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Half Year 2019 Financial Results

Amedeo D’Angelo, Chairman & CEO
Richard Vacher Detournière, GM & CFO

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For a more detailed description of the risks and uncertainties with respect to Verimatrix, please refer to the "Risk factors" section of the 2018 annual financial report filed with the AMF on April 30, 2019, available on www.verimatrix-finance.com/en

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Strong H1 2019 Results

- $60.8 million: pro forma[1] adjusted[1] revenue in H1 2019
- $10.0 million: pro forma EBITDA[1] in H1 2019 (16.5% of revenue) up 68% vs H1 2018
- New organization, streamlining and cost synergies plan fully implemented
- Cost synergies expected to be $12.5 million on an annual basis, 25% above plan
- Objectives upgraded:
  - 2019: strong focus on integrating Verimatrix, Inc. and delivering higher cost synergies
  - 2021: revenue of $150 million and EBITDA margin of 26.5%

(1) See basis of preparation hereinafter

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An intense first half of the year

Feb. 28, 2019

Completion of the acquisition

April 2019

New organization in place

July 2019

New corporate name

Building a major player in software-based security solutions

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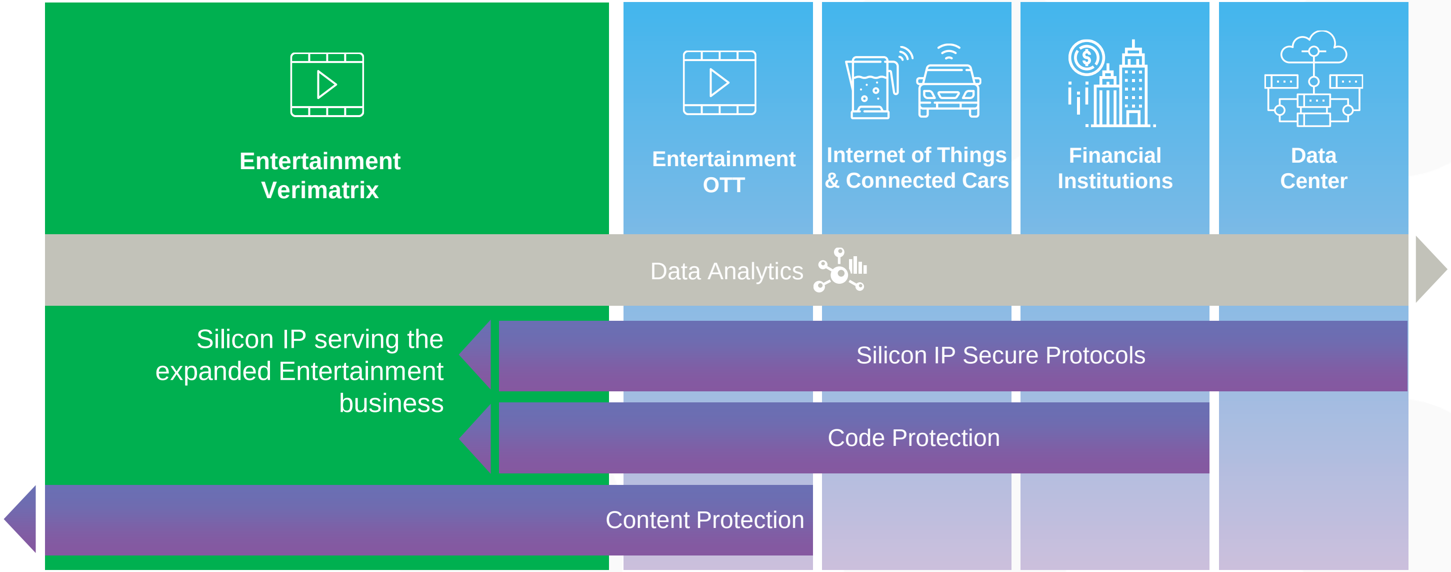
Verimatrix: Spanning multiple industries shifting towards software and cloud-based security solutions



At the same time, new organization, streamlining and cost synergies plan fully implemented

$10m

Estimated cost synergies when announcing the acquisition project (Dec. 2018)

$12.5m

Updated cost synergies p.a. once fully implemented (as of July 2019)

- Thorough review of targeted cost synergies plan;

  New organization in place

- Plan fully implemented: **ahead of schedule** and **with greater savings** than anticipated

- **$12.5 million cost savings** on an annual basis starting 2020 ($7m for 2019 overall)

A new corporate name to build a major player in software-based security solutions

A broader vision

To secure and enable the connected future

Best value proposition for our customers

We enable success through trusted business insights and friendly security

First half 2019 financials

Basis of preparation

Inside Secure (renamed Verimatrix following shareholders vote on June 24, 2019) completed the acquisition of Verimatrix, Inc, on February 28, 2019.

Verimatrix (the “Company”) has prepared its results in accordance with **IFRS** (which account for 4 months of activity of Verimatrix, Inc. in 2019 and nil in 2018).

The Company has also prepared **unaudited pro forma results** as if the acquisition of Verimatrix, Inc. had been completed on January 1st to enable year-on-year comparison of the combined businesses while reflecting the new company organization implemented in April 2019. Pro forma are deemed “**adjusted**” compared with IFRS since, consistent with the Company’s prior financial communications, they exclude (i) non-recurring adjustments on revenue due to purchase accounting (deferred revenue), (ii) the amortization of intangible assets related to business combinations, (iii) any potential goodwill impairment, (iv) share-based payment expense and (v) non-recurring costs associated with restructuring and business combinations. See definitions in appendix hereof.

Subsequent to the acquisition of Verimatrix, Inc. and effective April 1, 2019, the Company is organized around **two business units** making up its core business: (i) **Software** and (ii) **Silicon IP** and Secure Protocols, each with their own research and development resources, product marketing and sales force. Support functions are shared between the two business units and the Company’s NFC patent licensing program remains managed at corporate level.

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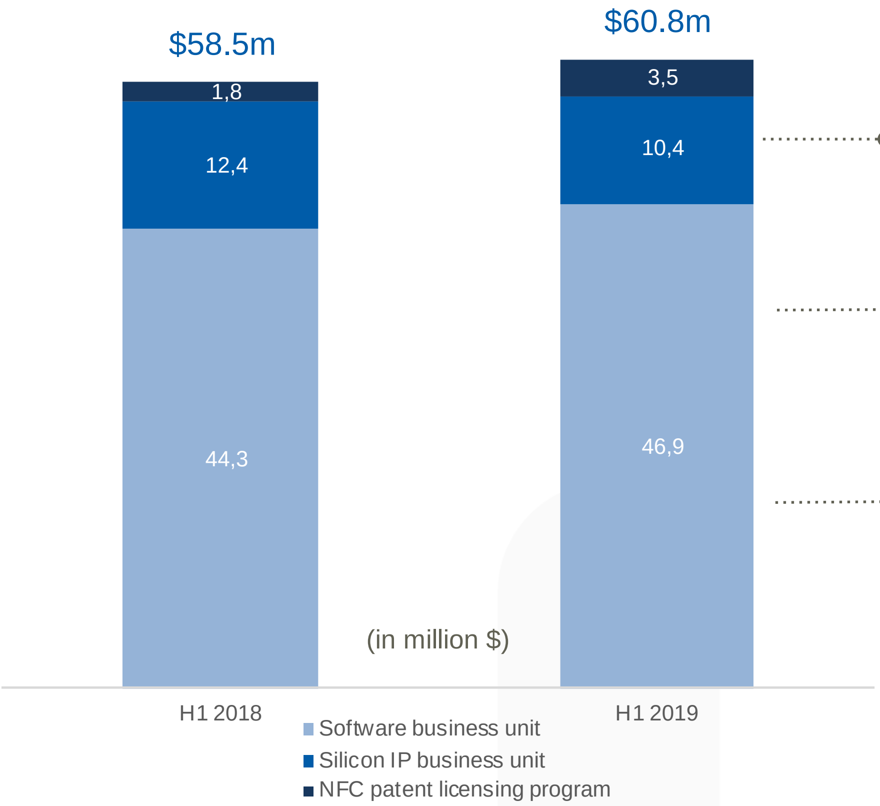
H1 2019 pro forma adjusted revenue: +4% vs. H1 2018



Strong business momentum off set by unfavorable basis of comparison

(absence of royalties from the company's historical U.S. customer vs. $1.5 million in H1 2018)

Successfully offset unusually low performance of Verimatrix, Inc. business activity in Q1 2019.

Strong growth of Verimatrix business both sequentially (+61%) and year-on-year (+18%).

Leveraged strong position in Entertainment market to support customers in protecting the content they deliver under new forms and operating systems.

First significant contract in Strong Authentication

H1 2019: 68% growth of pro forma EBITDA year-over-year

in million $	H1 2019	H1 2018
Revenue	60,8	58,5
Adjusted gross profit	49,4	48,4
as % of revenue	81,3%	82,7%
Research and development expenses	(16,8)	(19,0)
Selling and marketing expenses	(15,3)	(17,1)
General and administrative expenses	(11,1)	(9,8)
Other gains / (losses), net	(0,1)	(0,1)
Total adjusted operating expenses	(43,3)	(46,0)
Adjusted operating income from continuing operations	6,1	2,4
as % of revenue	10,0%	4,1%
EBITDA	10,0	6,0
as % of revenue	16%	10%

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H1 2019: IFRS net income impacted by one-off expenses and non-cash charges

in million $	H1 2019	H1 2018
EBITDA	14,0	3,2
Amortization and depreciation of assets (*)	2,9	0,5
Adjusted operating income/(loss)	11,1	2,7
Amortization and depreciation of assets acquired through business combinations (*)	(2,5)	(1,2)
Acquisition related expenses	(2,9)	(0,5)
Restructuring costs	(4,5)	-
Impairment of unused building	(6,8)	-
Share based payments	(0,5)	(0,3)
Operating income/(loss)	(6,0)	0,8
Finance income/(losses), net	(2,2)	1,4
Income tax expense	0,1	(0,4)
Net income/(loss) from continuing operations (i)	(8,1)	1,8
Net income/(loss) from discontinued operations (ii)	1,7	-
Net income/(loss) (i) + (ii)	(6,5)	1,8

(*) Items without cash impact

Sums may not equal totals due to rounding

H1 2019: cash generation reflecting operating performance

in million $	H1 2019	H1 2018
Cash generated by / (used in) operations before changes in working capital	**6,4**	**2,1**
Cash generated by / (used in) changes in working capital	**(15,7)**	**1,9**
Interest received, net and Income tax	**(2,6)**	**(0,4)**
Net cash generated by / (used in) operating activities	**(11,9)**	**3,6**
Cash flows used in investing activites, net	(129,6)	(0,1)
Cash flows from financing activities, net	108,3	-
Net increase in cash and cash equivalents	**(33,3)**	**3,5**
Cash and cash equivalents at beginning of the period	**47,4**	**45,9**
Foreign exchange impact	0,0	(0,3)
Cash and cash equivalents at end of the period	**14,1**	**49,1**

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H1 2019: balance sheet reflecting increased scope and acquisition financing

in million $	June 30 2019	December 31 2018
Goodwill and intangible assets	150,7	35,4
Property, plant & equipment	7,8	5,7
Other receivables	11,6	1,2
Total non current assets	170,1	42,3
Trade receivables	39,9	10,5
Other current receivables	15,8	4,3
Cash and cash equivalents	14,1	47,4
Total current assets	69,8	62,2
Total assets	**239,9**	**104,5**
Equity and retained earnings	123,5	70,4
Derivatives financial instruments	0,6	0,8
Borrowings	57,9	0,4
Convertible bonds at fair value	14,6	14,2
Other non current liabilities	2,2	2,2
Non current liabilities	75,3	17,6
Trade and other payables	18,6	9,0
Provisions for other liabilities and charges	4,3	3,6
Borrowings	2,7	0,2
Unearned revenues	15,4	3,7
Current liabilities	41,0	16,5
Total equity and liabilities	**239,9**	**104,5**

December 31, 2018:
$32.8m net cash*

June 30, 2019:
$61.1m net debt*
(including convertible bonds - OCEANE - and IFRS 16 leases)

(*) see definition in Appendix hereof

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Looking ahead

Upgrading business profitability outlook

2019

Strong focus on integrating Verimatrix

Delivering higher cost synergies
($7m in 2019 and $12.5m on an annual basis)

Higher EBITDA* due to Verimatrix incremental earnings & generation of first cost synergies

2021 objectives

$150m revenue (unchanged)

EBITDA margin of 26.5% upgraded
(25% previously)

(*) on a like-for-like basis by integrating only Verimatrix, excluding any acquisitions or disposals of businesses or companies. Including the full impact of the $12.5 million annual expected cost synergies from the combination of Inside Secure and Verimatrix. Target revenue and operating expenses are based on a dollar/euro exchange rate of $1.17, i.e. the conversion rate used for the operating budget for the year 2019.

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Appendix

Supplementary non-IFRS financial information (adjusted measures)

Certain financial measures and performance indicators are presented on an adjusted basis. These indicators are not defined under IFRS; they should be considered to be supplementary information, not substitutable for any other indicators of operating and financial performance that are strictly accounting measures, such as those presented in the Group's consolidated financial statements

- **Adjusted revenue** is defined as revenue before non-recurring adjustments related to business combinations. It enables comparable revenue for 2018 and 2019. In 2018, the combined entities would have generated a pro forma adjusted revenue of $123.3 million and a pro forma revenue of $121.1 million as Verimatrix recorded $2.2 million of deferred revenue as at December 31, 2017 which, in accordance with IFRS, cannot be recognized in the year following the acquisition.
- **Adjusted gross profit** is defined as gross profit before (i) the amortization of intangible assets, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture undertaken by the Company.
- **Adjusted operating income/(loss)** is defined as operating income/(loss) before (i) the amortization of intangible assets, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with business combinations and divestiture undertaken by the Company.
- **EBITDA** is defined as adjusted operating income before depreciation, amortization and impairment losses not related to business combinations.
- **Net cash/(debt)** is defined as cash on hand, cash equivalents and short-term investments, less bank overdrafts, financial debt including notably obligations under IFRS 16 for finance leases, bank loans, private loans, and the debt component of the OCEANE convertible bonds.

(in million US$)	June 30, 2019	December 31, 2018
Cash and cash equivalents	14,1	47,4
Financial debts (lease commitmentrs under IFRS16)	(8,7)	-
Private loans	(51,6)	-
Convertible bonds	(14,6)	(14,2)
Other loans	(0,4)	(0,4)
Net Cash / (debt)	**(61,1)**	**32,8**

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Investor information

Investor relations
Richard Vacher Detournière
GM & CFO
finance@verimatrix.com

Media Contact
Kelly Foster
communication@verimatrix.com

Financial calendar

Q3 2019 revenue: October 15, 2019