ateme

Press release

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SECOND QUARTER AND FIRST HALF 2020 REVENUES

- **1% rise in the Second Quarter Revenues**
- **First Half Revenues down 3%**
- **Monthly Recurring Revenues up 25% since January**
- **Covid-19 crisis accelerating transition to cloud-based operations**

Revenue in € thousands	**2019**	**2020**	***Change***
First quarter	13,586	12,364	*-9%*
Second quarter	16,493	16,674	*+1%*
First half	**30,080**	**29,038**	***-3%***
H1 at constant exchange rates	*30,080*	*28,453*	*-5%*

Revenue in € thousands	**H1 2019**	**H1 2020**	***Change***
EMEA	9,916	7,963	*-20%*
USA / Canada	10,691	12,670	*+19%*
Latin America	5,450	3,000	*-45%*
Asia Pacific	4,023	5,404	*+34%*
TOTAL	**30,080**	**29,038**	***-3%***

Data subject to limited review by ATEME's statutory auditors.

Paris, 16 July 2020 - ATEME (ISIN: FR0011992700) reported revenues of €29.0m for the Six Months to 30 June 2020, down by 3% on a reported basis and by 5% at constant currency.

Second Quarter revenues amounted to €16.7m, up by 1% reported and stable at constant currency, with differing contributions from the four regions:

- Revenues in the **EMEA** region declined by some 20%, from €9.9 to €8.0 million. This reflected the slippage of a few substantial orders into Q3, and the region has the potential to catch up in the Second Half;
- The **USA/Canada** recorded revenues of €12.7 million, up by 19% (15% at constant currency) confirming the strong underlying momentum of the region despite the pandemic, as well as the contribution of substantial recurring revenues;
- **Latin America** saw a 45% decline in revenues to €3.0 million, under the combined effects of the Covid-19 pandemic and the weakness of local currencies. These factors will remain a challenge in the Second Half, although we expect some improvement versus the First;
- **Asia Pacific** delivered revenue growth of 34% in the First Half and we expect the momentum to continue throughout the remainder of the year.

Success of streaming and SVOD services and market acceleration to Cloud-based operations

The Covid-19 crisis had a positive impact on streaming and SVOD services. A major consequence on our business has been the acceleration of the transition to cloud-based operations. An increasing number of our customers are either already deploying or considering deploying public, hybrid or multi-cloud strategies. Our solutions are fully operational with customers already using TITAN on the main public clouds (AWS, Google Cloud and Microsoft Azure). This development supports our strategy of positioning ourselves as infrastructure-agnostic, as we continue to develop our partnerships with these global as well as regional cloud providers.

Looking ahead

The mix between hardware and software sales has evolved further compared with the First Half of 2019. At the same time we have continued to execute on our investment plan in R&D, even during recent months, with a current headcount of 319 versus 274 a year ago. The operating margin is expected in negative territory in the First Half of 2020. This is usual due to the seasonality in our industry.

We remain focused on the execution of our growth strategy notably through:

- Developing partnerships with global and regional cloud providers;
- Developing Monthly Recurring Revenues (MRR) through a combination of multi-year CAPEX commitments and OPEX-based business models. Our MRR reached €1.1 million in July 2020, up from €880,000 in January, a 25% increase in six months;
- Leveraging the recently launched TITAN playout solution where we have already signed our first deals. More potential is expected from the upcoming releases (one per quarter).

Commenting on First Half revenues**, Michel Artières Chairman and Chief Executive of ATEME said**: "*First Half revenues were virtually stable year-on-year despite the slow start in the First Quarter. Some significant opportunities slipped into Q3, contributing to a solid Second Half commercial pipeline, coupled with new opportunities from the recently launched TITAN playout solution. Elsewhere, we have boosted Monthly Recurring Revenues to €1.1 million in July. In this context, and despite the continuing uncertainty due to the Covid-19 crisis, we are confident in being able to deliver a further year of profitable growth. "*

Next publication:

Sept. 24, 2020: 2020 Half-Year Results

About ATEME: ATEME is the emerging leader of video delivery infrastructure, servicing the world's largest content and service providers. Listed on Euronext Paris since 2014, ATEME has a history of transforming video delivery, being the first to market with a 10-bit 4:2:2 solution, the first production-ready HEVC & HDR, and recently, the first genuine video delivery NFV software solution designed to lead service providers' transition to video datacenter. To complement its cutting-edge technology, ATEME has partnered with leaders such as Intel, Apple and Microsoft to create best-in-class video delivery solutions. ATEME is a leading member of industry forums and organizations, such as the DVB and SMPTE, actively participated in the ITU in the standardization of HEVC in 2013 and joined the Alliance for Open Media to help develop the AV1 open and royalty-free video codec

in June 2014. ATEME is headquartered in Vélizy near Paris, with worldwide support and R&D offices in Rennes, Denver, Sao-Paulo, Singapore and Sydney. With a commercial presence in 24 countries, ATEME counts 319 employees, including some 150 of the world's leading R&D video experts. In 2019 ATEME served close to 400 customers worldwide with revenues of €66.3 million, of which 93% outside its home market.

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