

Paris, 25 March 2021 – 17:45 pm

FULL YEAR 2020 RESULTS

- ≡ GROSS MARGIN OF €38.9 MILLION, UP 8%
- ≡ OPERATING PROFIT OF €1.9 MILLION
- ≡ SMOOTH INTERGATION OF ANEVIA VIRTUALLY COMPLETE
- ≡ NEW LONG-TERM EBITDA TARGET OF €30M IN 2026, DRIVEN BY TRANSITION TO MRR BUSINESS MODEL

ATEME (ISIN: FR0011992700) has published its Full Year 2020 Results, as approved by its Board of Directors on 25 March 2021. The consolidated financial statements have been audited in full. The auditors' report will be published once the due diligence procedures required for the publication of the annual financial report have been completed.

Consolidated data (in € million) IFRS	FY 2019	H1 2020	H2 2020 ¹	FY 2020	Change FY2020/2019	Change ² Like for like
Revenue	66.3	29.0	41.7	70.7	7%	0%
Gross margin	36.1	14.6	24.3	38.9	8%	-2%
Gross margin (%)	54.4%	50.1%	58.3%	55.0%		
Current Operating profit	4.7	-2.2	4.1	1.9	-54%	-85%
Operating margin (%)	7.1%	-7.7%	9.8%	2.7%		
Financial profit / loss	-0.2	-0.2	-1.2	-1.4		
Tax income	0.1	-0.2	0.1	-0.1		
Group net profit	4.6	-2.6	2.3	-0.3	NA	NA
Net margin	6.9%	-8.9%	5.5%	-0.0%		

Gross Margin improvement

As reported on January 29th Total Revenues amounted to 70.7 million euros for the fiscal year ending 31 December 2020, up by 7%, and stable on a like-for-like basis.

As anticipated, the Second Half saw a significant acceleration in software sales with an attendant improvement in product mix. As a result, the gross margin stood at 58% or revenues in the Second Half, up from 50% in the First, translating into a margin of 55% for the year, one point above that of 2019.

Investments contained

ATEME continued to invest in its development, with a focus on R&D. On a full year basis, OPEX amounted to

¹ Including Anevia as of November 1st, 2020

² At constant exchange rate and perimeter



37.0 million euros, versus 31.4 million in 2019, up 18%, including Anevia as of November 1st, 2020.

EBITDA³ amounted to 6.9 million euros compared to 8.4 million euros in 2019.

The net financial result amounted to -1.4 million euros.

Full Year net profit stood at -0.3 million euros including the exceptional costs (0.7 million euros) related to the acquisition of Anevia, versus 4.6 million a year earlier; in the Second Half net profit amounted to 2.3 million euros.

Sound financial structure

Shareholders' equity stood at 35.6 million euros at 31 December 2020 up from 27.1 million euros a year earlier.

Liquidity stood at 17.0 million euros, up from 10.3 million euros a year earlier.

At 31 December 2020, net debt amounted to 3.8 million euros.

Smooth integration of Anevia...

The integration of ATEME and Anevia is almost complete. The consolidation of the two headquarters is underway, only slightly hampered by the Covid situation preventing Paris-based teams from meeting on a physical basis.

Anevia's Nea solution has been welcomed by ATEME's installed base and has already been adopted by some historical Titan customers. Sales cycles in the range of 6-12 months are expected in most cases, with additional features being fast-tracked to match customer needs even more closely. Our target of doubling Nea product line revenues over the two years to FY 2022 is confirmed.

...enhancing strategic opportunities

The broadcast market is rapidly becoming a predominantly content and streaming industry, focused on the end-viewer experience. This is leading to a clear audience shift which is benefiting OTT Direct-to-Consumer services, including for live events, as evidenced for example by Amazon's recent acquisition of NFL rights. This trend is facilitated by the proliferation of cloud platforms and private IP/CDN networks to control the quality of service. The roll-out of 5G will be a further catalyst in this process.

Throughout this shift, ATEME has continuously leveraged its R&D expertise to innovate in fields ranging from visual quality to Open Caching via Cloud DVR and dynamic ad-insertion, to deliver ever greater value to its customers, and has embarked on the next phase, based on the integration of analytics, Artificial Intelligence /Machine Learning and blockchain.

The group's mastery of cutting edge end-to-end video processing and delivery places it at the heart of the transformation of the broadcast market.

All these market facts reinforce the relevance of the acquisition of Anevia's delivery technologies; ATEME covers a wider scope of value-added solutions enabling its customers to boost their audience, subscriptions, and revenues. While TITAN revenues grow in correlation to its customers' content, Nea revenues grow in relation with customers' success in terms of viewership : a perfect growth engine for ATEME's Monthly Recurring Revenues..

³ EBITDA = earnings before interest, tax, depreciation and amortisation. Underlying EBITDA equals Group pre-tax profit before deduction of interest, depreciation, amortisation and impairment charges on non-current assets, and staff share-based payments, but after impairment of inventories and trade receivables. It shows profit generated by business activities regardless of financing conditions, tax constraints and the upgrading of operating assets. Non-recurring expenses (one-off, unusual or infrequent items) are excluded.



Boosting future profitability with ramp-up of Monthly Recurring Revenues (MRR)

In 2019, ATEME initiated a strategic shift towards a business model aimed at generating recurring revenues in addition to traditional annual support-based revenues, with a mix of multi-year investment contracts (capex-based) and subscription contracts (opex-based). The resulting Monthly Recurring Revenues (MRR) KPI stood at 880,000 euros in January 2020, up 55%, and at 1.5 million euros in January 2021 up 70% (+36% to 1.2 million euros excluding Anevia).

The extension of this business model is highly applicable to Anevia's Nea solution.

MRR are set to grow further in the coming years, to reach 3 million euros in 2024 and 4 million euros in 2026. Based on our investment plan, this implies MRR would cover some 50% of the company's cost base in 2024 rising to 60% in 2026, resulting in an EBITDA above 10 million euros in 2024 and 30 million euros in 2026.

In the meantime ATEME expects total revenue growth in the range of 10-15% per year with EBITDA in the range of 5-10 million euros while the focus remains on strongly growing MRR.

Going forward, ATEME will report MRR growth on a quarterly basis.

Commenting on the results, **ATEME Chairman and Chief Executive Officer, Michel Artières, said:** *"2020 was a landmark year for ATEME with the acquisition of Anevia that further changed the perception of our key customers and partners. Despite the Covid crisis, we delivered a robust performance both in terms of revenues and bottom line. More importantly, we continued to secure our future by reinforcing monthly recurring revenues while investing in R&D. The powerful leverage of these recurring revenues will lead to regular profitability improvement in the future. As such we are introducing a new long-term target of EBITDA of 30 million euros in 2026."*

Next publication:

Thursday 6 May 2021: First Quarter 2021 revenues

About ATEME: ATEME is the emerging leader of video delivery technologies, servicing the world's largest content and service providers. ATEME helps video & TV content and service providers captivate their audiences with a superior quality of experience so they can boost viewership engagement, acquire new customers, and unleash new monetization potential. ATEME's multi-codec encoding, any-format origin/packaging, scalable cloud DVR, audience-aware CDN and revenue-generating dynamic ad insertion solutions enable hundreds of the world's leading studios, content owners, broadcasters, and terrestrial, cable, satellite, IPTV and OTT streaming service providers to deliver high-quality content to billions of viewers on any screen.

ATEME has brought about numerous innovations in fields ranging from visual quality to smart caching and analytics. Its multiple-award-winning R&D teams ensure that ATEME remains a future-proof partner through active participation in forums and associations including DVB, SMPTE, ATSC, AOM, MPEG Streaming Video Alliance, CMAF-IF and 3GPP.

Founded in 1991, ATEME has 450 employees spread over its headquarters in France and 20 offices around the world including USA, Brazil, Argentina, UK, Spain, Germany, Russia, the UAE, Singapore, China, Korea and Australia. Since 2014, ATEME is listed on the Paris Euronext market and in November 2020 it made the acquisition of Anevia, a provider of OTT and IPTV software solutions. In 2020, ATEME served close to 1,000 customers worldwide with revenues of €70.7 million, of which 93% outside its home market.

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