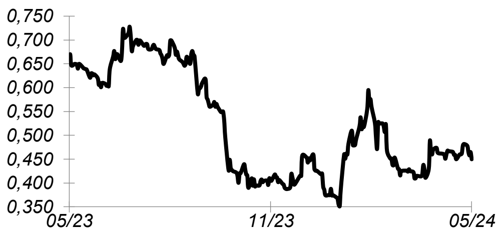
PORTZAMPARC
BNP PARIBAS GROUP

VERIMATRIX

Technology
03 June 2024



Price: €0,45 31 May 2024

Target Price: €0,55

STRONG BUY (1)
Opinion unchanged

Market	**Euronext**
ISIN / Mnemonic	FR0010291245 / VMX
Reuters / Bloomberg	VMX.PA / VMX FP
Index	CAC Small
Research partially paid by the issuer	
PEA-PME	Yes
Market Cap (€m)	**38,49**
Float (%)	56,2%
Nbre of shares (Mio)	85,540
Closing	31-Dec
Shareholding	
OEP Inside BV	28,8%
Palladio	8,3%
BPI France	4,2%

	23	**24e**	**25e**
PER	**ns**	**ns**	**ns**
PCF	ns	ns	ns
EV/Sales	1,0	0,9	0,9
EV/EBIT	ns	ns	ns
PB	0,5	0,4	0,4
Yield	0,0%	0,0%	0,0%
Free Cash Flow Yield	-7,4%	-16,5%	-8,5%
ROACE	ns	ns	0,1%
Sales	**61,6**	**61,9**	**63,8**
Previous Sales	61,6	61,9	63,8
chge y/y-1	*1,0%*	*0,4%*	*3,2%*
EBITDA	1,3	2,8	5,2
Underlying EBIT	-4,1	-2,2	0,1
% Sales	*-6,7%*	*-3,5%*	*0,2%*
EBIT	-8,3	-6,4	-4,1
% Sales	*-13,5%*	*-10,3%*	*-6,4%*
Decl.Net inc Group Sh	-14,3	-11,5	-8,4
% Sales	*-16,4%*	*-11,7%*	*-6,5%*
EPS	**-0,17**	**-0,13**	**-0,10**
Previous EPS	-0,17	-0,13	-0,10
chge y/y-1	*ns*	*ns*	*ns*
Restated EPS	**-0,12**	**-0,08**	**-0,05**
Net Asset per Share	1,4	1,3	1,2
Net Dividend	0,00	0,00	0,00
NFD	9,8	18,1	23,1

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Towards recurring and protected income

Created from the merger with Inside Secure in 2019, Verimatrix is a company specialising in the protection of video content, whose revenues are gradually evolving from a non-recurring "on premise" model to a recurring SaaS model. A second business, derived from Inside Secure, in the protection of mobile application code, is developing in parallel. With the restructuring nearing completion, the development of the software suites now complete, and the move to SaaS providing recurring revenues, Verimatrix now has the resources to return to positive cash flow.

The difficult transition from on premise to SaaS is behind us
The years 2021 and 2022 were marked by a sharp slowdown in sales following the entry into SaaS of revenues, while 2023 showed signs of consolidation with sales up slightly (+1%). Recurring revenues from the first SaaS contracts signed in 2021 and 2022 are now contributing to annual sales, offsetting the decline in non-recurring revenues, explained by the maturity of the TV broadcasting market, which is being replaced by the rise of streaming. However, these non-recurring revenues are showing signs of resilience in certain territories that are still attached to these services, such as Latin America and Asia-Pacific, particularly India. Today, sales of SaaS subscriptions are converging towards annual recurring revenue (ARR), the development of which depends on winning new customers and converting existing ones.

A complete range of made-to-measure protection tools
Verimatrix has taken advantage of the post-acquisition years during which the company migrated to a SaaS offering to complete the development of its two software suites by the end of 2021. Streamkeeper addresses the video streaming market and Code Shield focuses on protecting embedded applications on mobile devices. The company is currently fully mobilised on the commercial plan, the effects of which are expected to begin this year with continued growth in ARR. SaaS offers Verimatrix a number of advantages: it provides a high level of visibility on future revenues, and comes with a low churn rate of 10%, given the high exit costs for a customer who would be forced to redeploy a new solution in its IT environment.

Expected growth and value creation
Sales should continue in 2024 before accelerating 2025, but FCF is not expected to be positive until 2026. The company has sufficient cash to keep it on course towards 2026, when it will face the maturity of the remaining debt contracted for the acquisition of Verimatrix in 2019, which will have to be refinanced.

We are initiating coverage of the share with a Buy recommendation (1) and a price target of €0.55 obtained by DCF.

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SWOT

Strengths	Weaknesses
▪ Recognised expertise in the protection of audio-visual content (>50% engineers). ▪ A complete portfolio of services. ▪ Diversified international customer base (500 assets) ▪ High retention rates for cybersecurity customers. ▪ The SaaS remuneration model secures future revenues and provides visibility.	▪ Intensive competition from larger players (Synamedia, Irdeto, Nagra) ▪ Highly dependent on the audiovisual sector (93% of sales). ▪ Transition to SaaS still incomplete (22% of 2023 revenues). ▪ Geographical spread of customers in relation to the size of the company.
Opportunities	**Threats**
▪ Expansion of audiovisual consumption towards OTT and streaming. ▪ New customers in the protection of mobile applications beyond video (banking, finance, automotive). ▪ Regulations requiring distributors of audiovisual content to provide protection services. ▪ Expected regulation of the Internet of Things will have a very positive impact for Verimatrix in the application protection segment	▪ Decline in pay-TV, Verimatrix's core business. ▪ The growth of ARR could slow down if the growth drivers in mobile application protection are not sufficient.

Source : Portzamparc

1. A recognised video specialist

1.1. Two complementary protection offers

When Inside Secure acquired Verimatrix in 2019, the company adopted its target's name to illustrate the refocusing of its business towards data protection, where 80% of sales came from Verimatrix. The company then sold its chip protection business in 2019, followed by its NFC patents in 2021, to focus on two core businesses: video and mobile application protection.

The head office is in France and the operational headquarters are in San Diego, USA, since the acquisition of Verimatrix. The group is also present in several European countries, Asia and Latin America, and employs a total of 246 staff, including 71 in the USA and 40 in France. A technology company with over 50% engineers, Verimatrix has an international presence, providing its customers with continuous service coverage.

The Anti-Piracy BU in video protection will account for around 93% of sales in 2023, divided equally between broadcasting and OTT (over-the-top, via the internet). Historically, video streams were broadcast live. This is still the case for the major television channels, both pay and non-pay. In the latter case, no protection measures are necessary because the stream is accessible free of charge. Conversely, pay-TV channels secure their content via a decoder. Since the arrival of the Internet, a new way of consuming these streams has emerged, popularised by Netflix, where users receive the stream on demand, directly on their terminal without going through an intermediary (OTT).

Still marginal, the Extended Threat Defense BU in application protection contributes 7% of Verimatrix's turnover ($4.3m +43% 2023) but is set to grow faster than the already mature video market. This new environment is made up of virtual objects such as mobile phone payment terminals, one of Verimatrix's areas of expertise.

The protection of both video streams (mainly upstream) and data streams between objects or applications (bidirectional) relies on related technologies and sometimes similar products, but are also complementary for customers with the most diversified offers, providing Verimatrix with genuine cross-selling opportunities while pooling R&D costs.

Recognised by its peers, Verimatrix regularly receives awards for its content protection software offering. In 2023, the company received the Infosec Innovator Award and the Gold TITAN Business Award in mobile application security, and was named a leader by the Knowledge Solutions Quadrant in the same field. Recently, Verimatrix received the Merit Award 2024 Gold Medal in the Telecom Innovation category, and won the Cybersecurity Challenge Awards 2024. Its new video software suite, based in part on artificial intelligence and machine learning, received the Product of the Year award at the NAB Show 2023 organised by the National Association of Broadcasters, which brings together all the players involved in broadcasting audiovisual content.

1.2. Many customers…

To date, more than 500 customers in 120 countries are using Verimatrix solutions, mainly in the video sector, but the company now has the capacity to diversify into all sectors with its Threat Defense offering.

The share of the largest customer is 7% for the 2023 financial year. Over the last three years, the top 5 customers have accounted for between 25% and 40% of sales, while the top 10 have contributed between 40% and 50% of revenues. North America and Asia each account for around 15% of sales, and EMEA and LATAM for c.35%. Latin America's contribution is due partly to the strong dynamism of this market and partly to its attachment to perpetual licences. Izzi, one of Mexico's leading operators and a long-standing Verimatrix customer, is now equipped with video protection solutions covering both satellite and streaming broadcasting, and recently acquired the protection solution for its mobile application; an example of cross-selling, a significant source of growth for Verimatrix.

A key player in video, Verimatrix has the trust of heavyweights such as Dolby and IMAX in audio/video technology, HBO in content production and broadcasting, and multi-service operators such as Orange. Its expertise is also recognised in application protection, with customers ranging from major banks to well-known car manufacturers.

Client	Sector	Area
Hyundai	Auto	Asia
Toyota	Auto	Asia
Chase	Bank	USA
Crédit Agricole	Bank	Europe
Deutsche Bank	Bank	Europe
ING	Bank	Europe
Dolby	Entertainment	USA
HBO	Entertainment	USA
IMAX	Entertainment	USA
Samsung	Entertainment	Asia
Petroleum Experts	Energy	Europe
AT&T	Multi-service operators	USA
Charter Spectrum	Multi-service operators	USA
Deutsche Telekom	Multi-service operators	Europe
Globo.com	Multi-service operators	Latam
Izzi	Multi-service operators	Latam
Orange	Multi-service operators	Europe
Sky	Multi-service operators	Europe
Swisscom	Multi-service operators	Europe
Vodafone	Multi-service operators	Europe
Full Health Medical	Health	Asia
ReCode Health	Health	USA

Source : Verimatrix

Alongside the big names, Verimatrix addresses a large number of mid-sized and emerging players in high-growth sectors such as fintechs. The table below gives an overview of the latest contracts signed since 2022 and on which the Group has been authorised to communicate. In terms of volumes, we note that the order intake is virtually identical between Video and IOT, with the latter set to grow strongly over the next few years.

Contracts announced since 2022

Client	Sector	Area	Solutions Verimatrix
Vochlea Music	Music	Europe	Extended Threat Defense
RTL Lux	Vidéo	Europe	Streamkeeper
HBL	Fintech	Asia	Extended Threat Defense
Telus	Vidéo	North America	Streamkeeper
Scalstrm	Vidéo	Europe	Streamkeeper (Multi-DRM)
United Cloud	Vidéo	Europe	Extended Threat Defense
Little Cinema	Vidéo	North America	Streamkeeper (Multi-DRM + Watermarking)
GTPL Hathway	Multi-service operators	Asia	Extended Threat Defense
Crédit Agricole	Bank	Europe	Extended Threat Defense
Swisscom	Multi-service operators	Europe	VCAS
Nomitri	Fintech	Europe	Extended Threat Defense
Tidypay	Fintech	Europe	Extended Threat Defense
Cleverbase	Fintech	Europe	Extended Threat Defense (App Shield)
Sadapay	Fintech	Asia	Extended Threat Defense
NexPlayer	Vidéo	Europe	Streamkeeper (Multi-DRM + Watermarking)
Jarir	e-commerce	Middle-East	Extended Threat Defense (App Shield)
Fastway	Multi-service operators	Asia	VCAS
Telestream	Vidéo	North America	Streamkeeper (Multi-DRM)
THEOplayer	Vidéo	Europe	Streamkeeper (Multi-DRM)
UniqCast	Vidéo	Europe	Streamkeeper Multi-DRM
Izzi	Multi-service operators	Latam	Extended Threat Defense + Streamkeeper
Albo	Fintech	Latam	Extended Threat Defense (App Shield)
Alcineo	Fintech	Europe	Extended Threat Defense (Code Shield)
Megacable	Multi-service operators	Latam	Extended Threat Defense + Streamkeeper
Cybertrust	Cybersecurity	Asia	Extended Threat Defense
Alphazet	Vidéo	Europe	Streamkeeper (Multi-DRM)
GTPL Hathway	Vidéo	Asia	VCAS
Capri Healthcare	Healthtech	Europe	Extended Threat Defense (App Shield)
Baiskoafu	Vidéo	Asia	Extended Threat Defense (Code Shield) + Streamkeeper (Muli-DRM)

Source : Verimatrix

Some historical and recent clients in the video

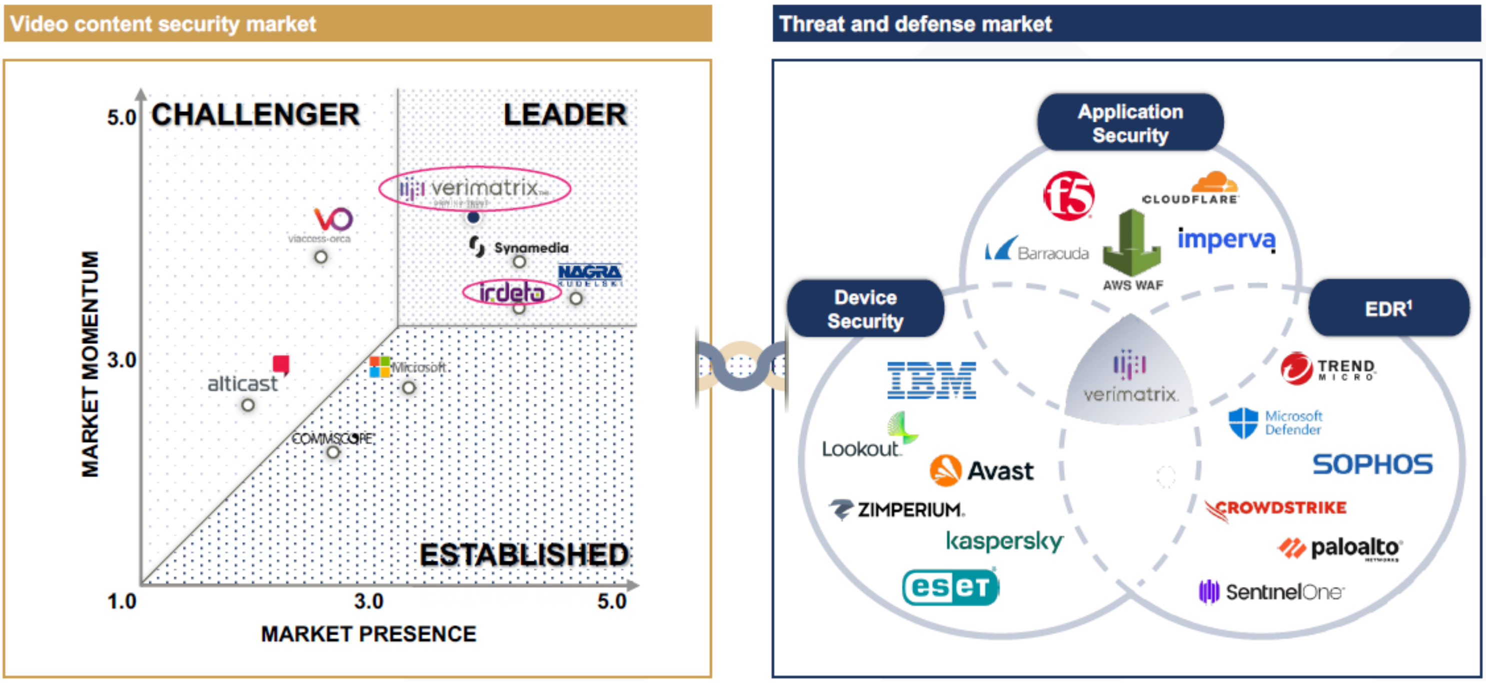
Source : Verimatrix

1.3. ... For a few players

Verimatrix's 3 main competitors are Nagra with its subsidiary Kudelski, MCG and its subsidiary Irdeto, and Synamedia. In the video segment, Irdeto is forecasting revenues of $200m in 2023 and unlisted Synamedia of £186m in 2021. In application protection, unlisted companies Zimperium (turnover c.$17m according to Factset) and Lookout (turnover c.$256m according to Factset) are Verimatrix's main competitors, alongside more diversified companies such as SentinelOne (2023 turnover $621m, market cap $5.6bn) and F5 (2023 turnover $2.8bn, market cap $11.5bn). Finally, Orange, through its subsidiary Viaccess-Orca, offers similar cybersecurity services.

Nagra-Kudelski, the only listed company active in both video and application protection, also offers services for securing public access (car parks, concerts, ski resorts, etc.) and protecting internal corporate networks. However, its market capitalisation of just €90m compares unfavourably with its 2023 turnover of €751m. With net debt of €195m (€251m in financial debt and €56m in cash), including €172m in bonds to be repaid this year, the company is facing a wall of debt that could jeopardise its future. Its net debt represents 26% of its 2023 sales, compared with 13% for Verimatrix. In addition, Verimatrix's debt was taken on for M&A purposes (2019 acquisition), unlike that of Kudelski, which the Swiss group refinances regularly, as it is structurally loss-making.

Positioning Verimatrix



Source : Verimatrix

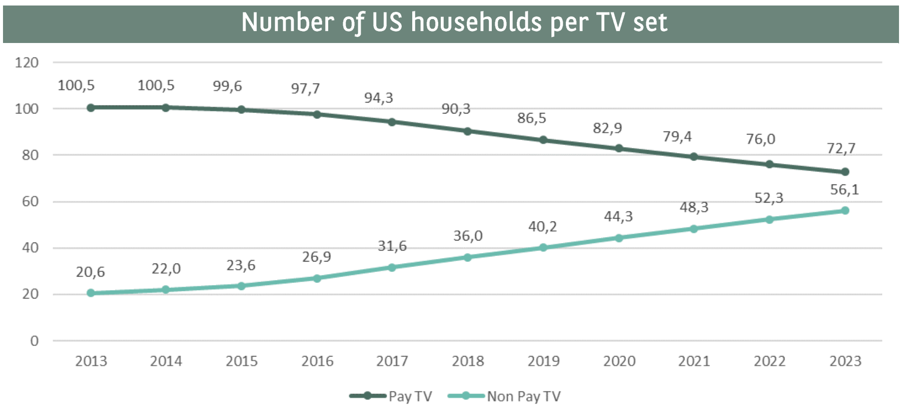
2. Video : Anti-Piracy

2.1. Evolution of television: From broadcasting to OTT

The Interactive Advertising Bureau, which brings together all those involved in Internet advertising, has identified 3 television revolutions[1] . The first came in the 1930s and 1950s with broadcasting, i.e. the distribution of continuous streams that were free and could be picked up by a receiver in the same way as radio. The second came in the 1980s-1990s with the appearance of the first pay-TV channels, necessitating the first anti-piracy protection measures in the form of hardware decoders. And finally, the third revolution, which began in the 2000s with the rise of the Internet, bringing television on demand and on all types of devices.

Today, the broadcasting method that is becoming firmly established is OTT (Over-The-Counter), popularised by Netflix. This delivery method, via the content producer's application, bypasses the TV box of a multi-service operator such as Orange and offers greater flexibility for both the consumer and the producer, who communicate live via an Internet connection. To date, Verimatrix provides software-only protection solutions available for all types of broadcast, from pay-TV set-top boxes to OTT streaming.

Since 2015, pay-TV has been gradually abandoned by consumers because of its lack of flexibility and the emergence of new modes of consumption, directly proposed by producers and meeting their needs. With OTT, consumers are free to consume the content they want according to their schedule, rather than according to a programme schedule determined by the broadcaster. OTT also offers producers a wider range of billing options. Examples include advertising-based broadcasting (Youtube), subscription (Netflix), pay-per-view (Canalplay!) and hybrid models (Amazon Prime Video). In this way, producers are freeing themselves completely from multi-service operators whose role is limited to network infrastructure. Consumers, for example, are free to use the Netflix application directly on their Smart TV, which is connected to their home wifi, without going through the TV box interface. As a result, Netflix no longer has to negotiate broadcasting rights with Orange, as its TV content is accessible to all consumers with an internet connection.



Source: IAB with emarketer.com

The move from broadcasting to OTT is profoundly changing the business model of the incumbent players. On the one hand, television channels are losing market share and, as a result, advertising revenue. In response, these players are moving towards OTT broadcasting, with varying degrees of success, as TF1, France Télévision and M6, for example, tried with the launch of the Salto platform, which only worked for three

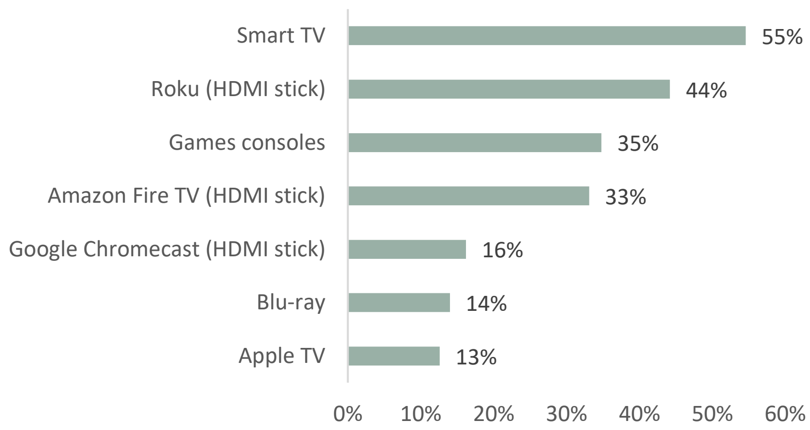
[1] OTT Streaming Video Playbook for Advanced Marketers, IAB, 2019

years because it failed to find its audience. Nicolas de Tavernost, Chairman of M6, said: "We are turning the page on Salto to concentrate on our core business"[2] , a sign that broadcasting and OTT are two very different activities. However, the various broadcasting players are pursuing less ambitious initiatives in this area (6play, for example, in the case of the M6 group).

On the other hand, content broadcasters such as Orange, who initially benefited from Internet TV, are now finding themselves in competition with content producers (Netflix, Disney, Paramount, Warner, etc.), who are currently the main winners in the move from broadcasting to OTT, as they are able to reach their customers without intermediaries.

Recent televisions are Smart TVs with a vast catalogue of applications. More than half of American homes are now equipped with them, making OTT even more accessible, as consumers do not need to install any additional equipment. HDMI sticks dedicated to older-generation TVs provide OTT services by interfacing between the TV and the consumer's Internet connection. Unlike Smart TVs, which naturally replace older equipment, the growth of sticks illustrates the active approach taken by consumers in their search for OTT content. The American leader Roku now equips almost half of American homes, but we estimate that some of these are already equipped with Smart TVs and want to obtain the same services on a second or third TV.

Connected TV penetration by equipment in the USA (2019)



Source: IAB with emarketer.com

In the West, the evolution of television, with the decline of Pay TV and the CAS (Conditional Access System) model, which is highly profitable for security players, being replaced by OTT and its SaaS model, is leading to a fall in revenue for constant viewing hours. Nevertheless, a study commissioned by Telaria and Hulu and reported by the IAB shows that consumers of OTT products watch 20% more content than they would if they were watching pay TV. Other territories, such as India and South America, have less-developed network infrastructures and remain attached to the old models, even though consumption patterns are beginning to evolve.

Although revenues from cybersecurity are declining as a result of the change in broadcasting methods, they are expected to grow because they are correlated with the data consumed, which depends on viewing time and image quality, two variables that are expected to increase. Finally, the e-sports sector, which OMDIA expects to generate revenues of $3.1 billion by 2026, is a major growth driver whose protection is not limited to broadcasting, but also includes piracy for the purpose of cheating between participants.

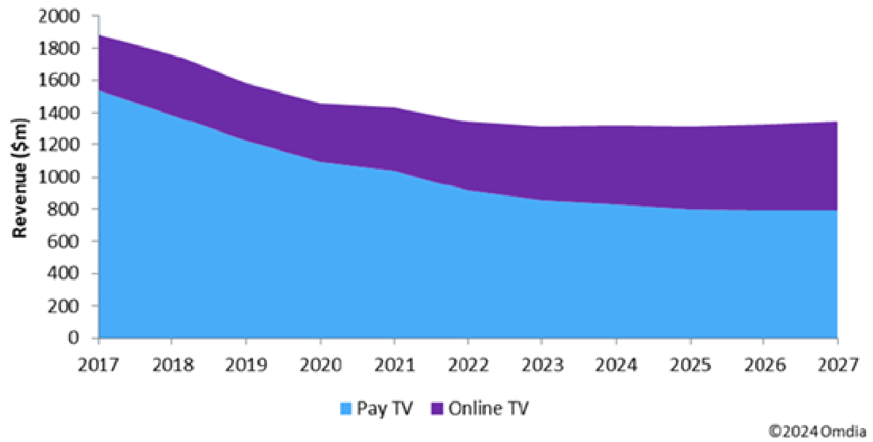
[2] https://www.la-croix.com/echec-leur-fusion-TF1-M6-mettent-plein-feux-streaming-gratuit-2023-02-14-1301255114

2.2. Trends in the video protection market

The video protection market is part of the overall cybersecurity market, estimated by Frost, Mordor and Canalys at between $200 billion and $220 billion in 2024. Gartner estimates that the video protection market will reach $4.2 billion in 2022, with an expected CAGR of +16% between now and 2027, and the application security market will reach $5.0 billion, with a CAGR of +13.8% between now and 2027.

A more conservative report by OMDIA, commissioned by Verimatrix, estimates the video protection market at $1.34 billion in 2022, down from nearly $1.9 billion in 2017, representing a CAGR of -7%. The decline in pay-TV is to blame. However, pay-TV will still account for the majority of revenues, with a 68% market share in 2022, and is still expected to outperform online TV by 2027.

Trends in the video protection market

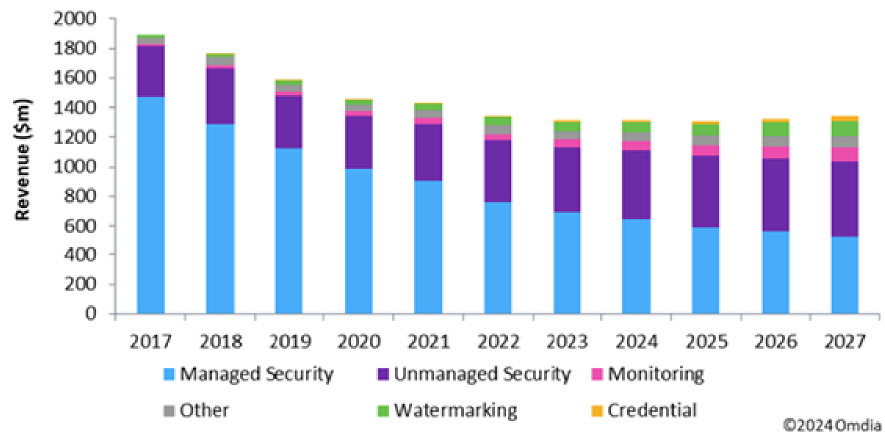


Source: Content Security Market Report 2023, OMDIA

In parallel with the decline of pay-TV, OTT broadcasters initially adopted a permissive approach that helped to build consumer loyalty. Netflix did not restrict account sharing between profiles outside the subscriber's home until 2023, a sign of awareness of the need to protect its content.

Finally, the commoditization of online television access rights management (multi-DRM) means that security players can no longer stand out from the crowd. This software-only technology is now mature and requires little technological expertise, and is easy to develop in-house for a critical mass broadcaster such as Netflix. Nevertheless, managing access rights is no longer a sufficient bulwark against the industrialisation of piracy. The ability of protection providers to incorporate the promise of AI into their software suites to make them more responsive will be a decisive factor in convincing broadcasters to continue outsourcing this service.

Evolution of the type of protection



Source: Content Security Market Report 2023, OMDIA

Video streaming infrastructures, which are open to a wide range of hardware (smartphones, TVs, computers, etc.), are naturally more vulnerable than closed broadcasting systems, and can be hacked from anywhere in the world. Also, knowledge about piracy is now more widely available, and the computing power of simple consumer hardware makes piracy attempts more frequent and more powerful.

Today's new protection strategies are built around 4 pillars: Monitoring, Detecting, Responding, and Continuous Learning, in order to stop any piracy attempt as quickly as possible, and Verimatrix is now a player with all the tools required by content distributors.

2.3. A favourable regulatory environment for Verimatrix

The emergence of audio-visual content piracy in the 90s with the democratisation of Internet access led to the Digital Millennium Copyright Act (DMCA) in 1998 in the USA. The first law to regulate intellectual property in the digital age, its provisions apply to content providers through the Online Copyright Infringement Liability Limitation Act (OCILLA). More specifically, the "Limitations On Liability Relating To Material Online" section exonerates suppliers who comply with the "Safe Harbor" principles from any liability. In fact, suppliers are required to deploy technical measures to protect the audio-visual content they store or broadcast. The equivalent in Europe is the European Union Copyright Directive (EUCD) in 2001, and its transposition in France is the DADVSI law (2006).

Verimatrix thus benefits from its customers' operational expenses imposed by the regulations, which are both non-compressible and a condition for the continuation of their activity. The size of the content provider or creator determines its strategy with regard to its legal obligations. The smallest players will limit themselves to basic protection services, while the largest, with real economic stakes, will turn to the most advanced solutions. Verimatrix, with its comprehensive content protection software suite, has the capacity to reach all types of players wishing to outsource this function.

2.4. Products to meet the needs of broadcasters

Verimatrix has a complete "Streamkeeper" suite, launched in 2021, made up of separately available software bricks hosted in the Amazon Web Services cloud, such as :

- Multi-DRM: broadcast rights management for the protection of premium content such as sports, series and films;
- Watermarking: identifying the source of distribution by implementing markers in the video that are invisible to the consumer;
- Counterspy: detection and elimination of video piracy by the broadcaster.

In addition to this software suite for OTT content, Verimatrix also has a long-standing VCAS (Video Content Authority System) solution for all types of broadcasters, incorporating Streamkeeper's core tools. With a complete portfolio of anti-piracy technologies, we believe that Verimatrix has the critical mass to grow organically and that no additional technology acquisition is required at this stage.

Cybersecurity website DataProt[3] identifies 230 billion illegal viewings each year, resulting in an estimated loss of between $29 and $71 billion to the US economy and between $40 and $97 billion to the global film industry as a whole. Verimatrix confirms these figures and adds that the sports industry suffers $28 billion in annual losses due to illegal streaming of broadcasts[4] . To illustrate the service provided to its customers, Verimatrix shared in a March 2024 press release the experience of one of its customers who achieved Opex savings of $300k while avoiding direct losses of $21M linked to the piracy of its video streams.

[3] https://dataprot.net/statistics/piracy-statistics/. Accessed on 07/04/2024
[4] https://www.verimatrix.com/anti-piracy/. Accessed on 07/04/2024

3. Application protection: Threat Defense

On a more marginal scale, application protection only accounts for 7% of 2023 sales, but is up 43% year-on-year, when the segment accounted for just 4.9% of 2022 sales. A sign of the sector's strong growth. Also, Cisco[5] states in its 2024 cybersecurity report that only 3% of companies had a mature level of cyber protection, and 97% of companies plan to increase their cybersecurity budget within the next 12 months, considering that this threat has the capacity to disrupt their business. We believe that application protection is a growth driver that will gradually become central to Verimatrix's business, which is currently focused on application security.

Verimatrix currently intends to capitalise on the sector's strong momentum by focusing on banking, automotive, healthcare and entertainment applications. Unlike video, this field covers numerous sectors, each with its own regulations. In the banking sector, French law requires banks to reimburse all sums fraudulently debited, leading to strong protection measures, as demonstrated by the high proportion of fintechs and banks among Verimatrix's customers. More recently, healthcare has benefited from the European Medical Device Regulation. Published in 2017, it provides a framework for requirements relating to the security of medical devices incorporating a software layer, including healthcare applications.

On the other hand, consumer applications and connected objects do not benefit from any regulatory framework relating to their security at European level, as Orange reminds us at[6] , and numerous flaws are regularly pointed out by the press. Examples include remote control of toys and surveillance devices, or the possibility of retaining control of a car via the manufacturer's smartphone application even after it has been resold. We believe that this legal vacuum cannot continue in the face of the development of connected objects, and that a forthcoming European directive requiring the use of protections will have a significant impact on Verimatrix's business in the long term.

Based on the same model as the Video offering, the "XTD: Extended Threat Defense" software suite, designed to protect websites and smartphone applications, is made up of building blocks available separately, such as :

- Code Shield (securing computer code) :
    - Jailbreak detection ;
    - Obfuscation code ;
    - Environmental checks ;
    - Anti-tamper technology.
- Key Shield (cryptographic key protection).

[5] 2024 Cisco Cybersecurity Readiness Index
[6] https://www.orangecyberdefense.com/fr/insights/blog/sante/objets-connectes-de-sante-et-cybersecurite-que-dit-la-loi-3-3. Accessed on 05/04/2023.

Some Verimatrix application protection (IOT) customers

Source : Verimatrix

4. From volatility to a predictable model

The application protection software suite is only marketed as SaaS, but is still of little significance (7% of 2023 sales). On the other hand, video protection solutions, historically offered as perpetual licences, have begun the transition to SaaS.

The main indicator for measuring Verimatrix's SaaS business is ARR, which stands for Annual Recurring Revenue. This takes into account all annual recurring revenue less losses due to unsubscribes. Logically, companies such as Verimatrix and its competitor SentinelOne, which are growing using this billing method, now have an ARR that exceeds their reported recurring revenue.

Converting customers and winning new ones in this way spreads the immediate income over the life of the contract, generally three years. The impact is immediately negative, but gradually fades as contracts continue and are renewed. In the case of Verimatrix, the churn rate is estimated by the company at 10%.

Indeed, exit costs are significant for customers who actively participate in the implementation of Verimatrix solutions in their software ecosystems. SaaS contracts are based on a foundation of services defined at the time of subscription, which customers can enhance with new add-ons according to their needs, providing new sources of growth.

As the SaaS business is still new, it is still too early to see any upgrades of existing customers. As a result, the company intends to focus on winning new SaaS customers rather than converting existing ones, in order to maintain revenues from the Broadcasting business. However, the strategy of many broadcasting customers is to develop a parallel OTT offering to ensure a smooth transition to this new delivery mode.

The move to SaaS has also had a positive impact on Verimatrix's sales force. The sales force is primarily focused on winning new customers, rather than renewing existing ones, as is the case with on-premise licences, where each sale gives rise to new negotiations.

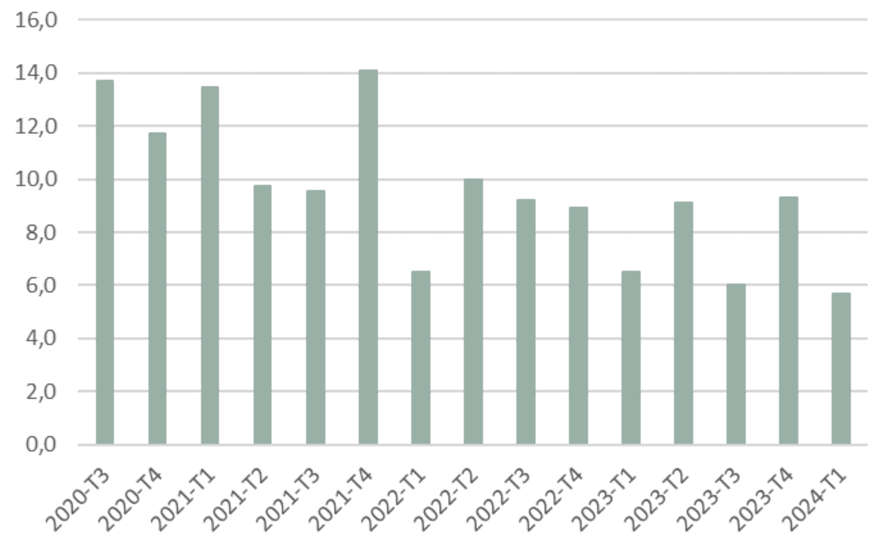
Verimatrix currently generates a gross margin of 70%, including the costs of level 0 support (without the assistance of a technician), the cloud and the amortisation of the R&D capitalised during the development of the flagship Streamkeeper and XTD solutions.
By 2026, we expect a normalised gross margin of 75%, taking into account COGS that depend on the size of the streams, with 4K video consuming much more than a CRM.

4.1. An old model that pays off but is volatile

Analysis of quarterly revenues from on-premise contracts shows a lack of trend and high volatility in revenues, making forecasting difficult. This model also results in a degree of seasonality, depending on the capex budgets available from customers.

However, many territories, such as Latin America, are still attached to this type of contract, and some activities are unable to move to a SaaS model for the time being, notably due to a lack of infrastructure providing the necessary bandwidth. Despite the priority given to recurring revenues, the Group intends to pursue this business, which still generates substantial income.

Non-recurring income (in $M)



Source: Verimatrix and Portzamparc

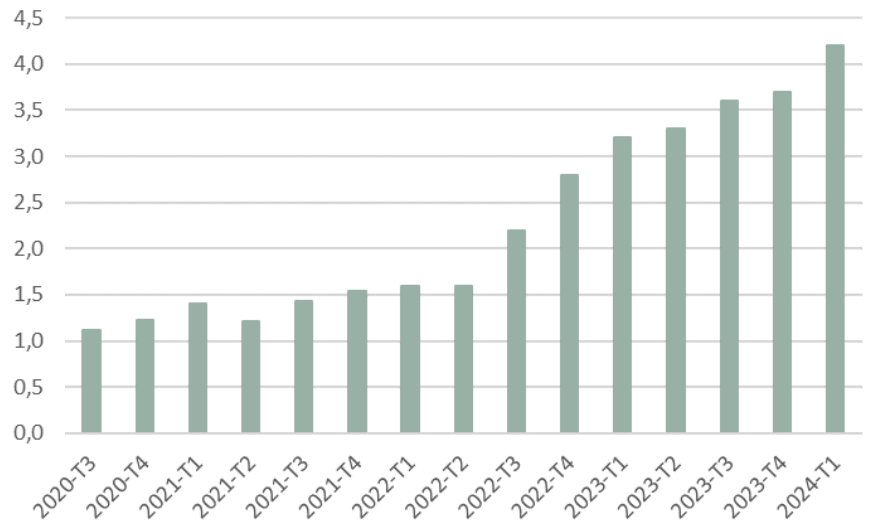
4.2. Subscriptions bring visibility and growth

Subscription-based solutions generate only recurring revenue. The conversion process that began in 2021 is off to a slow start, with revenues coming mainly from new contracts. However, it will accelerate from Q3 2022 onwards, with revenues from existing contracts, renewals and new customers.

These three sources of revenue form the basis of subscriptions and provide high visibility. The continuation of a contract carries no risk of revenue loss, while contract renewal has a churn rate of only 10%. Taking on new contracts remains the unknown factor and accounts for the marginal share of revenues, without calling into question the established level of ARR.

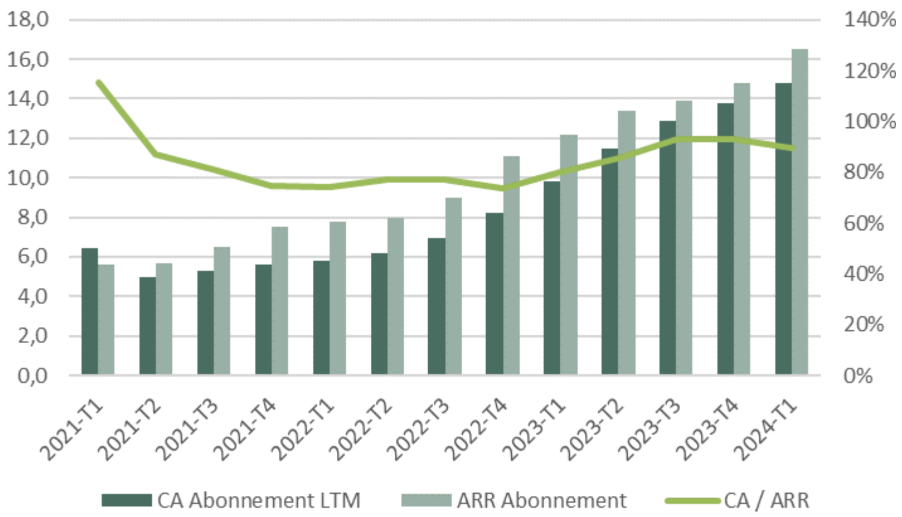
As a result, we are seeing steady growth in revenues, with no real seasonality. This should continue over the next few years, as the company maintains ARR in excess of sales.

Quarterly subscription revenues (in $M)



Source: Verimatrix and Portzamparc

Growth in LTM and ARR subscriber sales (in $M)

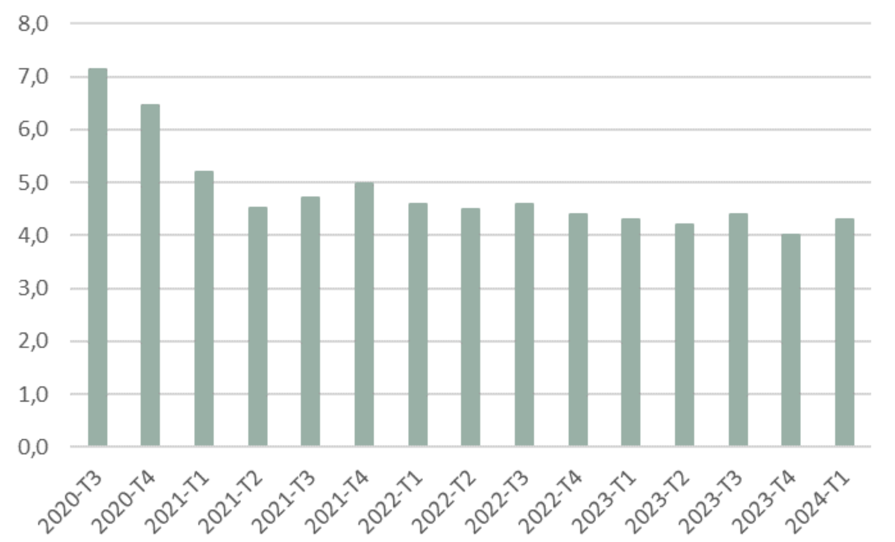


Source: Verimatrix and Portzamparc

4.3. Maintenance set to decline

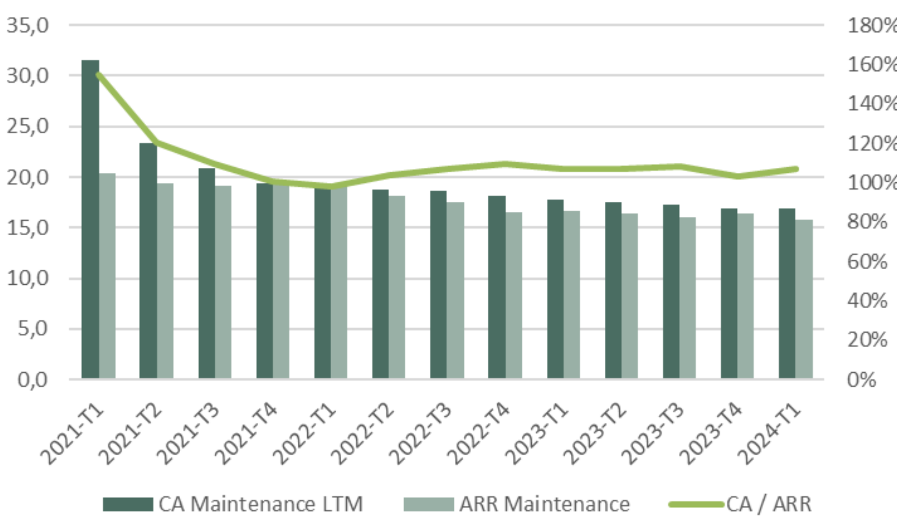
The move to SaaS has inevitably had an impact on maintenance revenues, historically associated with on-premise contracts. Indeed, the SaaS offering includes this service as standard. This is always complementary to non-recurring contracts, and helps to smooth out the overall revenues from this activity, covering several years of maintenance once the perpetual licence has been sold. We are, however, seeing a slight continuing decline in this business, confirmed by the trend in ARR, which is lower than turnover, and in line with the conversion and capture of new customers to a SaaS model without this service.

Quarterly maintenance revenues (in $M)



Source: Verimatrix and Portzamparc

LTM and ARR maintenance turnover (in $M)



Source: Verimatrix and Portzamparc

5. Return to positive FCF in 2026

5.1. Towards 70% recurring revenue, of which 50% from subscriptions

In 2022, Verimatrix presented its 2025 strategic plan, targeting revenues of $100m, 70% of which would be recurring, with subscriptions accounting for 50% of sales, and an EBITDA margin of 20%. Both the revenue target and the EBITDA margin have since been called into question by the company, which is no longer providing guidance. However, the company is maintaining its target of 70% recurring revenue, with ARR growth of 20%. We believe that the company will achieve its first target, while ARR (+13.5% in 2023; +12.5% in Q1-2024) should gradually accelerate to 20%.

A good starting point for the analysis is 2021, when turnover consisted of just 8% subscriptions and 65% non-recurring revenues. The proportion of subscriptions has risen significantly to 22% of turnover in 2023, while non-recurring revenues have faded to 50%, with maintenance remaining constant at around 27% of turnover.

After already significant growth of +47% in 2022, subscription revenues have accelerated impressively in 2023 (+68%). However, this development corresponds to a "catch-up" from sales to ARR, with the ARR/sales ratio rising from 74% to 93% between 2022 and 2023. We believe that the company has now reached cruising speed, where sales match ARR, and should even reach 90% given the churn rate.

Non-recurring revenues should continue to decline, cannibalised by the gradual conversion to subscriptions, but in our opinion to a lesser extent after the conversion peak in 2023. It should be remembered that perpetual licences are still in demand from a number of players, and Verimatrix intends to respond to this demand as it rolls out its SaaS offering. Finally, we expect maintenance revenues associated with on-premise licences to follow the same trend as on-premise licences, but to a lesser extent, as we have seen from historical data.

Based on the customer breakdown from the latest annual reports, we estimate an average contract price of 130k. Therefore, based on the 2021, 2022 and 2023 ARRs, we estimate that the company has won or converted around 30 new customers per year in both 2022 and 2023. With products now mature and the company keen to develop its sales force, the company should significantly increase order intake, as evidenced by Q1 2024 alone with 13 new contracts in our view. We expect this momentum to continue over the next few years, with new customer wins of 39, 51 and 66 new customers per year.

Estimated top-line subscriptions

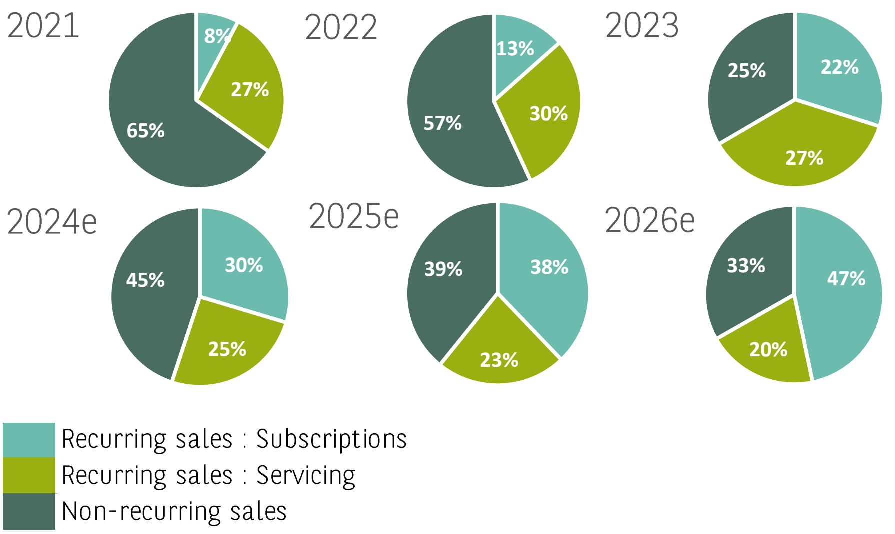
	2022	2023	2024e	2025e	2026e
New contract (n)	28	28	39	51	66
ARR won (M$)	3,6	3,7	5,1	6,6	8,6
ARR total (M$)	11,1	14,8	19,9	26,5	35,1
Sales subscription	8,2	13,8	18,3	24,2	31,6

Source : Portzamparc

With the arrival of SaaS, non-recurring revenues have fallen more sharply than recurring revenues have risen. We now expect recurring revenues to compensate for the loss of non-recurring revenues, which should continue to decline at a steady rate of around 10% a year. Maintenance, although recurring, stems from contracts that generate non-recurring revenues. This represents between 50% and 60% of non-recurring sales, and we believe that this ratio should be maintained.

	2021	2022	2023	2024e	2025e	2026e
Recurring sales	25,004	26,300	30,700	34,063	38,811	45,224
var.		▲ *5,2%*	▲ *16,7%*	▲ *11,0%*	▲ *13,9%*	▲ *16,5%*
% Total sales	35%	43%	50%	55%	61%	67%
inc subscriptions	5,590	8,200	13,800	18,340	24,164	31,634
var.		▲ *46,7%*	▲ *68,3%*	▲ *32,9%*	▲ *31,8%*	▲ *30,9%*
% Total sales	22%	13%	22%	30%	38%	47%
inc servicing	19,430	18,100	16,900	15,723	14,647	13,590
var.		▼ *-6,8%*	▼ *-6,6%*	▼ *-7,0%*	▼ *-6,8%*	▼ *-7,2%*
% Total sales	22%	30%	27%	25%	23%	20%
Non-recurring sales	46,817	34,700	30,900	27,810	25,029	22,526
var.		▼ *-25,9%*	▼ *-11,0%*	▼ *-10,0%*	▼ *-10,0%*	▼ *-10,0%*
% Total sales	53%	57%	50%	45%	39%	33%
Total sales ex NFC Patent 2021	88,466	61,012	61,634	61,873	63,840	67,750
var.		▼ *-31,0%*	▲ *1,0%*	▲ *0,4%*	▲ *3,2%*	▲ *6,1%*

Change in expected revenue mix



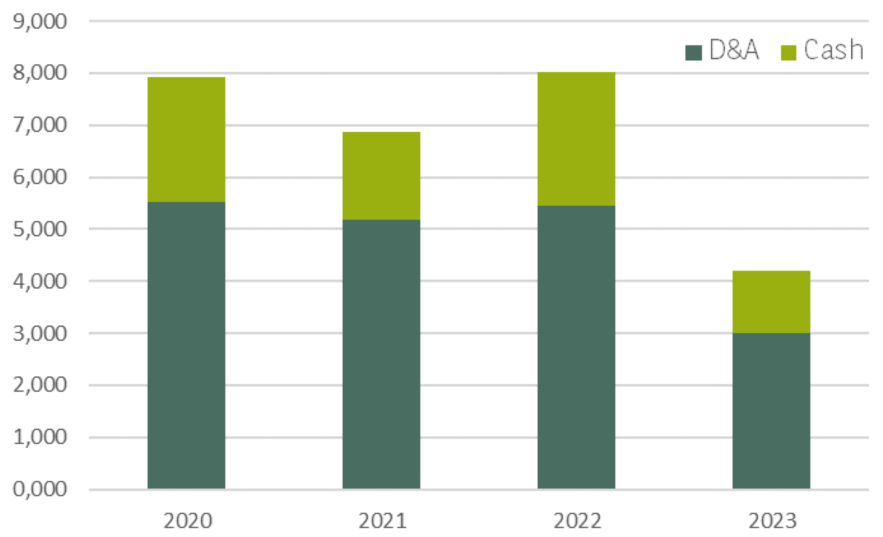
Source : Portzamparc

5.2. Steadily decreasing costs since 2019

5.2.1 Restructuring efforts over the last few years

With the acquisition of Verimatrix in 2019, opex doubled to $75.5m, accompanied by costs related to the operation and integration of the company. At $7-8m between 2020 and 2022, these amounts have halved in 2023 to $4.2m. It should be noted that D&A ($3m in 2023) corresponds to the amortisation of intangible assets identified at the time of the 2019 acquisition. In other words, these are purely accounting entries for the amortisation of part of the goodwill, with no link to operating performance (and no tax deductibility). It is therefore necessary to analyse the Group's performance by restating these charges. On the other hand, Verimatrix regularly records cash expenses ($1.2m in 2023), for restructuring purposes and in connection with staff departures. This effort will disappear in the medium term, but we expect it to continue over our forecast horizon to 2026 in the same proportions as in 2023.

Impact of Verimatrix restructuring (in $M)



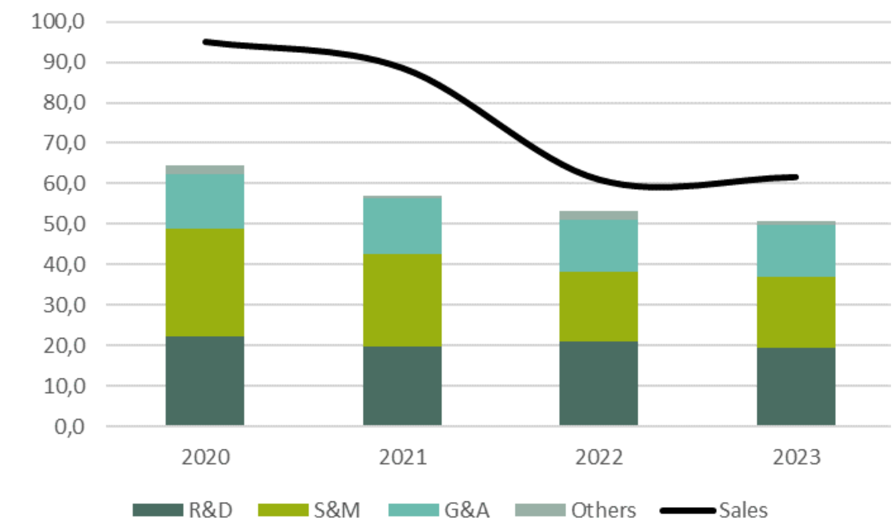
Source: Verimatrix and Portzamparc

5.2.2 A cost structure now close to its target?

Although D&A is stable at ~$6m and in line with the low level of investment required for the software business, we note that OPEX remains high. These have been reduced from c.50M$ in 2019-2020 to c.41M$ in 2022-2023 in order to adjust to the expected decline in revenues. In addition, R&D represents 32% of 2023 sales, i.e. $19.5m, of which $2.5m has been capitalised, so that around 87% of R&D expenditure is directly expensed and 13% capitalised, stable compared with 2022. It should be noted that in 2021, 39% of R&D expenditure was capitalised, as the products were still in the development phase, and have now been completed. We therefore believe that current R&D concerns improvements that are still at the exploratory stage. However, the level of sales remains insufficient for this structure, consuming almost all the gross margin.

With the products now mature, particularly since the release of the flagship video software suite "Streamkeeper" in November 2021, we expect R&D costs to fall and the sales teams to increase in order to regain the top-line levels needed to generate FCFF. However, we believe that the company will be limited in its efforts to reduce R&D costs so as not to fall behind technologically.

Cost structure - including restructuring (in $M)



Source: Verimatrix and Portzamparc

5.3. Debt to be refinanced by 2026

The acquisition of Verimatrix in 2019 for $147.9m was achieved through a payment of $138.1m and the sequestration of $9.8m to cover potential post-closing items, of which $8.8m was returned to the company in 2021. The transaction was financed in four tranches.

Structuring the acquisition of Verimatrix (2019)		
Amount	Instrument	Partners
22,5M€ (25,6M$)	Capital increasel (raw)	Palladio Holdings, Jolt Capital, Management..
30,0M€ (34,1M$)	Bonds Redeemable in Shares (converted in 2019)	One Equity Partners
37,0M$	Cash	Inside Secure
54,0M$	Private Debt	Apera Capital

Source: Verimatrix and Portzamparc

Since its issue in February 2019, the nominal value of the Apera bond has been reduced from $54 million to $24 million through 4 early redemptions. Since 2021, these prepayments have been made without penalty. Initially, the loan bore interest at LIBOR (2% floor) + 7%, adjustable according to the net leverage ratio, giving an effective interest rate (EIR) of 9.6% at inception. Two covenants had to be met: the net leverage ratio and the EBITDA interest cover ratio. These covenants were met from 2019 to 2021.

In August 2022, the parties renegotiated the terms of the loan, resulting in a new EIR of 10.6% and an exemption from the covenants previously set for the period 06/22 to 06/24. In return, the company must now have a minimum of $7.5m in cash and post a minimum EBITDA per quarter, covenants that have been met in 2022 and are currently being renegotiated.

Finally, following the disappearance of LIBOR, the new reference rate becomes TERM SOFR from 07/2023, with no impact.

To date (June 3, 2024), the company has gradually made 4 early repayments. In December 2019, for $10m with part of the proceeds from the sale of the Silicon IP division, in March 2021 for $15m, then in November 2022 and January 2023 for $3m and $2m respectively. To date, the outstanding amount is $24m, representing annual interest of around $2.4m. In April 2024, the company signed new covenants with Apera, imposing a minimum liquidity requirement of $6 million, compared with $7.5 million previously (December 2023 cash position of $22.7 million) and a partial repayment of $6.5 million in July 2024. The leverage constraint has been removed from the covenants, but replaced by an undisclosed minimum LTM EBITDA requirement. After partial repayment this summer, the remaining Apera debt will be $17.5m. Refinancing this debt is not a cause for concern, but we believe that the challenge for Verimatrix will be to reduce its cost of debt. This issue will have to be addressed in 2025, with the Apera debt maturing in early 2026. Nevertheless, our model assumes that the debt will be rolled over at the current rate (i.e. 10%).

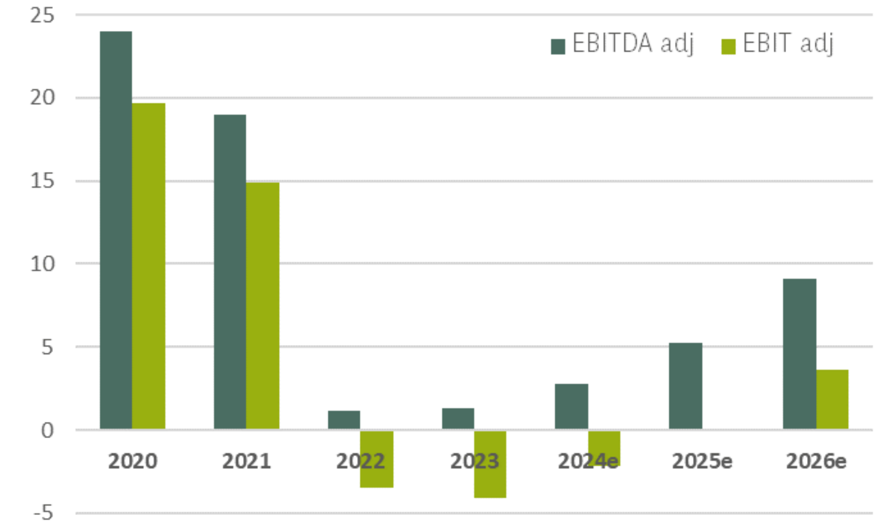
Lastly, in 2022, the company redeemed in full the OCEANE bonds issued in 2017 and took out 2 PPR bonds totalling €7.3m, at a rate of 5.1%, repayable over a period of 4 years, i.e. from 2026. The interest paid to date is €0.37m per annum.

5.4. PZP scenario

As previously indicated, we model 67% recurring revenues and 47% subscriptions in 2026. In 2024, we expect to see some trade-offs between R&D and S&M in order to maintain a level of opex similar to 2023, in a wait-and-see approach. The following years should see a more marked return to growth, prompting the company to increase its overall budgets slightly. In line with the past year, we estimate that R&D headcount could fall by 6 FTEs in 2024, but remain above 100 employees, and that operations could return to an average of close to 50 FTEs, a fall of 3 employees. On the other hand, we estimate that the sales and marketing functions would be strengthened by 2 FTEs to 40.

We therefore estimate an adjusted EBITDA margin of 13.4% by 2026, and an adjusted EBIT of 5.4%. It should be remembered that adjusted margins do not take account of restructuring items that are set to lapse, and more accurately reflect the future state of the company. We therefore estimate that the company will reach breakeven in 2026 with adjusted net profit of $0.2m.

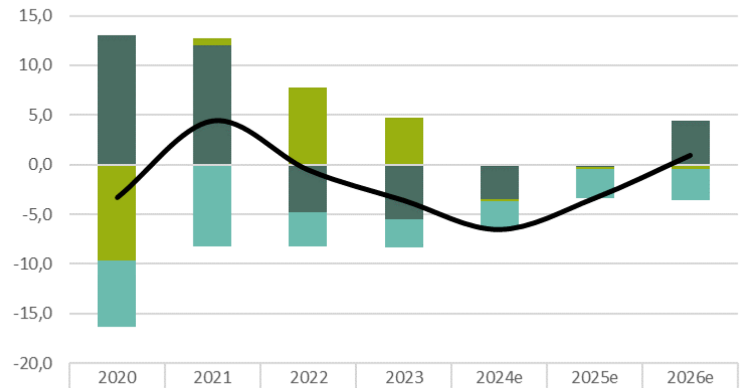
Projected adjusted EBITDA and EBIT ($M)



Source : Portzamparc

Operating cash flow will be positive in 2020-21-22, but negative (-$800k) in 2023. However, this underperformance will be limited by a favourable WCR effect of $4.7m, thanks in particular to better management of trade receivables (+$3.7m). With no visibility on the evolution of WCR, we expect this effect to be virtually nil for sales close to 2023 (with subscription sales offsetting the decline in on-premise sales). We estimate that they will remain negative for 2024 before turning positive in 2025, reaching $5.2m by 2026. FCF will follow the same trend and is expected to be $2.1m in 2026, given that the Apera debt has been extended or replaced.

Return of FCF in 2026



	2020	2021	2022	2023	2024e	2025e	2026e
Capex	-6,6	-8,3	-3,5	-2,8	-2,8	-2,9	-3,1
var WC	-9,7	0,7	7,7	4,7	-0,2	-0,2	-0,4
CFO Before WC	13,0	12,0	-4,8	-5,5	-3,5	-0,2	4,5
FCF	-3,3	4,4	-0,5	-3,6	-6,5	-3,4	0,9

CFO Before WC   var WC   Capex   FCF

Source : Portzamparc

The table below summarises our assumptions for 2026:

	2020	2021	2022	2023	2024e	2025e	2026e
Sales	94,9	88,5	61,0	61,6	61,9	63,8	67,8
Gross Margin	76,3	65,0	41,8	42,5	43,9	46,6	50,8
Sum Cash expense	54,7	47,7	43,3	42,4	42,4	42,6	42,9
Cash restructuration	2,4	1,7	2,6	1,2	1,2	1,2	1,2
D&A tangible & intangible	52,3	46,0	40,7	41,2	41,2	41,4	41,7
Sum D&A	9,8	9,3	10,1	8,5	8,0	8,1	8,4
D&A restructuration	5,5	5,2	5,5	3,0	3,0	3,0	3,0
D&A tangible & intangible	4,3	4,1	4,6	5,4	4,9	5,1	5,4
EBITDA adjusted	24,0	19,0	1,1	1,3	2,8	5,2	9,1
% sales	25,3%	21,5%	1,9%	2,2%	4,5%	8,2%	13,4%
EBITDA IFRS	21,6	17,3	-1,4	0,1	1,6	4,0	7,9
% sales	22,8%	19,6%	-2,4%	0,2%	2,6%	6,3%	11,6%
EBIT adjusted	19,7	14,9	-3,5	-4,1	-2,2	0,1	3,7
% sales	20,8%	16,9%	-5,7%	-6,7%	-3,5%	0,2%	5,4%
EBIT IFRS	11,8	8,0	-11,5	-8,3	-6,4	-4,1	-0,6
% sales	12,4%	9,1%	-18,9%	-13,5%	-10,3%	-6,4%	-0,8%
Net profit of the Group adjusted	-2,5	10,6	-9,6	-10,1	-7,3	-4,1	0,2
% sales	-2,6%	11,9%	-15,7%	-16,4%	-11,7%	-6,5%	0,4%
Net profit of the Group	-10,4	3,7	-17,6	-14,3	-11,5	-8,4	-4,0
% sales	-11,0%	4,2%	-28,9%	-23,2%	-18,6%	-13,1%	-5,9%
FCF	-3,318	4,394	-0,546	-3,615	-6,543	-3,381	0,924
NFD	14,370	0,762	3,486	9,837	18,053	23,108	23,857
NFD / EBITDA Adj	0,6x	0,0x	3,1x	7,3x	6,5x	4,4x	2,6x
ROE	-6,85%	2,46%	-12,25%	-11,09%	-9,87%	-7,81%	-3,91%
ROE adjusted	-1,64%	7,07%	-6,67%	-7,83%	-6,24%	-3,87%	0,24%

Source : Portzamparc

6. Valuation

Our DCF valuation shows a value of €0,55, and is based on the following assumptions:

- Resumption of our 2024-2026 scenario, followed by convergence to infinite growth of 2%,
- Normative EBITDA of 20%, i.e. normative EBIT of 16%,
- D&A and Capex by 4%,
- **ΔBFR/ΔCA** at 10% in view of the deployment of SaaS products, which entail few commitments for Verimatrix.
- Discounting of tax loss carryforwards accumulated in 2022/2023. We believe that the tax authorities could call into question the precedents set by Inside Secure, which relate to a scope that differs from the company's current business.
- A discount rate of 10.65%, corresponding to 91% of the cost of equity (10.83%) and 9% of debt after tax (8.8%),
- The terminal value is calculated using the discounted perpetual annuity method based on the normative DCF.

Discounting Free Cash Flows

	2024	2025	2026	2027	2028	2029	2030	2031	2032	Normative
Sales	61,9	63,8	67,8	71,5	75,0	78,3	81,3	83,8	86,0	87,7
Var		*3,2%*	*6,1%*	*5,5%*	*4,9%*	*4,4%*	*3,8%*	*3,2%*	*2,6%*	*2,00%*
EBIT IFRS ex PPA	-6,39	-4,10	-0,56	1,13	2,99	5,00	7,14	9,38	11,69	14,04
% CA	*-10%*	*-6%*	*-1%*	*1,6%*	*4,0%*	*6,4%*	*8,8%*	*11,2%*	*13,6%*	*16%*
EBIT after tax	(6,39)	(4,10)	(0,56)	0,85	2,24	3,75	5,36	7,04	8,77	10,53
D&A ex PPA	4,9	5,1	5,4	5,3	5,1	4,9	4,6	4,3	3,9	3,5
% CA	*8,0%*	*8,0%*	*8,0%*	*7,4%*	*6,9%*	*6,3%*	*5,7%*	*5,1%*	*4,6%*	*4%*
CAPEX	2,8	2,9	3,1	3,2	3,3	3,4	3,5	3,5	3,5	3,5
% CA	*4,6%*	*4,6%*	*4,6%*	*4,5%*	*4,4%*	*4,3%*	*4,2%*	*4,2%*	*4,1%*	*4%*
Var BFR	0,2	0,2	0,4	0,4	0,4	0,3	0,3	0,3	0,2	0,2
ΔBFR/ΔCA	*82%*	*11%*	*11%*	*11,0%*	*10,8%*	*10,7%*	*10,5%*	*10,3%*	*10,2%*	*10%*
FCFF	(4,5)	(2,1)	1,3	2,5	3,7	4,9	6,2	7,6	9,0	10,4
Discount rate	**10,65%**									
Discounted FCF	(4,2)	(1,8)	1,0	1,8	2,3	2,8	3,2	3,5	3,8	

Valorisation	in M$
Terminal Value	119,8
Discounted Terminal Value	45,4
NPV of the FCF	12,4
Entreprise Value	**57,8**
(+) Financial assets	1,3
(-) Provisions	1,1
(-) NFD 2023	9,8
(+) Loss Carryforward	4,8
Equity Value	**52,9**
Shares outstanding (M)	87,9
Value / Shares ($)	**0,60**
FX $/€	1,09
Value / Shares (€)	**0,55**

Source : Portzamparc

Valorisation sensibility

		Normative EBIT				
		14,5%	15,5%	16,0%	16,5%	17,0%
WACC	9,6%	0,61	0,66	0,68	0,70	0,73
	10,1%	0,55	0,59	0,61	0,64	0,66
	10,6%	0,49	0,53	0,55	0,57	0,60
	11,1%	0,45	0,48	0,50	0,52	0,54
	11,6%	0,40	0,44	0,46	0,47	0,49

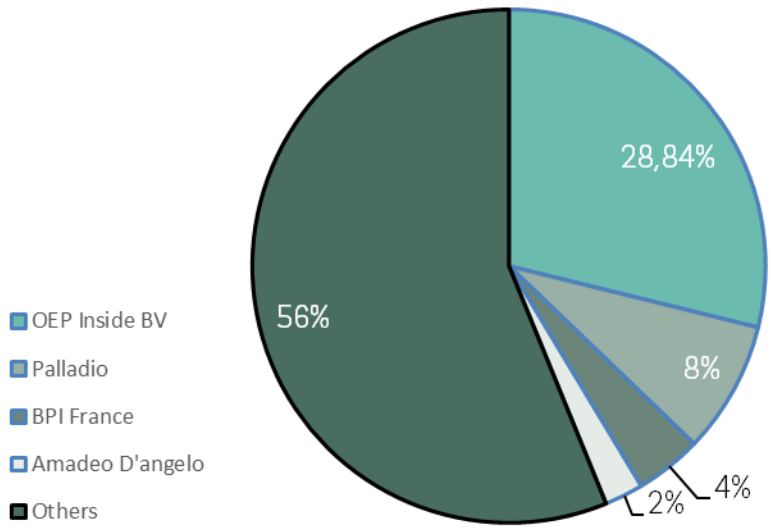
		Normative growth				
		1,5%	1,8%	2,0%	2,3%	2,5%
WACC	9,6%	0,63	0,66	0,68	0,71	0,73
	10,1%	0,57	0,59	0,61	0,63	0,66
	10,6%	0,52	0,54	0,55	0,57	0,59
	11,1%	0,47	0,49	0,50	0,52	0,54
	11,6%	0,43	0,44	0,46	0,47	0,48

7. Appendix

7.1. History

Date	Events
1995	• Creation of Inside Technologies by Jacek Kowalski.
1997	• Development of the first product (contactless memory chip).
2000	• Innovation in NFC technology with the R2R patent.
2002	• Partnerships in access control (HID).
2005	• Partnerships in contactless payment (Visa, Mastercard).
2007	• First company to market the MicroRead NFC chip.
2010	• Inside Technologies becomes Inside Secure. • Acquisition of the Secure Microcontroller Solutions division ($32m).
2012	• IPO on Euronext in 2012 (€79.3m). • Acquisition of Embedded Security Solutions ($46m).
2014	• Acquisition of Metaforic ($13m).
2015	• Appointment of Amadeo d'Angelo as CEO. • *Strategic shift to refocus on security software.*
2016	• Sale of semiconductor division to WiseKey ($13m).
2017	• Acquisition of Meontrust ($4m) in the SaaS market. • Acquisition of SypherMedia ($7m).
2019	• Acquisition of Verimatrix. • Disposal of the Silicon IP division ($45m).
2022	• Sale of NFC patent portfolio ($2m).

7.2. Breakdown of capital



7.3. Management

Amedeo D'Angelo, Executive Chairman. Amedeo D'Angelo is Executive Chairman of Verimatrix, known as Inside Secure prior to the name change in July 2019. Prior to joining Inside Secure in 2015, Amedeo spent a large part of his career in management positions in high-tech companies. In particular, he spent more than 20 years in the security and payment industry. Amedeo spent the first 12 years of his career in the semiconductor sector, first at AMD (Advanced Micro Devices) and then as head of Samsung's European operations. He has held senior positions in leading European companies, including Gemplus Card International, part of the Gemplus Group, now Gemalto, as President. He was also the founder and CEO of Incard, an Italian company that develops smart cards, software applications and security products for the banking, telecommunications and identity markets. Amedeo was also COO of Oberthur Card Systems, which develops security solutions and software for personnel management systems, and CEO of Ingenico, a world leader in secure transactions and payment systems, where he implemented the strategic structural changes needed to return the company to profitability. He remains Chairman of Linxens, a world leader in the design and manufacture of smart card connectors and antennas for secure documents. He is also Chairman of Verifone, a company specialising in the provision of payment platforms to businesses, and of Lutech, a digital transformation company.

Asaf Ashkenazi, Chief Executive Officer. Asaf Ashkenazi is chief executive officer of Verimatrix. Asaf joined Verimatrix in 2018 and previously served as the company's Chief Operating Officer. As CEO, Asaf leads the ongoing transformation of the company's business model which focuses on subscription-based recurring revenue streams and new products. Offering a distinct blend of deep technical expertise in cybersecurity and management success, he brings proven perspectives to market analysis, strategic partnerships and mergers and acquisitions. A member of the Forbes Technology Council, a source of deep industry knowledge, Asaf is a recognised security expert and regularly appears as a thought leader in industry publications around the world - positioning Verimatrix as a leading innovator committed to providing the most powerful and user-friendly protection for digital content, applications and devices. Prior to joining Verimatrix, he was vice president of IoT security products at Rambus (NASDAQ: RMBS), head of security products at Qualcomm (NASDAQ: QCOM), and held other technical leadership positions at Freescale Semiconductor and Motorola (NYSE: MSI). Asaf is a former board member of the FIDO alliance and holds 10 US patents for security architectures as well as an engineering degree from Ben-Gurion University of the Negev.

Jean-François Labadie, Chief Financial Officer. Jean-François Labadie is Chief Financial Officer of Verimatrix. He spent over 20 years at Quadient, a leading mail, parcel and digital communications company (Euronext Paris "QDT", formerly Neopost), where he held a number of senior positions, including Supply Chain Director, Group Finance Director and, most recently, Chief Operating Officer. Jean-François has played an important role in Quadient's transformation by developing a portfolio of SaaS solutions in the area of Omnichanel business communications and digital document management for small and medium-sized enterprises.

Kim Voegele, Chief Technical Officer. Kim Voegele is an accomplished technology leader with more than 20 years of driving software engineering and product development. As Vice President of Engineering at Verimatrix since 2018, Kim oversees the global engineering team that builds innovative cybersecurity solutions. She uses agile methodologies for rapid development and fosters a culture of engagement and collaboration. Previously, at Verizon Networkfleet, Kim influenced technical leadership during significant customer growth. She built highly engaged teams, championed virtualisation and disaster recovery, and aligned technology with business strategy. Early in her career, Kim gained extensive expertise in database architecture and development as an Oracle DBA, software engineer and manager. She holds a Bachelor's degree in Computer Science. Kim's technical acumen, leadership skills and commitment to high performance make her an invaluable asset.

Valérie Convers, Head of Human Resources. Valérie is Head of Human Resources at Verimatrix. She has over 20 years' experience in operational management roles. Prior to joining the company in 2005, known as Inside Secure before the name change in July 2019, Valérie held various management positions within Gemplus, including setting up the customer service organisation at group level and leading it for six years. She was responsible for pre-sales activities and was a call manager for the tender office. Valérie holds a master's degree in commerce from SUP de CO Marseille and a master's degree in human resources from IAE Aix-en-Provence.

Klaus Schenk, Vice President of Security and Threat Research. Klaus is responsible for the security aspects and features of the Verimatrix product portfolio, be it video security, cryptography or cyber security. Klaus enjoys turning ideas into reality, helping Verimatrix to stay at the forefront of technology. His career in video content protection began more than 20 years ago at BetaResearch and then at Comvenient. As Programme Manager, he was responsible for the technology and business plan for the new DVB smart cardless conditional access system, which was subsequently acquired by Verimatrix and used worldwide with an impeccable safety record to date. Working on this conditional access system gave Klaus the opportunity to immerse himself in cryptography, secure protocols, security compliance and the logistics of deploying security products to millions of users. Klaus holds a PhD in Physics from the Technical University of Munich (TUM).

Andrew Bear, Head of VCAS business. Andrew leads the VCAS business, responsible for the content protection arm of Verimatrix. He has over 40 years' industry experience, primarily in engineering and operations management roles at large multinational companies such as Texas Instruments, Motorola and Atmel. Previously, Andrew led the merger of Inside Secure and Verimatrix and was also responsible for the company's compliance activities.

Jon Samsel, Head of Marketing. Jon is the Chief Storyteller and Head of Marketing at Verimatrix, with three decades of experience working with major brands such as Bank of America, Apple and Ford. He founded two successful start-ups: RoadLoans, a direct-to-consumer car finance lender acquired by Banco Santander, and Heardable, a brand analytics platform acquired by Hatcher+. Previously, Jon led the marketing departments of DocDoc (healthcare technology), ApexPeak (financial technology) and Dropsuite (SaaS software), where he helped the start-up company float on the Australian stock market. Earlier in his career, Jon worked as a screenwriter, casting director and talent agent in Hollywood. Jon holds a BA from California State

University, Fullerton. He is a published author, lecturer, and former writing instructor at UCLA and UC Irvine Extension.

Tom Powledge, Head of Cybersecurity Business. Tom has over 27 years' experience in cybersecurity. He joins us from Trustwave where he was Director of Products. Trustwave is a leading global provider of managed security services to medium and large enterprises. Tom has previously held senior operational and divisional management roles at Hewlett Packard Enterprise, Cisco Systems and Symantec Corporation. In these roles, Tom was responsible for the creation, delivery and financial performance of a wide range of cyber security products and services. He is a graduate of the General Management Program at Harvard Business School and the University of California, Santa Barbara. He lives on the outskirts of Los Angeles with his wife and two sons. His daughter is in her third year at the University of Chicago.

7.4. Board of Directors

Amedeo D'Angelo, Chairman and Chief Executive Officer. Amedeo D'Angelo is Chairman of the Board of Directors and Chief Executive Officer of Verimatrix. Before joining the Company in 2015, Amedeo D'Angelo spent a large part of his career in high-tech companies. The first twelve years of his professional life were spent in the semiconductor business, at AMD (Advanced Micro Devices), before joining Samsung as Head of European Operations. He then held various management positions in several major European companies, including as President of Gemplus Card International, part of the Gemplus group, now Gemalto. He was also founder and CEO of Incard, an Italian company specialising in the development of smart cards, software applications and security products for the banking, telecoms and identity markets, and Chairman of Y Generation, a company that developed a mobile payment platform. Mr D'Angelo was also Chief Operating Officer of Oberthur Card Systems, a specialist in the development of security solutions and software for personal systems, and then Chief Executive Officer of Ingenico, a world leader in secure transaction and payment systems, where he implemented the strategic structural changes needed to return the company to profitability. He is also an independent director of Verifone (USA) and Lutech (Italy).

Joerg Zirener, Non-independent director, permanent representative of OEP VII IS, LLC, director, vice-chairman of the board of directors, member of the audit committee, member of the appointments, remuneration and governance committee. Joerg Zirener is Senior Managing Director of OEP, based in Frankfurt. Joerg Zirener joined OEP in 2006 and has since made numerous investments in the IT services, technology, packaging, chemicals and healthcare sectors. Joerg Zirener is currently a board member of DWK Lifescience Group, Lutech, Neology, Verimatrix, Bibliotheca, MCL and VASS. Previously, he was a member of the board of Constantia Flexibles, Engineering, Duropack and Smartrac. Before joining OEP, he was a senior project manager in the Restructuring/Corporate Finance division of Roland Berger Strategy Consultants, where he was responsible for corporate restructuring projects in various sectors in Europe. Joerg Zirener also launched his own company, focusing on the 2006 Football World Cup in Germany. Joerg Zirener studied business management at the Oestrich Winkel European Business School, the Universidad Argentina de la Empresa in Buenos Aires and the École supérieure de commerce in La Rochelle. He wrote his doctoral thesis on restructuring companies in difficulty and was awarded a doctorate from Europa Universität Viadrina.

Jean Schmitt, Independent Director, Chairman of the Appointments, Remuneration and Governance Committee, member of the Audit Committee. Jean Schmitt is Managing Partner of Jolt Capital. Before founding Jolt Capital, he was a partner and then managing partner of Sofinnova Partners from 2001 to 2011. Prior to this, Jean Schmitt founded several companies, including SLP InfoWare, a big data and artificial intelligence company applied to CRM. Following its sale to Gemplus in 2000, he held the dual position of Chairman and CEO of SLP InfoWare and Vice President Telecoms Solutions & Applications at Gemplus. He currently sits on the boards of Verimatrix (France), NILT (Denmark), Sinequa (France), Blackwood Seven (Denmark) and Interel (Singapore); he stepped down from the boards of Authentec following its sale to Apple Inc (NASDAQ: AUTH), Myriad (SIX: MYRN) and Heptagon following its sale for 1.3 billion euros to AMS (SIX:AMS). He is a graduate of Telecom ParisTech Paris and holds a DEA in artificial intelligence. He is a lecturer at Telecom ParisTech, Mines Paristech and HEC.

Corinne Grillet, Independent Director, Chairman of the Audit Committee, member of the Appointments, Remuneration and Governance Committee. Corinne Grillet is CEO of Alygne, Inc, a technology startup based in California and France. Prior to founding Alygne in 2019, Corinne spent around 20 years in senior management roles for technology companies of various sizes, both in financial technology and artificial intelligence. Her previous roles included Chief Customer Officer for Calypso Technology and member of the Executive Committee, responsible for leading the Customer Success, Professional Services and Calypso Cloud Services organisations in 21 countries. Under her leadership, the Calypso Cloud Services (CCS) division led the transformation and brought to market all strategic Cloud and SaaS initiatives. She joined Calypso in 2014 as Managing Director, Buy-Side. Prior to Calypso, Corinne spent 15 years at Sophis Technology (now Finastra) in Asia Pacific where she was Chief Operating Officer and a member of the Executive Committee since 2005. She oversaw the opening and management of six offices in the region: Hong Kong, Singapore, Tokyo, Seoul, Beijing and Brisbane. Prior to her appointment as COO Asia Pacific, Corinne was responsible for Sophis' operations in the UK, US and Asia from 2000 to 2004. She began her professional career at GE Capital where she set up a risk management department in Paris. Corinne is a graduate of the Ecole Polytechnique and the Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE) in Paris.

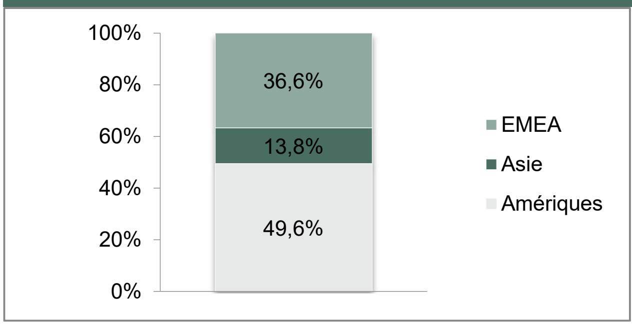
Emmanuelle Guilbart, Independent Director, member of the Appointments, Remuneration and Governance Committee. Emmanuelle Guilbart co-directs About Premium Content, which she co-founded in 2014, a mini-studio that produces and distributes fiction, animation and documentary programmes. Emmanuelle began her career with the Canal+ group in 1990, where she oversaw the launch of Canal+ Poland before becoming the channel's programme director. In 1996, she joined the Film Department in France, where she set up Canal+ International Acquisitions, a unit responsible for acquiring programmes for the group and negotiating output deals with the major studios. In 2002, she became Director of Programmes and then Director of the Canalsat platform. In 2005, she was appointed President and CEO of Television at Lagardère Active, where she developed a portfolio of 10 brands/channels and successfully launched Gulli, the DTT channel for children and families. In 2010, she joined France Télévisions as Managing Director in charge of programming for the 5 public service channels. Emmanuelle Guilbart is a graduate of EDHEC Grande Ecole (1988), France, and of the Master's in Media at ESCP (1989) Paris, France. Emmanuelle Guilbart was awarded the Chevalier des Arts et des Lettres in 2010.

VERIMATRIX

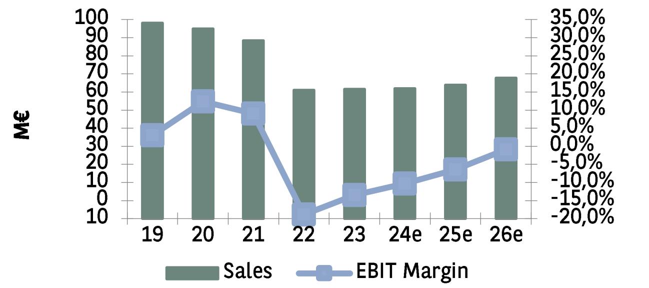
P&L Account	19	20	21	22	23	24e	25e	26e
Sales	98,2	94,9	88,5	61,0	61,6	61,9	63,8	67,8
chge y/y-1	*+/++*	*-3,3%*	*-6,8%*	*-31,0%*	*1,0%*	*0,4%*	*3,2%*	*6,1%*
organic chge	*133,3%*	*-3,3%*	*-6,8%*	*-31,0%*	*1,0%*	*0,4%*	*3,2%*	*6,1%*
EBITDA	27,5	24,0	19,0	1,1	1,3	2,8	5,2	9,1
Underlying EBIT	23,9	19,7	14,9	-3,5	-4,1	-2,2	0,1	3,7
chge y/y-1	*+/++*	*-17,5%*	*-24,3%*	*+/-*	*-/--*	*- -/-*	*-/+*	*+/++*
EBIT	3,0	11,8	8,0	-11,5	-8,3	-6,4	-4,1	-0,6
RCAI	-3,9	1,5	6,6	-15,6	-12,2	-9,8	-7,1	-3,4
Tax Rate	-2,0	-2,8	-3,0	-2,0	-2,1	-1,7	-1,2	-0,6
Declared Group Net income	27,3	-10,4	3,7	-17,6	-14,3	-11,5	-8,4	-4,0
Restated Group Net income	48,1	-2,5	10,6	-9,6	-10,1	-7,3	-4,1	0,2
chge y/y-1	*+/++*	*+/-*	*-/+*	*+/-*	*-/--*	*- -/-*	*- -/-*	*-/+*
AACR Sales 2021 / 2025e	-7,8%							
Gross Margin (%)	80,0%	80,4%	73,5%	68,6%	69,0%	71,0%	73,0%	75,0%
Operating Margin (%)	3,1%	12,4%	9,1%	-18,9%	-13,5%	-10,3%	-6,4%	-0,8%
Net margin (%)	49,0%	-2,6%	11,9%	-15,7%	-16,4%	-11,7%	-6,5%	0,4%
Tax Rate (%)	-52,0%	191,0%	44,6%	-12,6%	-16,8%	-17,0%	-17,0%	-17,0%
Cost of personnel / Sales (%)	44,2%	47,2%	46,1%	57,7%	60,4%	-	-	-
Sales/employees (K€)	440	335	331	234	239	-	-	-
chge y/y-1	*71,6%*	*-23,8%*	*-1,4%*	*-29,3%*	*2,2%*	-	-	-
Avg nb of staff	223	283	268	261	258	-	-	-
chge y/y-1	*36,0%*	*26,9%*	*-5,5%*	*-2,4%*	*-1,1%*	-	-	-

Balance Sheet	19	20	21	22	23	24e	25e	26e
Equity value (group's share)	156,4	147,4	151,5	135,9	121,8	111,0	103,3	100,0
Net Financial Debt	4,9	14,4	0,8	3,5	9,8	18,1	23,1	23,9
Other	2,2	11,7	11,1	11,1	9,0	9,0	9,0	9,0
Invested Capital	**163,5**	**173,5**	**163,4**	**150,4**	**140,6**	**138,0**	**135,4**	**132,9**
Net Fixed Assets	171,0	155,4	148,6	140,1	135,2	132,5	129,6	126,7
o/w goodwill	115,2	115,2	115,2	115,2	115,2	115,2	115,2	115,2
o/w financial assets	18,7	6,2	3,0	1,4	1,3	1,3	1,3	1,3
WCR	11,2	24,3	17,8	11,7	6,7	6,9	7,1	7,6
Capital employed	**163,5**	**173,5**	**163,4**	**150,4**	**140,6**	**138,0**	**135,4**	**132,9**
Gearing (%)	3,1%	9,7%	0,5%	2,6%	8,1%	16,3%	22,4%	23,8%
WCR/Sales (%)	11,4%	25,6%	20,1%	19,2%	10,9%	11,2%	11,2%	11,2%
Net Financial Debt/EBITDA (x)	0,2	0,6	0,0	3,1	7,4	6,5	4,4	2,6
ROE (%)	17,4%	ns	2,4%	ns	ns	ns	ns	ns
ROACE (%) after normative tax	11,3%	34,0%	12,8%	ns	ns	ns	0,1%	2,3%

Cash Flow statement	19	20	21	22	23	24e	25e	26e
Cash Flow	9,4	8,9	12,6	-5,7	-6,0	-3,5	-0,2	4,5
Change in WCR	-15,9	-9,7	0,7	7,7	4,7	-0,2	-0,2	-0,4
Capital expenditures	-131,4	-6,6	0,5	-3,5	-2,8	-2,8	-2,9	-3,1
% of Sales	133,9%	7,0%	-0,6%	5,7%	4,6%	4,6%	4,6%	4,6%
Free Cash Flow	**-137,9**	**-7,5**	**13,8**	**-1,4**	**-4,1**	**-6,5**	**-3,4**	**0,9**
Asset disposal	45,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial Investments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	57,8	0,2	0,1	0,0	0,0	0,0	0,0	0,0
Other	-1,6	-2,2	-0,3	-1,3	-2,2	-1,7	-1,7	-1,7
Change in Net Financial Debt	36,7	9,5	-13,6	2,7	6,4	8,2	5,1	0,7
Net Financial Debt	**4,9**	**14,4**	**0,8**	**3,5**	**9,8**	**18,1**	**23,1**	**23,9**



Change in Sales and EBIT Margin



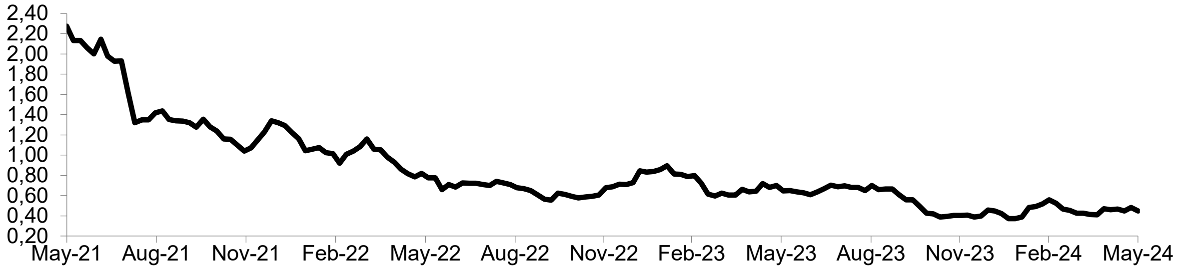
VERIMATRIX

Data per Share	19	20	21	22	23	24e	25e	26e
EPS	0,32	-0,12	0,04	-0,21	-0,17	-0,13	-0,10	-0,05
chge y/y-1	+/++	+/-	-/+	+/-	-/--	- -/-	- -/-	-/+
CFPS	0,1	0,1	0,1	-0,1	-0,1	0,0	0,0	0,1
NAPS	1,7	1,6	1,7	1,6	1,4	1,3	1,2	1,1
Net Dividend (distributed y+1)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Payout (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
AACR EPS 2021 / 2025e	ns							
AACR CFPS 2021 / 2025e	ns							

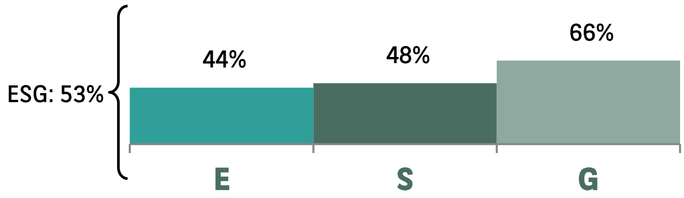
Valuation	19	20	21	22	23	24e	25e	26e
PER (x)	3,1	ns	16,0	ns	ns	ns	ns	ns
PCF (x)	17,3	23,0	14,2	ns	ns	ns	ns	8,9
PNAV (x)	1,0	1,4	1,2	0,5	0,5	0,4	0,4	0,4
EV/Sales (x)	1,4	2,1	1,9	1,2	1,0	0,9	0,9	0,9
EV/EBITDA (x)	5,0	8,3	8,8	ns	ns	19,9	11,5	6,7
EV/EBIT (x)	ns	16,8	20,7	ns	ns	ns	ns	ns
Free Cash Flow Yield (%)	-85,1%	-3,7%	7,7%	-2,0%	-7,4%	-16,5%	-8,5%	2,3%
Yield (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Market Cap (M€)	151,5	189,9	168,6	69,8	54,5	38,5	38,5	38,5
Enterprise Value (EV)	137,7	198,0	166,4	71,9	63,0	55,2	60,3	61,0
Reference Price (€)	**1,8**	**2,2**	**2,0**	**0,8**	**0,6**	**0,5**	**0,5**	**0,5**
Nb of shares (Mio)	84,928	85,229	85,535	85,535	85,535	85,535	85,535	85,535
Restated Nb of shares (Mio)	50,643	90,918	91,367	90,972	85,974	87,949	87,949	87,949
% dilution	-40,3%	6,8%	7,0%	6,6%	0,8%	3,1%	3,1%	3,1%
Listing Date	20/02/2012							
Adjusted Listing Price	8,6 €							

Intermediate Data	19	20	21	22	23	24		26
Q1 Sales	20,4	20,0	20,1	12,7	14,0	14,2		
Q2 Sales	32,5	24,2	32,1	16,2	16,6			
H1 Sales	52,9	44,2	52,2	28,9	30,6			
H1 EBIT	-7,4	2,3	10,6	-5,4	-4,7			
H1 restated Net result Group share	11,4	1,0	6,8	-3,7	-4,9			
H1 Operating Margin	-14,1%	5,3%	20,3%	-18,8%	-15,4%			
H1 Net Margin	21,5%	2,2%	13,1%	-12,9%	-16,1%			
Q3 Sales	12,6	26,3	15,7	16,0	14,0			
Q4 Sales	32,7	24,4	20,6	16,1	17,0			-
H2 Sales	45,3	50,7	36,3	32,1	31,0			-
H2 EBIT	10,5	9,4	-2,6	-6,1	-3,6			-
H2 restated Net result Group share	36,7	-3,4	3,7	-5,9	-5,2			-
H2 Operating Margin	23,1%	18,6%	-7,1%	-18,9%	-11,6%			-
H2 Net Margin	81,1%	-6,8%	10,3%	-18,2%	-16,7%			-
Growth Rate (y/y-1)								
Q1 Sales	+/++	-1,8%	0,2%	-36,7%	10,2%	1,4%		
Q2 Sales	+/++	-25,6%	33,1%	-49,6%	2,5%			
Q3 Sales	39,0%	+/++	-40,4%	2,1%	-12,5%			
Q4 Sales	+/++	-25,2%	-15,7%	-21,8%	5,6%			-
H1 Sales	+/++	-16,5%	18,2%	-44,7%	6,0%			
H2 Sales	+/++	12,0%	-28,5%	-11,4%	-3,4%			-
H1 EBIT	+/-	-/+	+/++	+/-	- -/-			
H2 EBIT	+/++	-9,8%	+/-	+/++	- -/-			-

Price History



VERIMATRIX



ESG Criteria				
ENVIRONMENT	**2021**	**2022**	**2023**	**Comments**
Carbon footprint				
GHG emissions in kteqCO2 (Scope 1 and 2) / Sales (€m)	NA	NA	NA	
SBTi validated CO2 targets	No	No	No	
Positive environmental impact identified	No	No	No	
Environmental Policy				
Publication of an environmental report	Yes	Yes	Yes	
Fines/environmental litigation over the last 3 years	No	No	No	
14001 certification	No	No	No	
SOCIAL	**2021**	**2022**	**2023**	**Comments**
Promoting diversity				
Share of women in company	23%	20%	21%	
Equal pay index women/men	NA	NA	NA	
Action plan for equal opportunities and diversity	Yes	Yes	Yes	
Share of the disabled	NA	NA	0,4%	
Training				
Part of employees who received training during the last year	51%	21%	41%	
Recruitment & Attraction				
Employment turnover rate	28%	26%	22%	
Certification Great place to work	No	No	No	
Working conditions				
Presence of an HRD on the steering committee	Yes	Yes	Yes	
Encouraging employee shareholding	No	No	No	
Number of shares held by employees	0	0	0	
Absenteeism rate	NA	NA	1,2%	
Workplace accident frequency rate	NA	NA	0	
GOVERNANCE & SHAREHOLDING	**2021**	**2022**	**2023**	**Comments**
Compliance with the Afep-Medef code	Yes	Yes	Yes	
Composition of governance bodies				
Separation of the functions of Chairman and Chief Executive Officer	No	No	No	
Number of members of the Board of Directors	5	5	5	
of which independent	3	3	3	
of which women	2	2	2	
Employee representative on the Board of Directors	No	No	No	
Attendance of Board members	98%	100%	100%	
Audit Committee	Yes	Yes	Yes	
Risk Committee	No	No	No	
Risk Committee: a section dedicated to cybersecurity	No	No	No	Penetration tests
CSR Committee	No	No	No	
Respect of minority shareholders				
Double/multiple voting rights	No	No	No	
Weight of the main shareholder	29%	29%	29%	OEP Inside BV
Executive compensation				
Transparency on the CEO's remuneration	Yes	Yes	Yes	
Statement of the CEO's remuneration	Yes	Yes	Yes	
Compensation of the CEO linked to CSR performance criteria	No	No	No	
Fairness ratio	6,8	7,8	5	
EXTERNAL STAKEHOLDERS	**2021**	**2022**	**2023**	**Comments**
Implementation of an ethics charter with its suppliers	No	No	No	
Implementation of customer satisfaction indicators	No	No	No	Customer experience
Share of financial audit costs in audit costs	100%	100%	100%	

Compulsory disclosures

Stock recommendations

Our stock recommendations reflect the total return expected on the share over a 6-12 month investment horizon. They are based on target prices defined by the analyst and incorporate exogenous factors related to the market environment, which are subject to wide variations. Portzamparc's analysts use a fundamental multi-criteria approach when valuing a share (mainly, but not limited to, discounting of cash flows, comparable multiples, transaction multiples, sum of the parts and revalued net assets).

STRONG BUY (1): Expected return in excess of +15%

BUY (2): Expected return of between +5% and +15%

HOLD (3): Expected return of between -5% and +5%

REDUCE (4): Expected return of between -5% and -15%

SELL (5): Expected return of less than -15% or poor visibility on the fundamentals of the company.

All the disclaimers relating to Portzamparc's research (records of ratings, commitment to transparency, policy for handling conflicts of interest, rating system, rating breakdown, etc.) are available at https://www.midcaps.portzamparc.fr/wp-content/fileadmin/pubt/avertissements.pdf (institutional investors).

Unless otherwise specified, all prices are previous day's closing prices.

Ratings applied to the issuer in the past 12 months

The following table shows the ratings and targets prices made by the financial analysis department of Portzamparc over a 12-month period. Recommendations are updated either when a comment is made in connection with an official or legal publication, or when an exceptional event occurs (external growth, significant agreements).

Date	Analyst	Target Price	Closing Price	Recommendation
03 Jun 24 - 08:27:42	Clément Bassat	1	0,45	Strong Buy
03 Jun 24 - 08:05:11	Clément Bassat	0,55	0,45	Strong Buy
18 Apr 24 - 10:01:54	Clément Bassat		0,438	
18 Apr 24 - 08:23:08	Clément Bassat		0,438	
15 Mar 24 - 09:33:10	Clément Bassat		0,523	
20 Dec 23 - 09:03:04	Augustin Socié		0,419	
20 Oct 23 - 08:03:33	Augustin Socié	0,65	0,531	Hold
25 Jul 23 - 14:12:29	Augustin Socié	0,8	0,715	Hold
25 Jul 23 - 08:10:31	Augustin Socié	0,8	0,715	Hold
09 Jun 23 - 08:54:45	Augustin Socié	0,8	0,64	Hold

Potential conflicts of interest for PORTZAMPARC

Company	*Potential conflicts of interest*
Verimatrix	**6**

1. Portzamparc holds or controls 5% or more of the issuer's share capital;
2. The issuer, or its main shareholders, hold or control, directly or indirectly, 5% or more of Portzamparc's share capital;
3. Portzamparc has been lead manager or co-lead manager in a public offering of financial instruments of the issuer in the past 12 months;
4. Portzamparc is market maker for the financial instruments of the issuer;
5. Portzamparc has entered into a liquidity agreement with the issuer;
6. Portzamparc and the issuer have signed an analysis service agreement whereby Portzamparc has undertaken to produce and disseminate investment research on the issuer. Research report produced in accordance with charter of good practices regarding sponsored research. Research partially paid by the issuer, limited distribution;
7. Portzamparc has received payment from the issuer in consideration for the provision of investment services or financial advisory services in the last 12 months;
8. The author of this document or any person who has assisted in its preparation (or a member of their household), and any person who, while not involved in the preparation of the report, has had, or can be reasonably assumed to have had, access to material elements of this document prior to its dissemination, holds a net or short position representing more than 0.5% of the issuer's share capital;
9. The rating published in this document has been disclosed to the issuer prior to publication and dissemination and subsequently amended prior to its dissemination.

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