



INSIDE Secure – First quarter 2016 revenue

- Consolidated revenue of \$21.4 million in the first quarter of 2016, showing both sequential and year-on-year growth
- Stable performance in the Mobile Security segment compared with the fourth quarter of 2015 and substantial growth compared with the same period last year
- Higher revenue in the non-core Secure Transactions segment, notably due to non-recurring factors
- Implementation of strategic transformation plans is on schedule: rights issue, exit from the semiconductors business and global operational restructuring

Aix-en-Provence, France, April 21, 2016 – INSIDE Secure (Euronext Paris: INSD), a leader in embedded security solutions for mobile and connected devices, today reports its consolidated revenue (IFRS) for the first quarter ended March 31, 2016.

Revenue by category

(in thousands of US\$)	Q1-2016	Q1-2015	Q4-2015	Q1-2016 vs. Q1-2015	Q1-2016 vs. Q4-2015
Revenue from sale of products	13 988	11 399	9 700	23%	44%
Revenue from licenses, royalties, development agreements, maintenance, and other services	7 364	4 930	6 083	49%	21%
Total	21 352	16 329	15 783	31%	35%

Revenue by segment

(in thousands of US\$)	Q1-2016	Q1-2015	Q4-2015	Q1-2016 vs. Q1-2015	Q1-2016 vs. Q4-2015
Secure Transactions	13 925	10 665	9 706	31%	43%
Mobile Security	6 138	4 745	6 077	29%	1%
Unallocated (*)	1 290	919	0	-	-
Total	21 352	16 329	15 783	31%	35%

(*) Corresponds to net non-recurring revenue.

2015 revenues by segment were restated in order to conform to the reporting introduced in 2016, thus enabling comparability with the first quarter of 2016 (the totals remain unchanged). Revenue for the Mobile Security segment would have been \$7.4 million in the first quarter of 2016 according to the former segment reporting, compared to \$5.0 million and \$6.1 million reported in the first and fourth quarters of 2015, respectively.

Segment analysis

Mobile Security

Revenue amounted to \$6.1 million in the first quarter of 2016, higher than in the first quarter of 2015 and stable compared with the fourth quarter of 2015 (fourth quarter being traditionally strong).

In accordance with the strategy announced on February 25, 2016, the Mobile Security segment now consists solely of the company's range of software and intellectual property blocks¹.

¹ Security functions in the form of IP blocks or components that INSIDE Secure clients integrate into their semiconductor platforms.

The software protection and HCE mobile payment product line continued to see good sales momentum.

Secure Transactions

Revenue totalled \$14.0 million in the first quarter of 2016, showing sequential growth, driven mainly by the performance of conditional access and EMV payment product lines:

- Sales of chips used in conditional access systems for pay TV rebounded in comparison with the previous quarter, which had been impacted by inventory destocking at INSIDE Secure's main customer in this market.
- Sales of chips for the EMV market in the USA rebounded compared with previous quarters.

Update on the implementation of the strategic transformation

Exit from the semiconductors business

INSIDE Secure is continuing exclusive talks with a potential buyer with a view to selling its semiconductors business, including products, technology, customer contracts, certain patents and more generally all assets relating to the development and marketing of secure microcontroller-based integrated circuits, as well as a complete team (R&D, sales, marketing, and support).

The company believes that the disposal could be completed in the third quarter of 2016.

Reorganisation and restructuring plan

To adapt the Group's resources to its future size once the Company has exited from the semiconductors business, and to reach and then go beyond its operational breakeven point, INSIDE Secure has initiated a reorganisation and restructuring plan. The plan aims to reduce and adapt selling, general & administrative costs, refocus the research and development activities and improve its sales and, more generally, its operational efficiency.

This restructuring could potentially lead to a reduction in INSIDE Secure's workforce in France and the other countries where it operates (around 15% of its global staff).

In France, the procedure for informing and consulting staff representative bodies has begun.

Over half of the employees who are affected by the plan outside France have already left the company. The rest of the departures are mainly due to take place in April and May 2016. Departures outside France account for around half of the planned reduction in the workforce.

The company also confirmed its aim of achieving its target organization by the beginning of the third quarter of 2016.

Capital Increases

On April 15, 2016, the subscription period closed for INSIDE Secure's capital increase of approximately €5.2 million. Final results of the transaction will be announced on April 22, 2016 (after close of the market).

It is also being specified that, as announced on 25 February 2016, the Company will propose to a vote at the Ordinary and Extraordinary Shareholders' General Meeting to be held on June 8, 2016, a capital increase without shareholders' preferential subscription rights for the benefit of Jolt Capital for an amount of approximately €2 million (issue premium included).

Outlook

2016 will be a transition year due to the implementation of the strategic transformation initiatives announced on February 25, 2016. Through these actions, INSIDE Secure intends to focus exclusively

on its activities related to software security and embedded security technology licensing and aims to generate profitable growth over time.

Financial calendar

- Announcement of subscription amounts and the final amount of the rights issue: April 22, 2016 (after the market close)
- Annual and extraordinary general meeting of shareholders: June 8, 2016

Press and investor contacts

INSIDE Secure

Corporate communication

Géraldine Saunière

Marcom Director

+33 (0) 4 42 905 905

gsauniere@insidefr.com

Brunswick

Financial communication

Jérôme Biscay, Guillaume Le

Tarnec

+33 (0) 1 53 96 83 83

INSIDE@brunswickgroup.com

INSIDE Secure

Investor relations

Richard Vacher Detournière

GM & CFO

+33 (0) 4 42 905 905

rvacherdetourniere@insidefr.com

About INSIDE Secure

INSIDE Secure (Euronext Paris FR0010291245 – INSD) provides comprehensive embedded security solutions. World-leading companies rely on INSIDE Secure's mobile security and secure transaction offerings to protect critical assets including connected devices, content, services, identity and transactions. Unmatched security expertise combined with a comprehensive range of IP, semiconductors, software and associated services gives INSIDE Secure customers a single source for advanced solutions and superior investment protection. For more information, visit www.insidesecond.com.

INSIDE Secure is eligible for the "long-only" deferred settlement system, is an eligible investment for PEA and PEA-PME savings plans in France, and has been awarded the Enternext's Tech 40 label.

Forward-Looking Statements

This press release contains certain forward-looking statements relating to the business of INSIDE Secure, which shall not be considered per se as historical facts, including the ability to manufacture, market, commercialize and achieve market acceptance for specific projects developed by INSIDE Secure, estimates for future performance and estimates regarding anticipated operating losses, future revenues, capital requirements, needs for additional financing. In addition, even if the actual results or development of INSIDE Secure are consistent with the forward-looking statements contained in this press release, those results or developments of INSIDE Secure may not be indicative of their in the future.

In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "anticipates," "believes," "intends," "estimates," "aims," "targets," or similar words. Although the management of INSIDE Secure believes that these forward-looking statements are reasonably made, they are based largely on the current expectations of INSIDE Secure as of the date of this press release and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the expectations of INSIDE Secure could be affected by, among other things, uncertainties involved in unexpected regulatory actions or delays related notably to building and operating permits and renewable support policies, competition in general or any other risk and uncertainties developed or identified in any public documents filed by INSIDE Secure with the AMF, included those listed in chapter 4 "Risk factors" of the 2014 "document de référence" approved by the French financial market authority (the Autorité des marchés financiers – the "AMF") on March 30, 2016 under number R. 16-014. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this press release will in fact be realized. Notwithstanding the compliance with article 223-1 of the General Regulation of the AMF (the information disclosed must be "accurate, precise and fairly presented"), INSIDE Secure is providing the information in these materials as of this press release, and disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

This press release and the information it contains do not, and will not, constitute an offer to subscribe for or sell, nor the solicitation of an offer to subscribe for or buy, securities of INSIDE Secure in the United States of America or any other jurisdiction where restrictions may apply. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), it being specified that the securities of INSIDE Secure have not been and will not be registered under the US Securities Act. INSIDE Secure does not intend to register any securities or conduct a public offering in the United States of America.

The distribution of this press release may be subject to legal or regulatory restrictions in certain jurisdictions. Any person who comes into possession of this press release must inform him or herself of and comply with any such restrictions.