



driving
trust

INSIDE Secure

Q3 2013 Revenue

Strategy update

October 24, 2013



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Agenda

Key highlights

Q3 Revenue

Strategy update

Q&A

Key Highlights

- 9 months revenue at \$115.2M up 27%Y-on-Y
- Q3 2013 up 55% Y-on-Y, due to deliveries to BlackBerry, which should reduce significantly during the next quarters
- Completion of a worldwide reorganization plan targeting \$13M savings on a yearly basis (full savings starting in Q4 2013)
- Increased focus of INSIDE Secure towards the market of embedded security solutions for mobile and connected devices
- Reshaping of the Group's activities around two unique business divisions, leveraging our core security expertise and IP in software and silicon:
 - ✓ Mobile Security
 - ✓ Secure Transactions

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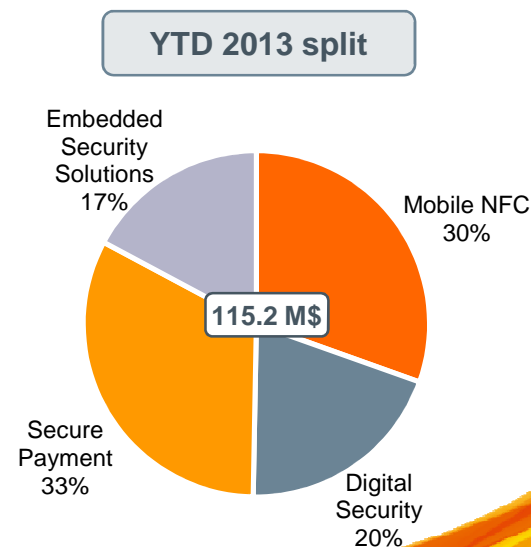
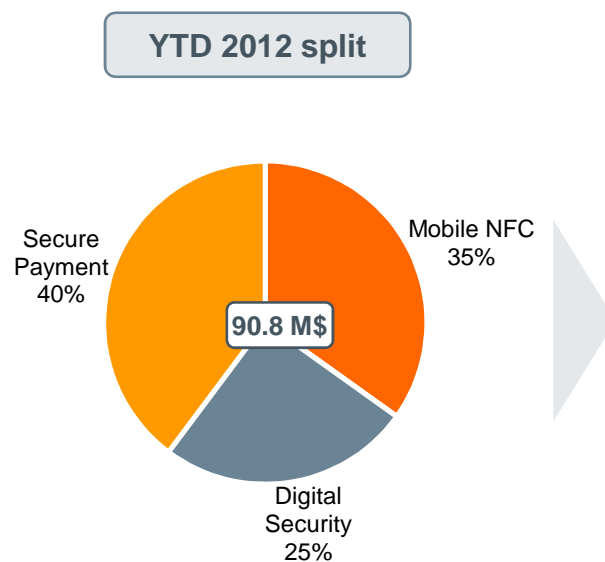
Revenue Q3 2013

(in thousands of US\$)	Q3-2013	Q3-2012	% Y-o-Y	% Y-o-Y nomalized
Mobile NFC	21 041	9 043	133%	133%
Secure Payment	5 118	8 157	-37%	-37%
Digital Security	11 303	11 383	-1%	-1%
Embedded Security Solutions	6 980		-	12%
Total Revenue	44 442	28 583	55%	27%

- Mobile NFC revenue mainly driven by shipments to BlackBerry
- Secure Payment continued to decrease as expected in Europe, while US EMV migration is yet to happen in volumes
- Digital Security below prior quarter as Q2 2013 included major ID projects. YTD revenue is up 4% compared to 2012
- ESS hits its highest quarterly revenue in 2013

Revenue YTD September 2013

(in thousands of US\$)	9 months 2013	9 months 2012	% Y-o-Y	% Y-o-Y nomalized
Mobile NFC	35 077	31 649	11%	11%
Secure Payment	22 874	23 023	-1%	-1%
Digital Security	37 468	36 111	4%	4%
Embedded Security Solutions	19 787	-	-	1%
Total Revenue	115 207	90 783	27%	4%



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Trends in our markets environment

Mobile Communication



Fraud is increasing across applications that are becoming mainstream on mobile devices

- e.g. m-payments, content downloads, data communication, data storage

Security becomes a key business enabler

> 50% NFC attach rate in smartphones

- Primarily a 2-chip solution (NFC Controller + Secure Element)
- NFC in the midterm will be integrated into connectivity combos (with BT, WiFi...)

In both cases, the Secure Element will remain a critical part of the NFC solution

High Security Smart Cards



Secure smart cards market

- Well-established and steadily growing across payments, ID, Pay TV etc.)

US migration to EMV

- Represents a sizeable short term market opportunity

M2M / IoT*



M2M, Internet of Things, Wearable Computing, Anti-Counterfeiting

- Represent a long term multi-billion unit opportunities
- Application-specific security requirements
- Security represents a major barrier to mainstream adoption in some applications

* Machine-to-Machine, Internet of Things

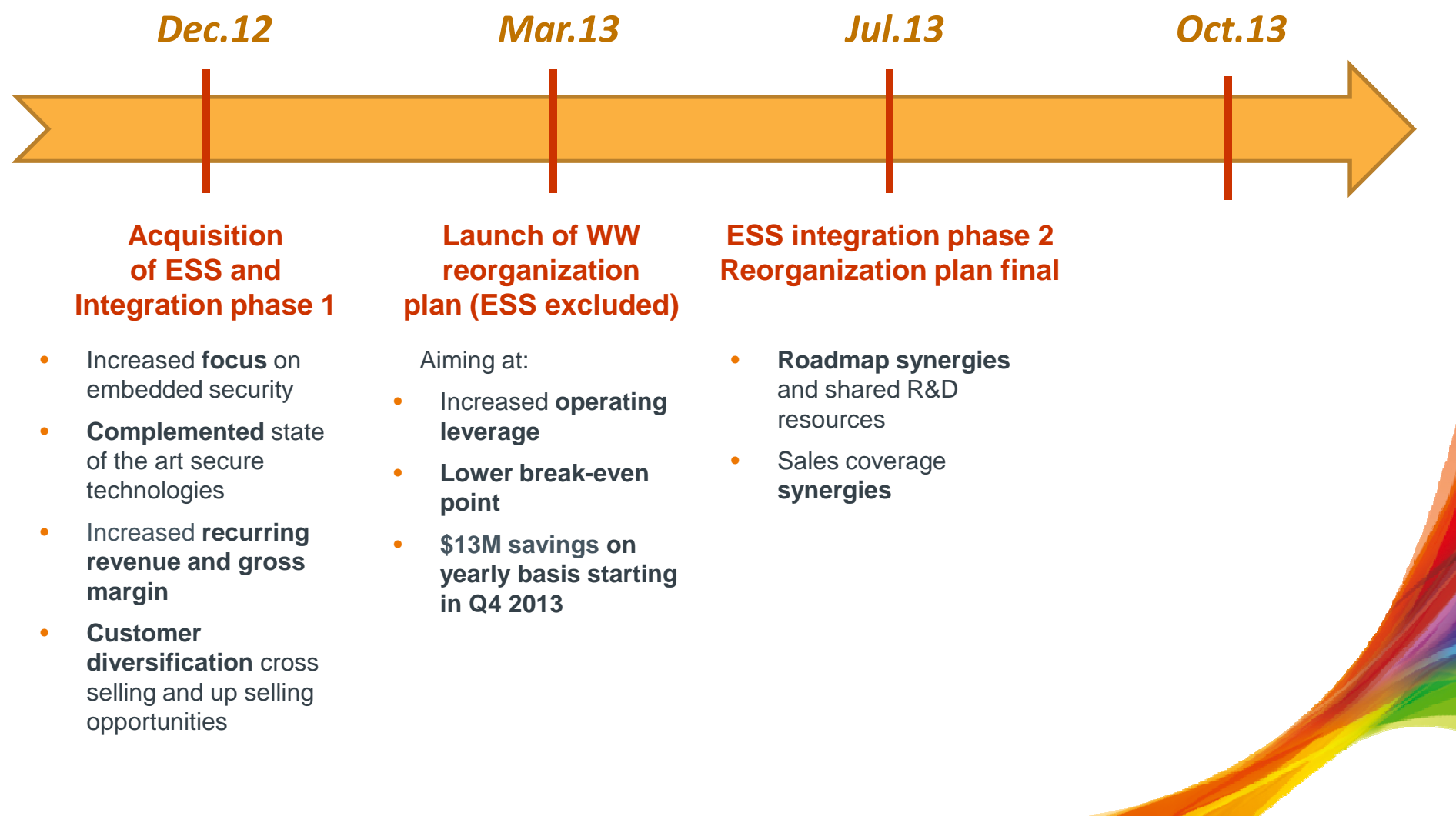
INSIDE Secure strategic focus

- Strengthen **embedded security solutions** offering
- Increase focus on **high value-added** solutions
for **mobiles and connected devices...**
... across **the whole security architecture** chain

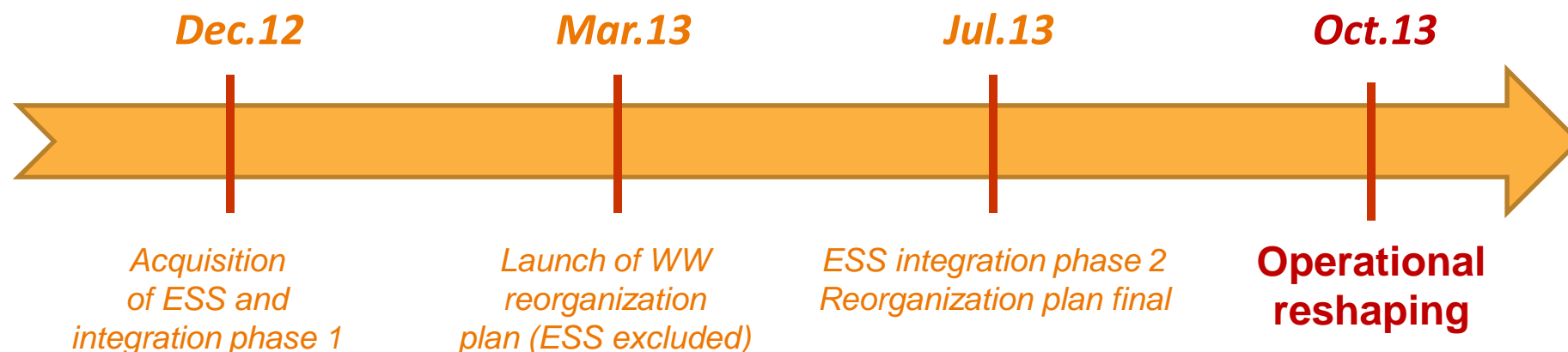
*INSIDE Secure will participate to the **NFC controller market** through:*

- *NFC silicon IP licensing – e.g. partnership with Intel*
- *NFC patents licensing program*

INSIDE Secure's strategic execution plan over the last 12 months



INSIDE Secure's strategic execution plan over the last 12 months



2 Business divisions:

- **Mobile Security**
- **Secure Transactions**

Shaping the new *INSIDE Secure* with 2 new business divisions

Embedded
Security Solutions

Digital Security

Secure Payment

Mobile NFC

MOBILE SECURITY

Providing a comprehensive suite of embedded security solutions for mobile devices combining IPs, hardware and software to protect enterprise, entertainment and payment applications

SECURE TRANSACTIONS

Providing tailored solutions based on secure microcontrollers, secure firmware and associated services to protect customers' key assets

Supported by:
Common R&D and IPs
Common Operations
Global sales force

A leader in both markets

MOBILE SECURITY

Markets

2012 TAM:300 M\$ - CAGR of 25%*

Covers a growing market of hundreds of millions devices driven by the BYOD trend and numerous M-applications in entertainment, enterprise and payment

Our offer

Broad offering of crypto engines, software, silicon IPs, secure SOC's



Clients



* source: CY and ABI Research

SECURE TRANSACTIONS

2012 TAM:700 M\$ - CAGR of 10%*

- Established market of secure smart cards, ID , payments, Pay-TV...
- IoT, M2M, anti counterfeiting represent a huge potential

Customizable secure microcontroller platform with embedded SW

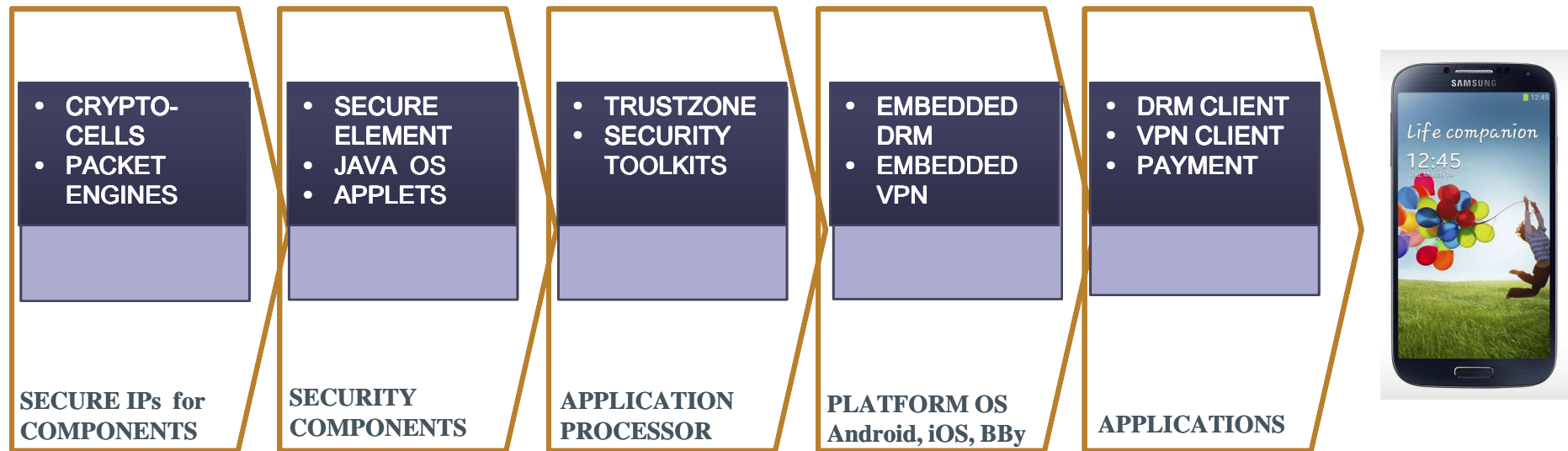


Mobile Security: device security architecture

Different applications require different security implementations



Mobile Security: platform security chain



Provided by INSIDE Secure

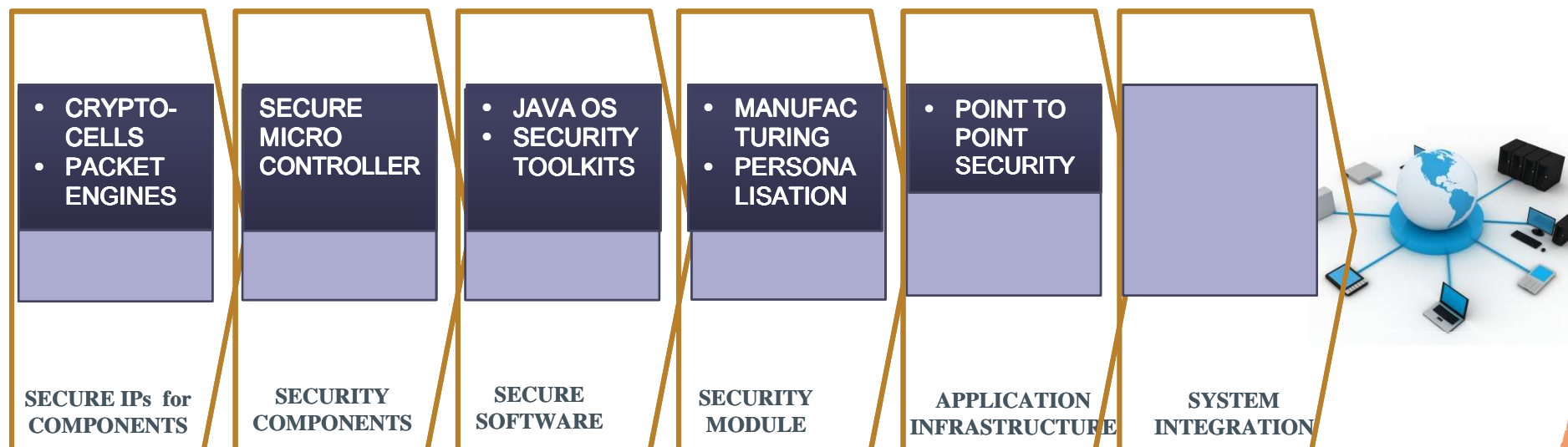
INSIDE Secure is the only player present across the whole mobile platform security chain

Secure transactions: Providing the complete security solution

*Enabling “internet secure” ready devices like smart meters
for the M2M and IoT markets*



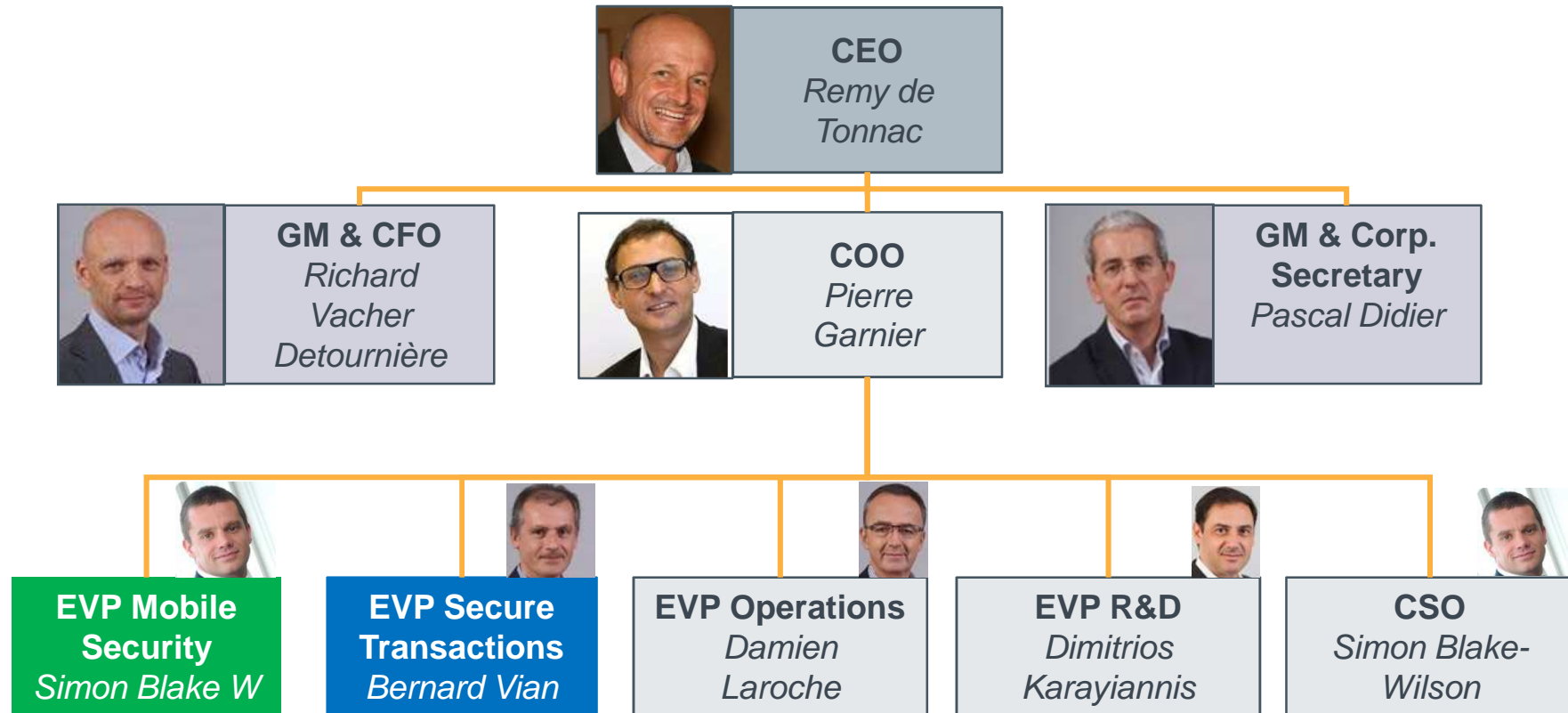
Secure Transactions: M2M / Secure IoT segment security chain



Provided by INSIDE Secure

INSIDE Secure is providing a tailored solution addressing its customer critical security needs

Executive leadership team



A focused team with a clear roadmap

To conclude

Last 12 months in a fast moving environment with a shift towards greater demand for trusted secure platforms:

- Finalisation of a worldwide reorganization plan, lowering the Group's break-even point
- Revenue profile gradually reshaped with more high margin sales generated by licenses, royalties and other services
- Stronger presence across the entire security technology chain, to better address our targeted markets
- Refocus of all activities into two new business divisions, Mobile Security and Secure Transactions, with dedicated management supported by common and optimised R&D, Operations and Sales platforms

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Financial Calendar

FY 2013 Earnings February 20, 2014

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