRUED INCOME (Amounts in K €)	30/06/2021	31/12/2020
Trade payables	8,934	9,906
Unbilled invoices	2,258	4,700
Total trade payables	11,192	14,605

17.2 Tax and social security liabilities

Tax and social security liabilities break down as follows:

ACCRUED TAXES AND PAYROLL COSTS (Amounts in € k)	30/06/2021	31/12/2020
Employees and related accounts	2,433	2,789
Social security and other social taxes	2,701	3,037
Other taxes, duties and similar levies	502	664
Total tax and social security liabilities	5,636	6,490

17.3 Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in € k)	30/06/2021	31/12/2020
Advances and down payments from customers - RRR	1,612	366
Liabilities related to non current assets	546	204
Deferred income (1)	8,803	7,411
Other payables	99	235
Current accounts with non Group companies	46	87
Total other current liabilities	11,106	8,303

(1) PCA relate to customer contract liabilities and are disclosed in Note 19.

Note 18: Analysis of change in working capital

	30/06/2021	31/12/2020	Change	Foreign exchange difference	Change in WCR
Inventories (net of inventory write downs)	5,354	4,436	918	20	898
Trade receivables (net of impairment of trade receivables)	26,934	31,665	(4,730)	129	(4,859)
Other receivables	11,056	8,335	2,722	8	2,714
Trade payables	(11,192)	(14,605)	3,414	(136)	3,549
Accrued taxes and payroll costs	(5,608)	(6,490)	881	(75)	956
Other current liabilities	(11,251)	(8,303)	(2,948)	(31)	(2,918)
	15,293	15,037	256	(84)	340

Note 19: Revenue

19.1 Revenue and gross margin

Group sales are mainly made up of sales of products (set top boxes, set top boxes, etc.), solutions intended for the acquisition, processing and transmission of information, as well as a maintenance and service contract.

Until 31 December 2018, the Group marketed static intellectual property licenses with the transfer to the customer of the right to use the intellectual property as it exists at the time the licence is granted (static licenses),

In this particular case, revenue is recognised when the contractual benefit obligation is satisfied.

All methods of revenue recognition are described in the notes to the annual financial statements for the year ended 31 December 2020.

Sales by geographic area in the first half of 2020 and the first half of 2021 are as follows:

SALES BY GEOGRAPHICAL AREA (Amounts in K €)	30/06/2021	30/06/2020
France	2,646	1,145
Rest of the world	29,790	27,894
Total revenue	32,436	29,039

The Group 's largest customer, its five largest customers and its ten largest customers represented, respectively, 5.3%, 20% and 30.3% of its consolidated sales for the first half of 2021; 12.2%, 31.3% and 40.4% of its consolidated sales for fiscal year 2020.

The Group has a fairly balanced spread of revenue between its main customers and thus believes that it currently faces only a limited risk of dependence on its customers.

SALES BY GEOGRAPHICAL AREA (Amounts in K €)	30/06/2021	30/06/2020
EMEA	13,339	7,963
USA Canada	10,465	12,670
Latin America	4,276	3,000
Asia Pacific	4,357	5,404
Total	32,436	29,039

The Group's revenue recognition rate was as follows:

Category of sales (Amounts in K €)	Recognition method In accordance with IFRS 15	30/06/2021	30/06/2020
Static licences, equipment	Immediately	23,173	22,351
Dynamic licenses	Gradually	1,575	1,245
Maintenance	Gradually	7,688	5,443
Total		32,436	29,039

Customer contract liabilities (deferred income) evolved over the period as follows:

Change in liabilities related to customer contracts (amounts in thousands of euros)	30/06/2021	31/12/2020
Opening balance	7,411	5,391
Amount recognized in sales over the period	(5,119)	(4,419)
Amount to be recognised in future periods	6,444	6,537
Currency translation adjustment	67	(98)
Closing balance	8,803	7,411

Note 20: Breakdown of income and expenses by function

20.1 Cost of sales

Costs OF SALES (amounts in K €)	30/06/2021	30/06/2020
Purchases of goods for resale	(8,571)	(11,009)
Personnel expenses	(3,497)	(2,495)
Indirect production expenses	(465)	(719)
Transportation costs	(327)	(261)
Cost of sales	(12,860)	(14,485)

20.2 Research and Development expenditure

RESEARCH AND DEVELOPMENT (Amounts in K €)	30/06/2021	30/06/2020
Personnel expenses	(8,717)	(5,789)
Other	(139)	(102)
Share of expenses	(220)	(210)
Amortization of capitalized R & D expenses	(237)	(384)
Amortisation of technology	(432)	-
Depreciation, amortization and provisions	(860)	(741)
Taxes and training	(129)	(82)
Leases	(139)	(75)
Purchases not held in inventory	(154)	(113)
Travel, Missions and perception	(4)	(23)
Share based payments	(218)	(179)
Capitalization of R & D costs net of disposals	291	295
Research and Development expenditure	(10,958)	(7,404)
Research tax credit and innovation tax credit	2,082	1,449
Subsidies	159	315
Subsidies	2,241	1,764
Research and development costs	(8,717)	(5,640)

20.3 Marketing & Sales expenses

MARKETING AND SALES EXPENSES (Amounts in K €)	30/06/2021	30/06/2020
Personnel expenses	(11,191)	(7,375)
Travel expenses	(114)	(455)
Other	(254)	(187)
Share of expenses	(400)	(384)
Trade fairs	(216)	(276)
Depreciation, amortization and provisions	(349)	(247)
Taxes and training	(137)	(148)
Leases	(211)	(140)
Share based payments	(294)	(273)
Marketing and sales expenses	(13,164)	(9,484)

20.4 General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in K €)	30/06/2021	30/06/2020
Personnel expenses	(1,337)	(879)
Fees	(792)	(570)
Travel expenses	(3)	(17)
Depreciation, amortization and provisions	(81)	(62)
Leases	(24)	(16)
Share of expenses	(45)	(43)
Taxes and training	(15)	-
Other	(29)	(38)
Share based payments	(61)	(49)
General and administrative expenses	(2,388)	(1,674)

20.5 restated EBITDA

Restated EBITDA (Amounts in K €)	30/06/2021	30/06/2020
Recurring operating income	(4,693)	(2,243)
(-) EBIT on fixed assets	(1,812)	(1,601)
DPA	(431)	-
(-) Payment in shares IFRS 2	(625)	(550)
Restated EBITDA	(1,825)	(92)

The Group operates in a single segment: The 'commercialisation of professional compression and video delivery solutions' represents a single CGU at ATEME Group level.

Thus, the Company's performance is currently analyzed at the level of the identified segment. The Company follows two performance indicators:

- Revenue
- Restated EBITDA

Note 21: Group headcount

	30/06/2021	30/06/2020
Cost of sales	91	47
Research and development	237	149
Marketing and sales	128	102
Expenses	34	21
Total workforce at 30 June	490	319
O/w providers	102	76

Note 22: Financial income and expenses, net

FINANCIAL INCOME AND EXPENSES (Amounts in K €)	30/06/2021	30/06/2020
Amortized cost of borrowings	(277)	(91)
Other financial expenses	-	(8)
Financial income	21	4
Foreign exchange (losses) and gains	360	(60)
Total financial income and expenses	104	(155)

Financial expenses primarily consist of the unwinding of discounting of repayable advances and interest on finance leases.

Note 23: Income tax expense

The tax rate applicable to the Group is the rate in force in France, i.e. 26.5%. This rate will continue to decrease gradually to 25% starting in 2022.

Deferred taxes are shown separately from current tax assets and liabilities in the balance sheet and are classified as non current.

Concerning deferred tax assets, in the absence of new strategic and tax plans, deferred taxes on temporary differences and tax loss carry forwards arising in the first half of 2021 were not recognized in France. As of 31 December 2019, the Group had recognised part of its tax losses for an amount representing deferred tax of € 1 186 k.

The total amount of tax loss carry forwards for France (excluding losses in the first half of 2021) was € 291 18 k for ATEME and € 29656 k for ANEVIA.

In the income statement, income taxes comprise the following amounts:

INCOME TAX EXPENSE (Amounts in K €)	30/06/2021	30/06/2020
Current taxes	-	(123)
Deferred taxes	209	(70)
Income tax expense	209	(193)

Deferred tax assets and liabilities can be analyzed as follows in the balance sheet:

Nature of deferred taxes

NATURE OF NET DEFERRED TAX (Amounts in K €)	30/06/2021	31/12/2020
Temporary differences	255	469
Tax loss carryforwards	1,186	1,186
Total deferred tax assets	1,441	1,655
Temporary differences	-	454
Total deferred tax liabilities	-	454
Total net deferred taxes	1,441	1,202

Note 24: Related parties

Transactions with related companies continued on the same basis as in 2020, with no significant change.

Note 25: Earnings per share

BASIC EARNINGS PER SHARE (Amounts in euros)	30/06/2021	30/06/2020
Net income (in € thousands)	(4,380)	(2,591)
Weighted average number of shares outstanding	11,127,282	10,483,858
Number of shares	11,127,282	10,483,858
Basic earnings per share (€/share)	(0.39)	(0.25)
Weighted average number of shares assuming full dilution	11,555,634	10,833,920
Diluted earnings per share (€/share)	(0.39)	(0.25)

Basic earnings per share are calculated by dividing net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Instruments granting deferred rights to equity (AGM) are considered anti dilutive as they reduce losses per share. Diluted losses per share are therefore identical to basic losses per share.

Note 26: Off balance sheet commitments

The off balance sheet commitments between 31 December 20 and 30 June 2021 did not change significantly during the period, except for the commitment received relating to the State guarantee for the new PGE of € 1000 k, corresponding to 90% of its amount.

4. Limited review report of the Statutory Auditors on the half year condensed consolidated financial statements prepared under IFRS as adopted in the European Union

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we performed the following procedures:

- The limited review of the accompanying condensed interim consolidated financial statements of ATEME for the period from January 1 to 30 June 2021;
- The verification of the information given in the half yearly activity report.

The global crisis related to the Covid-19 pandemic creates specific conditions for the preparation and limited review of the consolidated interim financial statements. This crisis and the exceptional measures taken in the context of a state of health emergency have multiple consequences for companies, particularly their business and financing, as well as increased uncertainty over their future prospects. Certain of these measures, such as travel restrictions and remote working, have also affected the internal organisation of companies and the way in which our work is carried out.

These interim consolidated financial statements have been prepared under the responsibility of your Board of Directors. Our role is to express our conclusion on these consolidated financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A limited review consists mainly of interviewing the members of management responsible for accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit carried out in accordance with professional standards applicable in France. Accordingly, assurance that the financial statements, taken as a whole, are free of material misstatement obtained through a limited review is limited assurance, lower than that obtained through an audit.

Based on our review, nothing has come to our attention that causes us to believe, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, that the consolidated interim financial statements are prepared and fairly presented, and that they present fairly the assets and financial position at the end of the half year and the net income for the half year ended for the individuals and entities included in the consolidation.

2. Specific verification

We have also verified the information given in the half year management report on the consolidated interim financial statements examined in detail.

We have no matters to report as to its fair presentation and its consistency with the consolidated interim financial statements.

Savigny sur Orge and Paris La Défense, 30 September 2021

The Statutory Auditors

BL2A

Ernst & YOUNG Audit

Mélanie Hus-Charles

Jean Christophe Pernet