Verimatrix Announces First-Half 2021 Results

Mixed second quarter and acceleration of customers' trends further validates Verimatrix's decision to accelerate transition to more recurring revenues

2021 revenue target revised
2024 objective: 70% of recurring revenues

- **$52.2 million revenue (up 18% year-on-year)**
  - $16.6 million revenue from the NFC patent licensing program with major OEMs
  - Core software business down 20% year-on-year, at $35.5 million, with weaker second quarter
  - Non-recurring revenues of licenses and royalties down 19% year-on-year as Covid-19 continues to impact BtoB spending and ability to launch new infrastructure projects
  - Recurring[1] revenues of maintenance and subscription down 20% year-on-year at $12.4 million due to the decrease in new perpetual and term licenses as well as delays in launching services
  - Continuous progress in deploying SaaS and subscription-based offerings with ARR[2] of $5.7 million as of June 30, 2021, up 40% year-on-year
- **$11.4 million EBITDA[3]** (22% of revenue)
  - Excluding strong contribution of the NFC patent licensing program ($12.2 million in first-half 2021), EBITDA of core software business was negative by $0.9 million vs. +$7.7 million in first-half 2020
- **$8.1 million net income (IFRS)** vs. $1.9 million loss in first-half 2020
- **Business outlook**
  - The continuously challenging context coupled with the noticeable acceleration of client trends both lead to the decision to significantly accelerate Verimatrix's transition to more recurring offerings and revenue streams. Although short term revenue recognition will continue to be impacted this year and in 2022, this transition will lead to a much improved quality of revenue mix in the mid-term (70% recurring revenues in 2024 compared with 33% today)
  - Revised 2021 revenue target: above $90 million (including c. $75 million for the core software business)

Aix-en-Provence, France and San Diego, USA, July 29, 2021 – Verimatrix (Euronext Paris: VMX), a global provider of security and analytics solutions that protect devices, services and applications, is today reporting its IFRS unaudited[4] consolidated results and unaudited adjusted results, for the six-month period ended June 30, 2021.

(in thousands of US$)	**First-half 2021**	First-half 2020
Revenue	**52 194**	44 170
EBITDA	**11 365**	7 393
Revenue software business	**35 549**	44 170
EBITDA software business	**(883)**	7 679
Consolidated revenue (IFRS)	**52 194**	44 170
Operating income (IFRS)	**10 618**	2 349
Net income/(loss) (IFRS)	**8 142**	(1 923)

[1] As of this quarter, recurring revenue will now exclude revenue from royalties, which have become more lumpy and less regular. It exclusively comprises maintenance and support fees and subscription fees. Previous periods have been restated to take into account this change and allow comparison with June 30, 2021.
[2] Annual Recurring Revenue - See "Supplementary non-IFRS financial information" at the end of the press release; Company updated its ARR definition to better reflect generation of committed recurring revenues.
[3] Verimatrix uses performance indicators that are not strictly accounting measures in accordance with IFRS; definitions of adjusted financial measures are presented in Appendix 2 hereof.
[4] The consolidated financial statements as of June 30, 2021 were reviewed by the board of directors on July 28, 2021; the statutory auditors have substantially completed their imited scope audit.

Commenting on these results, Amedeo D’Angelo, chairman and chief executive officer of Verimatrix, stated: “*We have faced a particularly difficult second quarter, notably as Covid-19 continues to impact BtoB spending and much of our business is located in regions hit particularly hard by the pandemic. Despite tight controls on spending, the disappointing revenue slowdown impacted our profitability in the first half of 2021, when looking at profitabilty net of the positive NFC patent licensing program impact.*

The core value of our offerings remains intact, but the deeper impact of the pandemic has showed us we need to adapt faster. Recent customer trends and the behaviour pattern of our historical customer base continue to shift, with an accelerated swing towards mobile use, streaming media, OTT entertainment consumption and cloud-based systems, in a context where our clients face more stringent controls on costs. Consequently, we need to respond more quickly to those changes and accelerate our own transformation into a provider of more flexible and recurring offerings that better serve the content protection needs of today. Our shift to a subscription-based business, including through SaaS offerings, needs to be more radical, even if this will affect short-term recognition of revenues. Stepping up this transformation towards a more recurring revenue model will also require a sharper commercial approach. I have asked Asaf Ashkenazi, in addition to his current responsibilities as chief operating officer, to redesign and lead the commercial organization to respond to this pressing need.

We remain committed to providing shareholder value and we will do so thanks to our unique positioning. This ongoing shift to a recurring revenue model stands as an opportunity to significantly expand the combined use of our core technologies and subscription-based services that offer unmatched security, speed, scalability and efficiency. While this will impact the recognition of revenue for the rest of 2021 and in 2022, it puts us, in the mid-term, on the right path towards an improved ability to generate recurring revenues and sound profitability. This is why we are setting ourselves on an ambious path towards 2024 where we expect to see recurring revenue represent 70% of total revenues, compared with 33% today.”

Financial Results - Key figures

	Software business (adjusted)		**Company (adjusted)**		**Consolidated IFRS**	
(in thousands of US$)	**H1 2021**	H1 2020	**H1 2021**	H1 2020	**H1 2021**	H1 2020
Revenue	**35 549**	44 170	**52 194**	44 170	**52 194**	44 170
Gross profit	**26 424**	37 323	**38 548**	37 037	**37 680**	36 128
As a % of revenue	***74,3%***	*84,5%*	***73,9%***	*83,9%*	***72,2%***	*81,8%*
Operating expenses	**(29 096)**	(31 815)	**(29 257)**	(31 815)	**(27 062)**	(33 779)
Operating income	**(2 672)**	5 508	**9 291**	5 222	**10 618**	2 349
As a % of revenue	***-7,5%***	*12,5%*	***17,8%***	*11,8%*	***20,3%***	*5,3%*
Net income/(loss) from continuing operations (i)	-	-	-	-	**8 169**	(1 766)
Net income/(loss) from discontinued operations (ii)	-	-	-	-	**(27)**	(157)
Net income/(loss) (i) + (ii)	-	-	-	-	**8 142**	(1 923)
EBITDA	**(883)**	7 679	**11 365**	7 393	**-**	-
As a % of revenue	***-2,5%***	***17,4%***	***21,8%***	*16,7%*	**-**	-

1. Revenue and earnings

Q2 2021 and H1 2021 revenue

(in thousands of US$)	Q2-2021	Q2-2020	Q2 2021 vs. Q2 2020	H1 2021	H1 2020	H1 2021 vs. H1 2020
Recurring revenue	5 743	8 187	-30%	12 355	15 435	-20%
of which subscriptions	*1 214*	*1 550*	*-22%*	*2 624*	*2 697*	-3%
of which maintenance	*4 529*	*6 637*	*-32%*	*9 731*	*12 737*	-24%
Non-recurring revenue	9 749	15 964	-39%	*23 194*	28 735	-19%
Total Core business revenue	**15 492**	**24 151**	**-36%**	**35 549**	**44 170**	**-20%**
NFC patent licensing program	16 645	-		16 645	-	
Total revenue	**32 137**	**24 151**	**33%**	**52 194**	**44 170**	**18%**

<u>Second quarter 2021 revenue</u>

Verimatrix revenue was $32.1 million in the second quarter of 2021, up 33% year-over-year.

NFC patent licensing business

In the second quarter of 2021, France Brevets, Verimatrix NFC patent licensing partner, signed four licenses agreements with major OEMs, including a new one as well as the extension of pre-existing licenses with three others. These licenses generated revenues of $16.6 million for Verimatrix in the second quarter. The payment to be received in July and August 2021 will strengthen further the cash position of the Company.

Core software business

Recurring revenue from maintenance and subscription fees were $15.5 million in the second quarter of 2021, representing 59% of core business revenue. These recurring revenues are down year-over-year since:

- Maintenance revenue decreased year-over-year, mostly as a consequence of the decrease in new perpetual and term licenses to which renewable maintenance arrangements are typically part of;
- Subscription revenue temporarily decreased in the second quarter of 2021 as a consequence of customers delaying their launch of services.

Nevertheless, during the quarter, the Company continued to make firm progress in deploying its SaaS and subscription-based offering consistently with its strategy. The corresponding ARR (Annual Recurring Revenue backlog – see definition in Appendix 2 hereof) grew to $5.7 million as of June 30, 2021, up 40% year-on-year. Combined with maintenance, total company ARR was $25 million as of June 30, 2021.

Non-recurring revenues from licenses, royalties and professional services was $9.7 million in the second quarter of 2021, significantly lower than in the second quarter of 2020.

Covid-19 continues to impact BtoB spending and the ability to launch new infrastructure projects. Verimatrix's historical business is more focused on regions) heavily hit by Covid-19, which led major customers to put new projects on hold and delay deployment of other projects, thus impacting new licenses revenue. In Latin America in particular, revenue decreased by $3.6 million in first-half of 2021 compared with first-half 2020.

<u>First-half 2021 revenue</u>

Verimatrix revenue was $52.2 million in the first half of 2021, up 18% year-on-year.

Revenue for the sole core software business was $35.5 million, down 20% vs. first-half 2020, due to a weaker second quarter as explained above.

Recurring revenues from maintenance and subscription fees were $12.4 million in the first-half of 2020, down 20% year-over-year.

From gross profit to net income

(in thousands of US$)	**H1 2021 (adjusted, reported)**	**H1 2020 (adjusted, reported)**
Revenue	52 194	44 170
Gross profit	**38 548**	**37 037**
As a % of revenue	*73,9%*	*83,9%*
Research and development expenses	(9 859)	(11 525)
Selling and marketing expenses	(12 217)	(12 584)
General and administrative expenses	(7 162)	(7 587)
Other gains / (losses), net	(19)	(119)
Total adjusted operating expenses	**(29 257)**	**(31 815)**
Operating Income	**9 291**	**5 222**
EBITDA	**11 365**	**7 393**

Adjusted gross profit

Adjusted gross profit for first-half 2021 was $38.5 million, compared with $37.0 million in first-half 2020.

Decrease in gross margin to 73.9% in first-half 2021 (vs. 84.5% in first-half 2020) is due to revenue mix (NFC patent licensing programm generating 72.8% gross margin) and a lesser absorption of fixed cost of sales expense.

Adjusted operating expenses

As anticipated, the strong euro against the U.S. dollar weighed on the operating expense and earnings for approximately $1 million in the first 6 months of 2021 compared with 2020. However, operating expenses decreased from $31.8 million for the first half of 2020 to $29.3 million for the first half of 2021 as:

- the company maintained tight controls on expenses in the context of an uncertain worldwide environment
- capitalization of research of development expenses increased year-over-year by $1 million since the company sustains its investments in new products and services.

Adjusted operating income and EBITDA

Adjusted operating income for the first half of 2021 was $9.3 million compared with $5.2 million in first-half 2020. Excluding contribution of the NFC patent licensing program which had generated $12.0 million in operating income in first-half 2021, adjusted operating loss was $2.7 million.

EBITDA for the first half of 2021 was $11.4 million, representing 22% of revenue. Excluding contribution of the NFC patent licensing program wich had generated $12.2 million in EBITDA in first-half 2021, EBITDA of core software business was negative by $0.9 million (compared with +$7.7 million in first-half 2020).

Strong growth of IFRS operating and net income

(in thousands of US$)	H1 2021	H1 2020
Adjusted operating income	**9 291**	**5 222**
Fair value adjustment on deferred revenue (Item without cash impact)	-	-
Amortization and depreciation of assets acquired through business combinations (Items without cash impact)	(2 542)	(2 543)
Acquisition related expenses (*)	1 791	(75)
Non recurring costs related to restructurations (**)	2 102	(30)
Share based payments	(24)	(225)
Operating income/(loss)	**10 618**	**2 349**
Finance income/(loss), net	(213)	(3 906)
Income tax expenses	(2 236)	(209)
Net income/(loss) from continuing operations (i)	**8 169**	**(1 766)**
Net income/(loss) from discontinued operations (ii)	**(27)**	**(157)**
Net income/(loss) (i) + (ii)	**8 142**	**(1 923)**

Sums may not equal totals due to rounding

Operating income/(loss) from continuing[5] operations

In the first half of 2021, Verimatrix generated a consolidated (IFRS) operating income of $10.6 million, compared to an income of $2.3 million in first-half 2020. On top of a 78% grow of the adjusted operating income, the Company benefited from one-time profits during the first half of 2021, in the context of managing cash and operating expense:

(*) In June 2021, Verimatrix signed a settlement agreement with the selling shareholders of Verimatrix, Inc. relating to the definitive purchase price of Verimatrix, Inc. In this context, Verimatrix received an amount of $ 8.8 million in cash, significantly higher than the expected amount of $ 6.9 million, which led to record a non-recurring profit in the half-year results for $ 1.9 million.

(**) In April 2021, Verimatrix terminated a lease agreement for a building unoccupied since September 2019 in San Diego, California; as a result, the company has reversed a provision for an amount of $ 2.5 million (that as a consequence, the Company would save in rent and associated costs over the next 4 years).

Finance incomel(loss), net

Net financial expense was $0.2 million in the first half of 2021, mainly driven by the interest expense of the 29 million bullet loan note due 2026 and of the convertible bonds (“OCEANE”) due 2022 which was almost balanced by a $2.5 million non-cash IFRS profit from the change in fair value of the derivative liability related to the OCEANE.

Net income/(loss) from continuing operations

In the first half of 2021, continuing operations generated a net income (IFRS) of $8.2 million against a net loss of $1.8 million in the first half of 2020.

Net income/(loss)

In the first half of 2021, the Company generated a consolidated net income (IFRS) of $8.1 million against a net loss of $1.9 million in the first half of 2020. It is derived from the net income for the continuing operations for $8.2 million, while net income from discontinued operations was marginal (net supplemental expenses from the Silicon IP business unit sold to Rambus in December 2019).

[5] Continuing operations include the core software business and the NFC patent licensing program. It excludes any impact of the Silicon IP business divested in December 2019, accounted for in the line item “net income/(loss) from discontinued operations”.

2. Financial position

(in thousands of $)	H1 2021	H1 2020
Cash generated by continuing operations before changes in working capital	12 028	6 651
Cash generated used in changes in working capital from continuing operations	(5 941)	(5 826)
Cash generated by continuing operations	**6 087**	**826**
Cash generated used in discontinued operations	**(27)**	**(157)**
Taxes paid	(603)	(720)
Interests paid	(2 061)	(3 854)
Net cash generated by / (used in) operating activities	**3 396**	**(3 904)**
Cash flows used in investing activities, net	(4 097)	(2 383)
Cash flows from used in financing activities, net	(15 840)	(1 227)
Net decrease in cash and cash equivalents	**(16 541)**	**(7 514)**
Cash and cash equivalents at beginning of the period	48 608	53 975
Foreign exchange impact	(57)	(11)
Cash and cash equivalents at end of the period	**32 010**	**46 450**

Liquidity

Net debt stood at $13.7 million at June 30, 2021, compared with $11.5 million at June 30, 2020 and $11.5 million at December 31, 2020. Net debt is defined as cash on hand, cash equivalents and short-term investments, less bank overdrafts, financial debt (excluding obligations under IFRS 16 for finance leases), bank loans, private loans, and the debt component of the “OCEANE” convertible bonds due 2022 (see reconciliation with IFRS in Appendix 2 hereof).

Verimatrix has a solid financial position to face its ongoing transformation. The Company’s financial debt matures in June 2022 (EUR 16 million “OCEANE“ convertible bonds) and February 2026 ($29 million unitranche bullet private loan).

As of June 30, 2021, the company’s consolidated cash position was $32.0 million, compared with $46.5 million at June 30, 2020 and $48.6 million at December 31, 2020, the decrease being due to the partial early reimbursement of the untitranche loan note for $15 million in March 2021.

Cash flows

Cash position decreased by $14.4 million in the first-half of 2021, due to the partial early reimbursement of the untitranche loan note for $15 million in March 2021.

Operating activities generated $6.1 million of cash flow in the first-half of 2021, compared with $0.7 million in the first half of 2020.

Interest expense used $2.1 million of cash in the first half-2021 compared with $3.9 million in the first half-2020, due to the impact of the partial reimbursement of the unitranche loan note combined with a decrease in the interest rate pursuant to the loan note agreement.

Investing activities used $4.1 million, including capitalized R&D for $3,9 million.

Financing activities used $15.8 million of cash in first-half 2021, mostly due to partial early reimbursement of the untitranche loan note for $15 million in March 2021.

3. Business outlook

Verimatrix had the objective to deliver a mid-single digit core business revenue growth in 2021 year-over-year (including a double-digit growth of recurring revenues) and a globally flat EBITDA target compared with 2019.

As explained above, the continued impact of Covid-19 and the accelerated trends in customers’ behaviour in recent months have triggered further strategic decisions and a priorities refocus towards a more recurring revenue model. The Company has therefore reset its objectives as follows:

- 2021 core business revenue target revised to approximately $90 million (including c. $75 million for the core business)
- Improvement of the quality of the revenue mix in the mid term with 70% recurring revenues in 2024 (compared with 33% today)

Verimatrix will hold an investor update in the fourth quarter of 2021 which will be the occasion to give further details as to the current business model transition it is undertaking and the objectives it has set.

Live webcast/Conference call

Verimatrix is scheduled to hold an audio webcast conference today, July 29 at 6 p.m. CET (Paris) to comment on first-half 2021 results. A live webcast of the conference call will be accessible using the following link: https://channel.royalcast.com/landingpage/verimatrix/20210729_1/

The presentation will be available online prior to the conference call on the homepage of Verimatrix's investor website : investors.verimatrix.com. The call will also be accessible by dial-in on one of the following numbers France: +33 (0) 1 7037 7166; UK +44 (0) 33 0551 0200; USA +1 212 999 6659; Password: Verimatrix

The replay of the event will be available using the following link:
https://channel.royalcast.com/landingpage/verimatrix/20210729_1/ or directly from the Verimatrix website : investors.verimatrix.com

Financial calendar

- Third-quarter 2021 revenue: October 20, 2021 (after market close)

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About Verimatrix

Verimatrix (Euronext Paris: VMX) helps power the modern connected world with security made for people. We protect digital content, applications, and devices with intuitive, people-centered and frictionless security. Leading brands turn to Verimatrix to secure everything from premium movies and live streaming sports, to sensitive financial and healthcare data, to mission-critical mobile applications. We enable the trusted connections our customers depend on to deliver compelling content and experiences to millions of consumers around the world. Verimatrix helps partners get to market faster, scale easily, protect valuable revenue streams, and win new business. Visit www.verimatrix.com.

Supplementary non-IFRS financial information

Verimatrix uses performance indicators that are not strictly accounting measures in accordance with IFRS. They are defined in Appendix 2 of this press release. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the consolidated financial statements, including the income statement set out in Appendix 1 hereof.

Forward-looking statements

This press release contains certain forward-looking statements concerning Verimatrix. Although Verimatrix believes its expectations to be based on reasonable assumptions, they do not constitute guarantees of future performance. Accordingly, the Company’s actual results may differ materially from those anticipated in these forward-looking statements owing to a number of risks and uncertainties. For a more detailed description of these risks and uncertainties, please refer to the "Risk factors" section of the 2020 universal registration document filed with the French financial market authority (the Autorité des marchés financiers – the "AMF") on April 30, 2021, available on: investors.verimatrix.com

Appendix 1 – Consolidated income statement, balance sheet and cash flow statement (IFRS)

The following tables are an integral part of the condensed consolidated financial statements prepared in accordance with IFRS.

Consolidated income statement

(In thousands of US$)	**First-half 2021**	**First-half 2020**
Revenue	**52 194**	**44 170**
Cost of sales	(14 514)	(8 042)
Gross profit	**37 680**	**36 128**
Research and development expenses	(10 605)	(12 421)
Selling and marketing expenses	(13 140)	(13 696)
General and administrative expenses	(7 191)	(7 680)
Other gains / (losses), net	3 874	18
Operating profit (loss)	**10 618**	**2 349**
Cost of financial debt, net	(3 390)	(3 561)
Other financial income/(loss), net	3 177	(345)
Profit (loss) before income tax	**10 405**	**(1 557)**
Income tax expenses	(2 236)	(209)
Net income/(loss) from continuing operations (i)	**8 169**	**(1 766)**
Net income/(loss) from discontinued operations (ii)	(27)	(157)
Net income/(loss) (i) + (ii)	**8 142**	**(1 923)**

Consolidated balance sheet

Assets

(In thousands of US$)	June 30, 2021	December 31, 2020
Goodwill	115 231	115 231
Intangible assets	22 011	21 344
Property and equipment	12 010	12 626
Other receivables	7 027	6 208
Non-current assets	**156 279**	**155 409**
Inventories	409	459
Trade receivables	52 387	40 956
Other receivables	3 999	14 833
Derivative financial instruments	44	341
Cash and cash equivalents	32 010	48 608
Current assets	**88 848**	**105 197**
Total assets	**245 127**	**260 606**

Equity and liabilities

(In thousands of US$)	June 30, 2021	December 31, 2020
Ordinary shares	41 518	41 396
Share premium	94 749	267 067
Reserves and retained earnings	11 270	(150 644)
Income / (loss) for the period	8 142	(10 407)
Equity attributable to equity holders of the Company	**155 680**	**147 412**
Non-controlling interests	-	-
Total equity	**155 680**	**147 412**
Borrowings	37 956	55 134
Convertible bonds	-	17 452
Derivative financial instruments	-	3 256
Provisions	1 199	990
Deferred tax liabilities	327	1 831
Non-current liabilities	**39 482**	**78 663**
Borrowings	1 531	1 246
Convertible bonds	17 594	-
Trade payables	6 275	6 148
Other liabilities	14 048	16 403
Derivative and financial instruments	870	4
Provisions	520	1 311
Unearned revenues	9 127	9 418
Current liabilities	**49 966**	**34 530**
Total liabilities	**89 448**	**113 193**
Total equity and liabilities	**245 127**	**260 606**

Consolidated cash flow statement

(In thousands of US$)	June 30, 2021	June 30, 2020
Income / (loss) for the period	**8 169**	**(1 768)**
Non cash income statement items from continuing activities	3 859	8 419
Changes in working capital from continuing operations	(5 941)	(5 826)
Cash used in discontinued operations	(27)	(157)
Cash generated by operating activities	**6 060**	**669**
Taxes paid	(603)	(720)
Interests paid	(2 061)	(3 854)
Net cash generated by / (used in) operating activities	**3 396**	**(3 904)**
Purchases of property and equipment	(177)	(192)
Purchases of intangible assets	(3 920)	(2 191)
Cash flows from investing activities	**(4 097)**	**(2 383)**
Proceeds from issuance of ordinary shares, net of issuance costs	76	-
Loan repayments	(15 058)	(59)
Reimbursement of lease commitments under IFRS16	(858)	(1 168)
Cash flows from financing activities	**(15 840)**	**(1 227)**
Effect of exchange rate fluctuation	(57)	(11)
Net increase in cash and cash equivalents	**(16 598)**	**(7 525)**
Cash and cash equivalents at beginning of the period	**48 608**	53 975
Cash and cash equivalents at end of the period	**32 010**	**46 450**

Appendix 2 - Supplementary non-IFRS financial information - Reconciliation of IFRS results with adjusted results

The performance indicators presented in this press release that are not strictly accounting measures are defined below. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the company's financial performance. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the company's consolidated financial statements and their related notes. The company uses these indicators because it believes they are useful measures of its recurring operating performance and its operating cash flows. Although they are widely used by companies operating in the same industry around the world, these indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently than the company, even though they use similar terms.

Adjusted gross profit is defined as gross profit before (i) the amortization of intangible assets related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture undertaken by the company.

Adjusted operating income/(loss) is defined as operating income/(loss) before (i) the amortization of intangible assets related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture undertaken by the company.

EBITDA is defined as adjusted operating income before depreciation, amortization and impairment expenses not related to business combinations.

Annual Recurring Revenue, or **ARR**, corresponds annualized value of all recurring revenues from current contracts at the time of measurement. ARR includes all contract types that are recurring in nature, such as maintenance & support, SaaS and non-SaaS subscriptions, and for which revenue is currently being recognized. The ARR is a rolling number that accumulates over time whereas the Total Contract Value (or TCV) metric also used by the Company, is typically used to measure (new or incremental) sales bookings within a period. The Company computes an ARR for SaaS and non-SaaS subscriptions and another combining subscriptions and maintenance.

Net debt reconciliation

(in thousands of US$)	**June 30, 2021**	**December 31, 2020**	**June 30, 2020**
Cash and cash equivalents	32 010	48 608	46 450
Private loan note due 2026, at fair value	(28 076)	(42 491)	(42 307)
Other loans	(56)	(117)	(200)
Convertible bonds due 2022 (OCEANE), at fair value	(17 594)	(17 542)	(15 431)
Net cash/(debt)	**(13 716)**	**(11 542)**	**(11 488)**
Financial lease commitments under IFRS16	(11 353)	(13 773)	(15 505)
Net cash/(debt) including IFRS 16	**(25 069)**	**(25 315)**	**(26 993)**