Inside Secure reports strong 2017 financial results:

Strong core business revenue and operating leverage while investing in long term growth through two acquisitions

- **+9%: year-on-year growth in revenue of core business[1] to $38.8 million in 2017**
  - **+20%: year-on-year revenue growth excluding contribution of a U.S. customer driving significant royalties**
- **+37%: year-on-year license revenue from core business in 2017**
- **23%: EBITDA margin of core business in 2017 vs. 6% EBITDA margin in 2016**
- **Strengthened cash position to $46 million at December 31, 2017**
- **2018: accelerating investment to leverage strong market dynamics and support long-term growth**
  - **Continued strong top line revenue growth with accelerated growth of core business revenue excluding contribution of a U.S. customer driving significant royalties**
  - **Accelerating investments before getting back to a normative EBITDA margin greater than 20%**

Aix-en-Provence, France, February 22, 2018 – Inside Secure (Euronext Paris: INSD), at the heart of security solutions for mobile and connected devices, today announced its results[2] for the year ended December 31, 2017.

(in thousands of US$)	**2017**	2016
Revenue of core business (1)	**38 816**	35 754
EBITDA of core business (1)	**8 773**	2 040
Revenue	**38 816**	49 944
EBITDA	**8 773**	12 264

The revenue and results of the Company for the fiscal year 2017 have been prepared in accordance with IFRS 15 "Revenue from Contracts with Customers". See note Basis of preparation hereinafter.

Commenting on these results, Amedeo D'Angelo, president and chief executive officer of Inside Secure, stated: "*We are proud of the achievements we made in 2017, our first year as a pure player in software. We were able to deliver growth on the back of strong sales activity, increased traction in licenses and upselling opportunities while demonstrating our capability to deliver EBITDA greater than 20 percent thanks to our software-based business model. We are very pleased with the progress we made in markets such as Automotive with design-wins and pipeline opportunities beyond embedded security for chips, such as content protection for car infotainment systems.*
Beyond organic product development, we added important capabilities during the year to bring core security technology provisioning and security as a service to our portfolio through two acquisitions. Together, we are now in a unique position to secure the endpoint, giving us strong traction in the important markets of IoT and Automotive, resulting in strong growth opportunities.
In this context, we have decided to accelerate our investments and focus in these areas during 2018 to drive long term sustainable profitable growth before getting back to a normative EBITDA greater than 20 percent."

[1] Core business being software and silicon intellectual property business, i.e. excluding contribution of NFC patent licensing program (see Basis of preparation hereinafter).
[2] Prepared in accordance with IFRS; the consolidated financial statements were prepared by the management board and reviewed by the supervisory board on February 21, 2018; the audit procedure has been completed by the statutory auditors.

2017 Financial Results – Key Figures

	Core Business		Consolidated Adjusted		IFRS	
(in thousands of US$)	**2017**	2016	**2017**	2016	**2017**	2016
Revenue	**38,816**	35,754	**38,816**	49,944	**38,816**	49,944
Gross profit	**37,624**	34,701	**37,048**	44,523	**35,554**	40,993
As a % of revenue	***96.9%***	*97.1%*	***95.4%***	*89.1%*	***91.6%***	*82.1%*
Operating expense	**(29,334)**	(33,467)	**(29,334)**	(33,628)	**(33,909)**	(38,879)
Operating income from continuing operations	**8,290**	1,234	**7,714**	10,895	**1,645**	2,114
As a % of revenue	***21.4%***	*3.5%*	***19.9%***	*21.8%*	***4.2%***	*4.2%*
Net income/(loss) from continuing operations (i)	-	-	-	-	**(798)**	(265)
Net income/(loss) from discontinued operations (ii)	-	-	-	-	**(278)**	12,609
Net income/(loss) (i) + (ii)	-	-	-	-	**(1,076)**	12,344
EBITDA from continuing operations	**8,773**	2,040	**8,773**	12,264	**-**	-
As a % of revenue	***22.6%***	*5.7%*	***22.6%***	*24.6%*	**-**	-

Basis of preparation

Implementation of IFRS 15

The revenue and results of the Company of the fiscal year 2017 have been prepared in accordance with IFRS 15 "Revenue from Contracts with Customers", which is mandatory from January 1, 2018. The Company has chosen to anticipate the implementation of the standard, in particular to be able to present a 2018 year directly comparable to 2017. As IFRS 15 permits, fiscal year 2016 revenue and results have not been restated and remain as previously disclosed. The impact of the new standard on the revenue and the results of the year 2017 is considered immaterial. Had the Company continued to apply the previous standard (IAS 18), revenue in 2017 would have been $ 38.6 million, consolidated operating income $ 1.2 million, and EBITDA $ 8.3 million. The Company believes that the implementation of IFRS 15 will nevertheless result in variations in recognition of quarterly revenues. For a more detailed description of the nature of the changes, see Appendix 3 hereof.

Core business

Inside Secure operates with a single core business segment which comprise the Company's software and silicon intellectual property product offering. It excludes the contribution of the Company's NFC patent licensing program. It also excludes the semiconductor business which was discontinued starting 2016 and then sold in September 2016 (reported for as "discontinued operations").

Supplementary non-IFRS financial information (adjusted measures)

Some financial measures and performance indicators used in the press release are presented on an adjusted basis. They are defined in Appendix 3 of this press release. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the consolidated financial statements, including the income statement set out in Appendix 1 hereof. The reconciliation of adjusted financial measures with IFRS is presented in Appendix 2.

Continuing and discontinued operations

Pursuant to Inside Secure's decision in 2016 to exit from the semiconductor business and in accordance with IFRS 5, income and expense items for this discontinued operation are recognized directly in "net income from discontinued operations" and thus excluded from revenue, adjusted operating income, operating income and EBITDA. Continuing operations are made of the Company's core business and the NFC patent licensing program.

Fourth-quarter and full-year 2017 revenue

(in thousands of US$)	Q4-2017	Q4-2016	Q4-2017 vs. Q4-2016	12-months 2017	12-months 2016	2017 vs. 2016
Licences	1,998	2,889	-31%	9,013	6,573	37%
Royalties	9,350	5,982	56%	23,861	24,160	-1%
Maintenance, development agreements, and other	1,553	1,138	36%	5,942	5,021	18%
Total revenue from software and silicon IP	**12,901**	**10,009**	**29%**	**38,816**	**35,754**	**9%**
Unallocated revenue (*)		323	-	-	14,190	-
Total consolidated revenue	**12,901**	**10,332**	**25%**	**38,816**	**49,944**	**-22%**

(*) unallocated amounts correspond to non-recurring revenue, in particular patent licenses

Fourth-quarter 2017 revenue

Core business revenue was $12.9 million in Q4 2017, up 29 percent year-on-year. In the fourth quarter of 2017, license revenue was satisfactory while performance was impacted by an unfavorable basis of comparison. As a reminder, the Company benefited from a high level of licenses in the fourth quarter of 2016, in particular due to the shift of several contracts from Q3 to Q4.

Revenue from royalties were boosted by the contribution of a U.S. customer of silicon intellectual property products in the defense industry, while the company saw ongoing traction in MACsec to secure communications, as well as in IoT and Automotive, including initial indications of widespread worldwide market adoption beyond the initial market-leader pioneer customers.

In banking, Inside Secure saw its first wins with the combination of the Company's new mobile payment solution (with a cloud-based server side and an end-point software) and the core technology protecting the mobile application, consistent with the Company's strategy to build product bundles to increase revenue per customer.

Revenue from maintenance and development agreements in 2017 was $5.9 million, in line with expectations and the Company's revenue growth.

Consolidated revenue in 4Q 2017 was $12.9 million as compared to $10.3 million in 2016.

Full-year 2017 revenue

Revenue from core business was $38.8 million for 2017, up 9 percent vs. 2016, driven by strong license revenue. Excluding the contribution from a U.S. customer driving significant royalties, year-on-year revenue growth from the core security software and silicon IP business would have been 20 percent for the period.

License revenue increased by 37 percent compared to last year, reflecting strong sales activity with new and existing customers in all business segments. This included increased traction in IoT and Automotive and new design wins in Silicon IP with its capacity to bring bundled solutions of Silicon IP and secure communication, as illustrated with the contract signed with Toshiba during the year.

The Company continued to leverage its strong position in content protection to support new applications for existing customers, such as Virtual Reality for HTC, on-line postage transactions for Neopost and inflight entertainment on passenger devices for Lufthansa.

Inside Secure continued to make progress in the payment space, with additional payment scheme wins in Europe and in the U.S. and with HCE mobile payment software solution deployed in Latin America. During the year, Inside Secure increasingly focused on deploying bundled offers and demonstrated a solution with content protection, payments and strong authentication at the annual IBC show in Amsterdam. It also made solid progress in its product offerings in security as a service (SECaaS) enabled payments, strong authentication, and provisioning that will contribute to generating incremental recurring revenues going forward.

Consolidated revenue for 2017 was $38.8 million, down from $49.9 million in 2016 as the Company did not generate revenue from the NFC patent portfolio monetization program managed by France Brevets.

As a reminder, the NFC patent related revenue stood at $14.2 million in 2016 due to three licenses signed by France Brevets (Sony, Samsung, and HTC).

Adjusted core business gross profit >95%, reflecting the software business model

For full year 2017, adjusted gross profit of core business grew to $37.6 million (96.9 percent of revenue) as compared to $34.7 in 2016 (97.1 percent of revenue) reflecting revenue growth and the product mix.

As expected, consolidated gross profit decreased from $44.5 in 2016 (89.1 percent of revenue) to $37.0 million in 2017 (94.8 percent of revenue) as the company did not generate gross profit from the NFC patent licensing business agreement ($9.8 million in 2016).

Operating expense reflecting investments in R&D and sales & marketing starting in H2 2017

Operating expenses decreased from $33.6 million in 2016 to $29.3 million in 2017, as the company fully benefited from a lower cost base from the company restructuring and rightsizing initiated in 2016 and other net one-time savings ($1.5 million) and foreign exchange gains ($0.9 million).

At the same time and as anticipated, the company reengaged with investments in H2 2017, notably in research & development and sales development to seed sustainable long-term growth on software and silicon IP. Operating expenses in H2 2017 stood at $15.7 million, a 15% increase vs. H1 2017.

Substantial improvement of core business adjusted operating income

Adjusted operating income of the core business increased significantly from $1.2 million in 2016 to $8.3 million in 2017 (21 percent of revenue) due to revenue growth and lower operating expenses.

Consolidated adjusted operating income was $7.7 million in 2017 with a negative contribution of $0.6 from the NFC patent licensing program, as compared to $10.9 million in 2016, with $9.7 million contribution of the NFC licensing program.

Core business EBITDA at 23% of revenue

In 2017, core business EBITDA was $8.8 million (23% of revenue), compared with $2.0 million in 2016 (6% of revenue) due to the successful transition of the company to a software-based business model.

In 2017, Company's EBITDA was $8.8 million, compared with $12.3 million in 2016, which included a strong contribution of non-recurring NFC patent licensing program of $10.2 million.

(in thousands of US$)	**2017**	2016
EBITDA from continuing operations	**8,773**	12,264
Amortization and depreciation of assets (*)	**1,059**	1,369
Adjusted operating income/(loss) from continuing operations	**7,714**	10,895
Business combinations (**)	**(2,426)**	(3,818)
Other non recurring costs	**(3,122)**	(4,331)
Share based payments	**(521)**	(632)
Operating income/(loss) from continuing operations	**1,645**	2,114
Finance income/(losses), net	**(1,879)**	(684)
Income tax expense	**(564)**	(1,695)
Net income/(loss) from continuing operations (i)	**(798)**	(265)
Net income/(loss) from discontinued operations (ii)	**(278)**	12,609
Net income/(loss) (i) + (ii)	**(1,076)**	12,344

(*) excluding amortization and depreciation of assets acquired through business combinations. Items without cash impact

(**) amortization and depreciation of assets acquired through business combinations and acquisition related external expenses. Items without cash impact

Sums may not equal totals due to rounding

Operating income (IFRS) impacted by non-cash items

Operating income from continuing operations[3] was $1.6 million in 2017, compared with $2.1 million in 2016. Operating performance in 2017 was impacted primarily by:

- Amortization expense (non-cash items) related to assets from the company's acquisitions in recent years (ESS in 2012 and Metaforic in 2014, and Meontrust and SypherMedia in 2017) for $2.4 million. The Company did not recognize any impairment expense of the goodwill in relation with these acquired businesses;
- Non-recurring expenses in relation with the acquisition projects for $0.8 million;
- The recognition of a $2.1 million net non-recurring charge arising from the company's restructuring and rightsizing plan initiated in 2016.

Financial income/expense

Net financial loss was $1.9 million in 2017 vs. a loss of 0.7 million dollars in 2016, primarily due to the interest on the convertible loan notes issued in July and September 2017 of $1.0 million (including 0.4 million of non-cash expense).

Income tax expense

Income tax expense of $0.6 million in 2017 consisted primarily of withholding taxes paid when licenses are signed with customers in certain Asian countries.

Consolidated net income/loss

In 2017, the Company generated consolidated net loss (IFRS) of $1.1 million, with:

- Net loss from continuing operations of $0.8 million; and
- Net loss from discontinued operations of $0.3 million (non-recurring expense in relation with the semiconductor business divested in 2016).

As a reminder, consolidated net income (IFRS) in 2016 was $12.3 million, with:

- Net loss from continuing operations of $0.3 million; and
- Net income from discontinued operations of $12.6 million including $17.0 million of net profit from the sale of the semiconductor business in September 2016 (including assumption of intercompany debts by acquirer).

Strong financial position

In 2017, Inside Secure generated $5.1 million of cash flow by continuing operations, excluding restructuring and acquisition expense, as the result of higher operating performance. Combined with the sale of 100% of the listed WISeKey shares ($11.2 million), and the convertible bond issue ($17.5 million), and despite payments related to the restructuring and rightsizing plan initiated in 2016 and the acquisitions of Meontrust (4.7 million upfront payment), and SypherMedia ($7.0 million upfront payment), Company cash position increased by $18.8 million in 2017.

At December 31, 2017, the Company's consolidated available cash stood at $45.9, up from $27.1 million at December 31, 2016.

[3] Pursuant to Inside Secure's decision to exit from the semiconductor business in 2016 and in accordance with IFRS 5, income and expense items for this discontinued operation are recognized directly in "net income from discontinued operations".

Summary of cash flows

(in thousands of US$)	2017	2016
Net Cash generated by / (used in) operations for continued operations	5,148	7,633
Net Cash generated by / (used in) operations for discontinued operations	-	(3,575)
Cash generated by / (used in) operations before changes in working capital	**5,148**	**4,059**
Cash generated by / (used in) changes in working capital (*)	(4,059)	453
Cash generated by / (used in) changes in working capital from discontinued operations	2,500	6
Cash generated by / (used in) changes in working capital	**(1,559)**	**460**
Interest received, net and Income tax	(1,112)	(289)
Net cash generated by / (used in) operating activities	**2,477**	**4,230**
Cash flows used in investing activites from continued operations, net	(862)	(196)
Cash flows used in investing activites from discontinued operations	-	2,082
Cash flows from financing activities, net	17,222	4,638
Net increase / (decrease) in cash and cash equivalents	**18,837**	**10,753**
Cash and cash equivalents at beginning of the period	27,081	16,434
Foreign exchange impact	(44)	69
Foreign exchange impact on discontinued operations	-	(175)
Cash and cash equivalents at end of the period	**45,874**	**27,081**

(*) including RTC financing for the years 2015 and 2016

Acquisitions of Meontrust and SypherMedia

In H2 2017, the Company acquired Meontrust and SypherMedia International (SMI) to accelerate the execution of its strategic roadmap by adding core technologies to its portfolio and driving up-selling opportunities in key markets such as Automotive, IoT, Mobile and Banking.

With SypherMedia, Inside Secure adds key core technologies from product design to product life cycle management with a secure provisioning[4] solution, a critical piece of a robust root-of-trust[5] solution, which is increasingly used to address the critical security needs in the Automotive, IoT, Mobile, and Smart TV markets. With Meontrust, Inside Secure adds strong authentication technology to its comprehensive solutions in mobile banking and payment and digital content protection.

The integration process of the two businesses is progressing well; teams have been integrated and Inside Secure has already engaged with its customers on its expanded portfolio to support the more stringent authentication requirements in Europe imposed by PSD2 (Payment Services Directive) and GDPR (General Data Protection Regulation), leveraging Meontrust offering. The Inside Secure sales team has been trained and is fully engaged in selling SMI’s Camouflage and Provisioning products, and initial customer wins have been achieved.

[4] Provisioning is the injection of keys, credentials, data, tokens into a personalized device either at manufacturing, or in the field or Over-The-Air to enable secure applications and services.

[5] Root of trust (or RoT) is the foundation for the trustworthiness of a device or a system. Roots of trust are hardware/software components that are inherently trusted. RoT a set of functions that constitutes a common trust anchor recognized by operating systems and applications of a device. It is ensuring authentication, confidentiality and integrity of data and transactions.

Outlook for 2018

In 2018, the Company anticipates continuing to sustain strong top line revenue growth with accelerated growth of its core business revenue (excluding the contribution of a U.S. customer driving significant royalties), based on strong momentum in new licenses with both existing and new customers. The Company also anticipates generating additional revenue in provisioning and security-as-a-service derived from its 2017 acquisitions, while benefiting from sales synergies on core technologies. As of today, the Company has no assurance that royalty revenues can be maintained at the high levels of 2016 and 2017.

In this context, the Company has decided to accelerate its investments to leverage its strategic position in key markets such as Automotive and IoT. It therefore anticipates increasing investments in both research & development and sales & marketing, notably to accelerate product development with bundling its technologies and products across all product lines to create a unique and complete offer from embedding security into general purpose chips to provisioning with root-of-trust, strong authentication, content protection and payment.

Combining these investments with operating expenses derived from the two 2017 acquisitions ($3.5 million) along with a stronger euro vs. dollar (estimated $2.0 million of incremental cost), the Company anticipates operating expenses to increase to between $38.5 million and $40.0 million in 2018, before getting back to a normative EBITDA margin greater than 20 percent.

Conference call

The Company will hold a conference call to discuss its earnings results today February 22, 2017, at 6:00 PM CET. Access to the call will be by dial-in on one of the following numbers: +33 (0)1 72 72 74 03 (France) or +44 20 71 94 37 59 (UK), PIN 66029149#.

The presentation is available online at www.insidesecure-finance.com. An audio webcast of the presentation and the Q&A session will be available on the Inside Secure website approximately three hours after the end of the presentation and will remain posted there for one year.

Financial calendar

First-quarter 2018 revenue:	April 19, 2018
First-half 2018 earnings:	July 26, 2018
Third-quarter 2018 revenue:	October 18, 2018

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About Inside Secure

Inside Secure (Euronext Paris – INSD) is at the heart of security solutions for mobile and connected devices, providing software, silicon IP, tools and know-how needed to protect customers' transactions, content, applications, and communications. With its deep security expertise and experience, the company delivers products having advanced and differentiated technical capabilities that span the entire range of security requirement levels to serve the demanding markets of network security, IoT security, content and application protection, mobile payment and banking. Inside Secure's technology protects solutions for a broad range of customers including service providers, content distributors, security system integrators, device makers and semiconductor manufacturers. For more information, visit www.insidesecure.com

Forward-looking statements

This press release contains certain forward-looking statements concerning the Inside Secure group. Although Inside Secure believes its expectations to be based on reasonable assumptions, they do not constitute guarantees of future performance. Accordingly, the Company's actual results may differ materially from those anticipated in these forward-looking statements owing to a number of risks and uncertainties. For a more detailed description of these risks and uncertainties, please refer to the "*Risk factors*" section of the 2016 registration document filed with the French financial market authority (the Autorité des marchés financiers – the "AMF") on March 28, 2017 under number D.17-0244, available on www.insidesecure-finance.com/en

Supplementary non-IFRS financial information

The supplementary non-IFRS financial information presented in this press release are defined within the press release. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the Company's financial performance. They should be considered in addition to, and not as a substitute for, any other operating and financial performance indicator of a strictly accounting nature, as presented in the Company's Consolidated Financial Statements and the corresponding notes. The Company uses these indicators because it believes they are useful measures of its activity. Although they are widely used by companies operating in the same industry around the world, these indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently to the Company, even though they use similar terms. The reconciliation of adjusted financial measures with IFRS is presented in Appendix to this press release.

Appendix 1 - Consolidated income statement, balance sheet and cash flow statement (IFRS)

The following tables are part of the consolidated financial statements prepared in accordance with IFRS.

Consolidated income statement

(In thousands of US$)	**as at December 31,**	
	2017 (*)	**2016**
Revenue	38,816	49,944
Cost of sales	(3,262)	(8,951)
Gross profit	**35,554**	**40,993**
Research and development expenses	(12,674)	(15,257)
Selling and marketing expenses	(12,608)	(11,348)
General and administrative expenses	(7,270)	(8,058)
Other gains / (losses), net	(1,357)	(4,216)
Operating profit (loss)	**1,645**	**2,114**
Finance income / (loss), net	(1,879)	(684)
Profit (Loss) before income tax	**(234)**	**1,430**
Income tax expense	(564)	(1,695)
Net income/(loss) from continuing operations	**(798)**	**(265)**
Net income/(loss) from discontinued operations	**(278)**	**12,609**
Net income/(loss)	**(1,076)**	**12,344**

(*)The revenue and results of the Company of the fiscal year 2017 have been prepared in accordance with IFRS 15 , which is mandatory from January 1, 2018. As IFRS 15 permits, fiscal year 2016 revenue and results have not been restated and remain as previously disclosed.

Consolidated balance sheet

Assets

(In thousands of US$)	December 31, 2017 (*)	December 31, 2016
Goodwill	29,563	18,773
Intangible assets	8,478	6,534
Property and equipment	1,269	1,523
Other receivables	1,676	5,361
Non-current assets	**40,986**	**32,191**
Inventories	219	65
Trade receivables	15,531	8,630
Other receivables	3,390	4,845
Bonds reedemable in shares	-	11,648
Derivative financial instruments	215	90
Cash and cash equivalents	45,874	27,081
Current assets	**65,230**	**52,358**
Total assets	**106,216**	**84,549**

Equity and liabilities

(In thousands of US$)	December 31, 2017 (*)	December 31, 2016
Ordinary shares	22,056	22,023
Share premium	228,209	228,029
Other reserves	13,385	12,493
Retained earnings	(195,738)	(211,218)
Income / (loss) for the period	(1,076)	12,344
Equity attributable to equity holders of the Company	**66,836**	**63,670**
Non-controlling interests	-	-
Total equity	**66,836**	**63,670**
Derivative financial instruments - Non-current portion	4,759	-
Convertible bonds - Non-current portion	13,970	-
Borrowings	575	128
Other financial debts	3,000	-
Provisions for other liabilities and charges - Non-current portion	284	336
Non-current liabilities	**22,589**	**464**
Financial instruments	-	193
Trade and other payables	8,779	11,524
Borrowings	382	670
Provisions for other liabilities and charges	4,084	4,308
Unearned revenues	3,547	3,719
Current liabilities	**16,791**	**20,414**
Total liabilities	**39,380**	**20,878**
Total equity and liabilities	**106,216**	**84,548**

(*)The revenue and results of the Company of the fiscal year 2017 have been prepared in accordance with IFRS 15 , which is mandatory from January 1, 2018. As IFRS 15 permits, fiscal year 2016 revenue and results have not been restated and remain as previously disclosed.

Consolidated cash flow statement

(In thousands of US$)	December 31, 2017	December 31, 2016
Income / (loss) for the period from continuing operations	**(1,076)**	**(265)**
Adjustments for:		
Depreciation of tangible assets	194	1,190
Amortization of intangible assets	3,292	3,997
Impairment of receivables	78	(136)
Financial result	1,879	493
Share-based payments	520	627
Change in retirement benefit obligation	(172)	(793)
Income tax	564	1,694
Variation in provisions for risks	(131)	828
Cash generated by / (used in) continuing operations	**5,148**	**7,633**
Cash generated by / (used in) discontinued operations	-	(3,575)
Cash generated by / (used in) operations before changes in working capital	**5,148**	**4,059**
Changes in working capital		
Inventories	(154)	41
Trade receivables	(2,250)	(1,557)
Other receivables	(648)	(194)
Research tax credit and grants	2,392	2,915
Trade and other payables	(1,312)	1,160
Other payables	(2,086)	(1,911)
Cash generated by / (used in) changes in working capital from discontinued operations	2,500	6
Cash generated by / (used in) changes in working capital	**(1,559)**	**460**
Cash generated by / (used in) operations	**3,589**	**4,519**
Interest received, net	(579)	(95)
Income tax paid	(533)	(194)
Net cash generated by / (used in) operating activities	**2,477**	**4,230**
Cash flows from investing activities		
Cash received from semi-conductor activities sales	11,202	-
Acquisition of subsidiaries, net of cash acquired -Meontrust	(4,814)	-
Business Acquisition, net of cash acquired -SMI	(7,000)	-
Purchases of property and equipment	(250)	(164)
Purchases of intangible assets	-	(32)
Cash flows used in investing activites from discontinued operations	-	2,082
Cash flows used in investing activities	**(862)**	**1,886**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net of issuance costs	212	5,311
Convertible bonds (OCEANE)	17,260	-
Repayable advance	(250)	(273)
Principal repayment under finance lease	-	(346)
Treasury shares	-	(54)
Cash flows from financing activities from discontinued operations	-	-
Cash flows from financing activities	**17,222**	**4,638**
Net increase / (decrease) in cash and cash equivalents	**18,837**	**10,753**
Cash and cash equivalents at beginning of the period	27,081	16,434
Effect of exchange rate fluctuations	(44)	69
Effect of exchange rate fluctuations on discontinued operations	-	(175)
Cash and cash equivalents at end of the period	**45,874**	**27,081**

Appendix 2 - Non-GAAP measures - Reconciliation of IFRS results with adjusted results

The performance indicators presented in this press release that are not strictly accounting measures are defined below. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the Company's financial performance. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the Company's consolidated financial statements and their related notes. The Company uses these indicators because it believes they are useful measures of its recurring operating performance and its operating cash flows. Although they are widely used by companies operating in the same industry around the world, these indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently than the Company, even though they use similar terms.

Adjusted gross profit is defined as gross profit before (i) the amortization of intangible assets related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture carried out by the Company.

Adjusted operating income/(loss) is defined as operating income/(loss) before (i) the amortization of intangible assets related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture carried out by the Company.

EBITDA is defined as adjusted operating income before depreciation, amortization and impairment losses not related to business combinations.

The following tables show the reconciliation between the consolidated income statements and the adjusted financial indicators, as defined above, for the years ended December 31, 2017 and 2016 respectively:

(in thousands of US$)	2017 Consolidated adjusted	Business combinations	Share-based payment	Other non-recurring costs (*)	2017 IFRS
Revenue	38,816	-	-	-	38,816
Cost of sales	(1,768)	(1,494)	-	-	(3,262)
Gross profit	**37,048**	**(1,494)**	**-**	**-**	**35,554**
As a % of revenue	*95.4%*				*91.6%*
R&D expenses	(11,379)	(894)	52	(453)	(12,674)
Selling & marketing expenses	(12,543)	(38)	(27)	-	(12,608)
General & administrative expenses	(6,724)	-	(546)	-	(7,270)
Other gains/(losses), net	1,312	-	-	(2,669)	(1,357)
Total operating expense	(29,334)	(932)	(521)	(3,122)	(33,909)
Operating income from continuing operations	**7,714**	**(2,426)**	**(521)**	**(3,122)**	**1,645**
Amortization and depreciation of assets (**)	1,059	-	-	-	-
EBITDA	**8,773**				

(in thousands of US$)	2016 Consolidated adjusted	Business combinations	Share-based payment	Other non-recurring costs (*)	2016 IFRS
Revenue	49,944	-	-	-	49,944
Cost of sales	(5,421)	(3,529)	(1)	-	(8,951)
Gross profit	**44,523**	**(3,529)**	**(1)**	**-**	**40,993**
As a % of revenue	*89.1%*				*82.1%*
R&D expenses	(14,352)	(289)	(134)	(482)	(15,257)
Selling & marketing expenses	(11,152)	-	(196)	-	(11,348)
General & administrative expenses	(7,757)	-	(301)	-	(8,058)
Other gains/(losses), net	(367)	-	-	(3,849)	(4,216)
Total operating expense	(33,628)	(289)	(631)	(4,331)	(38,879)
Operating loss from continuing operations	**10,895**	**(3,818)**	**(632)**	**(4,331)**	**2,114**
Amortization and depreciation of assets (**)	1,369	-	-	-	-
EBITDA	**12,264**				

(*) the amounts correspond mainly to restructuring expenses.

(**) excluding amortization and depreciation of assets acquired through business combinations.

Sums may not equal totals due to rounding.

Appendix 3 - Implementation of IFRS 15

The revenue and results of the Company of the fiscal year 2017 have been prepared in accordance with IFRS 15 "Revenue from Contracts with Customers", which is mandatory from January 1, 2018. The Company has chosen to anticipate the implementation of the standard, in particular to be able to present a 2018 year directly comparable to 2017. As IFRS 15 permits, fiscal year 2016 revenue and results have not been restated and remain as previously disclosed.

(in thousands of US$)	**2017 under IFRS 15**	**2017 under IAS 18**
Revenue	38,816	38,600
Operating profit (consolidated)	1,645	1,204
EBITDA	8,773	8,332

The impact of the new standard on the revenue and the results of the year 2017 is considered immaterial. The Company believes that the implementation of IFRS 15 will nevertheless result in variations in recognition of quarterly revenues.

The implementation of IFRS 15 has modified some of the Company's revenue recognition principles:

Under IAS 18, revenues from development agreements were recognized using the percentage-of-completion method, which consists of recognizing revenue as development progresses. The percentage of completion up to completion was based on the actual costs incurred compared to the total estimated cost of the project. Under IFRS 15, income related to a contract must be recognized over time if certain criteria are met, including the fact that the Company has an enforceable right to payment of the value of the work carried out to date. If none of the criteria mentioned in the standard is met, revenue is recognized upon completion.

Given how actual contracts signed with the Company's customers are drafted, according to IFRS 15 the revenue must be recognized upon completion.

Royalties payable in relation with technology licensed to some of the Company's customers may be fixed and / or variable. According to the Company's policy to date, fixed royalties were recognized on a straight-line basis over the contractual periods. Variable royalties are generally based on sales by customers and are therefore by definition difficult to estimate. These fees were recognized on the basis of confirmations received from customers, generally in the quarter following the delivery of the products. According to IFRS 15, licenses sold by the Company correspond to a "right to use" the intellectual property as it exists on the date on which the license is granted, in which case the fixed royalties must be recognized immediately on the date from which the customer can begin to use the license. This leads to recognize revenue earlier than before. In the case of variable royalties, royalties must be recognized as revenue as they become due, on the basis of sales made by the customer, and not on the date of confirmation by the customer. The Company therefore now estimates the amount pending receipt of consumption confirmations.

The application of IFRS 15 generally leads to faster recognition of revenue compared to IAS 18.