



French société anonyme (public limited company)  
Share capital: 1,469,838.14 euros

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## **HALF YEAR FINANCIAL REPORT AS AT 30 JUNE 2020**

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

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### 1.1 PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT

Michel Artières, Chairman and Chief Executive Officer of ATEME.

### 1.2 DECLARATION BY THE PERSON RESPONSIBLE

(Article 222-3 - 4° of the AMF General Regulation)

'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 year activity report includes a fair review of the significant events that occurred during the first six months of the financial year and of their impact on the financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year.'

Vélizy, 24 September 2020

Michel Artières, Chairman and Chief Executive Officer of ATEME.

## 2. Activity report as at 30 June 2020

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### 2.1 HIGHLIGHTS OF THE FIRST HALF OF 2020

#### **9 January 2020: BT takes strong measures to combat pirating of video streams**

BT intensifies its efforts to combat piracy of premium subscription content thanks to a partnership with the leader in video delivery infrastructure, ATEME. BT uses the sophisticated encryption techniques provided by ATEME to protect, in the safest possible manner, content transmitted by satellite, and will offer this technology to its clients around the world to help reduce the number of illegal streaming activities. By using ATEME's encoder, BT's Media and Broadcast entity is able to provide the best video quality at reduced speeds and with minimum latency, while ensuring the security of broadcasts. The BISS-CA protocol used in the ATEME encoder is ideally suited to high-quality video transmissions, while enabling broadcasters to protect against piracy. ATEME's encoder can be used by a multitude of systems and software, and the invisible digital tattoo of the stream activated by BISS-CA makes it possible to determine the origin of an illegal stream. Holders of media rights can also allow and revoke receipt rights in real time, thereby securing broadcasts from the source to the final destination.

#### **23 January 2020: ATEME wins the i-Nov IA4SEC Project Innovation Award**

ATEME is proud to announce that it won the i-Nov IA4SEC Project Innovation Award for its technological innovations in the television and media markets. The project, managed by Bpifrance, Banque Publique d'Investissement, and supported by the Programme d'Investissements d'Avenir (PIA), which provides significant support for innovation, is dedicated to entrepreneurs. The TV industry market is faced with an ecosystem that is constantly moving and characterised by growing complexity. ATEME's technological progress allows its clients to plan for the future by leveraging artificial intelligence (AI). In this context, ATEME offers AI-based solutions to deliver very compressed, bandwidth efficient video to its clients that is always of the highest quality and fidelity. As part of this project, ATEME proposes several levels of optimisation: In the encoding core, which enables a reduction in binary flow, in adaptive encoding of content for better video quality, and in the elasticity of the encoding process, optimising the media supply chain and the use of the cloud.

#### **13 February 2020: Vualto begins working with ATEME to automate the integration of encoders**

Vualto, a cloud-based video broadcast and OTT orchestration expert, has partnered with ATEME in the automated encoder integration within Vualto Control Hub (VCH) video orchestration which makes it possible to easily integrate several sources and encoders. VCH is independent of the supplier and interoperable with a wide variety of technology partners. This partnership will allow operators and broadcasters to easily orchestrate events and channels in real time with the possibility to start, stop and automatically configure TITAN Live encoder services using the VCH interface. Integration offers great benefits to operators and broadcasters who are looking for an efficient and practical way to broadcast their streams live. ATEME's wealth of experience in encoding premium live sports content makes it an ideal partner for Vualto. The combination of the two technologies offers broadcasters a high quality, flexible, agile streaming service that is fully adapted to their business model and end objectives.

### **17 March 2020: PCBL chooses ATEME to broadcast television content in the Pacific**

ATEME has announced today that it has provided Kyrion DR5000 integrated decoder receivers (RDI) to Pacific Cooperation Broadcasting Limited (PCBL), a New Zealand government initiative that supports unscrambled Pacific broadcasters through the provision of content from New Zealand for rebroadcast, and implementing training to encourage the production of local content. The professionalism, ease of use and reliability of the product itself, as well as ATEME's ability to keep up with the tight project schedule, were all key factors in the decision made by PCBL. ATEME is recognised worldwide as a long-term trusted partner that can help clients like PCBL in implementing their current and future vision.

### **On 23 April 2020, ATEME announced a full day webinar for clients around the world**

ATEME announced that its real-time webinar, "Les 24 heures d'ATEME" (24 hours of ATEME) was a great success, reaching an audience of more than 1,500 unique participants in the broadcast and media industry over a 24-hour period. The webinar that was "chasing the sun" was designed to reach all ATEME clients in more than 100 countries. The first sessions took place in France, before crossing the Atlantic to reach customers on the east coast of the United States and then move on to the west coast. The session then focused on Australia and South East Asia, before returning to Europe to wrap up. The company put its clients at the centre of the event organisation: the programme was organised after ATEME surveyed customers to get a general idea of the challenges they were facing and seeking to overcome.

### **On 5 May 2020, ATEME helped RTL Luxembourg to maintain its pace of activity during the COVID-19 epidemic**

The Company used its free video transcoding licenses for 90 days for a new customised channel created to deal with the COVID-19 pandemic. Benefiting from ATEME's value proposition regarding bandwidth efficiency and high quality experience for its OTT service, RTL Luxembourg had to react quickly to adapt to the new rules of social distancing and quarantine, as well as changing viewing habits, using ATEME's TITAN Live licenses for this purpose. Designed specifically for these types of challenges, ATEME's 90-day free offering enabled RTL Luxembourg not only to adapt its OTT service but also to perform full, uninterrupted remote monitoring.

### **On 9 June 2020, ATEME joined forces with SES to test the first live UHD broadcast with VVC.**

The test showed the following benefits of VVC:

- Optimised bandwidth efficiency: UHD transmission cost reduced thanks to increased VVC compression efficiency
- Increase in audience: VVC's DVB-S2 broadcast increased audience reach and coverage
- Improving the quality of the experience: offers a high quality visual experience using VLC multimedia reader

VVC is the latest video coding technology developed by the Joint Video Experts Team (JVET) made up of experts from the ISO/CEI MPEG and the ITU-T VCEG. VVC improves the compression efficiency of HEVC (High Efficiency Video Coding) by 50% and processes all video formats (VR-360°, 3D, 4K, 8K, HDR). Its versatility allows the standard to cover a wide range of applications, from broadcasting to OTT delivery.

## 2.2 IMPACT OF THE HEALTH CRISIS ON THE FINANCIAL STATEMENTS AS AT 30 JUNE 2020

It remains difficult to precisely quantify the impact of the coronavirus epidemic on the Group's activity for the current year.

### **Full operational continuity during the Covid-19 crisis**

In this period of uncertainty, ATEME's priorities have been twofold: Protect the health and well-being of its employees and partners, in strict compliance with official guidelines in order to stop the spread of the virus, and provide all possible support to customers. Containment has been imposed in most areas where we do business. Fortunately, we have a well-proven and active working culture and a well-established business continuity plan to ensure the full continuity of all of our operations, including R&D, 24/7 support, and supply chain functions.

In particular:

- Demonstrations, deliveries and installations of ATEME's TITAN software can be carried out remotely.
- ATEME continues to provide video conferences and other webinars to clients around the world including through a 24-hour webinar in mid-April where our experts from all continents shared their views on market trends and emerging technologies, and presented ATEME solutions to 1,500 clients.
- For its part, our research and development team is preparing to file five new patents in May.

### **Impact of the Covid-19 crisis on the financial outlook**

In terms of sales revenue, the immediate impact of the Covid crisis was the cancellation of certain Kyrion orders due to the postponement of sporting events such as the UEFA football championship and the Olympic Games. In addition, certain customers will postpone their investments at least until the second half of the year, particularly those most exposed to a decline in advertising revenue or the revenues generated by sports activities. Conversely, the rise in the consumption of subscription-based video on demand and the pressure on network capacity are boosting many projects, resulting in a large pipeline of opportunities. In addition, our solid monthly recurring sales revenue base gives us additional visibility.

At the same time, ATEME is expecting savings of around €2 million in respect of 2020 in terms of travel and marketing costs. In addition, ATEME has imposed a temporary freeze on hiring for positions in contact with customers. However, visibility remains sufficient to support the R&D recruitment plan with 10 new engineers who will join our team starting in June.

The current context justifies the temporary suspension (since 26 March 2020) of our financial objectives.

In terms of seasonality, sales revenue in the first half of the financial year is generally lower than in the second. The impact of the Covid-19 crisis and in particular the deferral of some sales revenue to the second half of the year will accentuate this seasonality, with sales revenue currently expected to be flat year on year in the first half. This lack of growth means that we will not be able to fully absorb part of the additional operating costs incurred in 2019 in the first half of the year. The second half of the year should see a marked improvement.

Covid-19 had a favourable impact on streaming and subscription-based video on demand. This led to a major positive trend: stepping up the transition to the cloud. An increasing number of players are either rolling out public, hybrid or mixed (multicloud) cloud strategies or considering doing so. The ATEME solutions are fully operational for clients who already use TITAN on the main public clouds (AWS, Google Cloud and Microsoft Azure). This trend is consistent with the Group's strategy which advocates an infrastructure-agnostic position, and partnerships with these cloud providers, both worldwide and with regional players.

Lastly, the Group performed an analysis of its exposure to financial risks in its 2019 annual financial report. More particularly, credit risk has not significantly increased at Group level. Indeed, given the large number of customers across many types of businesses, there has been no evidence of significant late payments.

As for liquidity risk, it was taken into account by the Group in the first weeks of the spread of the pandemic and as soon as containment measures were implemented outside China. To guarantee liquidity, the Group had net available cash of €20.2 million as at 30 June 2020. Also, with a view to actively managing the Group's liquidity, the Group contracted a government guaranteed loan in the amount of €4 million, repayable in one year and collected at 30 June 2020, as well as a BPI France loan repayable in 5 years.

## 2.3 COMPANY ACTIVITY AND INCOME

Income statement	30/06/2020 6 months in €'000	30/06/2019 6 months in €'000
Sales revenue	29,039	30,081
Cost of Sales	(14,485)	(16,029)
<b>Gross margin</b>	<b>14,554</b>	<b>14,052</b>
Research and Development expenses	(5,640)	(4,507)
Marketing and Sales expenses	(9,484)	(9,095)
General and Administrative expenses	(1,674)	(1,706)
<b>Income from operations</b>	<b>(2,243)</b>	<b>(1,256)</b>
Financial expenses	(99)	(102)
Financial income	4	4
Exchange (losses) and gains	(60)	159
<b>Income before tax</b>	<b>(2,398)</b>	<b>(1,194)</b>
Tax expense / income	(193)	12
<b>Net income</b>	<b>(2,591)</b>	<b>(1,182)</b>
<i>Group share</i>	<i>(2,591)</i>	<i>(1,182)</i>
<b>Basic earnings per share (€ / share)</b>	<b>(0.25)</b>	<b>(0.11)</b>

### 2.3.1 SALES REVENUE

ATEME reported revenue of €29,039,000 in the first half of 2020, down 3% from the same period last year.

At the regional level:

- **EMEA** sales revenue fell 20% from €9,916,000 to €7,963,000. This reflects the shift in some large orders to the third quarter. However, the Company has the capacity to make adjustments in this area in the second half of the year;
- **The United States/Canada region** recorded sales revenue of €12,670,000. This sales revenue rose 19% (up 15% at constant exchange rates), confirming the strong momentum in the region despite the pandemic, as well as the significant contribution of recurring revenues;
- First half sales in **Latin America** fell 45% to €3,000,000 due to the combined effect of the Covid-19 pandemic and weakness in local currencies. These factors will continue to weigh on the second half of the year even if the Group expects to see an improvement over the first half of the year;
- The **Asia-Pacific** region reported revenue growth of 34% in the first half of the year. This dynamic should continue throughout the rest of the year.

### 2.3.2 IMPROVEMENT IN GROSS MARGIN

Despite lower sales than last year, the gross margin increased from €14 million to €14.6 million, an increase of 3.6%. Gross margin thus increased from 46.7% to 50.1% in the first half of the year.

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

### 2.3.3 OPERATING EXPENSES

Operating expenses were down €55,000 (0.2%) in the first half of 2020 compared to the first half of 2019. This decrease breaks down as follows:

- a €1,544,000 (9%) decrease in cost of sales
- an increase of €1,489,000 (10%) in structure costs (R&D, Marketing and Sales, general expenses, etc.).

### 2.3.4 NET FINANCIAL INCOME

The Group reported a net financial loss of €156,000 as at 30 June 2020. This item mainly comprises €60,000 in foreign exchange losses and €91,000 in amortised cost related to the Group's financial debt.

### 2.3.5 CONTENT INVESTMENTS

ATEME has continued to invest in its development. For the financial year, operating expenses amounted to €16.8 million, compared to €15.3 million as at 30 June 2019, up 10% but well below the increase in software sales as reflected in a 3-point increase in gross margin. About half of the additional operating expenditures represent investment in research and development, particularly in the new capabilities of the TITAN Playout software, which is expected to generate significant additional revenues in 2020.

### 2.3.6 MAINTAINING A SOUND FINANCIAL STRUCTURE

Shareholders' equity stood at €25.3 million as at 30 June 2020, compared with €27.1 million in 2019.

Net income for the first half of the year came to -€2.6 million, compared with -€1.2 million as at 30 June 2019.

Given that business activity continued, and that the Group's financial debt increased in the first half of the year, cash flows from operating activities increased by €3.9 million. Cash and cash equivalents totalled €20.6 million, compared with €10.3 million in 2019.

As at 30 June 2020, net financial debt (excluding rental debt) stood at -€6.2 million (cash surplus) compared with -€3.7 million as at 31 December 2019 (cash surplus).

## 2.4 EVOLUTION AND OUTLOOK

The mix between hardware sales and software sales was further improved when compared to the first half of 2019. At the same time ATEME continued to implement its R&D investment plan.

At the end of June, the total workforce was 319 employees, compared with 274 one year earlier.

The operating margin was in negative territory in the first half of 2020, which is usual given the seasonal nature of the business sector. A rebound is expected in the second half of the year, as in previous years.

The Group remains focused on executing its growth strategy, with a particular focus on:

- The development of partnerships with global or regional cloud providers;
- The increase in monthly recurring revenue (MRR) by combining multi- year investment contracts (CAPEX) and subscription-based economic models (OPEX).
- The roll-out of the recently launched TITAN Playout solution for which the Group has already signed the first contracts. A greater potential is expected with the next releases (one per quarter).

## 2.5 SUBSEQUENT EVENTS

### **On 16 July 2020 ATEME is at the forefront of the BISS-CA Standard with Kyrion and TITAN Solutions.**

ATEME, the leader in video delivery solutions for cable transmission, television, SRD, IPTV and OTT, continues to pioneer the next generation of content delivery such as Kyrion and TITAN Edge solutions remain inherent to the development and market adoption of the BISS-CA standard. As an evolution of the BISS protocol, BISS-CA is a conditional open, rights free, secure and interoperable encryption standard that includes a dynamic mobile key system. Developed by the EBU in collaboration with ATEME and other network equipment providers over a long period, BISS-CA enables real time rights management for content flows on any network.

### **On 22 July 2020 ATEME announced that Movistar + chose to implement its TITAN solution for the distribution of its live DTH/OTT services.**

ATEME's TITAN solution offers Movistar + a number of advantages, including a simple migration to the virtual video headend. TITAN also provides Movistar + with exceptional bandwidth savings in MPEG-2 and H.264, resulting in significant use of the satellite transponder, as well as the highest video quality at the lowest possible binary speed, which is crucial to obtaining the best user experience.

### **On 30 July 2020, ATEME enabled QNET Telecom to provide high quality video coding thanks to its TITAN Live solution.**

TITAN Live will be used alongside the QNET networks to offer improved video quality to its high speed end users and to support the growing demand for high quality video content and encoding.

### **On 31 July 2020, ATEME and Anevia entered into exclusive negotiations for the acquisition by ATEME of 87% of Anevia's share capital and 90% of its voting rights.**

ATEME and Anevia's main shareholders, together holding 87% of the share capital and 90% of the theoretical voting rights of Anevia, entered into exclusive negotiations to transfer their stake in Anevia to ATEME. The transaction received the unanimous support of both parties' boards of directors in advance. An 'information - consultation' procedure will be launched with the employee representative bodies of the Company and ATEME.

Upon completion of the aforementioned 'information - consultation' procedures, ATEME would acquire all of the Anevia shares held by the majority shareholders, in part by contributions in kind and otherwise in cash. The transfer of the Anevia shares to ATEME would be followed by the filing by ATEME of a simplified alternative tender offer comprising a simplified mixed tender offer, and as an alternative offer, a simplified public tender offer on all shares and securities giving access to the share capital of Anevia which would not be held by ATEME on that date, in accordance with applicable laws and regulations, and then, as the case may be, by a squeeze out.

### 3. Consolidated financial statements prepared according to IFRS as at 30 June 2020 and as at 31 December 2019

Statement of financial position	Notes	30/06/2020 in €'000	31/12/2019 in €'000
<b>ASSETS</b>			
Intangible assets	3	1,708	1,716
Property, plant and equipment	4	2,466	2,435
Rights of use	5	2,571	2,631
Other non-current financial assets	6	771	823
Deferred tax assets	22	1,265	1,328
<b>Total non-current assets</b>		<b>8,780</b>	<b>8,931</b>
Inventory	7	4,410	3,065
Trade receivables	8.1	23,118	29,333
Other receivables	8.2	7,125	5,462
Cash and cash equivalents	9	20,654	10,345
<b>Total current assets</b>		<b>55,307</b>	<b>48,204</b>
<b>Total Assets</b>		<b>64,087</b>	<b>57,135</b>
<b>LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	1,470	1,465
Issue and transfer premiums	11	17,501	17,307
Translation reserve	11	87	104
Other comprehensive income	11	(75)	(115)
Reserves - Group share	11	8,963	3,760
Income - Group share	11	(2,591)	4,607
<b>Equity, Group share</b>		<b>25,354</b>	<b>27,127</b>
<b>Non-current liabilities</b>			
Staff commitments	14	745	749
Provisions for charges	15	11	36
Non-current financial liabilities	13	9,008	5,420
Non-current lease liabilities	13	1,869	1,971
Deferred tax liabilities	22	63	42
<b>Non-current liabilities</b>		<b>11,696</b>	<b>8,217</b>
<b>Current liabilities</b>			
Current financial liabilities	13	5,453	1,252
Current lease liabilities	13	760	719
Provisions	15	-	-
Trade payables	16.1	10,944	10,399
Tax and social liabilities	16.2	3,153	3,105
Other current liabilities	16.3	6,726	6,317
<b>Current liabilities</b>		<b>27,037</b>	<b>21,791</b>
<b>Total Liabilities</b>		<b>64,087</b>	<b>57,135</b>

Income statement	Notes	30/06/2020 6 months in €'000	30/06/2019 6 months in €'000
Sales revenue	18	29,039	30,081
Cost of Sales	19.1	(14,485)	(16,029)
<b>Gross margin</b>		<b>14,554</b>	<b>14,052</b>
Research and Development expenses	19.2	(5,640)	(4,507)
Marketing and Sales expenses	19.3	(9,484)	(9,095)
General and Administrative expenses	19.4	(1,674)	(1,706)
<b>Income from operations</b>		<b>(2,243)</b>	<b>(1,256)</b>
Financial expenses	21	(99)	(102)
Financial income	21	4	4
Exchange (losses) and gains	21	(60)	159
<b>Income before tax</b>		<b>(2,398)</b>	<b>(1,194)</b>
Tax expense / income	22	(193)	12
<b>Net income</b>		<b>(2,591)</b>	<b>(1,182)</b>
Group share		(2,591)	(1,182)
Non-controlling interests		-	-
Weighted average <i>number</i> of shares outstanding for basic earnings		10,483,858	10,427,069
Weighted average <i>number</i> of shares outstanding for diluted earnings per share		10,833,920	10,747,524
<b>Basic earnings per share (€ / share)</b>	<b>24</b>	<b>(0.25)</b>	<b>(0.11)</b>
<b>Diluted earnings per share (€ / share)</b>	<b>24</b>	<b>(0.25)</b>	<b>(0.11)</b>

IFRS Consolidated statement of comprehensive income	30/06/2020 in €'000	30/06/2019 in €'000
<b>Income for the financial year</b>	(2,591)	(1,182)
Actuarial gains and losses	40	67
<b>Items that are not recyclable in income</b>	<b>40</b>	<b>67</b>
Consolidation translation differences	(17)	(24)
<b>Items that are recyclable in income</b>	<b>(17)</b>	<b>(24)</b>
<b>Comprehensive income</b>	<b>(2,569)</b>	<b>(1,139)</b>
Group share	(2,569)	(1,139)
Non-controlling interests	-	-

## Change in equity

Change in consolidated equity	Share capital	Share capital	Additional paid-in capital	Reserves and income	Translation differences	Actuarial gains and losses	Equity, Group share	Non-controlling interests	Equity equity
	Number of shares	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000	in €'000
<b>As at 31 December 2018</b>	10,405,404	1,457	16,983	3,052	118	(73)	21,537	-	21,537
2019 Net income				(1,182)			(1,182)		(1,182)
Other comprehensive income					(24)	67	43		43
<b>Comprehensive income</b>				(1,182)	(24)	67	(1,139)		(1,139)
Exercise of stock options	47,407	7	303				310		310
Cancellation of treasury shares arising from the liquidity agreement				69			69		69
Share-based payments				268			268		268
<b>As at 30 June 2019</b>	10,452,811	1,463	17,286	2,207	94	(5)	21,045	-	21,045
<b>As at 31 December 2019</b>	10,464,563	1,465	17,307	8,366	104	(115)	27,127	-	27,127
June 2020 Net income				(2,591)			(2,591)		(2,591)
Other comprehensive income					(17)	40	23		23
<b>Comprehensive income</b>				(2,591)	(17)	40	(2,569)		(2,569)
Exercise of stock options	34,288	5	194				199		199
Cancellation of treasury shares arising from the liquidity agreement				47			47		47
Share-based payments				550			550		550
<b>As at 30 June 2020</b>	10,498,851	1,470	17,501	6,372	87	(75)	25,354	-	25,354

Consolidated statement of cash flows	Notes	30/06/2020 in €'000	30/06/2019 in €'000
<b>Net income</b>		<b>(2,591)</b>	<b>(1,182)</b>
(-) Elimination of amortisation of intangible assets	3	(527)	(393)
(-) Elimination of depreciation of property, plant and equipment	4	(675)	(610)
(-) Elimination of depreciation under IFRS 16	5	(400)	(396)
(-) Allocations for provisions	14/15	(23)	(43)
(-) Provision reversals	14/15	-	-
(-) Expense related to share-based payments	12	(550)	(268)
(-) Cost of net debt		(74)	(58)
(-) Capital loss from disposal of fixed assets	3-4	(5)	(77)
(-) Other		61	(44)
(-) Change in deferred taxes		(70)	218
<b>Cash flow before net borrowing costs and taxes</b>		<b>(329)</b>	<b>489</b>
(-) Change in working capital requirement (net of impairment of trade receivables and inventory)		(4,238)	923
<b>Cash flow generated by operations</b>		<b>3,909</b>	<b>(434)</b>
Acquisition of intangible assets	3	(223)	(180)
Capitalisation of development expenses	3	(295)	(300)
Acquisition of property, plant and equipment	4	(713)	(358)
Change in other non-current financial assets	6	99	(161)
<b>Cash flow related to investment transactions</b>		<b>(1,132)</b>	<b>(1,000)</b>
Exercise of stock options		199	310
Collection of new loans		8,078	-
Gross financial interest paid		(74)	(58)
Repayment of loans and conditional advances	13	(224)	(580)
Lease payments (IFRS 16)	13	(400)	(393)
Other financing flows (including factoring)	6	-	451
<b>Cash flow related to financing transactions</b>		<b>7,579</b>	<b>(269)</b>
Impact of changes in currency exchange rates		(45)	14
<b>Increase (Decrease in cash)</b>		<b>10,311</b>	<b>(1,689)</b>
Cash and cash equivalents at opening		10,341	6,206
Cash and cash equivalents at closing		20,652	4,517
<b>Increase (Decrease in cash)</b>		<b>10,311</b>	<b>(1,689)</b>

		30/06/2020	30/06/2019
Cash and cash equivalents	9	20,654	4,526
Bank overdrafts	13	(2)	(9)
<b>Cash and cash equivalents at closing</b>		<b>20,652</b>	<b>4,517</b>

Detailed analysis of the Working Capital Requirement (in €'000)	30/06/2020	30/06/2019
Inventory (net of inventory impairment)	1,346	60
Trade receivables (net of impairment of trade receivables)	(6,231)	466
Other receivables	1,650	1,045
Trade payables	(533)	915
Tax and social liabilities	180	(243)
Other current liabilities	(650)	(1,319)
<b>Total changes</b>	<b>(4,238)</b>	<b>923</b>

## Notes to the Financial Statements

*(Unless otherwise specified, all amounts listed in these notes are in €'000)*

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## **Note 1: Presentation of business and major events**

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The following information constitutes the Notes to the half year consolidated financial statements prepared according to IFRS as at 30 June 2020.

### **1.1 Information relating to the Company and its business**

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Created in June 1991, ATEME (a French public limited company) designs electronic and computer equipment and instruments for the acquisition, processing and transmission of information.

ATEME offers products and solutions to cover:

- Contribution: embedded encoders in mobile production units, and decoders installed in studios,
- "File" and "Live" distribution: transcoding solution for broadcast on all types of screens to be able to monetise content.

Address of registered office: 6 rue Dewoitine, 78140 Vélizy-Villacoublay, France

Versailles Trade and Companies Register (RCS) number: 382 231 991

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

### **1.2 First half 2020 events**

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#### **9 January 2020: BT takes strong measures to combat pirating of video streams**

BT is intensifying its efforts to combat the hacking of premium subscription content thanks to a partnership with the leader in video delivery infrastructure, ATEME. BT uses the sophisticated encryption techniques provided by ATEME to protect, in the safest possible manner, content transmitted by satellite, and will offer this technology to its clients around the world to help reduce the number of illegal streaming activities. By using ATEME's encoder, BT's Media and Broadcast entity is able to provide the best video quality at reduced speeds and with minimum latency, while ensuring the security of broadcasts. The BISS-CA protocol used in the ATEME encoder is ideally suited to high-quality video transmissions, while enabling broadcasters to protect against piracy. ATEME's encoder can be used by a multitude of systems and software, and the invisible digital tattoo of the stream activated by BISS-CA makes it possible to determine the origin of an illegal stream. Holders of media rights can also allow and revoke receipt rights in real time, thereby securing broadcasts from the source to the final destination.

#### **23 January 2020: ATEME wins the i-Nov IA4SEC Project Innovation Award**

ATEME is proud to announce that it won the i-Nov IA4SEC Project Innovation Award for its technological innovations in the television and media markets. The project, managed by Bpifrance, Banque Publique d'Investissement, and supported by the Programme d'Investissements d'Avenir (PIA), which provides significant support for innovation, is dedicated to entrepreneurs. The TV industry market is faced with an ecosystem that is constantly moving and characterised by growing complexity. ATEME's technological progress allows its clients to plan for the future by leveraging artificial intelligence (AI). In this context, ATEME offers AI-based solutions to deliver very compressed, bandwidth efficient video to its clients that is always of the highest quality and fidelity. As part of this project, ATEME proposes

several levels of optimisation: In the encoding core, which enables a reduction in binary flow, in adaptive encoding of content for better video quality, and in the elasticity of the encoding process, optimising the media supply chain and the use of the cloud.

### **13 February 2020: Vualto begins working with ATEME to automate the integration of encoders**

Vualto, a cloud-based video broadcast and OTT orchestration expert, has partnered with ATEME in the automated encoder integration within Vualto Control Hub (VCH) video orchestration which makes it possible to easily integrate several sources and encoders. VCH is independent of the supplier and interoperable with a wide variety of technology partners. This partnership will allow operators and broadcasters to easily orchestrate events and channels in real time with the possibility to start, stop and automatically configure TITAN Live encoder services using the VCH interface. Integration offers great benefits to operators and broadcasters who are looking for an efficient and practical way to broadcast their streams live. ATEME's wealth of experience in encoding premium live sports content makes it an ideal partner for Vualto. The combination of the two technologies offers broadcasters a high quality, flexible, agile streaming service that is fully adapted to their business model and end objectives.

### **17 March 2020: PCBL chooses ATEME to broadcast television content in the Pacific**

ATEME has announced today that it has provided Kyrion DR5000 integrated decoder receivers (RDI) to Pacific Cooperation Broadcasting Limited (PCBL), a New Zealand government initiative that supports unscrambled Pacific broadcasters through the provision of content from New Zealand for rebroadcast, and implementing training to encourage the production of local content. The professionalism, ease of use and reliability of the product itself, as well as ATEME's ability to keep up with the tight project schedule, were all key factors in the decision made by PCBL. ATEME is recognised worldwide as a long-term trusted partner that can help clients like PCBL in implementing their current and future vision.

### **On 23 April 2020, ATEME announced a full day webinar for clients around the world**

ATEME announced that its real-time webinar, "Les 24 heures d'ATEME" (24 hours of ATEME) was a great success, reaching an audience of more than 1,500 unique participants in the broadcast and media industry over a 24-hour period. The webinar that was "chasing the sun" was designed to reach all ATEME clients in more than 100 countries. The first sessions took place in France, before crossing the Atlantic to reach customers on the east coast of the United States and then moved on to the west coast. The session then focused on Australia and South East Asia, before returning to Europe to wrap up. The company put its clients at the centre of the event organisation: the programme was organised after ATEME surveyed customers to get a general idea of the challenges they were facing and seeking to overcome.

### **On 5 May 2020, ATEME helped RTL Luxembourg to maintain its pace of activity during the COVID-19 epidemic**

The Company used its free video transcoding licenses for 90 days for a new customised channel created to deal with the COVID-19 pandemic. Benefiting from ATEME's value proposition regarding bandwidth efficiency and high quality experience for its OTT service, RTL Luxembourg had to react quickly to adapt to the new rules of social distancing and quarantine, as well as changing viewing habits, using ATEME's TITAN Live licenses for this purpose. Designed specifically for these types of challenges, ATEME's 90-day free offering enabled RTL Luxembourg not only to adapt its OTT service but also to perform full, uninterrupted remote monitoring.

### **On 9 June 2020, ATEME joined forces with SES to test the first live UHD broadcast with VVC.**

The test showed the following benefits of VVC:

- Optimised bandwidth efficiency: UHD transmission cost reduced thanks to increased VVC compression efficiency
- Increase in audience: VVC's DVB-S2 broadcast increased audience reach and coverage
- Improving the quality of the experience: offers a high quality visual experience using VLC multimedia reader

VVC is the latest video coding technology developed by the Joint Video Experts Team (JVET) made up of experts from the ISO/CEI MPEG and the ITU-T VCEG. VVC improves the compression efficiency of HEVC (High Efficiency Video Coding) by 50% and processes all video formats (VR-360°, 3D, 4K, 8K, HDR). Its versatility allows the standard to cover a wide range of applications, from broadcasting to OTT delivery

### **1.3 Impact of the COVID-19 health crisis on the financial statements at 30 June 2020**

In terms of sales revenue, the immediate impact of the Covid crisis was the cancellation of certain Kyrion orders due to the postponement of sporting events such as the UEFA football championship and the Olympic Games. In addition, certain customers will postpone their investments at least until the second half of the year, particularly those most exposed to a decline in advertising revenue or the revenues generated by sports activities. Conversely, the rise in the consumption of subscription-based video on demand and the pressure on network capacity are boosting many projects, resulting in a large pipeline of opportunities. In addition, our solid monthly recurring sales revenue base gives us additional visibility.

At the same time, ATEME is expecting savings of around €2 million in respect of 2020 in terms of travel and marketing costs. In addition, ATEME has imposed a temporary freeze on hiring for positions in contact with customers. However, visibility remains sufficient to support the R&D recruitment plan with 10 new engineers who will join our team starting in June.

The current context justifies the temporary suspension (since 26 March 2020) of our financial objectives.

In terms of seasonality, sales revenue in the first half of the financial year is generally lower than in the second. The impact of the Covid-19 crisis and in particular the deferral of some sales revenue to the second half of the year will accentuate this seasonality, with sales revenue currently expected to be flat year on year in the first half. This lack of growth means that we will not be able to fully absorb part of the additional operating costs incurred in 2019 in the first half of the year. The second half of the year should see a marked improvement.

Covid-19 had a favourable impact on streaming and subscription-based video on demand. This led to a major positive trend: stepping up the transition to the cloud. An increasing number of players are either rolling out public, hybrid or mixed (multicloud) cloud strategies or considering doing so. The ATEME solutions are fully operational for clients who already use TITAN on the main public clouds (AWS, Google Cloud and Microsoft Azure). This trend is consistent with the Group's strategy which advocates an infrastructure-agnostic position, and partnerships with these cloud providers, both worldwide and with regional players.

All of the impacts of the Covid-19 pandemic are recognised in the income statement for the half year and mainly affect recurring operating income.

- In particular, the costs associated with health measures (purchase of hydroalcoholic gel and masks, exceptional measures for regular disinfection of premises, etc.) are considered as current expenses.
- The decrease in travel expenses and marketing costs was recorded in the first half of the year as a result of the containment of the second quarter in France.

Lastly, the Group performed an analysis of its exposure to financial risks in its 2019 annual financial report. More particularly, credit risk has not significantly increased at Group level. Indeed, given the large number of customers across many types of businesses, there has been no evidence of significant late payments.

As for liquidity risk, it was taken into account by the Group in the first weeks of the spread of the pandemic and as soon as containment measures were implemented outside China. To guarantee liquidity, the Group had net available cash of €20.2 million as at 30 June 2020. Also, with a view to actively managing the Group's liquidity, the Group contracted a government guaranteed loan in the amount of €4 million, repayable in one year and collected at 30 June 2020, as well as a BPI France loan repayable in 5 years.

## 1.4 Events subsequent to closing

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### **On 16 July 2020 ATEME is at the forefront of the BISS-CA Standard with Kyrion and TITAN Solutions.**

ATEME, the leader in video delivery solutions for broadcast, cable television, SRD, IPTV and OTT, continues to pioneer the next generation of content delivery such as Kyrion and TITAN Edge solutions remain inherent to the development and market adoption of the BISS-CA standard. As an evolution of the BISS protocol, BISS-CA is a conditional open, rights free, secure and interoperable encryption standard that includes a dynamic mobile key system. Developed by the EBU in collaboration with ATEME and other network equipment providers over a long period, BISS-CA enables real time rights management for content flows on any network.

### **On 22 July 2020 ATEME announced that Movistar + chose to implement its TITAN solution for the distribution of its live DTH/OTT services.**

ATEME's TITAN solution offers Movistar + a number of advantages, including a simple migration to the virtual video headend. TITAN also provides Movistar + with exceptional bandwidth savings in MPEG-2 and H.264, resulting in significant use of the satellite transponder, as well as the highest video quality at the lowest possible binary speed, which is crucial to obtaining the best user experience.

### **On 30 July 2020, ATEME enabled QNET Telecom to provide high quality video coding thanks to its TITAN Live solution.**

TITAN Live will be used alongside the QNET networks to offer improved video quality to its high speed end users and to support the growing demand for high quality video content and encoding.

### **On 31 July 2020, ATEME and Anevia entered into exclusive negotiations for the acquisition by ATEME of 87% of Anevia's share capital and 90% of its voting rights.**

ATEME and Anevia's main shareholders, together holding 87% of the share capital and 90% of the theoretical voting rights of Anevia, entered into exclusive negotiations to transfer their stake in Anevia to ATEME. The transaction received the unanimous support of both parties' boards of directors in advance. An 'information - consultation' procedure will be launched with the employee representative bodies of the Company and ATEME.

Upon completion of the aforementioned 'information - consultation' procedures, ATEME would acquire all of the Anevia shares held by the majority shareholders, in part by contributions in kind and otherwise in cash. The transfer of the Anevia shares to ATEME would be followed by the filing by ATEME of a simplified alternative tender offer comprising a simplified mixed tender offer, and as an alternative offer, a simplified public tender offer on all shares and securities giving access to the share capital of Anevia which would not be held by ATEME on that date, in accordance with applicable laws and regulations, and then, as the case may be, by a squeeze out.

## **Note 2: Accounting principles, rules and methods**

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The financial statements are presented in €'000 unless otherwise stated.

### **2.1 Reporting principle**

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#### **Declaration of compliance**

AEME established its consolidated financial statements, approved by the Board of Directors on 23 September 2020, in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union on the date of preparation of the financial statements, 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 Reporting Interpretations Committee (IFRIC).

In accordance with European Regulation 1606/2002 dated 19 July 2002, AEME's consolidated financial statements for the period ended 30 June 2020 have been 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 AEME IFRS consolidated financial statements published for the year ended 31 December 2019.

The accounting principles, methods and options used by the Company are described below. In some cases, IFRS give the choice between the application of a benchmark treatment or another allowed alternative treatment.

#### **Principle of preparation of financial statements**

The Group's financial statements have been prepared in accordance with the historical cost principle, with the exception of certain categories of assets and liabilities, in accordance with the provisions of IFRS. The categories concerned are mentioned in the following notes.

#### **Business continuity**

The assumption of business continuity over the next 12 months from 30 June 2020 was adopted by the Board of Directors on the basis of available cash.

#### **Accounting policies**

The accounting policies applied are the same as those used to prepare the IFRS annual financial statements for the financial year ended 31 December 2019, with the exception of the application of the following new standards, amendments to standards and interpretations adopted by the European Union, whose application is mandatory for the Group as at 1 January 2020:

- Amendments to the conceptual framework in the IFRS published on 6 December 2019;
- Amendments to IAS 1 and IAS 8 published on 10 December 2019;
- Amendments to IAS 9, IAS 39 and IFRS 7, published on 16 January 2020;
- Amendments to IFRS 3 - Definition of a Business, published on 22 April 2020; and
- Amendments to IFRS 16 - COVID-19 related rent concessions, published on 28 May 2020

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 judgements and estimates**

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To prepare the financial statements in accordance with IFRS, Company management has used estimates, judgements and assumptions 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 financial year.

These estimates are based on the assumption of business continuity and the information available at the date of preparation. They are continuously assessed on the basis of past experience and various other factors deemed reasonable which are the basis for assessments of the carrying amount of assets and liabilities. Estimates may be revised if the circumstances on which they were based change or if further information is available. Actual results could differ significantly from these estimates according to different assumptions or conditions.

In preparing these half year consolidated financial statements, the principal judgements and assumptions made by management were the same as those applied in preparing the financial statements for the year ended 31 December 2019, namely:

- Allocation of subscription warrants or subscription warrants for founders' shares to employees, executives, and external service providers,
- Capitalisation of development expenses,
- Impairment of inventory,
- Impairment of trade receivables,
- Recognition of sales revenue,
- Provisions for risks and charges,
- Lease obligations,
- Provision for pension commitments,
- Research tax credit (*Crédit d'Impôt Recherche* - CIR).

Those assumptions underlying the principal estimates and judgements are described in the notes to these 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:

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

## 2.3 Scope and methods of consolidation

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### 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 half year consolidated financial statements, the Company holds the following companies:

Companies	Country	Group control in %	Interest in %
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

### Note 3: Intangible assets

Projects whose development expenses were capitalised concern the Kyrion, TITAN File and TITAN Live projects for the years 2010 to 2020.

The health crisis linked to Covid-19, although not in itself an indication of impairment, did not call into question the Group's medium-term business forecasts. Therefore impairment losses in accordance with IAS 36 have not been recognised.

<b>GROSS VALUES OF INTANGIBLE ASSETS (Amounts in €'000)</b>	<b>Software</b>	<b>Development expenses</b>	<b>Work-in-progress</b>	<b>Total</b>	<b>O/w cash impact</b>
<b>Statement of financial position as at 31 December 2019</b>	<b>1,100</b>	<b>5,154</b>	<b>260</b>	<b>6,513</b>	-
Capitalisation of development expenses	-	-	295	<b>295</b>	295
Acquisition	223	-	-	<b>223</b>	223
Disposal / Scrapping	-	-	-	-	-
Transfer	-	260	(260)	-	-
<b>Statement of financial position as at 30 June 2020</b>	<b>1,323</b>	<b>5,414</b>	<b>295</b>	<b>7,031</b>	<b>518</b>

#### DEPRECIATION

<b>Statement of financial position as at 31 December 2019</b>	<b>900</b>	<b>3,897</b>	-	<b>4,798</b>
Increase	142	384	-	<b>527</b>
<b>Statement of financial position as at 30 June 2020</b>	<b>1,042</b>	<b>4,282</b>	-	<b>5,324</b>

#### NET CARRYING AMOUNTS

<b>As at 31 December 2019</b>	<b>199</b>	<b>1,257</b>	<b>260</b>	<b>1,715</b>
<b>As at 30 June 2020</b>	<b>280</b>	<b>1,132</b>	<b>295</b>	<b>1,708</b>

#### Note 4: Property, plant and equipment

Property, plant and equipment mainly consists of computer hardware.

No impairment losses were recognised in accordance with IAS 36 and the rules described in the notes to the consolidated financial statements for the year ended 31 December 2019.

<b>GROSS VALUES OF PROPERTY, PLANT AND EQUIPMENT (Amounts in €'000)</b>	<b>Installations and fixtures</b>	<b>Office equipment, computer hardware, furniture</b>	<b>Transport equipment</b>	<b>Total</b>	<b>O/w cash impact</b>
<b>Statement of financial position as at 31 December 2019</b>	<b>956</b>	<b>7,516</b>	<b>7</b>	<b>8,479</b>	-
Acquisition	144	569	-	713	713
Disposal / Scrapping	-	(6)	-	(6)	(6)
Exchange rate impact	(1)	(3)	-	(4)	-
<b>Statement of financial position as at 30 June 2020</b>	<b>1,098</b>	<b>8,077</b>	<b>7</b>	<b>9,182</b>	-

#### DEPRECIATION

<b>Statement of financial position as at 31 December 2019</b>	<b>555</b>	<b>5,482</b>	<b>7</b>	<b>6,044</b>
Increase	60	615	-	675
Decrease	-	(1)	-	(1)
Exchange rate impact	(1)	(1)	-	(2)
<b>Statement of financial position as at 30 June 2020</b>	<b>614</b>	<b>6,095</b>	<b>7</b>	<b>6,716</b>

#### NET CARRYING AMOUNTS

<b>As at 31 December 2019</b>	<b>400</b>	<b>2,034</b>	<b>-</b>	<b>2,435</b>
<b>As at 30 June 2020</b>	<b>483</b>	<b>1,982</b>	<b>-</b>	<b>2,466</b>

## Note 5: Rights of use

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

<b>GROSS VALUE OF RIGHTS OF USE (Amounts in €'000)</b>	<b>Office equipment</b>	<b>Commercial leases</b>	<b>Total</b>
Statement of financial position as at 31 December 2019	1,507	2,765	4,273
Increase	-	339	339
Statement of financial position as at 30 June 2020	1,507	3,104	4,612

### DEPRECIATION

Statement of financial position as at 31 December 2019	1,153	489	1,642
Increase	120	280	400
Statement of financial position as at 30 June 2020	1,273	768	2,041

### NET CARRYING AMOUNTS

As at 31 December 2019	355	2,276	2,631
As at 30 June 2020	234	2,336	2,571

The table below summarises the lease expense prior to the application of IFRS 16:

<b>Reconstitution of lease expenses (in €'000)</b>	<b>30/06/2020</b>
Lease expense restated in accordance with IFRS 16	417
Lease expense not restated in accordance with IFRS 16	255
<b>Total Lease expense</b>	<b>671</b>

## Note 6: Other non-current financial assets

OTHER FINANCIAL ASSETS (Amounts in €'000)	30/06/2020	31/12/2019
Loans	295	275
Collateral deposits	152	271
Liquidity contract - Balance	124	77
BPI France Holdback	200	200
<b>Total other non-current financial assets</b>	<b>771</b>	<b>823</b>

Collateral deposits mainly concern deposits paid under the signed commercial leases.

## Note 7: Inventory

INVENTORY (Amounts in €'000)	30/06/2020	31/12/2019
Inventory of raw materials	232	273
Work-in-progress Goods and Services	977	807
Inventory of goods	3,484	2,270
<b>Gross total inventory</b>	<b>4,693</b>	<b>3,350</b>
Impairment of inventory of raw materials	(21)	(20)
Impairment of inventory of goods	(261)	(266)
<b>Total impairment of inventory</b>	<b>(283)</b>	<b>(286)</b>
<b>Total net inventory</b>	<b>4,410</b>	<b>3,065</b>

As at 30 June 2020, the Group has chosen to increase its server stocks in anticipation of potential delays in deliveries by its suppliers following the COVID crisis.

## Note 8: Receivables

### 8.1 Trade receivables

TRADE RECEIVABLES (Amounts in €'000)	30/06/2020	31/12/2019
Trade receivables	23,585	29,639
Impairment of trade receivables	(467)	(306)
<b>Total net trade receivables</b>	<b>23,118</b>	<b>29,333</b>

Allocation of trade receivables by maturity (Amounts in €'000)	30/06/2020	31/12/2019
Portion not yet due	10,976	12,226
In arrears less than 90 days	5,271	10,350
In arrears between 90 days and six months	2,379	2,788
In arrears between six and twelve months	3,526	1,740
In arrears over twelve months	1,433	2,535
<b>Total trade receivables</b>	<b>23,585</b>	<b>29,639</b>

Allocation of impairment losses on trade receivables by maturity (Amounts in €'000)	30/06/2020	31/12/2019
Portion not yet due	-	-
In arrears less than 90 days	-	-
In arrears between 90 days and six months	-	-
In arrears between six and twelve months	279	117
In arrears over twelve months	188	189
<b>Total impairment of trade receivables</b>	<b>467</b>	<b>306</b>

Credit risk did not change at 30 June 2020.

## 8.2 Other receivables

OTHER RECEIVABLES (Amounts in €'000)	30/06/2020	31/12/2019
Research tax credit (1)	4,022	2,573
Value added tax	1,288	1,399
Prepaid expenses	1,105	841
State, other receivables (2)	590	513
Debtor suppliers	100	92
Miscellaneous	20	43
<b>Total other receivables</b>	<b>7,125</b>	<b>5,462</b>

(1) **Research tax credit (Crédit d'Impôt Recherche - CIR) and Innovation tax credit (Crédit d'Impôt Innovation - CII)**

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

It is presented as a subsidy to the "Research and Development expenses" category.

(2) **State and other receivables** are mainly related to collections from operating subsidies, recognised in profit or loss.

In the absence of taxable income, the receivable from the French State relating to the research tax credit (*Crédit d'Impôt Recherche - CIR*) and the innovation tax credit (*Crédit d'Impôt Innovation - CII*) is refundable in the year following that of its recognition:

- CIR 2020: A provision of €1,449,000;
- CIR 2019: €2,573,000 was collected early in the second half of 2020;

### Note 9: Marketable securities and cash

CASH AND CASH EQUIVALENTS (Amounts in €'000)	30/06/2020	31/12/2019
Bank accounts	20,654	10,345
<b>Total cash and cash equivalents</b>	<b>20,654</b>	<b>10,345</b>

### Note 10: Financial assets and liabilities and effects on income

The Company's assets and liabilities are measured as follows at 31 December 2019 and 30 June 2020:

(Amounts in €'000)	30/06/2020		Value - statement of financial position in accordance with IFRS 9			Non- financial instruments
	Value Statement of financial position	Fair value	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	
Non-current financial assets	771	771	-	771	-	-
Trade receivables	23,118	23,118	-	23,118	-	-
Other receivables	100	100	-	100	-	-
Cash and cash equivalents	20,654	20,654	20,654	-	-	-
<b>Total of asset items</b>	<b>44,643</b>	<b>44,643</b>	<b>20,654</b>	<b>23,989</b>	-	-
Non-current financial liabilities	9,008	9,008	-	-	9,008	-
Current financial liabilities	5,453	5,453	-	-	5,453	-
Non-current lease liabilities	1,869	1,869	-	-	1,869	-
Current lease liabilities	760	760	-	-	760	-
Trade payables	10,944	10,944	-	-	40,944	-
Other current liabilities	439	439	-	-	439	-
<b>Total of liabilities items</b>	<b>28,474</b>	<b>28,474</b>	-	-	<b>28,874</b>	-

Only instruments designated as at fair value through profit or loss held by the Company are cash equivalents under level 1.

(Amounts in €'000)	31/12/2019		Value - statement of financial position in accordance with IFRS 9			Non-financial instruments
	Value Statement of financial position	Fair value	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	
Non-current financial assets	823	823	-	823	-	-
Trade receivables	29,333	29,333	-	29,333	-	-
Other receivables	92	92	-	92	-	-
Cash and cash equivalents	10,345	10,345	10,345	-	-	-
<b>Total of asset items</b>	<b>40,592</b>	<b>40,592</b>	<b>10,345</b>	<b>30,247</b>	<b>-</b>	<b>-</b>
Non-current financial liabilities	5,420	5,420	-	-	5,420	-
Current financial liabilities	1,252	1,252	-	-	1,252	-
Non-current lease liabilities	1,971	1,971	-	-	1,971	-
Current lease liabilities	719	719	-	-	719	-
Trade payables	10,399	10,399	-	-	10,399	-
Other current liabilities	925	925	-	-	925	-
<b>Total of liabilities items</b>	<b>20,686</b>	<b>20,686</b>	<b>-</b>	<b>-</b>	<b>20,686</b>	<b>-</b>

(Amounts in €'000)	Impact on the income statement as at 30 June 2020		Impact on the income statement as at 30 June 2019	
	Interest	Change in fair value	Interest	Change in fair value
<b>Liabilities</b>				
Liabilities measured at amortised cost: loans with banks	74		58	
Liabilities measured at amortised cost: bonds				
Liabilities measured at amortised cost: advances	68		44	

## Note 11: Capital

### Capital issued

SHARE CAPITAL	30/06/2020	31/12/2019
Capital (in €)	1,469,839.14	1,465,038.82
Number of shares	10,498,851	10,464,563
of which Ordinary shares	10,498,851	10,464,563
Nominal value (in €)	€0.14	€0.14

### **Exercise of stock options and allocation of bonus shares in the Company**

In 2020, 34,288 Company stock options were exercised:

- The share capital increase corresponding to these transactions **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 €199,000, of which €194,000 was charged to share premium.

The impact on earnings per share is presented in Note 24.

### **Dividend distribution**

The Company did not pay any dividends in the first half of 2020.

### **Capital management**

The Company's policy is to maintain a solid capital base to preserve investor and creditor confidence and support the future development of the business.

## Note 12: Subscription warrants, stock options, and subscription warrants for founders' shares and bonus shares

### Stock options (SO)

The table below summarises the data relating to the stock option plans issued as well as the assumptions used for the valuation according to IFRS 2:

Date	Type	Number of warrants issued	Number of lapsed options	Number of warrants exercised	Number of outstanding options	Maximum number of shares to be issued
Board of Directors' Meeting of 7 March 2013	SO <sub>2011-3</sub>	92,400	27,000	64,900	500	500
Board of Directors' Meeting of 24 March 2014	SO <sub>2013-2</sub>	92,500	20,594	43,281	28,625	28,625
Board of Directors' Meeting of 4 May 2016	SO <sub>2014-2</sub>	30,000	9,375	15,000	5,625	5,625
Board of Directors' Meeting of 28 March 2017	SO <sub>2014-3</sub>	106,500	54,313	43,037	9,150	9,150
Board of Directors' Meeting of 15 November 2018	SO <sub>2018</sub>	69,000	18,000	-	51,000	51,000
Board of Directors' Meeting of 15 November 2018	BSA <sub>2018</sub>	28,000	4,000	-	24,000	24,000
Board of Directors' Meeting of 18 July 2019	SO <sub>2017-2</sub>	82,000	-	-	82,000	82,000
Board of Directors' Meeting of 18 July 2019	BSA <sub>2018-2</sub>	45,000	-	-	45,000	45,000
Board of Directors' Meeting of 6 May 2020	BSA <sub>2019-1</sub>	36,000	-	-	36,000	36,000
Board of Directors' Meeting of 6 May 2020	SO <sub>2019-1</sub>	87,000	-	-	87,000	87,000
<b>As at 30 June 2020</b>		<b>668,400</b>	<b>133,282</b>	<b>166,218</b>	<b>368,900</b>	<b>368,900</b>

### Assumptions used - fair value calculation in accordance with IFRS 2

Type	Subscription price per share in €	Period of exercise	Volatility	Risk-free rate	IFRS 2 total valuation (Black & Scholes) at the grant date
SO <sub>2011-3</sub>	€5.60	7 years	47.75%	1.00%	€336,439
SO <sub>2013-2</sub>	€5.60	7 years	46.15%	1.00%	€329,640
SO <sub>2014-2</sub>	€3.75	8 years	35.50%	0.54%	€39,871
SO <sub>2014-3</sub>	€9.45	8 years	34.86%	-0.13%	€413,029
SO <sub>2018</sub>	€10.80	8 years	41.60%	0.00%	€257,000
BSA <sub>2018</sub>	€10.80	8 years	41.60%	0.00%	€104,290
SO <sub>2017-2</sub>	€12.60	8 years	42.57%	0.00%	€360,185
BSA <sub>2018-2</sub>	€12.60	8 years	42.57%	0.00%	€197,662
BSA <sub>2019-1</sub>	€12.60	8 years	42.78%	0.00%	€167,708
SO <sub>2019-1</sub>	€12.60	8 years	42.78%	0.00%	€405,293

The exercise rights are vested to 1/4 of the stock options granted to the holder after a period of 12 months and then to 6.25% of the stock options awarded every 3 months for three years.

### Bonus shares ('AGA')

The table below summarises the data relating to the option plans issued as well as the assumptions used for the valuation according to IFRS 2:

Date	Type	Number of warrants issued	Number of lapsed bonus shares	Number of bonus shares vested	Number of outstanding bonus shares	Maximum number of shares to be issued	Total valuation
Board of Directors' Meeting of 15 November 2018	AGA 2016-03	33,000	-	-	33,000	33,000	€368,280
Board of Directors' Meeting of 18 July 2019	AGA 2016-04	53,500	-	-	53,500	53,500	€663,400
Board of Directors' Meeting of 6 May 2020	AGA 2019-1	56,000	-	-	56,000	56,000	€704,480
<b>As at 30 June 2020</b>		<b>142,500</b>	<b>-</b>	<b>-</b>	<b>142,500</b>	<b>142,500</b>	<b>€1,736,160</b>

The Board of Directors' Meeting of 6 May 2020 granted 56,000 bonus shares to the Company's employees. They will be definitively acquired 24 months later on condition of continuous employment with the Company.

## Details of the expense recognised in accordance with IFRS 2 in respect of the two reference periods (as at 30 June 2019 and as at 30 June 2020)

Date	Type	30/06/2019					30/06/2020				
		Number of outstanding options	Probable cost of the plan	Cumulative expense at opening	Expense for the period	Cumulative expense as at 30/06/2019	Number of outstanding options	Likely cost of the plan	Cumulative expense at opening	Expense for the period	Cumulative expense as at 30/06/2020
Board of Directors' Meeting of 4 May 2010*	SO <sub>2010</sub>	-	€632,822	€568,551	-	€568,551	-	€632,822	€568,551	-	€568,551
Board of Directors' Meeting of 11 May 2011	SO <sub>2011-1</sub>	-	€170,365	€170,365	-	€170,365	-	€170,365	€170,365	-	€170,365
Board of Directors' Meeting of 7 March 2013	SO <sub>2011-1</sub>	18,000	€289,462	€289,462	-	€289,462	500	€289,462	€289,462	-	€289,462
Board of Directors' Meeting of 24 March 2014	SO <sub>2013-1</sub>	48,625	€249,988	€249,988	-	€249,988	28,625	€249,987	€249,987	-	€249,987
Board of Directors' Meeting of 20 January 2016	SO <sub>2014-1</sub>	15,625	€65,599	€59,649	€2,666	€62,315	-	€65,599	€64,752	-	€64,752
Board of Directors' Meeting of 4 May 2016	SO <sub>2014-2</sub>	11,250	€39,871	€35,934	€1,123	€37,057	5,625	€29,072	€28,769	€759	€29,528
Board of Directors' Meeting of 28 March 2017	SO <sub>2014-3</sub>	73,858	€390,191	€307,426	€29,909	€337,335	9,150	€395,092	€360,384	€17,273	€377,657
Board of Directors' Meeting of 15 November 2018	SO <sub>2017-1</sub>	69,000	€285,785	€17,522	€90,047	€107,569	51,000	€269,018	€143,949	€36,277	€180,226
Board of Directors' Meeting of 15 November 2018	BSA <sub>2018</sub>	28,000	€115,971	€7,110	€36,541	€43,651	24,000	€115,971	€62,008	€15,627	€77,635
Board of Directors' Meeting of 17 July 2019	SO <sub>2017-2</sub>	-	-	-	-	-	82,000	€360,185	€75,384	€82,882	€158,266
Board of Directors' Meeting of 17 July 2019	BSA <sub>2018-2</sub>	-	-	-	-	-	45,000	€197,662	€41,369	€45,357	€86,726
Board of Directors' Meeting of 6 May 2020	BSA <sub>2019-1</sub>	-	-	-	-	-	36,000	€167,708	-	€11,620	€11,620
Board of Directors' Meeting of 6 May 2020	SO <sub>2019-1</sub>	-	-	-	-	-	87,000	€405,293	-	€28,082	€28,082
<b>Total - SOs - BSAs</b>		<b>280,955</b>	<b>€2,563,203</b>	<b>€2,029,156</b>	<b>€160,286</b>	<b>€2,189,442</b>	<b>368,900</b>	<b>€3,348,237</b>	<b>€2,054,981</b>	<b>€237,877</b>	<b>€2,292,858</b>

Date	Type	30/06/2019					30/06/2020				
		Number of outstanding options	Probable cost of the plan	Cumulative expense at opening	Expense for the period	Cumulative expense as at 30/06/2019	Number of outstanding options	Probable cost of the plan adjusted for lapsed options	Cumulative expense at opening	Expense for the period	Cumulative expense as at 30/06/2020
Board of Directors' Meeting of 15 November 2018	AGA 2016-03	33,000	€368,280	€30,690	€92,070	€122,760	33,000	€368,280	€214,830	€92,070	€306,900
Board of Directors' Meeting of 18 July 2019	AGA 2016-04	-	-	-	-	-	53,500	€663,400	€150,924	€165,850	€316,774
Board of Directors' Meeting of 6 May 2020	AGA 2019-1	-	-	-	-	-	56,000	€704,480	€0	€54,010	€54,010
<b>Total - Bonus Share Awards (AGA)</b>		<b>33,000</b>	<b>€368,280</b>	<b>€30,690</b>	<b>€92,070</b>	<b>€122,760</b>	<b>142,500</b>	<b>€1,736,160</b>	<b>€365,754</b>	<b>€311,930</b>	<b>€677,684</b>

### Note 13: Borrowings and financial debts

<b>CURRENT AND NON-CURRENT FINANCIAL LIABILITIES (Amounts in €'000)</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
Lease obligations (IFRS 16)	1,869	1,971
Repayable advance	780	993
Borrowing from credit institutions	8,228	4,427
<b>Non-current financial liabilities</b>	<b>10,877</b>	<b>7,391</b>
Lease obligations (IFRS 16)	760	719
Repayable advance	869	564
Borrowing from credit institutions	4,582	684
Bank overdrafts	2	4
<b>Current financial liabilities</b>	<b>6,213</b>	<b>1,971</b>
<b>Total financial liabilities</b>	<b>17,090</b>	<b>9,361</b>
O/w due in less than a year	6,213	1,971
O/w due in 1 to 5 years	10,181	6,414
O/w due in over 5 years	696	975

<b>CHANGE IN FINANCIAL DEBT (Amounts in €'000)</b>		<b>Borrowing from credit institutions</b>	<b>Repayable advances</b>	<b>Total</b>	<b>Bank overdrafts</b>	<b>Lease liabilities (IFRS 16)</b>
<b>As at 31 December 2019</b>		<b>5,111</b>	<b>1,556</b>	<b>6,668</b>	<b>4</b>	<b>2,689</b>
<b>Change in cash</b>	Inflows	8,000	78	8,078	-	-
	Outflows	(224)	-	(224)	-	(400)
	<b>Net cash provided by/(used in) operating activities</b>	<b>7,776</b>	<b>78</b>	<b>7,855</b>	<b>-</b>	<b>(400)</b>
<b>Change in non-cash items</b>	Translation adjustments	-	-	-	-	1
	Lease liabilities	-	-	-	-	339
	Amortised cost	(78)	14	(64)	-	-
	<b>Total non-cash</b>	<b>(78)</b>	<b>14</b>	<b>(64)</b>	<b>-</b>	<b>339</b>
<b>As at 30 June 2020</b>		<b>12,810</b>	<b>1,649</b>	<b>14,459</b>	<b>2</b>	<b>2,629</b>

## Breakdown of financial liabilities by maturity

The maturity of financial liabilities is as follows during the financial years presented:

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES IN REPAYMENT VALUE (amounts in €'000)	30/06/2020			
	Gross amount	Share at less than one year	From 1 to 5 years	More than 5 years
Lease obligations (IFRS 16)	2,629	760	1,663	206
Repayable advances	1,649	869	690	90
Borrowing from credit institutions	12,810	4,582	7,828	400
Bank overdrafts	2	2	-	-
<b>Total financial liabilities</b>	<b>17,090</b>	<b>6,213</b>	<b>10,181</b>	<b>696</b>

CURRENT AND NON-CURRENT FINANCIAL LIABILITIES IN REPAYMENT VALUE (amounts in €'000)	31/12/2019			
	Gross amount	Share at less than one year	From 1 to 5 years	More than 5 years
Lease obligations (IFRS 16)	2,689	719	1,693	278
Repayable advances	1,617	600	967	50
Borrowing from credit institutions	5,111	684	3,777	650
Bank overdrafts	4	4	-	-
<b>Total financial liabilities</b>	<b>9,421</b>	<b>2,007</b>	<b>6,437</b>	<b>978</b>

## Reconciliation between balance sheet value and repayment value

RECONCILIATION BALANCE SHEET VALUE / REPAYMENT VALUE (amounts in €'000)	Repayment value 30/06/2020	Fair value	Balance sheet value
Lease obligations (IFRS 16)	2,629	-	2,629
Repayable advances	1,695	(46)	1,649
Borrowing from credit institutions	12,888	(78)	12,810
Bank overdrafts	2	-	2
<b>Total financial liabilities</b>	<b>17,214</b>	<b>-</b>	<b>17,090</b>

RECONCILIATION BALANCE SHEET VALUE / REPAYMENT VALUE (amounts in €'000)	Repayment value 31/12/2019	Fair value	Balance sheet value
Lease obligations (IFRS 16)	2,689	-	2,689
Repayable advances	1,617	(61)	1,557
Borrowing from credit institutions	5,111	-	5,111
Bank overdrafts	4	-	4
<b>Total financial liabilities</b>	<b>9,421</b>	<b>(61)</b>	<b>9,360</b>

### 13.1. Borrowing from credit institutions

#### CHANGE IN BORROWING FROM CREDIT INSTITUTIONS (Amounts in €'000)

	Borrowing from credit institutions
<b>As at 31 December 2019</b>	<b>5,111</b>
(+) Borrowing	8,000
(-) Repayment	(224)
(+/-) Other movements	(78)
<b>As at 30 June 2020</b>	<b>12,810</b>
O/w due in less than a year	4,582
O/w due in 1 to 5 years	7,828
O/w due in over 5 years	400

#### New borrowings issued in the first half of 2020:

- **Bpifrance**

On 7 April 2020, ATEME received a loan without collateral (prêt atout) from Bpifrance for an amount of €4,000,000, designed to strengthen its financial position, under the following conditions:

- Duration: 5 years;
- Interest rate: 2.5%;
- Repayment: 4 quarters of deferred depreciation followed by 16 quarterly payments starting 31 July 2021

- **Société Générale**

On 14 April 2020, ATEME benefited from a loan secured by the French State, with a 90% guarantee from the French State, from Société Générale for an amount of €4,000,000, designed to deal with the financial consequences of the COVID-19 pandemic, under the following conditions:

- Duration: 12 months
- Interest rate: 0.5%;
- Repayment: bullet payment

### 13.2. Repayable advances

CHANGES IN REPAYABLE ADVANCES AND SUBSIDIES (Amounts in €'000)	PTZI (Zero percent interest rate loan for innovation)	EIF	Bpifrance Innovation	Bpifrance IA4SEC	Total
<b>As at 31 December 2019</b>	<b>712</b>	<b>592</b>	<b>190</b>	<b>64</b>	<b>1,557</b>
(+) Borrowing	-	-	-	78	78
(-) Repayment	-	-	-	-	-
Subsidies	-	-	-	(3)	(3)
Financial expenses	11	2	3	-	17
<b>As at 30 June 2020</b>	<b>723</b>	<b>594</b>	<b>193</b>	<b>140</b>	<b>1,649</b>

O/w due in less than a year	869
O/w due in 1 to 5 years	690
O/w due in over 5 years	90

The Company did not obtain any new repayable advances during the first half of 2020.

The Company received an additional payment of €78,000 in respect of existing advances, as reflected in the maturity schedule.

### 13.3. Lease obligations

CHANGE IN LEASE OBLIGATIONS (Amounts in €'000)	Financial liabilities - Office equipment	Financial liabilities - Construction	Total
<b>As at 31 December 2019</b>	<b>398</b>	<b>2,293</b>	<b>2,689</b>
(+) Increase	-	339	339
(-) Repayment	(122)	(278)	(400)
(+/-) Translation differences	-	1	1
<b>As at 30 June 2020</b>	<b>276</b>	<b>2,353</b>	<b>2,629</b>

O/w due in less than a year	760
O/w due in 1 to 5 years	1,663
O/w due in over 5 years	206

## Note 14: Staff commitments

Staff commitments shall consist of the provision for end-of-career allowances, assessed on the basis of the provisions of the applicable collective agreement, namely the SYNTEC collective agreement.

This liability relates only to employees under French law. The main actuarial assumptions used to assess retirement benefits are as follows:

ACTUARIAL ASSUMPTIONS	30/06/2020		31/12/2019	
	Management	Non-management	Management	Non-management
Retirement Age	Voluntary departure (65-67 years of age)			
Collective agreements	SYNTEC			
Discount rate	1.00%		0.90%	
Mortality Table	INSEE 2017			
Salary adjustment rates	2.00%			
Turnover rate	Strong			
Social security rate	47%	43%	47%	43%

The provision for pension commitments has evolved as follows:

Amounts in €'000	Pension commitments
<b>As at 31 December 2019</b>	<b>749</b>
Past service costs	44
Financial costs	3
Actuarial gains and losses	(52)
<b>As at 30 June 2020</b>	<b>745</b>

## Note 15: Provisions

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PROVISIONS (amounts in €'000)	30/06/2020				
	Amount at the beginning of the period	Allocations	Reversals	Reversals of provisions that are no longer required	Amount at end of period
Provisions for charges	11	-	-	-	11
Provisions for litigation	25	-	(25)	-	-
<b>Total provisions for risks and charges</b>	<b>36</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>11</b>

PROVISIONS (amounts in €'000)	31/12/2019				
	Amount at the beginning of the financial year	Allocations	Reversals	Reversals of provisions that are no longer required	Amount at the end of the financial year
Provisions for charges	11	-	-	-	11
Provisions for litigation	-	25	-	-	25
<b>Total provisions for risks and charges</b>	<b>11</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>36</b>

### Litigation and liabilities

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

### Labour disputes

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

## Note 16: Suppliers and other current liabilities

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### 16.1 Trade payables

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There was no discount rate applied to trade payables, as the amounts did not represent periods over one year at the end of each financial year concerned.

TRADE PAYABLES (Amounts in €'000)	30/06/2020	31/12/2019
Trade payables	8,873	8,232
Uninvoiced payables	2,071	2,166
<b>Total trade payables</b>	<b>10,944</b>	<b>10,399</b>

## 16.2 Tax and social liabilities

Tax and social liabilities are as follows:

TAX AND SOCIAL LIABILITIES (Amounts in €'000)	30/06/2020	31/12/2019
Staff and related accounts	1,485	1,423
Social security and other social organisations	1,514	1,491
Other taxes, levies and similar payments	154	191
<b>Total tax and social liabilities</b>	<b>3,153</b>	<b>3,105</b>

## 16.3 Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in €'000)	30/06/2020	31/12/2019
Advances and advance payments - returns, rebates, and discounts	124	362
Liabilities on fixed assets	94	110
Deferred income (1)	6,287	5,391
Corporate tax	162	444
Current accounts with non-Group companies	60	10
<b>Total other current liabilities</b>	<b>6,726</b>	<b>6,317</b>

(1) Deferred income relates to client contract liabilities and are detailed in Note 18.

## Note 17: Analysis of the change in working capital requirement

	30/06/2020	31/12/2019	2019/2020 change	Translation differences	Change in WCR
Inventory (net of inventory impairment)	4,410	3,065	1,345	1	1,346
Trade receivables (net of impairment of trade receivables)	23,118	29,333	(6,215)	(16)	(6,231)
Other receivables	7,125	5,462	1,663	(13)	1,650
Trade payables	(10,944)	(10,399)	(546)	13	(533)
Tax and social liabilities	(3,216)	(3,127)	(69)	249	180
Other current liabilities	(6,726)	(6,317)	(410)	(240)	(650)
	13,829	17,997	(4,168)	(70)	(4,238)

## Note 18: Sales revenue

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The Group's sales revenue is essentially made up of the marketing of products (decoders, encoders, etc.), solutions for the acquisition, processing and transmission of information, and contracts for maintenance and service.

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

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 2019.

Sales by geographic area in the first half of 2019 and the first half of 2020 are as follows:

SALES REVENUE BY GEOGRAPHICAL AREA (Amounts in €'000)	30/06/2020	30/06/2019
France	1,145	3,236
Rest of the world	27,894	26,844
<b>Total sales revenue</b>	<b>29,039</b>	<b>30,081</b>

The Group's largest client, its top five clients and its top ten clients, respectively, represented 12.2%, 31.3% and 40.4% of its consolidated sales revenue for the first half of 2020, and 13.8%, 32.0% and 44.9% of its consolidated sales revenue for financial year 2019.

The Group has a fairly balanced division of revenue among its main clients and thus believes that it is facing only limited risk of dependence on its clients.

SALES REVENUE BY GEOGRAPHICAL AREA (Amounts in €'000)	30/06/2020	30/06/2019
EMEA	7,963	9,916
USA Canada	12,670	10,691
Latin America	3,000	5,450
Asia-Pacific	5,404	4,023
<b>Total</b>	<b>29,039</b>	<b>30,081</b>

The Group's revenue recognition rate was as follows:

Category of sales (Amounts in €'000)	Recognition method in accordance with IFRS 15	30/06/2020	30/06/2019
Static licences, equipment	Immediately	22,351	24,649
Dynamic licenses	Step by step	1,245	1,893
Maintenance	Step by step	5,443	3,538
<b>Total</b>		<b>29,039</b>	<b>30,080</b>

### Note 19: Details of expenses and income by function

#### 19.1 Cost of Sales

COST OF SALES (Amounts in €'000)	30/06/2020	30/06/2019
Purchases of goods	(11,009)	(13,194)
Staff expenses	(2,495)	(2,033)
Indirect production expenses	(719)	(545)
Transport expenses	(261)	(256)
<b>Cost of Sales</b>	<b>(14,485)</b>	<b>(16,029)</b>

#### 19.2 Research and Development expenses

RESEARCH AND DEVELOPMENT (Amounts in €'000)	30/06/2020	30/06/2019
Staff expenses	(5,789)	(4,607)
Miscellaneous	(312)	(342)
Amortisation of capitalised R & D expenses	(384)	(275)
Depreciation, amortisation and provisions	(741)	(675)
Taxes and training	(82)	(66)
Rentals	(75)	(52)
Purchases not held in inventory	(113)	(127)
Travel, Missions and Reception	(23)	(75)
Share-based payment	(179)	-
Capitalisation of R & D expenses net of outflows	295	224
<b>Research and Development expenses</b>	<b>(7,404)</b>	<b>(5,993)</b>
Research tax credit (Crédit d'Impôt Recherche - CIR) and innovation tax credit (Crédit d'Impôt Innovation - CII)	1,449	1,062
Subsidies	315	424
<b>Subsidies</b>	<b>1,764</b>	<b>1,485</b>
<b>Research and Development expenses</b>	<b>(5,640)</b>	<b>(4,507)</b>

### 19.3 Marketing and Sales expenses

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MARKETING AND SALES EXPENSES (Amounts in €'000)	30/06/2020	30/06/2019
Staff expenses	(7,375)	(6,444)
Travel expenses	(455)	(944)
Miscellaneous	(571)	(624)
Conferences	(276)	(518)
Depreciation, amortisation and provisions	(247)	(225)
Taxes and training	(148)	(121)
Rentals	(140)	(95)
Share-based payment	(273)	(122)
<b>Marketing and Sales expenses</b>	<b>(9,484)</b>	<b>(9,095)</b>

### 19.4 General and Administrative expenses

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GENERAL AND ADMINISTRATIVE EXPENSES (Amounts in €'000)	30/06/2020	30/06/2019
Staff expenses	(879)	(789)
Fees	(570)	(588)
Travel expenses	(17)	(37)
Depreciation, amortisation and provisions	(62)	(56)
Rentals	(16)	(11)
Miscellaneous	(81)	(84)
Share-based payment	(49)	(141)
<b>General and Administrative expenses</b>	<b>(1,674)</b>	<b>(1,706)</b>

### Note 20: Group workforce

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HEADCOUNT	30/06/2020	30/06/2019
Cost of Sales	47	48
Research and Development	149	116
Marketing and Sales	102	92
General expenses	21	18
<b>Total workforce as at 31 December</b>	<b>319</b>	<b>274</b>
of which Suppliers	76	71

## Note 21: Financial income and expenses, net

FINANCIAL INCOME AND EXPENSES (Amounts in €'000)	30/06/2020	30/06/2019
Amortised cost of borrowing	(91)	(58)
Other financial expenses	(8)	(44)
Financial income	4	4
Exchange (losses) and gains	(60)	159
<b>Total financial income and expenses</b>	<b>(155)</b>	<b>62</b>

Financial expenses primarily correspond to the unwinding of discounting adjustments to refundable advances and interest on finance leases.

## Note 22: Income taxes

The tax rate applicable to the Group is the rate in force in France, i.e. 28%. This rate will gradually decrease, to reach 25% 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 carryforwards arising in the first half of 2020 were not recognised in France. The Group activated part of its tax losses as at 31 December 2019 for a deferred tax amount of €1,186,000.

Total tax loss carryforwards for France (excluding losses in the first half of 2020) amounted to €24,571,000.

In the income statement, income taxes consist of the following amounts:

INCOME TAX EXPENSE (Amounts in €'000)	30/06/2020	30/06/2019
Current taxes	(123)	(206)
Deferred taxes	(70)	218
<b>Income tax expense</b>	<b>(193)</b>	<b>12</b>

In the balance sheet, changes in the net amount of deferred tax assets and liabilities are as follows:

**Type of deferred taxes**

TYPE OF DEFERRED TAXES (Amounts in €'000)	30/06/2020	31/12/2019
Temporary differences	469	544
Tax loss carryforwards	1,186	1,186
<b>Total elements of deferred tax assets</b>	<b>1,655</b>	<b>1,730</b>
Temporary differences	454	445
<b>Total elements of deferred tax liabilities</b>	<b>454</b>	<b>445</b>
<b>Total net deferred tax</b>	<b>1,202</b>	<b>1,285</b>

**Note 23: Related parties**

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Transactions with related companies continued on the same basis as in 2019, with no significant change.

## Note 24: Earnings per share

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BASIC EARNINGS PER SHARE (Amounts in €)	30/06/2020	30/06/2019
Income for the financial year (in €'000)	(2,591)	(1,182)
Weighted average number of shares outstanding	10,483,858	10,427,069
Number of shares	10,483,858	10,747,524
<b>Basic earnings per share (€ / share)</b>	<b>(0.25)</b>	<b>(0.11)</b>
Weighted average number of shares assuming full dilution	10,833,920	10,747,524
<b>Diluted earnings per share (€ / share)</b>	<b>(0.25)</b>	<b>(0.11)</b>

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 financial year.

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

## Note 25: Off-balance sheet commitments

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No material change was made to off-balance sheet commitments between 31 December 2019 and 30 June 2020, except for the commitment received in respect of the French State's guarantee in respect of the PGE amounting to 90% of its amount.

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

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To the Shareholders,

In compliance with the assignment entrusted to us by your general meetings and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we performed the following procedures:

- the limited review of the accompanying half year condensed consolidated financial statements of ATEME for the period from 1 January to 30 June 2020;
- the verification of the information given in the half year activity report.

These half year condensed consolidated financial statements were prepared under the responsibility of your board of directors on 23 September 2020 on the basis of information available at that date in a context of crisis related to Covid-19 and difficulties relating to assessing its impacts and future prospects. Our role is to express our conclusion on these financial statements based on our limited review.

### **1. Conclusion on the financial statements**

We conducted our audit 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, when the financial statements are taken as a whole under a limited review, assurance that they are free of material misstatement is limited, a lower level than that obtained under an audit.

Based on our review, nothing has come to our attention that causes us to believe that the half year condensed consolidated financial statements are not compliant with IAS34, the IFRS as adopted by the European Union relating to interim financial information.

## **2. Specific verification**

We have also verified the information given in the half year activity report prepared on 23 September 2020 commenting on the half year condensed consolidated financial statements subject to our limited review.

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

Savigny-sur-Orge and Paris-La Défense, 24 September 2020

The Statutory Auditors

BL2A

ERNST & YOUNG Audit

Mélanie Hus-Charles

Jean-Christophe Pernet