

Paris, 22 September 2020

## FINANCIAL RESULTS FIRST SEMESTER 2020:

### GROSS PROFIT STABLE AT €13.7 MILLION

### INCREASED SEASONNALITY EFFECT ON OPERATING RESULTS DUE TO THE ECONOMIC CONTEXT

### SOLID BALANCE SHEET AND CASH: €10.2 MILLION GROSS CASH

In € millions	H1 2019	H1 2020	Variation
Revenues	24.6	25.9	5%
Cost of revenues	10.9	12.2	13%
Gross profit	13.7	13.7	-1%
<i>Gross margin</i>	<i>56%</i>	<i>53%</i>	<i>-3pt</i>
Research and development	6.9	9.0	31%
Selling and marketing	5.4	5.5	1%
General and administrative	2.9	2.9	-1%
Current operating income/(loss)	(1.5)	(3.7)	n/a
Operating income/(loss)	(1.5)	(3.7)	n/a
Net income/(loss), Group share	(1.93)	(3.76)	n/a

DALET, a leading provider of software solutions for the creation, management and distribution of multimedia content for broadcasters, operators and content producers, has published its financial results for its first half-year ended June 30, 2020.

It is noted that Dalet's business experiences significant seasonality, with higher revenues in the second semester compared to the first semester. This seasonality is further amplified in 2020 by the global health crisis that marked the second quarter of 2020.

#### Growth in recurring revenues and resilience of gross margin

In the first half of 2020, DALET generated revenues of €25.9 million, up 5% on a reported basis. While license sales were slowed down by the health crisis in the Group's various markets, resulting in the postponement of project milestones, recurring revenues increased significantly (+24%) over the first half of the year. This performance reflects the integration of Subscription revenues from the Flex Media platform acquired in July 2019 (€1.0 million over the period) and the good momentum in Maintenance/Support revenues (+13%).

The recurring portion of revenues, a key indicator for the company, reached 46% in the first half (compared with 39% in H1 2019).

Gross Profit was stable over the first half of 2020 at €13.7 million, representing a gross margin of 53%, down from 56% in the corresponding period last year. The slight decrease reflects a less favorable revenue mix and a lower contribution of the service activities associated with the current economic context.



### **Increased Seasonality on Operating Profit**

Current operating loss for the half year was -€3.7 million, as the level of revenues and its increased seasonality did not allow for optimal absorption of expenses, particularly R&D expenses. Since the beginning of the health crisis, the Group has implemented the appropriate cost-saving measures, enabling it to control the evolution of its marketing and sales expenses as well as general and administrative expenses, which remained stable over the period.

Research & Development expenses increased by €2.1 million, reflecting investments for future growth, notably related to the convergence of product lines and a negative accounting impact (depreciation larger than R&D capitalization over the period: -€0.2 million in H1 2020 compared to a positive impact of +€0.4 million in H1 2019). Net income (Group share) for the first half of the year amounted to a loss of €3.8 million in a context of increased seasonality due to the current economic context.

### **Net cash (excluding IFRS 16 impact): €2.8 million**

Cash flow from operations for the period was €4 million (as compared to €4.2 million for the same period last year) enabling Dalet to cover its investment efforts (-€2.3 million). In addition, the Group benefited from a loan of €1.5 million (approximately €1.4 million) in the US under the US Government's Paycheck Protection Program (PPP) Loans.

At June 30, 2020 the Group has a strong capital structure with a net cash balance (excluding IFRS 16) of €2.8m (out of €10.2 million total cash), and shareholders' equity of €13.8m. The Group thus confirms that it has a solid cash position enabling it to look to the future with confidence and to maintain its main growth investments.

Following the application of IFRS 16, the Group recognizes €3.0 million in rental debts as of June 30, 2020.

### **Business resilience and outlook for year-end 2020**

Despite the uncertainties linked to the evolution of the health and economic context, DALET believes that it will be able to limit the effects of the crisis on the Group's business, thanks in particular to a growing share of recurring revenues (46% in the first half of 2020) and to maintaining the order book at a high level.

Over the first half of 2020, the Group has booked orders worth €14.3 million (compared with €17.6m over the same period in 2019 and €14.8m in 2018). As of June 30, 2020 and taking into account the postponements already announced by customers, DALET's billable order book for the 2nd half of 2020 stands at €28.5 million.

Based on the current economic and health context, Dalet reaffirms its objective of achieving, for full year 2020, revenues excluding Hardware close to last year's level and current operating profit close to breakeven.

Next publication  
Q3 revenues on 4 November 2020 after the close of trading



## About Dalet Digital Media Systems

DALET solutions and services enable media organizations to create, manage and distribute content faster and more efficiently, fully maximizing the value of assets. Based on an agile foundation, DALET offers rich collaborative tools empowering end-to-end workflows for news, sports, program preparation, post-production, archives and enterprise content management, radio, education, governments and institutions.

DALET platforms are scalable and modular. They offer targeted applications with key capabilities to address critical functions of small to large media operations - such as planning, workflow orchestration, ingest, cataloguing, editing, chat & notifications, transcoding, play out automation, multi-platform distribution and analytics.

The integration of the Ooyala Flex Media Platform business has opened vast opportunities for DALET customers to deploy successful strategies that better address their audience with agile multi-platform content distribution in a wider range of markets, such as sports for teams and leagues, brands and corporate organizations, as well as Media and Entertainment companies looking to scale up their digital offerings.

DALET solutions and services are used around the world at hundreds of content producers and distributors, including public broadcasters (BBC, CBC, France TV, RAI, TV2 Denmark, RFI, Russia Today, RT Malaysia, SBS Australia, VOA), commercial networks and operators (Canal+, FOX, MBC Dubai, Mediacorp, Fox Sports Australia, Turner Asia, Mediaset, Orange, Charter Spectrum, Warner Bros, Sirius XM Radio), sporting organizations (National Rugby League, FIVB, Bundesliga) and government organizations (UK Parliament, NATO, United Nations, Veterans Affairs, NASA).

DALET is traded on the NYSE-EURONEXT stock exchange (Eurolist C): ISIN: FR0011026749, Bloomberg DLT: FP, Reuters: DALE.PA. For more information on DALET, visit [www.dalet.com](http://www.dalet.com)

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## APPENDIX: DETAILED FINANCIAL INFORMATION H1 2020

CONSOLIDATED INCOME STATEMENT (in € thousands)	30 june 2019 6 months	30 june 2020 6 months
<b>Revenues</b>	<b>24,613</b>	<b>25,919</b>
Cost of revenues	-10,884	-12,267
<b>Gross Profit</b>	<b>13,728</b>	<b>13,652</b>
Research and development	-6,895	-9,016
Selling and marketing	-5,427	-5,471
General and administrative	-2,909	-2,868
<b>Current operating income</b>	<b>-1,502</b>	<b>-3,703</b>
Other income and expenses from operations		0
<b>Operating income</b>	<b>-1,502</b>	<b>-3,703</b>
Net financial income (expense)	-201	79
<b>Pre-tax income</b>	<b>-1,703</b>	<b>-3,625</b>
Income tax	-229	-134
<b>Net consolidated income</b>	<b>-1,932</b>	<b>-3,759</b>
Net income, Group share	-1,932	-3,760
Net income, Minority interests	0	1



<b>BALANCE SHEET</b>	<b>31 december 2019</b>	<b>30 june 2020</b>
<b>(in euro thousand)</b>		
Goodwill	8,726	8,531
Intangible assets	7,116	6,605
Right-of-use assets (leases)	3,557	2,899
Property, plant and equipment	1,027	927
Long-term financial assets	582	561
Long-term restricted cash	81	85
Other non-current assets	1,939	2,140
Deferred tax assets	270	237
<b>NON-CURRENT ASSETS</b>	<b>23,296</b>	<b>21,984</b>
Inventories	128	197
Trade receivables	19,454	14,999
Sundry debtors	5,177	3,566
Cash and cash equivalents	9,118	10,699
Current tax assets	1,357	1,545
<b>CURRENT ASSETS</b>	<b>35,235</b>	<b>31,005</b>
<b>TOTAL ASSETS</b>	<b>58,531</b>	<b>52,989</b>
Capital	7,564	7,959
Premiums	11,383	10,993
Consolidated reserves	-759	-3,673
Consolidated income, Group share	-2,134	-3,760
Translation reserves	2,238	2,306
<b>Shareholder's equity (attributable to the Group)</b>	<b>18,293</b>	<b>13,825</b>
Non-controlling interests	11	12
<b>SHAREHOLDER'S EQUITY</b>	<b>18,304</b>	<b>13,837</b>
Long-term financial debt	5,074	6,265
Non-current lease debt	2,369	1,918
Long-term provisions	1,015	1,153
Deferred tax liabilities	918	812
Deferred revenue-non current part	296	334
Other non-current liabilities	803	904
<b>NON-CURRENT LIABILITIES</b>	<b>10,475</b>	<b>11,386</b>
Short-term provisions	194	164
Short-term financial debt	1,880	1,595
Current lease debt	1,410	1,098
Current tax liabilities	561	533
Suppliers	4,723	4,017
Tax and social security liabilities	5,470	5,220
Deferred revenue - current part	14,162	14,314
Other creditors	1,351	826
<b>CURRENT LIABILITIES</b>	<b>29,752</b>	<b>27,767</b>
<b>TOTAL LIABILITIES</b>	<b>58,531</b>	<b>52,989</b>



STATEMENT OF NET CASH FLOWS (in € thousand)	30 june 2019 6 months	30 june 2020 6 months
<b>Consolidated net income (including non-controlling interests)</b>	-1,932	-3,759
+/- Depreciation, amortisation and provisions (except on current assets)	2,771	3,178
+/- Income and expense linked to stock options and similar	29	16
-/+ Gains and losses on disposals	0	1
<b>Cash flow after cost of net financial debt and tax</b>	869	-564
+ Cost of net financial debt	-96	-35
+/- Tax expense (including deferred taxes)	229	134
<b>Cash flow before cost of net financial debt and tax (A)</b>	1,001	-464
- Tax paid (B)	-351	-171
<b>+/- Change in working capital requirement from operating activities (including liabilities for employee benefits) (C)</b>	3,547	4,608
<b>= NET CASH FLOW FROM OPERATING ACTIVITIES (D) = (A + B + C)</b>	4,197	<b>3,974</b>
- Cash outflow for acquisitions of property, plant and equipment and intangible assets	-2,320	-2,075
+/- Change in loans and advances made	-1	-272
<b>= NET CASH FLOW FROM INVESTMENT ACTIVITIES (E)</b>	-2,321	<b>-2,347</b>
-/+ Repurchase and resale of treasury shares	-268	-124
+ Cash from new borrowings	800	1,390
- Loan repayments (including finance leases)	-603	-433
- Lease liability repayments	-504	-744
- Net financial interest paid (including finance leases)	101	42
+/- Other cash flows from financing activities	3	-4
<b>= NET CASH FLOW FROM FINANCING ACTIVITIES (F)</b>	-470	<b>127</b>
+/- Impact of changes in exchanges rates (G)	65	-133
<b>= CHANGE IN NET CASH POSITION (D + E + F + G)</b>	1,472	<b>1,620</b>
<u>Cash at end of period</u>		
Cash and cash equivalents - Bank overdrafts	7,396	10,220
<u>Cash at opening</u>		
Cash and cash equivalents - Bank overdrafts	5,924	8,600
Change in cash	1,472	1,620