

# ODDO BHF FORUM 2021

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

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For a more detailed description of the risks and uncertainties with respect to Verimatrix, please refer to the "Risk factors" section of the 2019 universal registration document filed with the AMF (French Financial Markets Authority) on May 11, 2020, available on [www.verimatrix.finance.com/en](http://www.verimatrix.finance.com/en)

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Verimatrix protects digital content, applications, and devices with intuitive, people-centered and frictionless security.



**325+** employees across  
**12 global offices**



**1,000+** customers in  
**120 countries**



Protects **500M+** clients across devices

**Secures more set-top boxes** than any another content security firm

**Trusted** by leading studios, broadcasters, fintech, streaming & more



“Unambiguous momentum leader in content security.”<sup>2</sup>



**25+**  
years of security  
innovation



Pioneer of studio-compliant  
video software security



**99%**  
Customer  
Satisfaction<sup>1</sup>

# Verimatrix Safeguards An Unprotected World

## Video Content

Live Stream

Broadcast



## Internet of Things

Connected Devices

Keyless Entry



## Application & Software

Healthcare

Financial Services



# Selected Studios and Media Partners



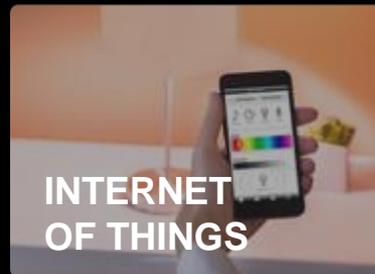
# Selected Customers & Partners

Verimatrix serves over 1,000 customers/partners across 120 countries, including some of the world's most admired brands.



# Market Focus

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# Portfolio: Content Protection

Protect and maximize the value of your content everywhere



VCAS



Multi-DRM



Embedded DRM



Content  
Monetizer



TV Everywhere  
Authentication



Watermarking

- Protect your valuable content to increase revenue.
- Get to market faster.
- Design your ideal solution.
- Scale easily to new users and services.
- Manage subscriber access while winning new customers.

# Portfolio: Application Shielding

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Secure your software and transactions across devices



Code Protection



Whitebox



App Shield



Mobile Payment

- Shield your business from loss and exposure.
- Integrate with your current development practices.
- Provide a compelling customer experience.
- Deploy intelligent and adaptive protection.
- Keep your customers safe.

# Flexible deployment options

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We support our customer's legacy on-prem operations with an easy migration path toward and innovative, cost-effective SaaS model.



## Verimatrix On-Premise

Verimatrix turnkey installation, with 24/7 global support to quickly address any technical problem.



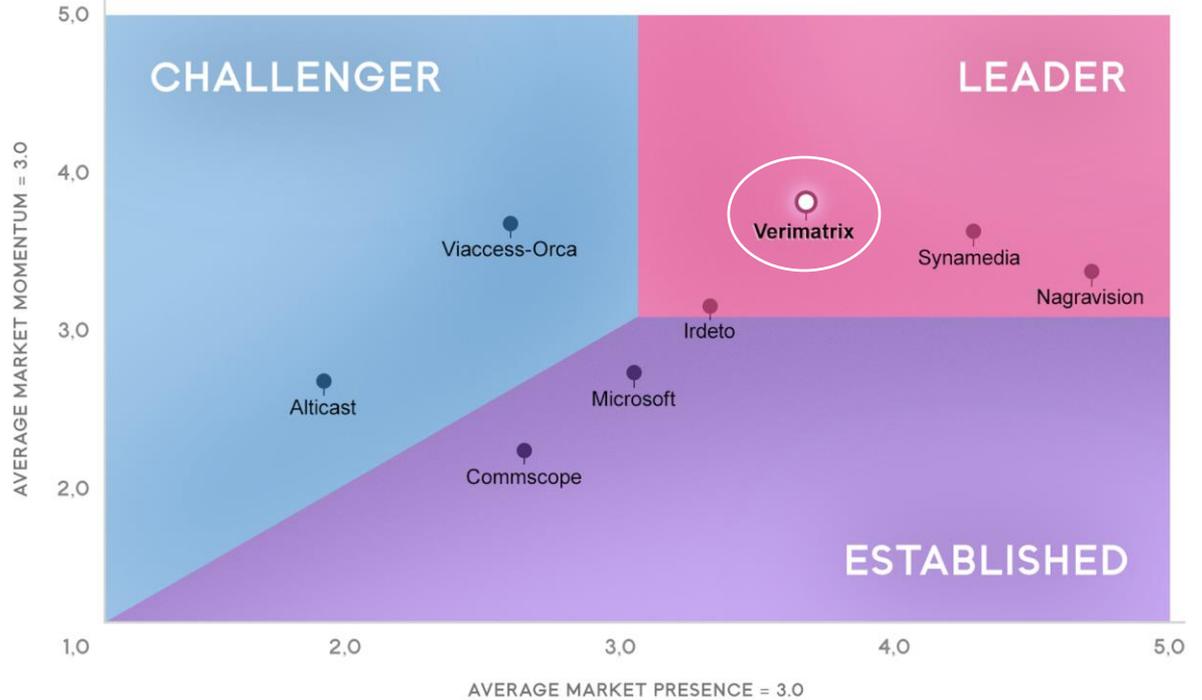
## Verimatrix SaaS

From video operators, OTT service providers, to banks and mobile app developers, AWS-based Verimatrix Secure Cloud at your service.

# Recognition

“Verimatrix is the content security segment’s unambiguous Momentum leader”

2020 OMDIA  
Video Content Security Scorecard



# Customer Support Excellence

Winner of multiple awards for customer service and technical support



99%

CUSTOMER  
SATISFACTION



**THE STEVIE® AWARDS**  
The World's Premier Business Award Competitions

**Winner of  
over 30 awards  
for product & technical innovation**

# Our Digital World is Expanding Rapidly

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More video, more apps, accessed on more connected devices

**\$73B**

GLOBAL OTT MARKET  
BY 2023\*

**7M+**

APPS ON  
GOOGLE PLAY &  
APPLE APP STORE

**3X**

CONNECTED DEVICES  
THAN PEOPLE BY 2023

# Digital Experiences Have No Boundaries

All of those digital experiences are at risk – security matters more than ever

**\$12.5B**

LOST REVENUE FROM  
VIDEO PIRACY BY 2024\*

**75%**

OF APPS  
ARE UNPROTECTED

**94%**

EXPERTS PREDICT ELEVATED  
SECURITY THREATS ON  
5G NETWORKS\*



**Security Made for  
People**

**Financials**

## Transition towards recurring subscription and SaaS model well on track

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- ✓ \$70.4 million revenue in first 9-month 2020
- ✓ Recurring revenues representing 60% of revenue at \$42.0 million; up 3% year-over-year<sup>1</sup> (lower than H1 YoY growth due to strong license revenue in Q3 2020)
- ✓ Strong growth of subscription-based business (ARR\* x 2.2 in 6 months at \$8.5m)
- ✓ Core software business flat year-over-year<sup>1</sup> (compared with -6% in first-half 2020) impacted by transition towards recurring subscription and SaaS model and to a lesser extent COVID-19 pandemic
- ✓ Closed significant cross-selling and up-selling customer contracts, combining Verimatrix products with former Inside Secure application shielding products.
- ✓ Consolidated revenue (IFRS) up 8% year-over-year

1. see Definitions and Basis of preparation in Appendix hereof

\* Annual recurring revenue

## Resilient First-Half 2020 Results

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- ✓ \$44.2 million revenue in first-half 2020
- ✓ \$7.4 million EBITDA in first-half 2020 (17% of revenue)
- ✓ Core software business EBITDA up 54% year-over-year
- ✓ \$46.5m in cash and cash equivalents
- ✓ Solid financial position to face the global pandemic situation

# First-half 2020: Growing EBITDA thanks to tight control on Opex and positive impact of 2019 cost synergy plan

(in million US\$)	H1 2020	H1 2019
Revenue	44,2	50,4
<b>Adjusted gross profit</b>	<b>37,0</b>	<b>40,4</b>
<i>As a % of revenue</i>	<b>83,9%</b>	<b>80,2%</b>
Research and development expenses	(11,5)	(12,8)
Selling and marketing expenses	(12,6)	(12,5)
General and administrative expenses	(7,6)	(10,4)
Other gains / (losses), net	(0,1)	(0,3)
<b>Total adjusted operating expenses</b>	<b>(31,8)</b>	<b>(36,0)</b>
<b>Adjusted operating income from continuing operations</b>	<b>5,2</b>	<b>4,4</b>
<i>As a % of revenue</i>	<b>11,8%</b>	<b>8,8%</b>
<b>EBITDA</b>	<b>7,4</b>	<b>7,2</b>
<i>As a % of revenue</i>	<b>16,7%</b>	<b>14,3%</b>

# H1 2020: Improving IFRS operating income and net income

(in million US\$)	H1 2020	H1 2019 (*)
Adjusted operating income/(loss)	5,2	9,5
Fair value adjustment on deferred revenue (**)	-	(1,0)
Amortization and depreciation of assets acquired through business combinations (**)	(2,5)	(2,0)
Acquisition related expenses	(0,1)	(2,8)
Restructuring costs	(0,0)	(10,7)
Share based payments	(0,2)	(0,5)
Operating income/(loss)	2,3	(7,4)
Finance income/(loss), net	(3,9)	(2,0)
Income tax expense	(0,2)	0,2
Net income/(loss) from continuing operations (i)	(1,8)	(9,2)
Net income/(loss) from discontinued operations (ii)	(0,2)	3,6
Net income/(loss) (i) + (ii)	(1,9)	(5,6)

(\*) 4 months of Verimatrix, Inc. (from March to June)

(\*\*) Item without cash impact

Sums may not equal totals due to rounding

# H1 2020: Cash flows reflecting operating performance and seasonality

(in million \$)	H1 2020	H1 2019
Cash generated by / (used in) continuing operations before changes in working capital	6,7	3,4
Cash generated by / (used in) changes in working capital from continuing operations	(5,8)	(13,7)
<b>Cash generated by / (used in) continuing operations</b>	<b>0,8</b>	<b>(10,3)</b>
<b>Cash generated by / (used in) discontinued operations</b>	<b>(0,2)</b>	<b>0,4</b>
Taxes paid	(0,7)	(1,6)
Interests paid	(3,9)	(0,4)
<b>Net cash generated by / (used in) operating activities</b>	<b>(3,9)</b>	<b>(12,0)</b>
Cash flows used in investing activities, net	(2,4)	(129,8)
Cash flows from financing of discontinued activities, net	-	(0,2)
Cash flows from / (used in) financing activities, net	(1,2)	108,6
<b>Net increase in cash and cash equivalents</b>	<b>(7,5)</b>	<b>(33,3)</b>
Cash and cash equivalents at beginning of the period	54,0	47,4
Foreign exchange impact	(0,0)	0,1
<b>Cash and cash equivalents at end of the period</b>	<b>46,5</b>	<b>14,1</b>

# H1 2020: Strong balance sheet

(in million \$)	June 30, 2020	December 31, 2019
Goodwill and intangible assets	136,0	136,9
Property and equipment	14,1	15,5
Other receivables	20,7	18,7
<b>Non-current assets</b>	<b>170,9</b>	<b>171,1</b>
Inventories	0,6	0,4
Trade receivables	32,5	36,7
Other receivables	14,0	13,8
Cash and cash equivalents	46,5	54,0
<b>Current assets</b>	<b>93,5</b>	<b>104,9</b>
<b>Total assets</b>	<b>264,4</b>	<b>276,0</b>

(in million \$)	June 30, 2020	December 31, 2019
<b>Equity and retained earnings</b>	<b>154,7</b>	<b>156,4</b>
Borrowings	55,8	56,6
Convertible bonds	15,4	14,9
Derivative financial instruments	2,0	1,6
Provisions	0,8	0,9
Deferred tax liabilities	1,3	2,2
<b>Non-current liabilities</b>	<b>75,3</b>	<b>76,3</b>
Borrowings	2,1	2,0
Trade and other payables	18,2	24,9
Provisions for other liabilities and charges - Current portion	1,5	1,6
Unearned revenues	12,6	14,9
<b>Current liabilities</b>	<b>34,3</b>	<b>43,3</b>
<b>Total equity and liabilities</b>	<b>264,4</b>	<b>276,0</b>

June 30, 2020:  
\$11.3m net debt\*  
(including convertible bonds - OCEANE - and  
excluding IFRS 16 leases)

(1) see Definition in Appendix hereof



# Security Made for People

## Business Outlook & Objectives

## Business Outlook and Objectives

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- ✓ Focused on executing strategy, and, in particular:
  - Continuously growing recurring revenues and SaaS and subscription-based business in particular
  - Develop the code and application protection solutions business (App. Shielding)
  - Increase cross-selling and up-selling revenue synergies
- ✓ Tight control of expense while investing in long-term growth
- ✓ Revenue objective at \$100 million for FY 2020, with EBITDA margin reaching circa 26%



# Security Made for People

## Appendix

# Basis of preparation

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

Verimatrix (the "Company") has prepared its results in accordance with IFRS (which accounted for 4 months of activity of Verimatrix, Inc. in first-half 2019, compared to 6 months in 2020). The Company has also prepared unaudited pro forma results as if the acquisition of Verimatrix, Inc. had been completed on January 1, 2019 to enable comparison with 2020. Pro forma are deemed "adjusted" compared with IFRS since, consistent with the Company's prior financial communications, they exclude (i) non-recurring adjustments on revenue due to purchase accounting (deferred revenue), (ii) the amortization of intangible assets related to business combinations, (iii) any potential goodwill impairment, (iv) share-based payment expense and (v) non-recurring costs associated with restructuring and business combinations. Definitions of adjusted measures are provided hereinafter.

On December 6, 2019, the Company completed the sale of its Silicon IP business unit to Rambus Inc. (NASDAQ: RMBS) in an all-cash transaction. Since the Silicon IP business unit was a separate major line of business within the meaning of IFRS 5, the revenue and results of this activity have been isolated on a separated line item of the consolidated income statement "Net income from discontinued operations" both for 2019 and 2020. Silicon IP business unit revenue and results are excluded from the adjusted performance indicators.

## Supplementary non-IFRS financial information (adjusted measures)

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

- **Adjusted revenue** is defined as revenue before non-recurring adjustments related to business combinations (deferred revenue that can't be recognized following the acquisition date). It enables comparable revenue for 2019 and 2020.
- **Adjusted gross profit** is defined as gross profit before (i) the amortization of intangible assets, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture undertaken by the Company.
- **Adjusted operating income/(loss)** is defined as operating income/(loss) before (i) the amortization of intangible assets, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with business combinations and divestiture undertaken by the Company.
- **EBITDA** is defined as adjusted operating income before depreciation, amortization and impairment losses not related to business combinations.
- **Net cash/(debt)** is defined as cash on hand, cash equivalents and short-term investments, less bank overdrafts, financial debt (excluding obligations under IFRS 16 for finance leases), bank loans, private loans, and the debt component of the OCEANE convertible bonds.

(in thousands of US\$)	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	46 450	53 975	14 098
Private loan due 2026	(42 307)	(42 123)	(51 624)
Convertible bonds due 2022 (OCEANE)	(15 431)	(14 936)	(14 593)
Other loans	(55)	(267)	(371)
<b>Net debt</b>	<b>(11 343)</b>	<b>(3 351)</b>	<b>(52 490)</b>
Financial lease commitments under IFRS16	(15 505)	(16 278)	(8 653)
<b>Net debt including IFRS 16</b>	<b>(26 848)</b>	<b>(19 629)</b>	<b>(61 143)</b>



# Investor information

Investor relations  
Richard Vacher Detournière  
GM & CFO  
[finance@verimatrix.com](mailto:finance@verimatrix.com)

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Media Contact  
Matthew Zintel  
[communication@verimatrix.com](mailto:communication@verimatrix.com)

Financial Calendar

Fiscal year 2020 earnings: March 10, 2021

