



Inside Secure to Acquire Verimatrix

Creating a Software-Based Security
Powerhouse with Leading Position
in Entertainment

December 5, 2018



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For a more detailed description of the risks and uncertainties with respect to Inside Secure, please refer to the "Risk factors" section of the 2017 registration document filed with the AMF on April 10, 2018 under number D.18-0307, available on www.insidesecure-finance.com/en.

Key Highlights of the Transaction

BOOST INSIDE SECURE'S VALUE PROPOSITION

- **Exclusive agreement to acquire Verimatrix, Inc. (“VMX”)**, a leading software security provider for video services
- **New business dimension to build a leading powerhouse for data and digital content protection**
 - Lead the entertainment security market with a unique value proposition
 - Bring end-to-end security solutions to the IoT and Connected car markets
 - Deploy VMX data analytics capabilities across all Inside Secure end markets
- **Expected to be accretive*** to Inside Secure’s earnings from 2019, prior to full implementation of anticipated synergies

BRING OEP AS A CORNERSTONE INVESTOR

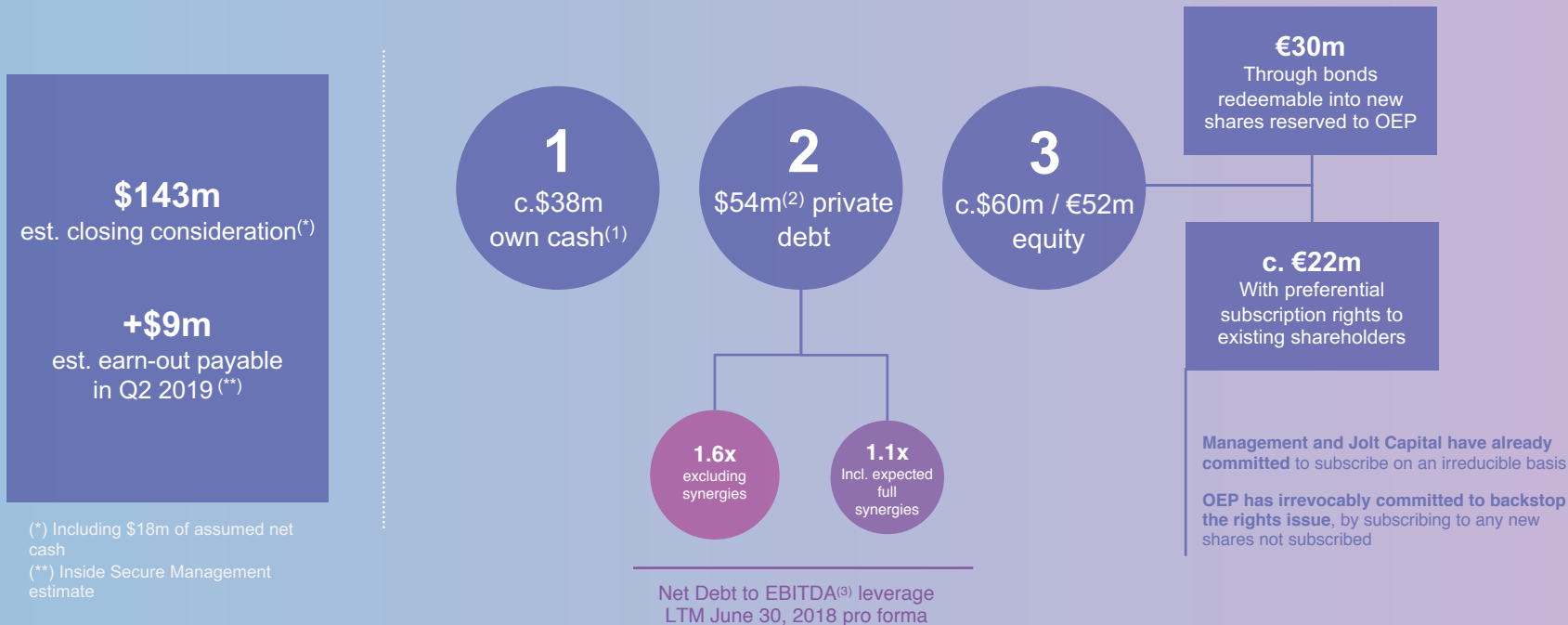
- **A new cornerstone investor to support future development and strategy**
- **One Equity Partner (“OEP”)**, founded in 2001, is a middle-market private equity firm focused on industrial, healthcare, and technology sectors in North America and Europe

TRANSACTION KEY FINANCIAL TERMS

- **An all-cash transaction**
- **Consideration of approximately \$143 million at closing (including an assumed estimated net cash of \$18 million), and an estimated earn-out of \$9 million payable in Q2 2019**
- **Closing expected in the first quarter of 2019, subject to customary signing and closing conditions**

(*) On an EBITDA and adjusted operating income basis, excluding purchase price accounting and restructuring charges

A Three-Step Secured Financing Package Preserving a Sound Financial Structure



(1) Excluding payment of transaction cost and fee

(2) Actual amount to be drawn down based on actual earn-out payable

(3) Current and non-current financial debt portions, including the 2017 OCEANE convertible bonds, net of cash and cash equivalents. EBITDA definition in Appendix hereof

Market Overview: Promising Mega Trends Supporting Long-Term Growth for Security Solutions



Big Data
and multi-device
& multi-format
consumption of
video content

Change in content
consumption habit:
anytime, anywhere,
on any device



Major shift
towards software
& cloud-based
security solutions

A unique opportunity
for innovative
software-based
player



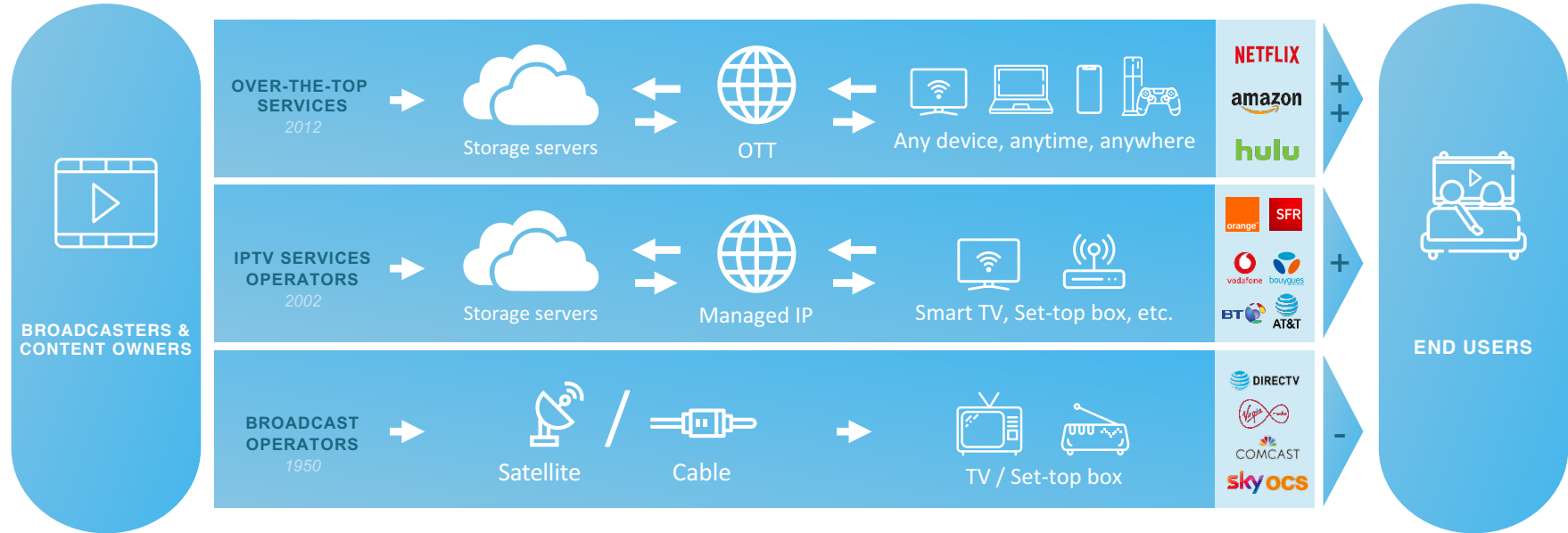
Security
breaches and piracy
affecting reputation
and generating
revenue loss

A total of \$37bn
revenue is estimated
to be lost
to piracy in 2018 ⁽¹⁾

(1) Source: Statista Research – Global online TV and movie revenue lost through piracy, 2018

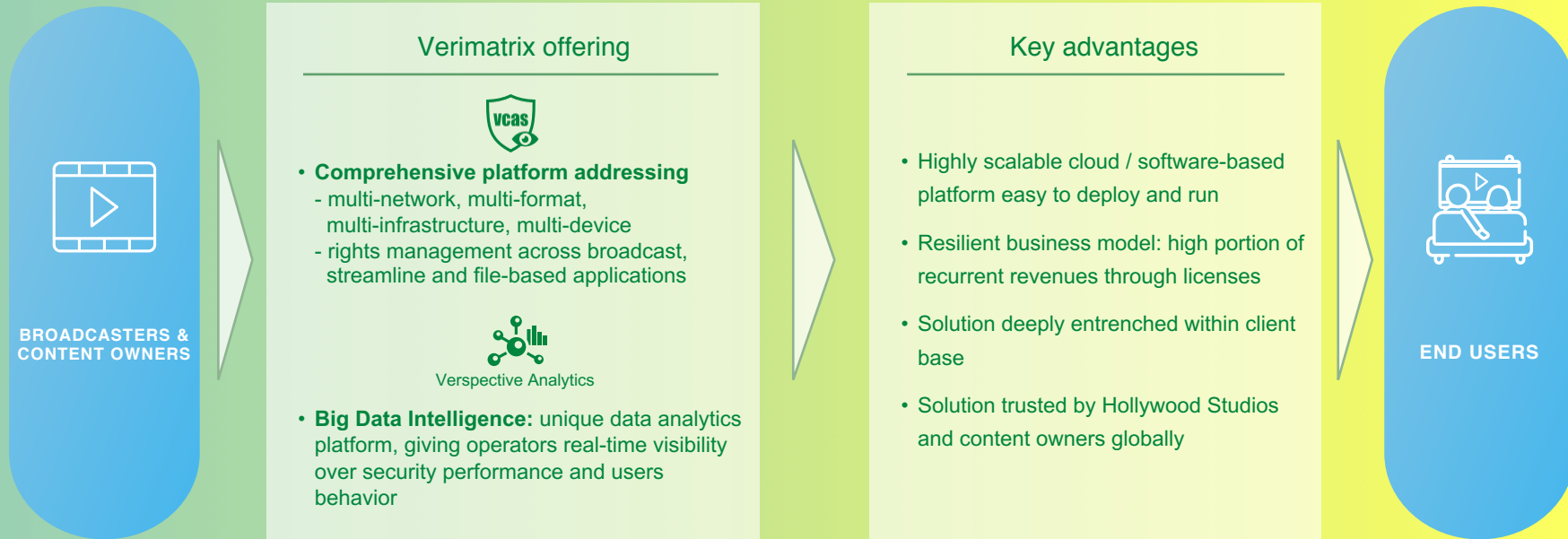
Shift Towards Multi-Devices Consumption

Driving Increased Security Needs in Entertainment Market



Verimatrix: the Perfect Fit to Strengthen Scale and Reach of the Inside Secure Value Proposition

In the entertainment market, Verimatrix solutions help extend and enhance the relationship between content owners and service operators



Verimatrix: a Leading Software Security Provider for Video Services

Verimatrix is a software-based company providing scalable, easy to deliver and run security solutions to protect video content for comprehensive multi-network, multi-device solutions that maintain end-to-end service integrity.

► A global independent leader

- Headquartered in San Diego, California, USA
- 4 main offices (San Diego, Paris, Munich, Singapore), more than 300 employees

► A resilient business model

- High level of repeat revenue
- LTM as of September 2018 revenue*: \$78.7m
- LTM as of September 2018 EBITDA*: \$14.5m

► Trusted by all major content owners

► Ranked #1 for innovation in content protection by ABI Research

DIVERSIFIED CUSTOMER BASE WITH VERY HIGH LOYALTY

~950 CUSTOMERS IN 113 COUNTRIES



* US GAAP, unaudited

Verimatrix: a Business Enabler for the Most Complex Video Security Challenges



Europe's
largest telco

Manage all user rights
across different
technical formats,
in multiple geographies
and across devices
(big screen, mobile)



India's biggest TV
operator

Replace hardware
solution to modernize
and improve vendor
interoperability
while reducing
deployment cost



Dominant broadband
operator in Taiwan

Deploy new UHD/4K and
upgrade video services
across multi-devices
with redundant technical
infrastructure to ensure
service continuity

COM HEM

Swedish
TV leader

Upgrade big screen
interface with Android
while providing a unified
experience across TV,
phone and tablet.
Integrating down to the
chip platform.



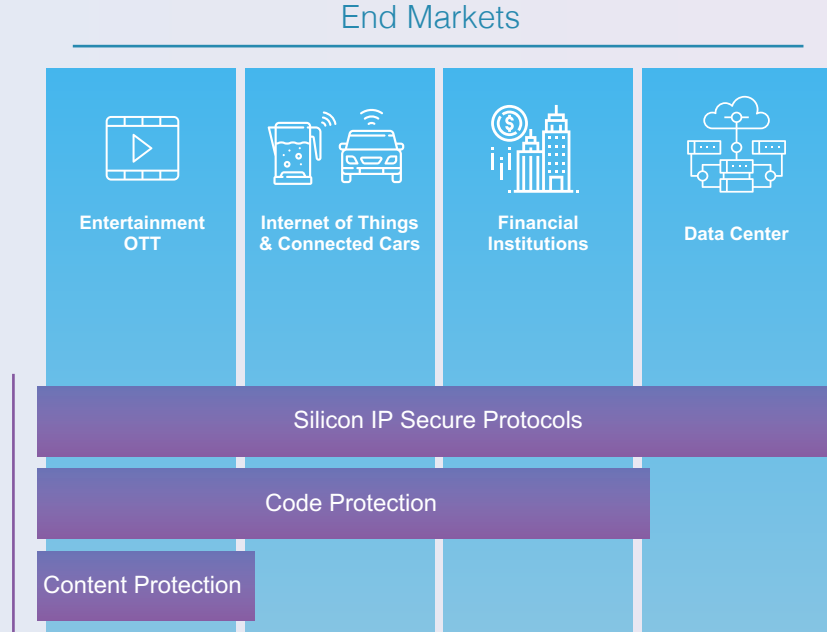
A single software security platform managing subscribers' rights for video services,
whatever the network, the format, the infrastructure and the device



Inside Secure: the Leading at the Core Security Provider to Unleash Business of Entertainment and IoT

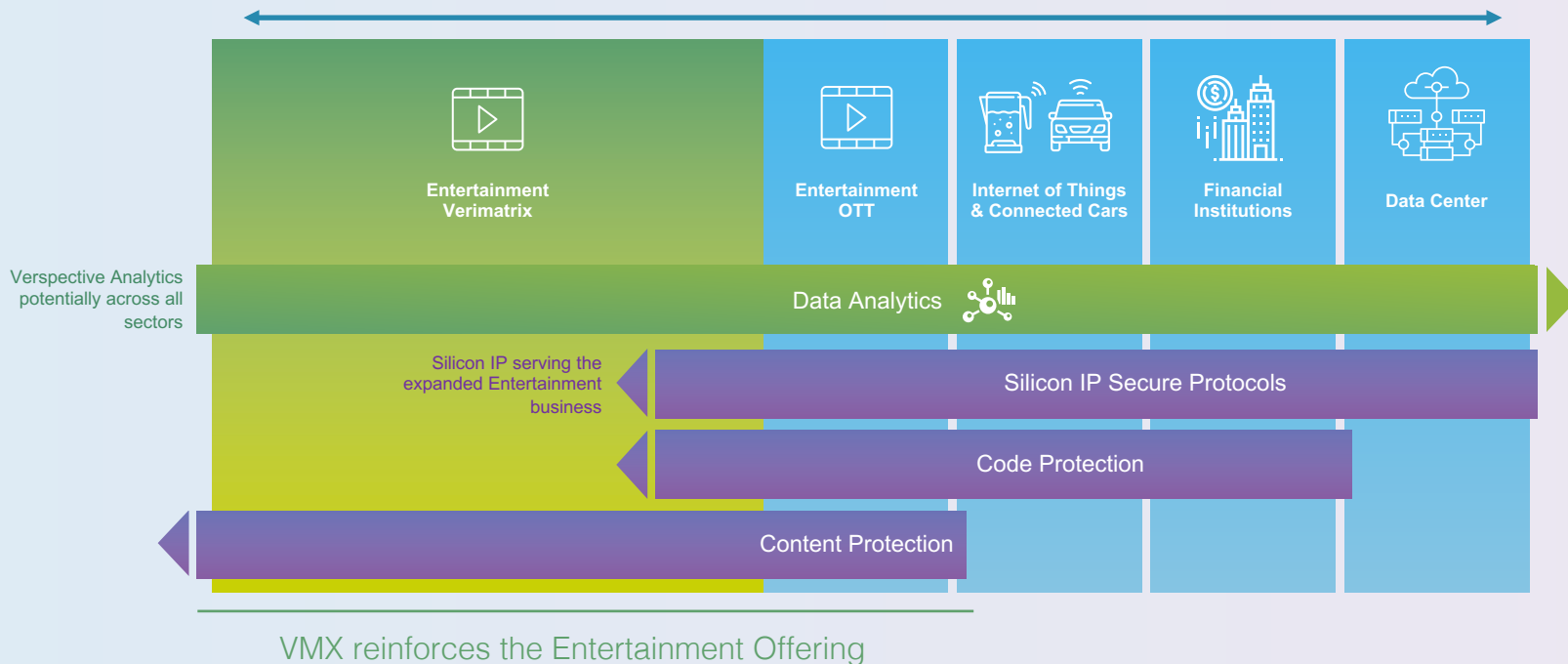
- A unique and strategic position at the heart of connected devices and mobile apps
- From software security to increased embedded hardware security
- Technologies, software, tools and services to protect customers' transactions, content, applications, and communications
- Securing premium content distribution for Entertainment (OTT)
- Breadth of customer base, including global leading companies

**Inside
Secure**
Expertise



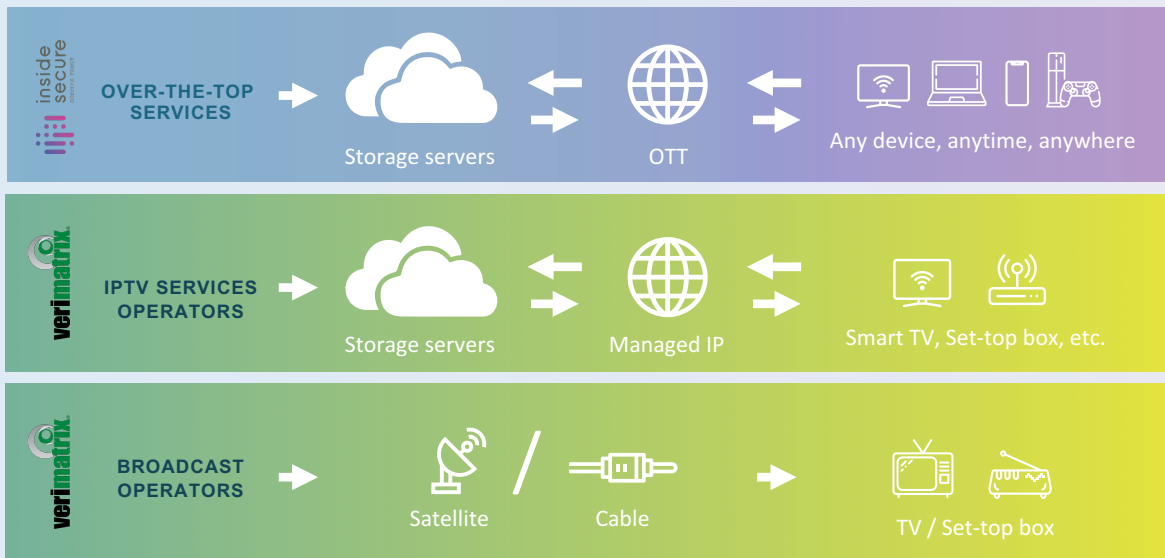
Verimatrix, the Opportunity to Add on Inside Secure's Offering, by Building Synergies in a Broader Marketplace

New business dimension: \$118.6 million of adjusted revenue* and \$21.5 million of EBITDA*



(*) Fiscal year 2017 pro forma IFRS, definitions in Appendix hereof

Entertainment Security Business: Verimatrix and Inside Secure Offer a Unique Value Proposition



- ▶ A platform answering the whole ecosystem needs (multi-network operators)
- ▶ A pure software player position on the fastest growing segments within the digital content protection market
- ▶ A unique opportunity to expand OTT services to new customers (cable, satellite, IPTV operators)
- ▶ New security solutions to enable customers to secure revenue from premium content
- ▶ IS embedded security in chip to VMX solutions to solve integration issue for set-top boxes

IoT and Connected Cars Security: The Right Combination to Bring End-to-End Solutions

Inside Secure technologies & solutions

Provide a complete and easy-to-use platform to implement security solutions for IoT and Connected Cars

- Embedded security from chip design (Silicon IP) through the entire life cycle, whatever the device (Provisioning Root of Trust)
- Code Protection
- Secured communications

Verimatrix software platform

- Scalable platform to manage credentials / permission-based core application
- Cloud-based data analytics platform to secure data collection and behavioral insights dedicated to IoT solutions

Offer Cloud-based data scalable platform to deploy Inside Secure's offering in IoT services through :



Device integrity: hardware root of trust, enabling secure boot and software update techniques to ensure devices - and software they run - have not been compromised



Communications integrity: secure certificate provisioning and device authentication to prevent from intrusion



Service integrity: proactive threat monitoring tool to prevent from emerging threats or imminent attacks

Big Data and Analytics: Leveraging on VMX's Capabilities to Tackle New Growth Opportunities Across All Inside Secure's End Markets

Verimatrix cloud-based integrated data analytics platform collects and unifies data in the Entertainment, enabling:



► Threat & attack detection and analysis



► Analysis of user consumption habits and audience engagement
► Identification of dormant subscribers risk



► Better understanding of quality of experience (QoE) and quality of service (QoS)



► Targeted advertising campaigns
► Brokerage for marketing data



Leveraging on Inside Secure's know-how and understanding of its end markets to further enhance and deploy Verspective data analytics

Bringing additional growth opportunities beyond Entertainment

Benefiting from Economies of Scale

Beyond Multiple Up-selling and Cross-selling Opportunities



\$10m

Cost synergies
p.a. once fully
implemented

10% of combined
operating expenses

Economies of scale with development teams, suppliers, ecosystem partners and device provisioning costs

General & Administrative optimization that takes full advantage of the combined scale; rationalization and streamlining of the organization

Full impact expected in 2020 with \$4m expected in 2019

Key Takeaways

- Creating a pure software-based security powerhouse with leading position in Entertainment
- Scaling to a new business dimension: \$118.6 million of adjusted revenue and \$21.5 million of EBITDA*
- Ideally positioned in growing markets driven by multi-device and multi-format video consumption, cloud-based security solutions and increased piracy
- Ready to capture opportunities to up-sell and cross-sell customers with software security and Big Data Analytics while benefiting from economies of scale
- Accelerating long term profitable growth

() Fiscal year 2017 adjusted pro forma IFRS*

Scale to Accelerate Profitable Growth

\$150m

2021 revenue target

- Upselling & cross selling opportunities

25%

2021 EBITDA margin target

- Economies of scale
- G&A rationalization

THANK YOU



www.insidesecond.com

Appendix

A Strategic Transaction with a 3-Step Secured Financing Package

Equity transaction	1 Issue of bonds redeemable into new shares <i>(obligations remboursables en actions)</i>	<ul style="list-style-type: none">• Issue entirely reserved to One Equity Partners (“OEP”), subject to EGM approval<ul style="list-style-type: none">- Amount: €30m- Coupon: 2.5% payable semi-annually- Maturity: 5.5 years- Timetable: launch in January 2019
	2 Rights issue	<ul style="list-style-type: none">• Launch on a capital increase with preferential subscription rights, subject to EGM approval<ul style="list-style-type: none">- Amount: €22m- Facial discount: c.25% on last closing price• Secured commitment:<ul style="list-style-type: none">- Jolt Capital and the Management, pro rata their stake, for c. €1.8m- Fully and irrevocably backstopped by OEP who will subscribe to any new shares not subscribed
Debt	3 Private Debt	<ul style="list-style-type: none">• Private debt financing in the form of bonds for up to \$55m to be settled at the closing of the acquisition<ul style="list-style-type: none">- Commitment for \$45 million, plus an additional amount of up to \$10 million to contribute to the financing of the contingent earn-out- Lender: Apera Capital, an independent European private debt manager• Main terms and conditions:<ul style="list-style-type: none">- Interest: LIBOR +7% (then potentially decreasing based on deleveraging)- Maturity: 7 years; full-bullet

Appendix

Supplementary non-IFRS Financial Information (Adjusted Measures)

Certain financial measures and performance indicators used in this presentation 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 company's consolidated financial statements.

Adjusted revenue is defined as revenue before non-recurring adjustments related to business combinations to enable comparable revenue for future fiscal years. In 2017, the combined entities would have generated a pro forma adjusted revenue of \$119 million and a pro forma revenue of \$116 million as Verimatrix recorded \$3 million of deferred revenue as at December 31, 2016 which, in accordance with IFRS, cannot be recognized in the year following the acquisition.

EBITDA is defined as adjusted operating income before depreciation, amortization and impairment expenses not related to business combinations. Adjusted operating income/(loss) is defined as operating income/(loss) before (i) non-recurring adjustments on revenue related to business combinations (ii) 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 and divestiture undertaken by the company.