



INVESTORS

PRESENTATION

2022 FULL-YEAR RESULTS



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# Introduction

# Verimatrix at a glance



**800+**

Customers in 120 countries



**320**

Employees, 8 global offices



**GARTNER  
RECOGNIZED**

In-App Protection, 2019–2022



**500M+**

App clients across devices



**25**

Years of security innovation



**CYBERSECURITY  
BREAKTHROUGH AWARDS**

Automotive Cybersecurity Solution  
of the Year 2021



**153**

Patents granted



**2021 INFORMA  
TECH-OMDIA**

Highest scoring application  
shielding vendor



**GLOBAL INFOSEC  
AWARD 2021**

NextGen for Application Security  
award winner



# FY 2022 – Financial highlights

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**Continued growth in both Sales and Annual Recurring Revenue of subscription products, particularly in the second half of the year**

**A 2022 full-year performance in line with the Group's strategy**

- ✓ 45,9% growth in revenue from subscriptions compared with 2021
- ✓ 47,3% growth in recurring revenue from subscriptions compared with 2021
- ✓ EBITDA remains positive at \$1.1 million despite lower business volumes
- ✓ Cash position strengthened to \$30 million after convertible bond redemption
- ✓ For 2023, continued growth in subscription revenues driven by on-board recurring revenue of over \$11 million

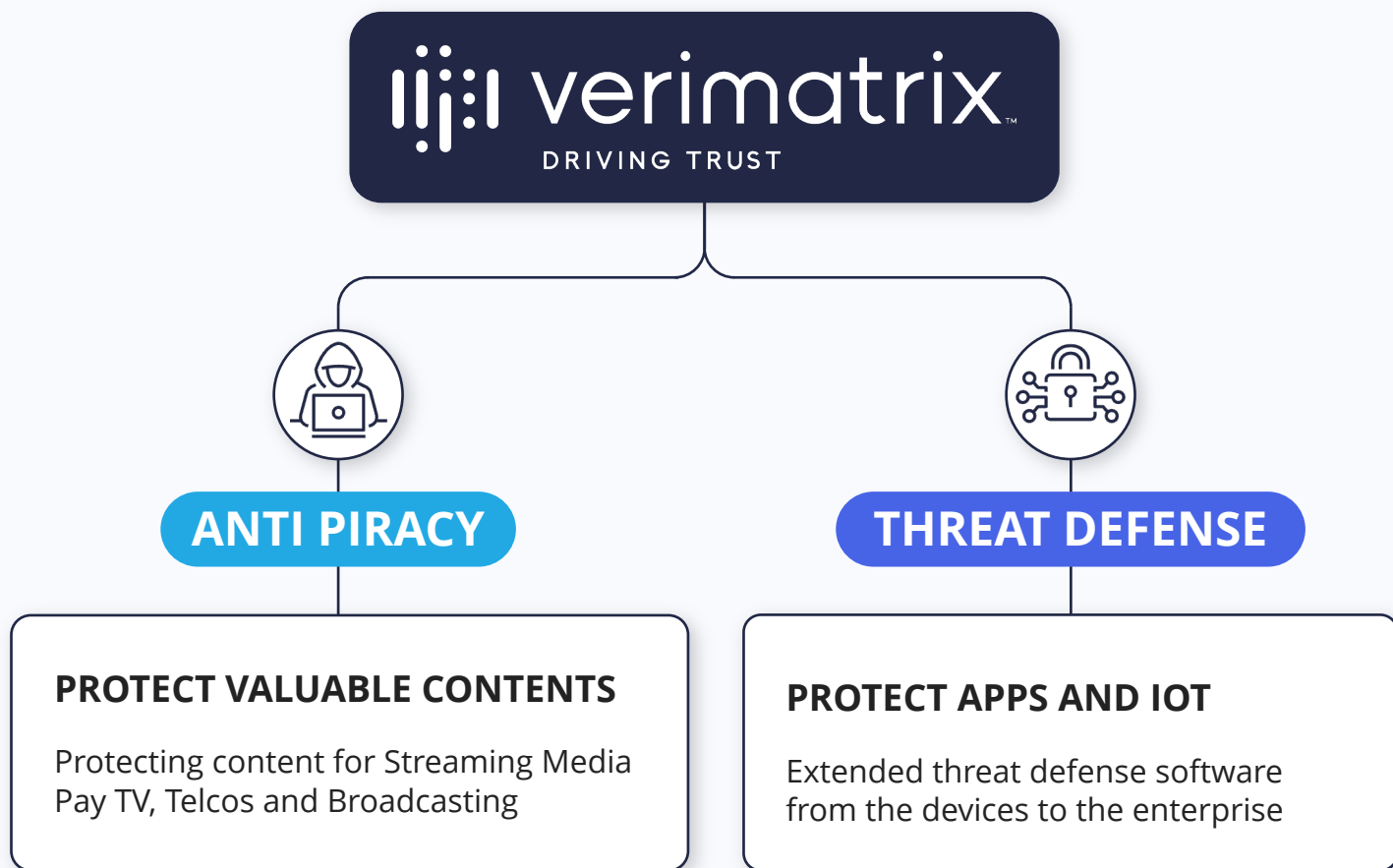


# VERIMATRIX

protecting  
an unprotected digital world



## 2 global business lines





## Two successful business lines

### Anti-Piracy

Verimatrix protects valuable revenue streams of media distributors, from TV operators, to OTT service providers, from live and VoD, to innovative eSports and the metaverse.

Verimatrix's anti-piracy products and services fight piracy across devices with a throttled approach to trace, degrade, and shut down industrial scale piracy of copyrighted content at SaaS speed.

### Threat Defense

Verimatrix's threat defense products and services close the open door in current security walls by monitoring unmanaged threats and protecting apps and devices before they compromise the enterprise.

Utilizing innovative zero-code injection technology and ML/AI, Verimatrix protects the enterprise's most vulnerable and valuable assets that reside in application servers and remote applications.





# Global business lines

## 1. Anti-piracy



# Streamkeeper – Launch 2022

battle-ready cybersecurity engineered to hunt down & take out video piracy

Multi-DRM



Counterspy  
Anti-Piracy  
with  
Edge Authenticator



App  
Telemetry  
Shutdown



Watermarking





# Streamkeeper Recognition

ANTI PIRACY



Best Content  
Protection  
Technology



Enterprise Product of the  
Year Security Software



The Revenue  
Security Award



# Swisscom SaaS deal

ANTI PIRACY



**swisscom**

- Migration from On Premise to SaaS**
- New Monitoring Capabilities on the Cloud**
- 3 Years deal**

*“Verimatrix became the reliable and cooperative partner that we are looking for...”*

*Marco Loetscher, Head of IT & Technology, Swisscom*

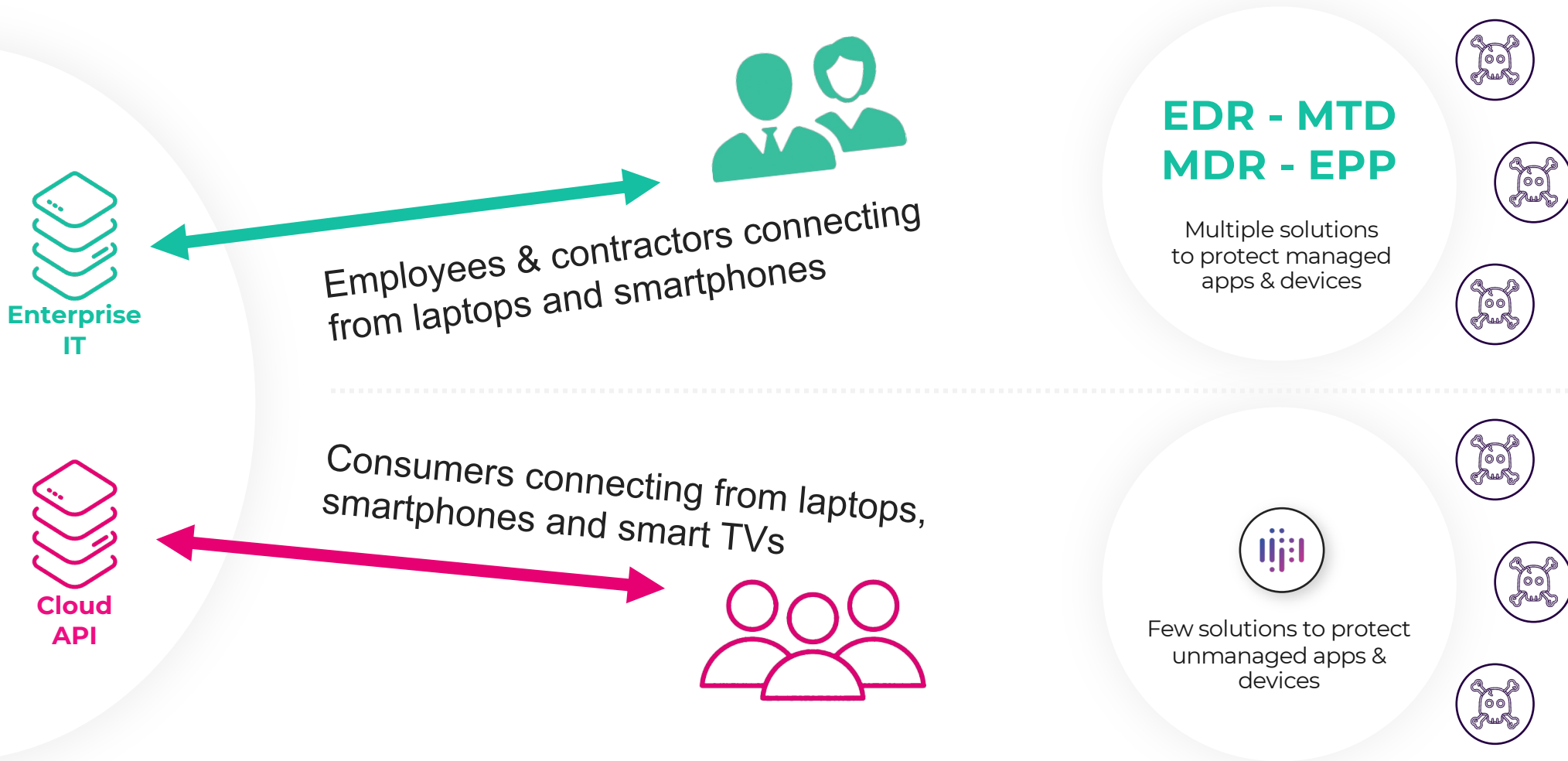




# Global business lines 2. **Threat Defense**



# Two User Types Connecting to the Enterprise



# Fastest Growing Digital Attack Surface Is Mobile

New attack vectors evolving from the weakest links – connected apps, APIs and unmanaged devices

45%

Of organizations had recently experienced mobile-related compromise, Verizon survey 2022

73%

Of organizations that experienced mobile-related compromise described their compromise as “major”

60%

Of organizations report that they do not have visibility to runtime threats against mobile apps and APIs

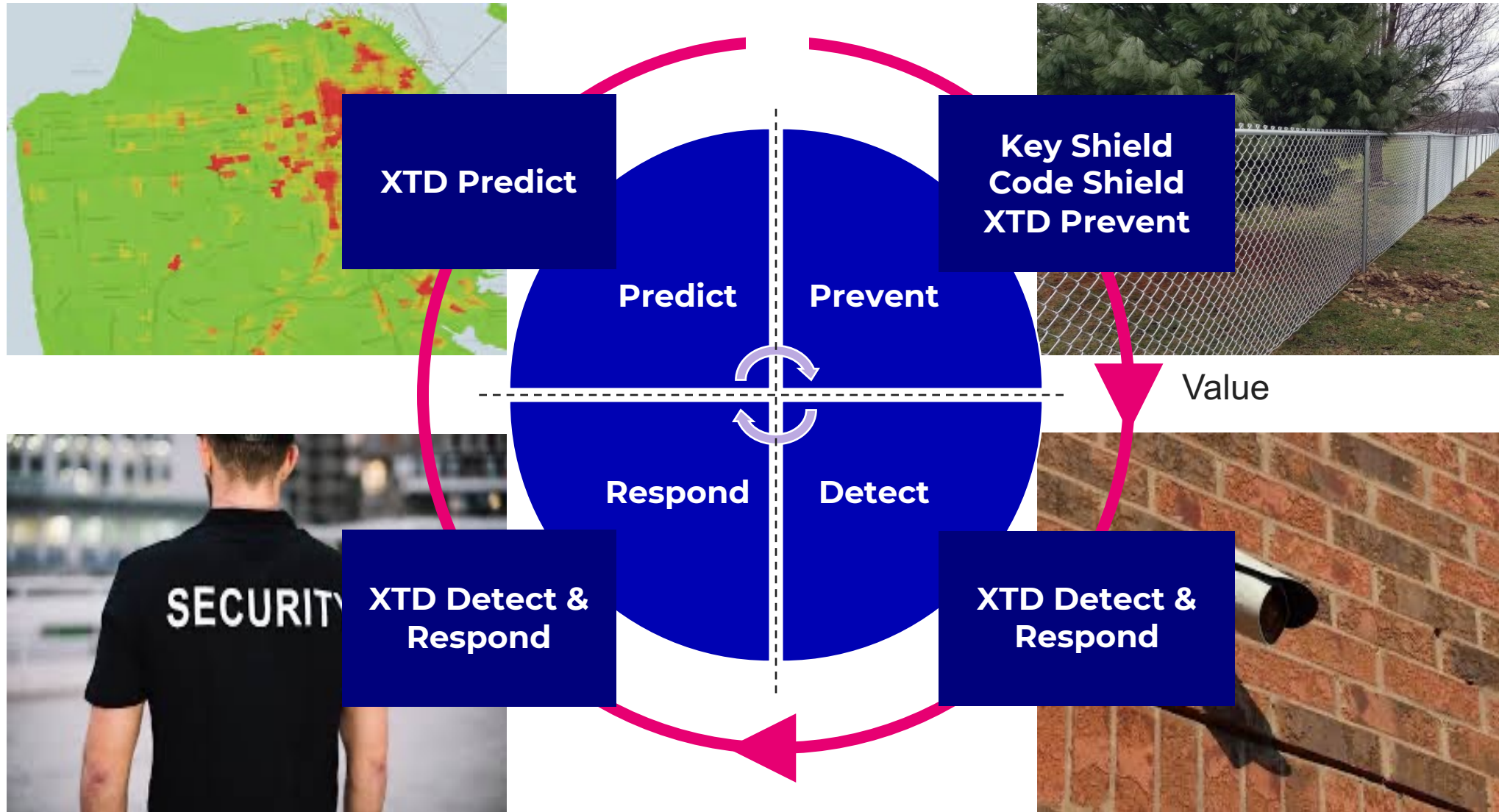
## EDR Market Growth:

- Growing at a **CAGR of 25.3%** from 2022 to 2031
- The global Endpoint **Detection and Response** Market Size was valued at **\$1.9 billion in 2021**
  - It is projected to reach **\$18.3 billion by 2031**





# New XTD offering for mobiles



# Notable Recent Sales Wins

## ANTI PIRACY

VCAS



Fastway



## ANTI PIRACY

Streamkeeper



Edison  
Interactiv  
e



Digital  
Nirvana



## THREAT DEFENSE

XTD



Deutsche  
Bank



Jarir  
Store



Porto  
Seguro



IMAX  
Theatre



Banco  
Union



VanEck  
Asset Mngt



RCBC  
Bank



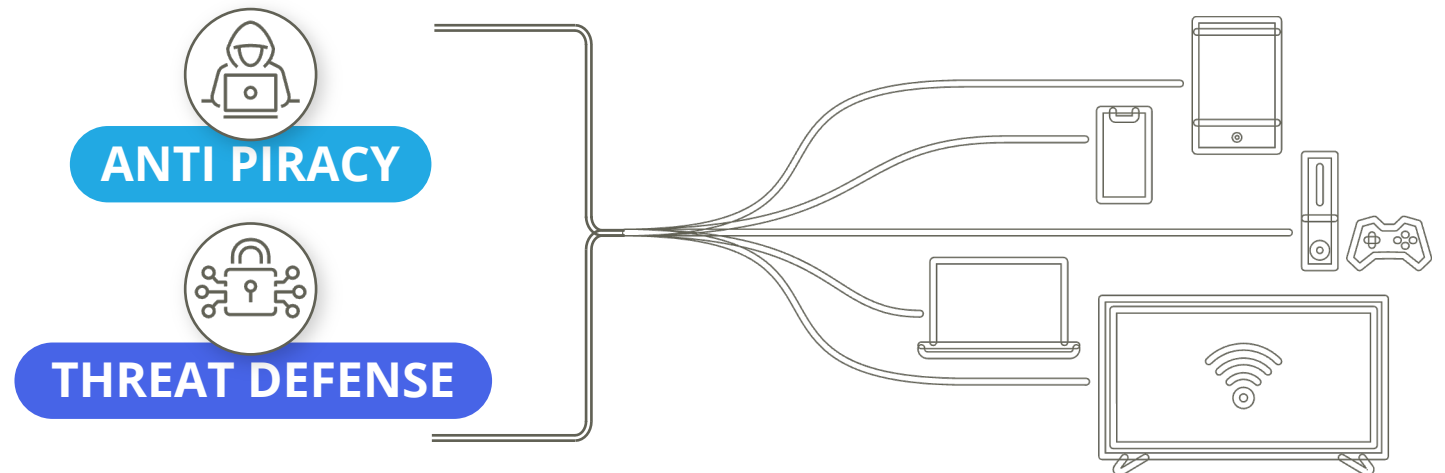
# Solid sales momentum – The case of Izzi Telecom

**“Cybersecurity a critical issue to protect both brand and bottom line”**



A major player in the Mexican telecommunications sector offering popular services such as Izzi TV or Izzi Go

Adding Streamkeeper and Extended Threat Defense to protect millions of devices (apps, web streaming services, set-top boxes)







# 2025 Ambition & Recurring revenues strategy



## Our ambition for 2025



### PROTECT CONTENT FROM PIRACY AND DEFEND THE ENTERPRISE FROM UNMANAGED DEVICES

#### ANTI PIRACY

**Become N°1** in protecting video for the streaming market

#### THREAT DEFENSE

**Leverage our position** in IOT and Apps protection to extend into enterprise's endpoints protection market



### FINANCIAL TARGET

**c. \$100m revenue** by the end of 2025 through organic growth

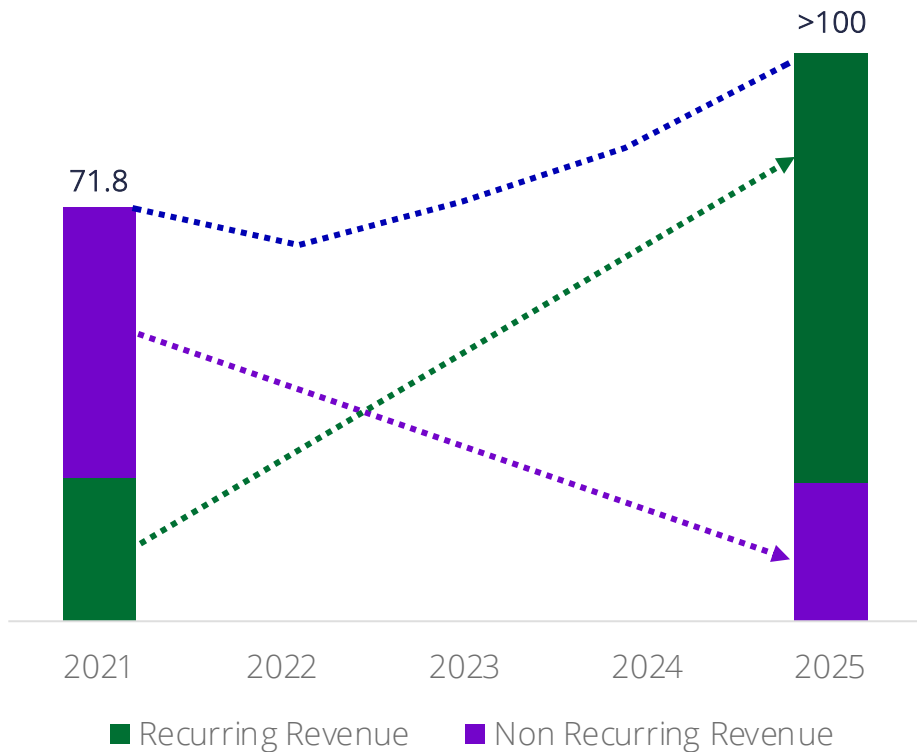
**More than 70%** recurring revenues by the end of 2025

EBITDA above **20%** in 2025

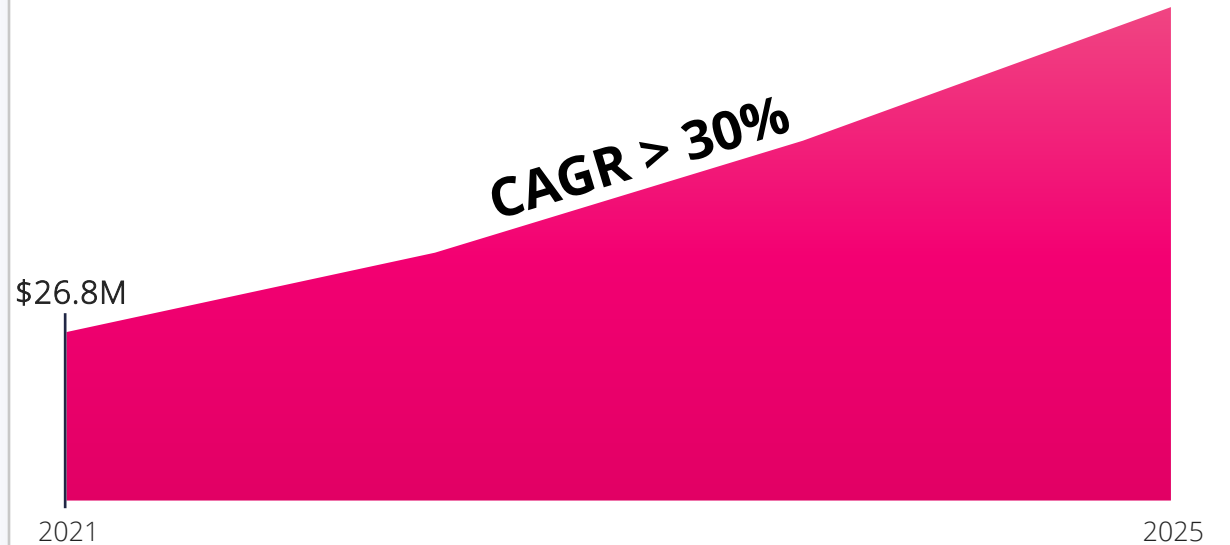


# Revenue evolution regarding transformation journey

## Revenue evolution (Recurring / Non-Recurring)



## CAGR in ARR expected above 30%



The change of the business model will deliver a sustainable and profitable growth.

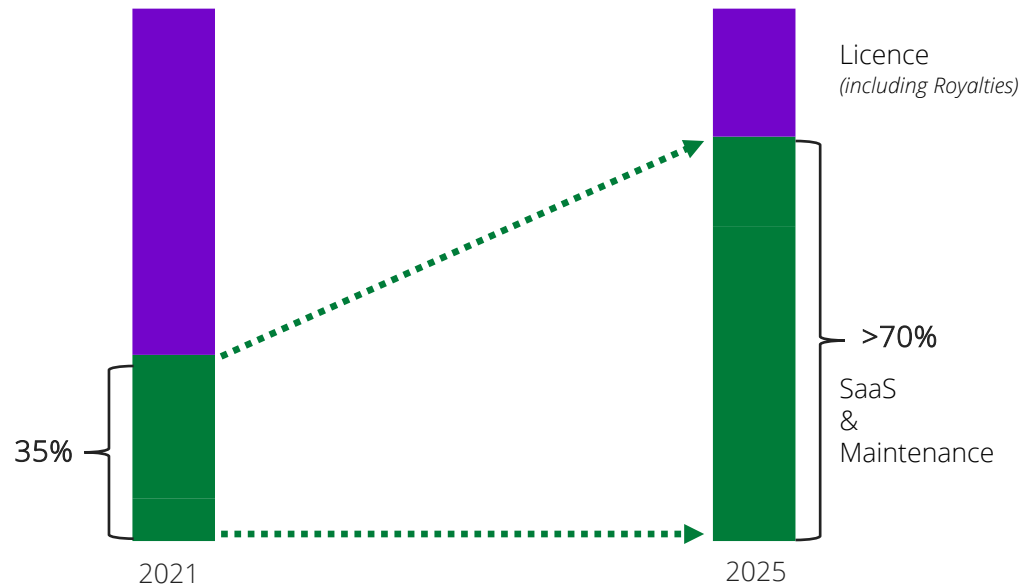
Overtime the recurring revenue growth will offset the decrease of the non-recurring revenue.



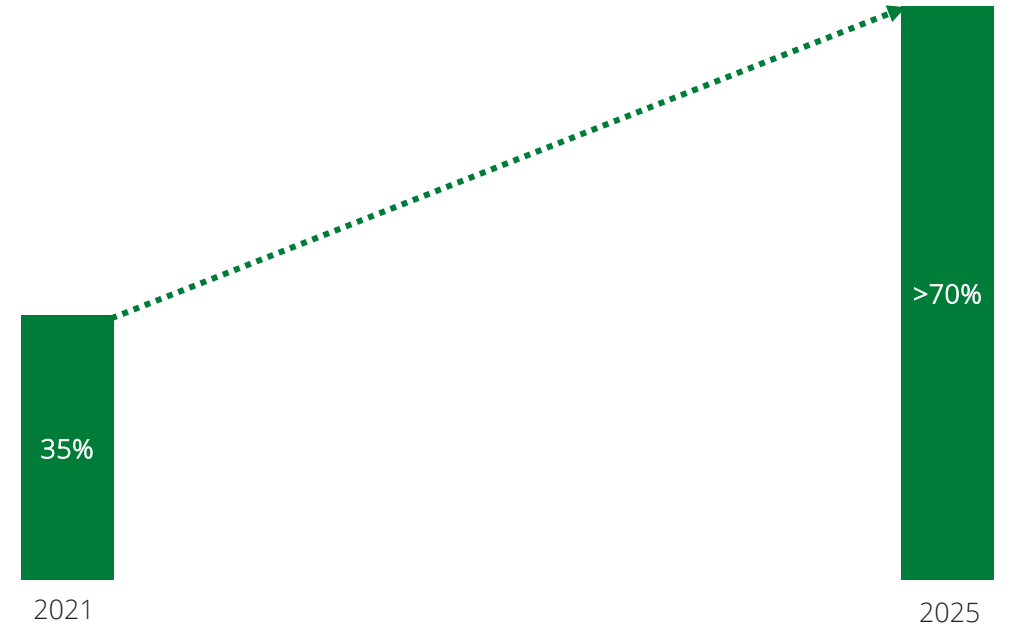


# Business model transformation is accelerating

## Split of revenues over the years % of the annual revenues



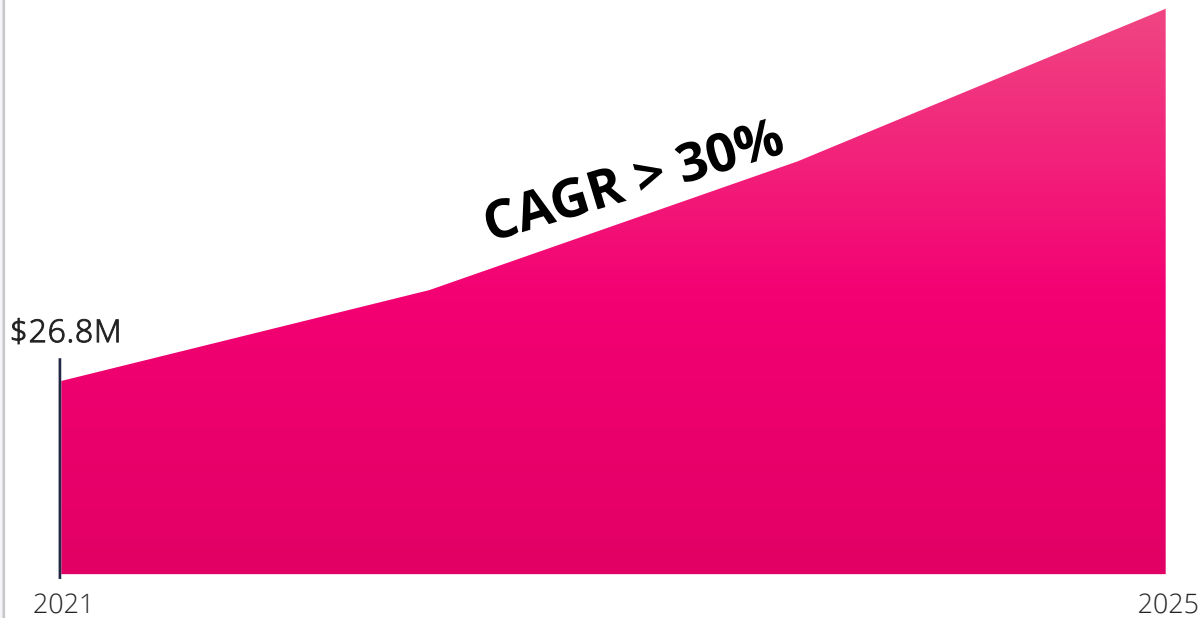
## Total Recurring Revenue will increase over the years And will represent more than 70% of total revenue by the end 2025



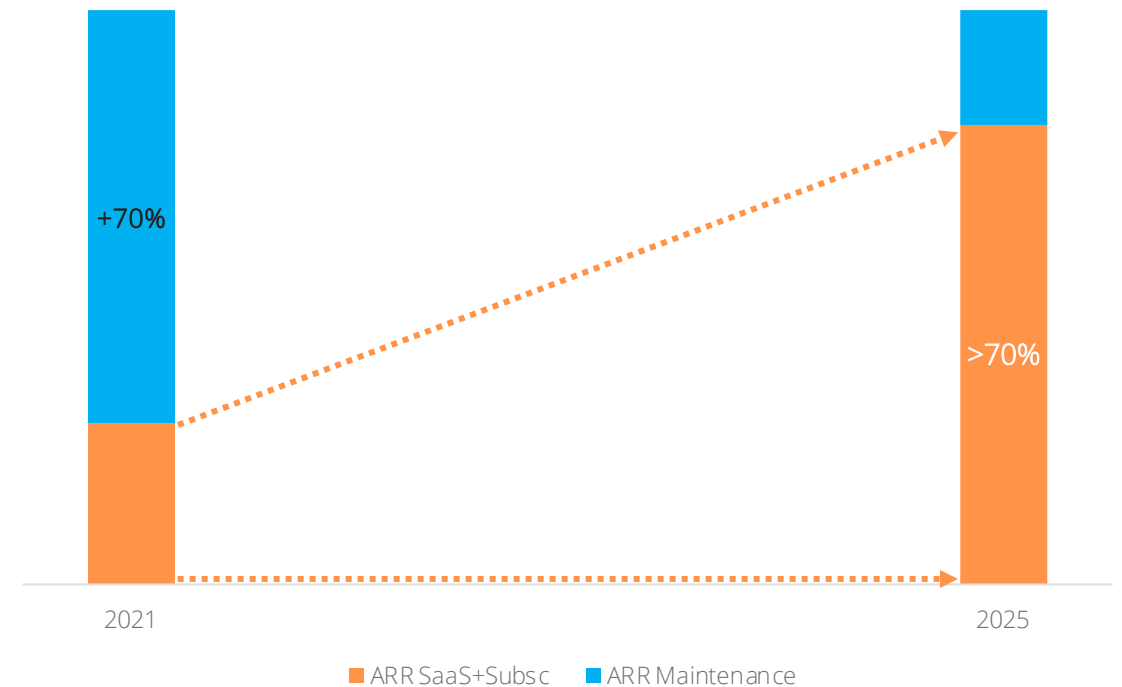


# ARR will grow supported by SaaS and subscription business model

**CAGR in ARR**  
expected above 30%



**ARR breakdown**  
(percentage)





# Q4 revenue & 2022 full year results



# Q4 & FY 2022 revenues

	Q4 REVENUE			FY REVENUE		
(in US\$ million)	4Q22	4Q21	4Q22 vs. 4Q21	FY22	FY 21	2022 vs. 2021
<b>Recurring revenue</b>	<b>7.2</b>	<b>6.5</b>	<b>10.2%</b>	<b>26.4</b>	<b>25.0</b>	<b>5.4%</b>
of which subscriptions	2.8	1.5	79.1%	8.2	5.6	45.9%
of which maintenance	4.4	5.0	-11.1%	18.2	19.4	-6.3%
<b>Non-recurring revenue</b>	<b>8.9</b>	<b>14.1</b>	<b>-36.8%</b>	<b>34.6</b>	<b>46.8</b>	<b>-26.0%</b>
<b>Total software revenue</b>	<b>16.1</b>	<b>20.6</b>	<b>-21.9%</b>	<b>61.0</b>	<b>71.8</b>	<b>-15.0%</b>
Total revenue	16.1	20.6	-21.9%	61.0	71.8	-15.0%
<b>ARR (end of period)</b>				<b>27,5</b>	<b>26,8</b>	<b>2,6 %</b>
of which subscriptions				11,1	7,5	47.3 %
of which maintenance				16,5	19,3	-14.7 %

## On going transformation plan supported by strong growth in Subscription ARR and Revenue

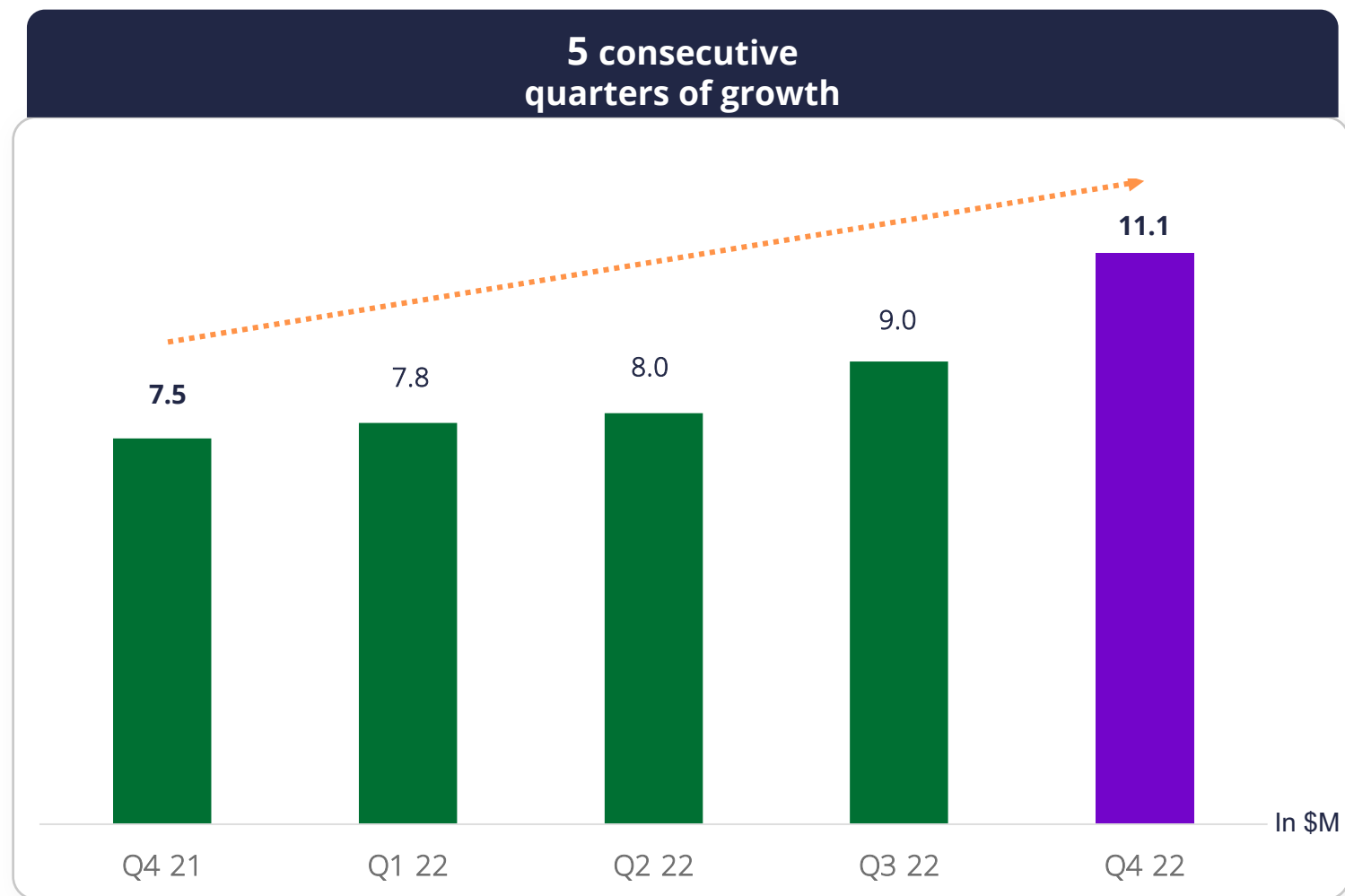
Q4 in line with the planned effects of the transformation of one-off license sales to SAAS revenue

- Subscription revenue and ARR up 79.1% and 23%
- Recurring revenue represented 45% of total revenue
- Recurring revenue up 10.2%

A favorable evolution of the commercial mix between recurring revenues and direct sale of licenses in accordance with the strategic plan

- Subscription revenue up 45.9%
- ARR from subscription up 47.3% compared with 2021
- Contribution of recurring revenue up to 43% of total revenue (vs. 35% end of 2021)

# Annual Recurring Revenue trend from subscriptions



# FY 2022 – Operating Income

(US\$ million)	2022	2021 Core Business	2021 Company <sup>1</sup>	
Revenue	61,0	71,8	88,5	
<b>Gross profit</b>	<b>43,6</b>	<b>54,9</b>	<b>66,7</b>	→ Decrease of the non-recurring revenue and higher amortisation costs. Negative effects partially offset by the optimization of support organisation based in Mexico and Hungary
<i>As a % of revenue</i>	<i>71.4%</i>	<i>76.4%</i>	<i>75.4%</i>	
Research and development expenses	(19,3)	(17,9)	(18,0)	
Selling and marketing expenses	(15,2)	(20,9)	(20,9)	→ Limited impact of the decline in revenue thanks to the tightening of expenditure
General and administrative expenses	(12,8)	(14,0)	(14,0)	
Other gains / (losses), net	0.2	(0,2)	1,1	
<b>Total adjusted operating expenses</b>	<b>(47,1)</b>	<b>(53,0)</b>	<b>(51,8)</b>	→ Cost structure optimization and a positive currency effect of \$2.5 million for the year
<b>Adjusted operating Income</b>	<b>(3,5)</b>	<b>1,9</b>	<b>14,9</b>	
<b>EBITDA</b>	<b>1,1</b>	<b>5,5</b>	<b>19,0</b>	→ Positive EBITDA of \$1.1 million for FY 2022 after \$0.2 million in the first half of the year

<sup>1</sup> Including revenues from NFC activity sold in 2021



# FY 2022 – Cash Flow

US\$ million)	2022	2021
<b>Income / expense from continuing operations</b>	<b>(17.6)</b>	<b>3.7</b>
Non-cash items from continuing operations	18.0	13.7
Changes in working capital from continuing operations	7.7	9.5
<b>Cash generated by / Used in operational activities</b>	<b>8.1</b>	<b>26.9</b>
<b>Cash used in discontinued operations</b>	<b>-</b>	<b>5</b>
Taxes paid	(1.7)	(1.4)
Interests paid	(3.6)	(4.0)
<b>Net cash generated by / used in operating activities</b>	<b>2.9</b>	<b>21.5</b>
Cash flows / used in investment activities, net	(3.4)	(8.3)
Cash flows from / used in financing activities, net	(14.7)	(16.5)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(15.2)</b>	<b>(3.3)</b>
Cash and cash equivalents at beginning of the period	45.3	48.6
Foreign exchange impact	(0.1)	(0.1)
<b>Cash and cash equivalents at end of the period</b>	<b>30.0</b>	<b>45.3</b>

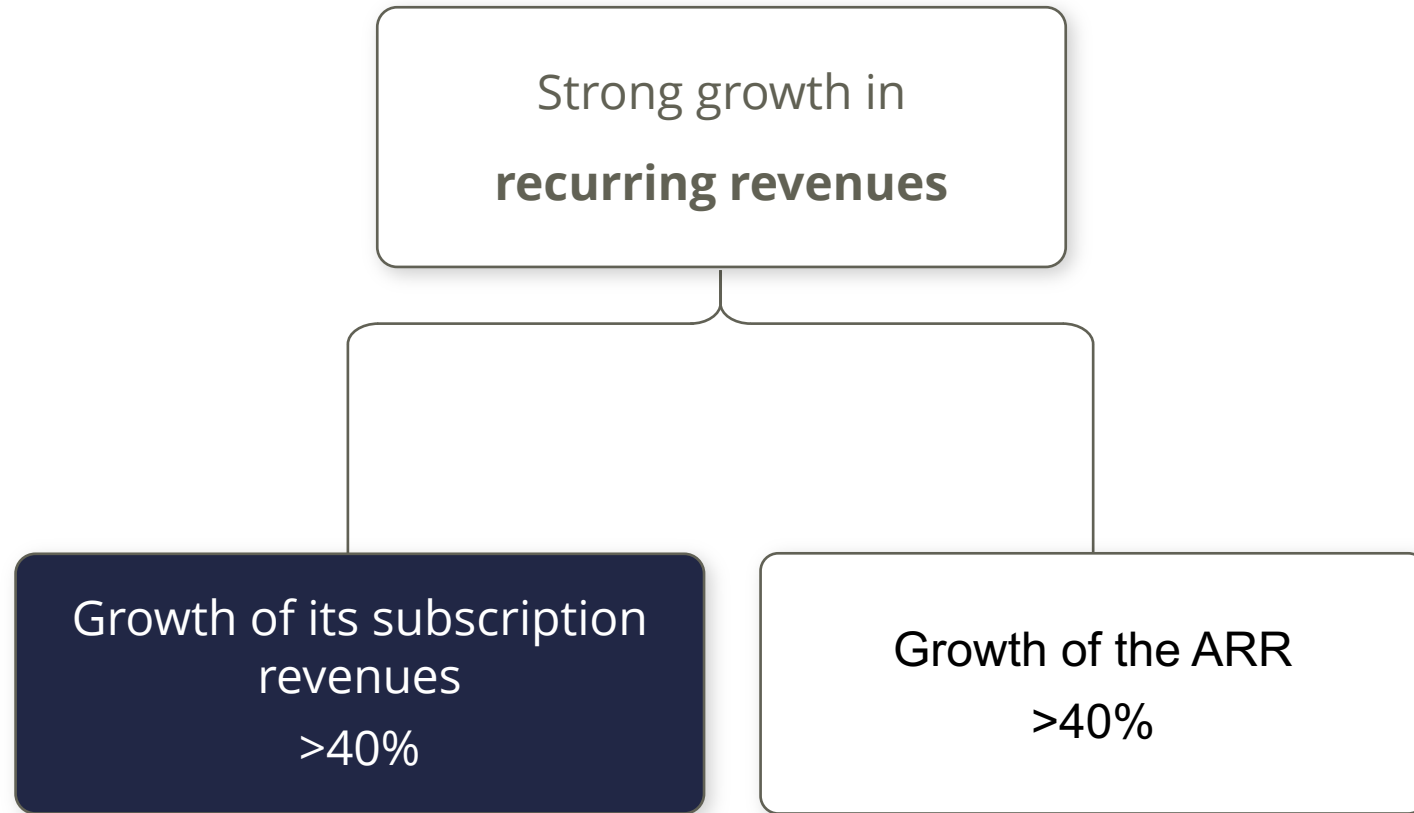
Over the period \$2.6 millions have been allocated to the development of additional functionalities on our new solutions.

full repayment of convertible bond for \$17.5 million, partial private placement down payment for \$3.0 million and proceeds of new PPR loans for \$7.4 million

\$30 m cash available after reduction of debt for an amount of \$14,7 million

# 2023 OUTLOOK

# 2023 Full-year guidance







# ● INVESTOR ● ● INFORMATION ●

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Financial Calendar  
2023 Earnings: March 9, 2023 (after market)

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