



INVESTORS

PRESENTATION

2023 FULL-YEAR RESULTS

March 2024





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Your speakers today



Amedeo D'Angelo

Executive Chairman



Jean-François Labadie

CFO

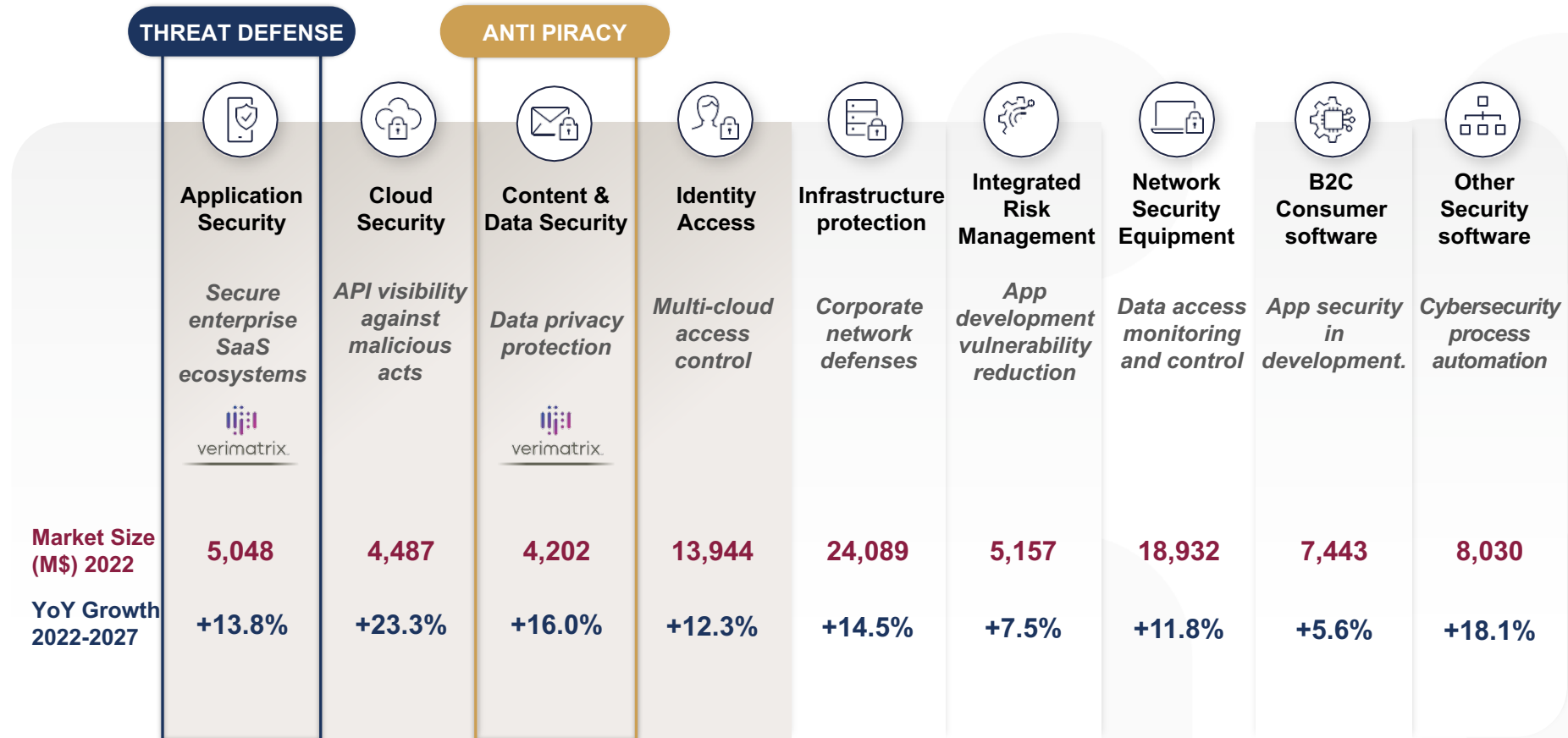
Summary

1. Leading in top cybersecurity market
2. Verimatrix : a Tech company in transformation
3. Anti-Piracy
4. Threat Defense
5. 2023 Results
6. 2024 Perspectives



1. Leading in top Cybersecurity market

Leading in top cybersecurity markets



Source Gartner



2. VERIMATRIX: A Tech company in transformation

Verimatrix at a glance



ARR

50% of total revenue



25

Years of security innovation



Verimatrix XTD Named Application Security Solution Of The Year in 7th Annual CyberSecurity Breakthrough Awards



500M+

App clients across devices



153

Patents granted



Leader in the 2023 SPARK Matrix™ for In-App Protection Report



270+

Employees, 8 global offices



Half employees in R&D



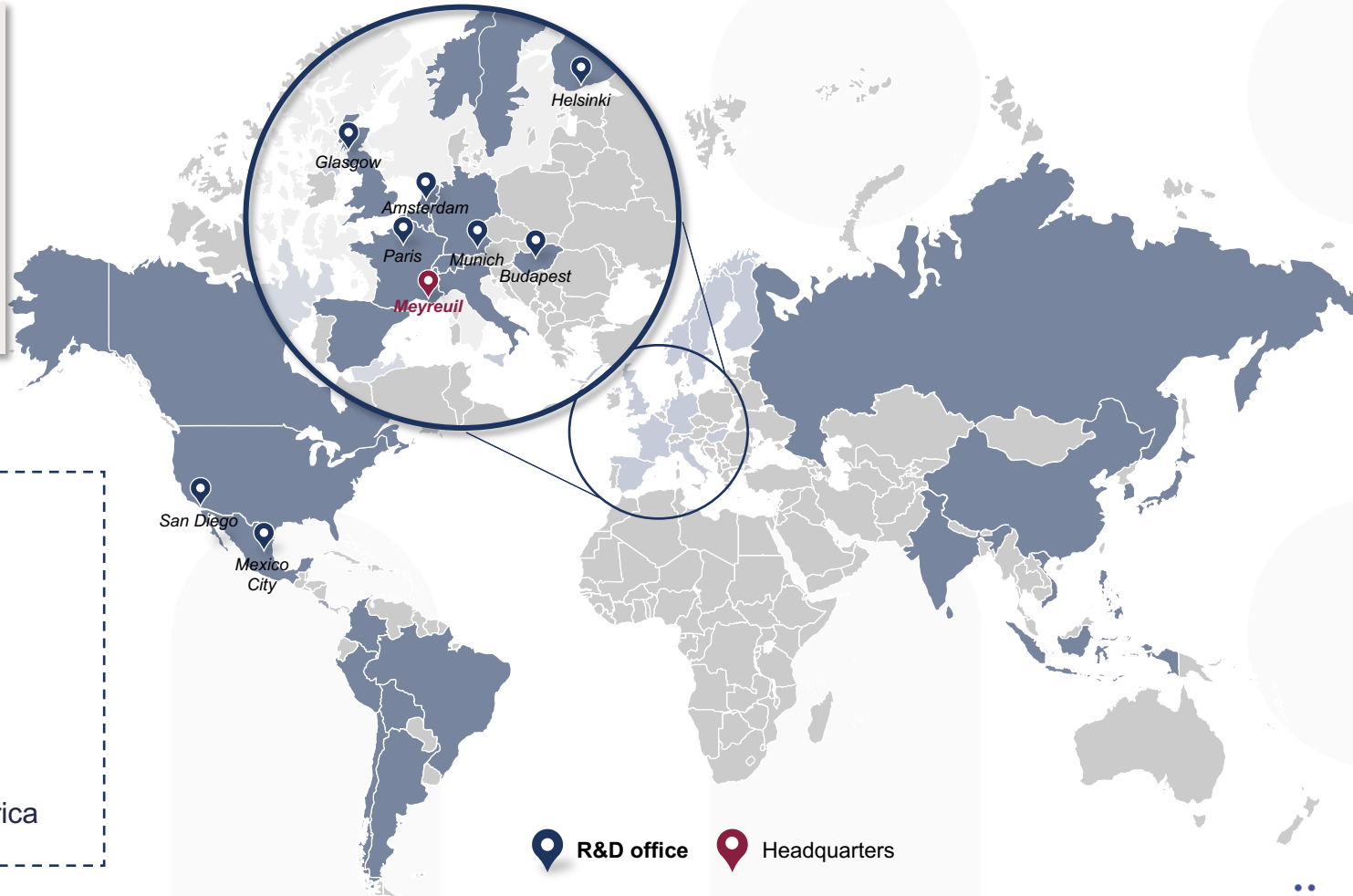
Verimatrix Streamkeeper Wins Gold in 2024 Merit Awards for Telecom Innovation

A strong management team

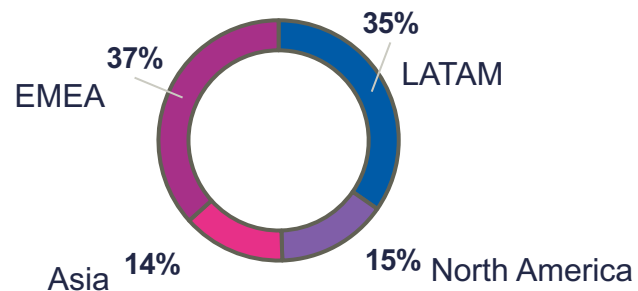
							
Amedeo D'Angelo	Asaf Ashkenazi	Jean-François Labadie	Valérie Convers	Andrew Bear	Tom Powledge	Jon Samsel	Kim Voegele
<ul style="list-style-type: none"> Executive Chairman since 2015, formerly CEO Held positions as Head of Samsung's European operations, President of Gemplus Card Former CEO of Incard and Ingenico 	<ul style="list-style-type: none"> CEO since 2022, formerly COO Former VP Products at Rambus and Qualcomm Member of Forbes' Technological Council Holds 10 US patents on security architecture 	<ul style="list-style-type: none"> CFO since November 2021 Former CFO of Quadient Led Quadient's digital transformation, notably by developing a SaaS software portfolio 10+ years e in digital communications 	<ul style="list-style-type: none"> SVP HR since 2015 Former Senior Director of pre-sales projects and call for tender at Gemplus Over 20 years of operational management experience 	<ul style="list-style-type: none"> Head of Anti-Piracy business line 40+ years of industry experience (Engineering and Operations, Management roles) 	<ul style="list-style-type: none"> Head of the Cybersecurity business line 27 years of experience in Cybersecurity Former CEO of Trustware and Divisional Manager at Hewlett Packard, Cisco and Symantec 	<ul style="list-style-type: none"> Head of Marketing 30 years of experience in large company like Bank of America, Apple and Ford. He was the head of Marketing for SaaS companies like ApexPeak and DropSuite 	<ul style="list-style-type: none"> Head of Engineering 20 years of experience driving software Focus on Engineering and Product development Worked previously at Verizon Networkfleet.
9	6	3	~20	14	<1	4	6
Years with VMX	Years with VMX	Years with VMX	Years with VMX	Years with VMX	Year with VMX	Years with VMX	Years with VMX
Relevant experiences	Relevant experiences	Relevant experience	Relevant experience	Relevant experiences	Relevant experiences	Relevant experience	Relevant experience
				  	  	 	

A proven capacity to expand internationally

Verimatrix international footprint



2023 Revenue by geography



Innovative security solutions



ANTI PIRACY

93% of turnover

Protect valuable contents

Protecting content for Streaming Media, Pay TV, Telcos and Broadcasting

- 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
- 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**

Hybrid: On-premise and Saas



THREAT DEFENSE

7% of turnover

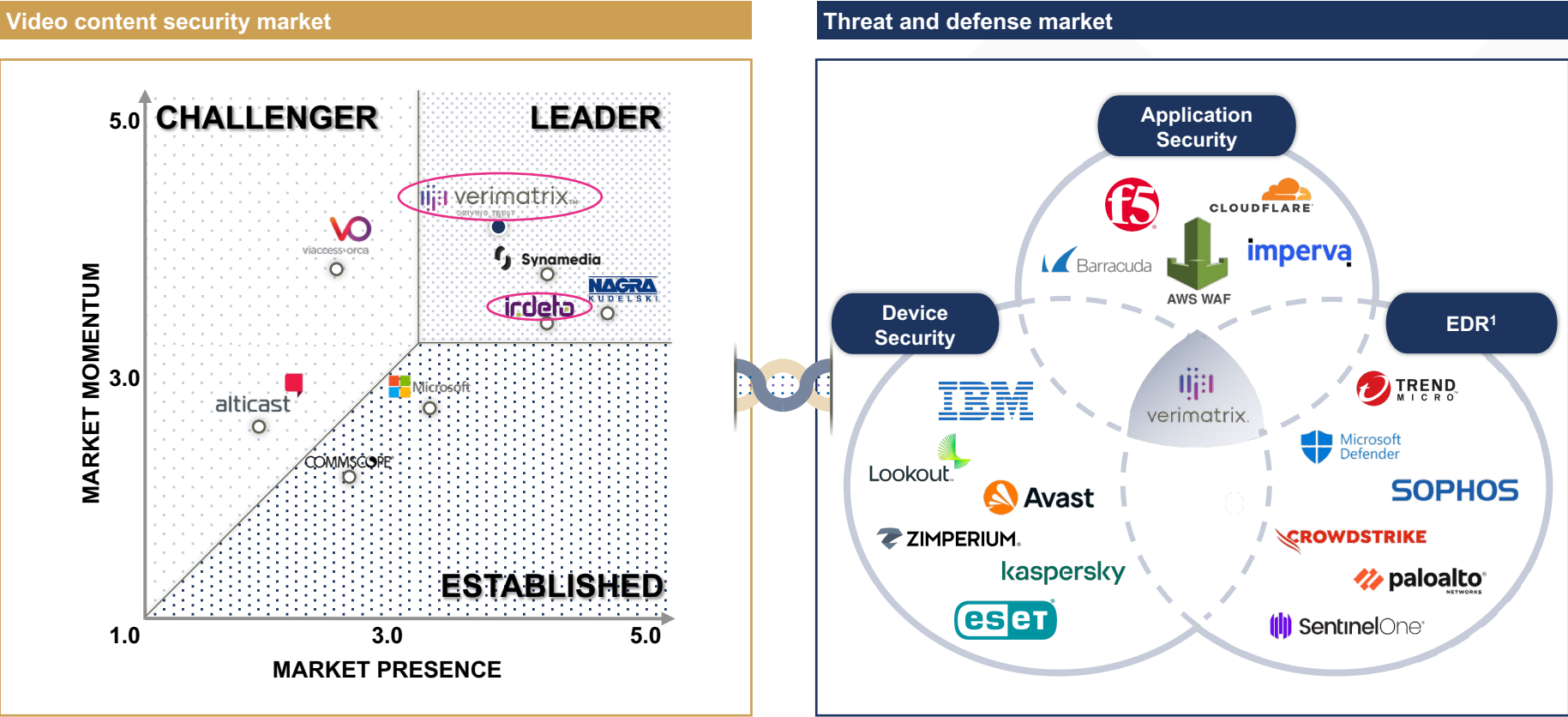
Protect Apps and IoT

Extended threat defense software from the devices to the enterprise

- 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

SaaS model

Verimatrix is well-positioned at the crossroads of the video content and threat & defense markets

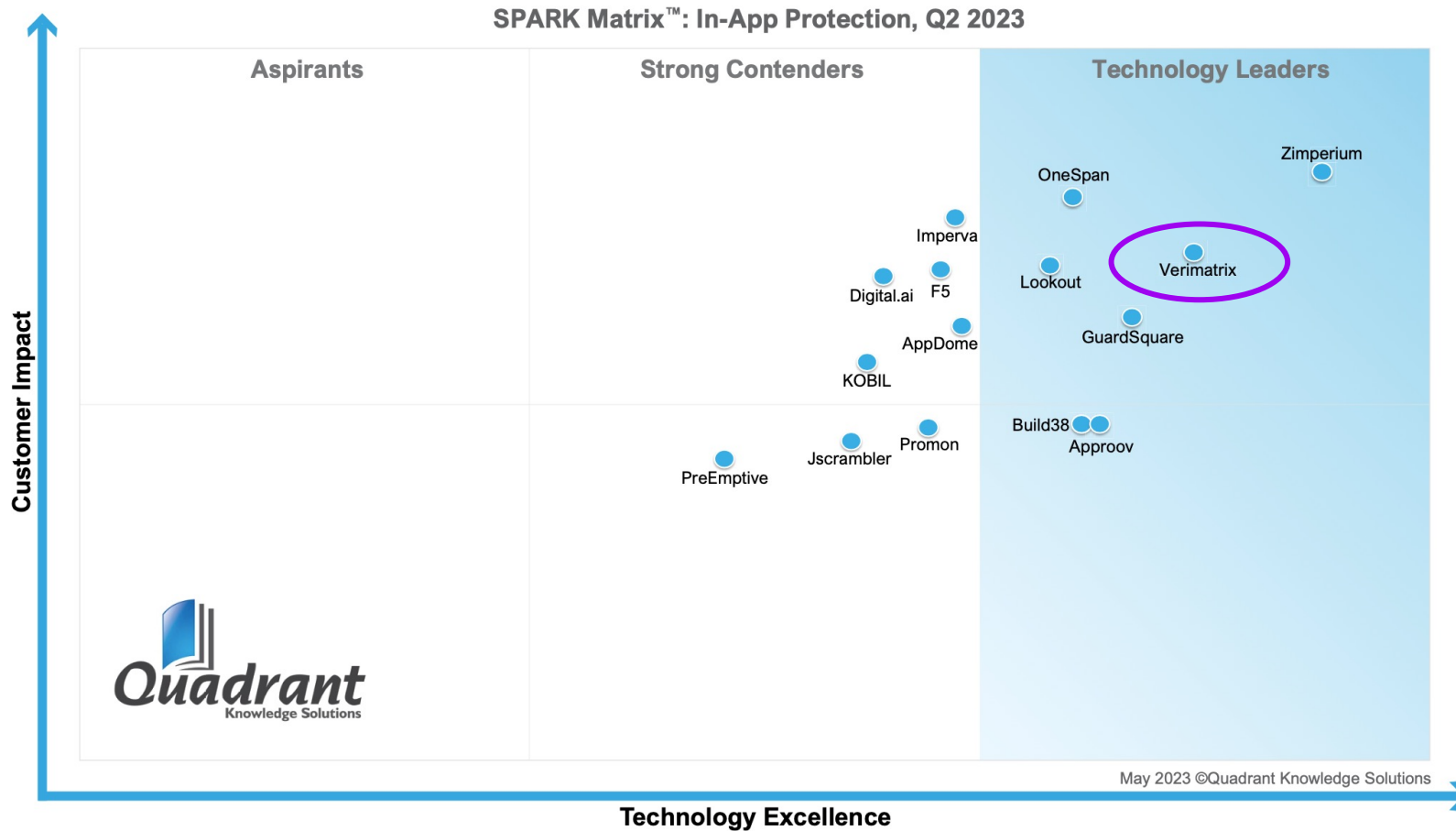


Verimatrix is recognized in the **complementary markets** of (1) **video content security** and (2) **threat defense** for its **robust security portfolio** that spans application shielding, anti-piracy services, and digital rights management. Their innovative solutions **address emerging cybersecurity threats**, ensuring **comprehensive protection for a variety of digital services**

• Source Omdia media and entertainment application shielding market radar

• Note 1. EDR stands for Endpoint Detection & Response

Verimatrix Positioned as Leader in the 2023 SPARK Matrix™ for In-App Protection



[Read more](#)

3. Anti-piracy

- Market shift
- Resilient revenue

Verimatrix is well-positioned at the crossroads of the video Anti-Piracy clients and awards overview

ANTI PIRACY

Selected historical clients



Notable recent sales wins



Awards and certifications

Recent selected awards



2023 NAB Show
Product of the Year
Award



Winner – Best Content
Protection Technology



Enterprise Product of
the Year Security
Software



2023 SPARK
Matrix for In-App
Protection

ISO certifications



intertek

ISO 9001



intertek

ISO 27001

4. Threat Defense

- New offers
- New verticals
- Strong dynamic

Threat defense clients overview

Fintech



Healthtech



Automotive



Entertainment



Q4 revenue & 2023 full year results

- **Stabilization of revenue**
- **EBITDA growth +18%**



2023 Results

	INITIAL GUIDANCES 2023	H1 GUIDANCES 2023	2023 ACHIEVED
Growth of subscription revenues	>40%	>60%	+69%
Growth of the ARR	>40%	>40%	+34%

- ✓ Recurring revenue from subscriptions and maintenance : 31M\$ +16%
- ✓ Recurring revenue represented 50% of total revenue vs 45% in 2022
- ✓ ARR growth +34% vs >40% guidance, due to delayed contract signing in Q1 2024
- ✓ Improved EBITDA +18%

Q4 2023 Revenue

(in US\$ million)	4Q23	4Q22	Var %
Recurring revenue	7.7	7.2	7%
<i>of which subscriptions</i>	3.7	2.8	+32%
<i>of which maintenance</i>	4.0	4.4	-9%
Non-recurring revenue	9.3	8.9	5%
Total revenue	17.02	16.1	6%
ARR (end of period)			
<i>of which subscriptions</i>	14.8		
<i>of which maintenance</i>	16.4		

Comments

- Total revenue \$17M +6%
- Recurring revenue at \$7.7M +7%
- Improvement of non-recurring revenue in Q4 2023, +5% revenue growth after 3 declining quarters – with a good momentum in perpetual license sales to historical customers in the Latin America region
- Subscription ARR continue to increase to \$14.8M at the end of Q4, +34% yoy

Annual Recurring Revenue trend from subscriptions

Q4 2023 ARR +34% yoy



FY 2023 revenues

(in US\$ million)	FY23	FY 22	Var %
Recurring revenue	30.7	26.4	16%
<i>of which subscriptions</i>	13.8	8.2	69%
<i>of which maintenance</i>	16.9	18.2	-7%
Non-recurring revenue	31.0	34.6	-11%
Total revenue	61.6	61.0	1%
ARR (end of period)	31.2	27.5	13 %
<i>of which subscriptions</i>	14.8	11.1	34%
<i>of which maintenance</i>	16.4	16.5	-0.5 %

Comments

Continuous transformation of one-off license sales to SAAS revenue

- Recurring revenue \$30.7M +16%, half of total revenue
- Subscription revenue \$13.8M +69%, in line with guidances >60% - Growth was driven by embedded revenues at the end of December 2022, combined with the activation of new contracts signed in 2023, particularly in new sectors such as financial services and the automotive sector.
- Non-recurring revenue \$31.0M -11%, In line with the strategy to transform the direct license sales model into a recurring revenue model and a decrease in fees from set-top boxes, while the turnover of licences for the protection of video content is rising slightly – winning a tender in Brazil and continuing the sale perpetual licenses to existing customers (India, Europe and Latin America).
- ARR \$31M +13% and 50% of total revenue
- ARR of which subscriptions +34% vs >40% guidance, due to delayed contract signing to Q1 2024

FY 2023 revenues



ANTI PIRACY
93% of turnover

- **Resilient revenue**

In 2023, revenues fell slightly by 1%
Due to 2 transformations :

- lower set-top box royalties, the market is moving from broadcast to OTT
- from a direct licensing model to a recurring sales model.



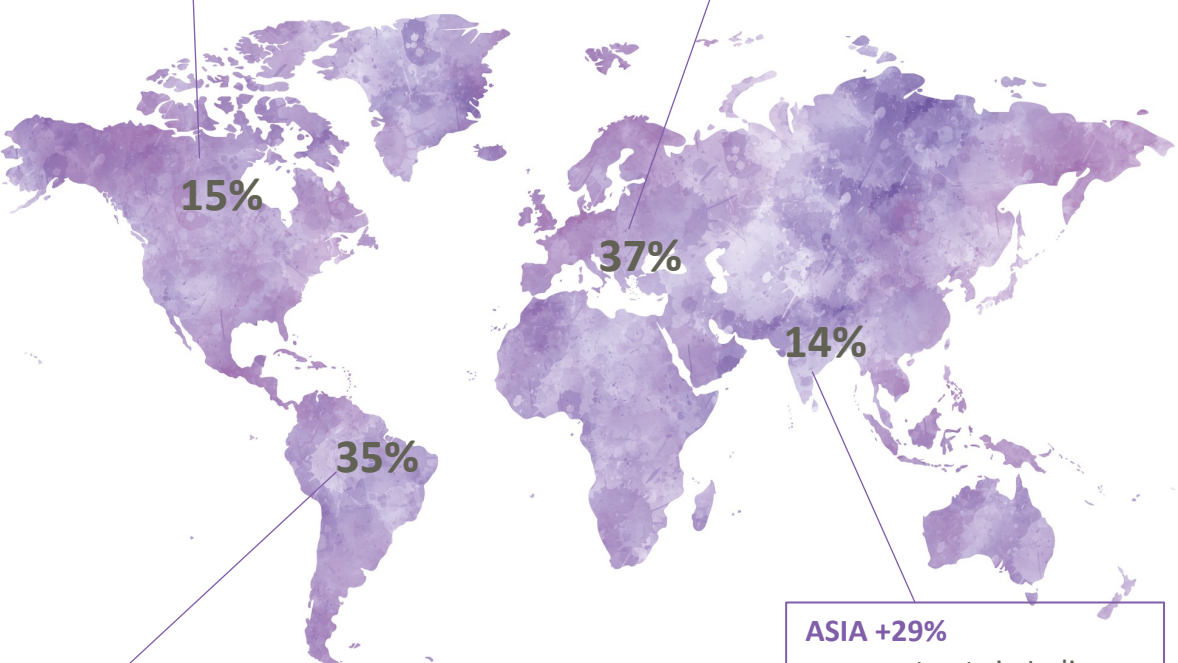
THREAT DEFENSE
7% of turnover

- **New offers**
- **New verticals**
- **Strong dynamic**

In 2023, turnover jumped by 43% to \$4.3M, mainly in recurring revenue
Lead by new solutions and new adressable markets:
fintech, healthtech, automobile.
In recent months Verimatrix has signed a fintech player in Europe and a major global automotive player.

USA & Canada +13%
Growth of subsription offers

EMEA -15%
2022 performance was particularly dynamic for license sales, creating a high comparison base for 2023



LATAM +9%
development of new customers in Brazil as well as good sales of perpetual licenses to existing customers

ASIA +29%
new contracts in India

% of turnover in 2023

FY 2023 – Results

(millions \$)	2023	2022	Var.
Revenue	61.6	61.0	+1%
Gross Profit	43.4	43.6	+0%
% of revenue	70.4%	71,4%	
R&D expenses	(18.4)	(19.3)	-5%
Sales & Marketing expenses	(17.0)	(15.2)	+11%
G&A expenses	(12.2)	(12.8)	-5%
Other income	0.1	0.2	NS
Total OPEX	(47.5)	(47.1)	+1%
% of revenue	77.1%	77.2%	
Adjusted EBITDA	1.3	1.1	+18%
% of revenue	2.2%	1.8%	
EBIT	(4.1)	(3.5)	-17%
% of revenue	-6.5%	-5.7%	
Finance loss	(3.9)	(4.1)	-
Income tax	(2.1)	(1.9)	+10%
Adjusted Net income	(10.1)	(9.6)	-5%

Comments

- **Revenue** : \$61M +1%, stabilization
- **Gross margin** : \$43.4M, 70,4 % of turnover - increase in the amortization expense related to the developments of subscription offers made over the years 2021 and 2022. Excluding depreciation, gross margin improves in percentage and value between 2023 and 2022.
- **Operating expenses** : +1%, in line with turnover growth – stable at 77.1% of revenue - continue to adapt the cost structure to allocate more resources to sales and marketing functions
- **Currency effect** : negative at \$1.4 million, compared to \$0.7 million in 2022.
- **Adjusted EBITDA** : \$1.3M +18%
- **Adjusted Net Income** : -\$10.4M vs -\$9.6M

FY 2023 – Cash Flow

(millions \$)	December 31, 2023	December 31, 2022
Income / (loss) for the period	(14,3)	(17,6)
Non cash income statement items from continuing activities	14,2	18,0
Changes in working capital from continuing operations	4,7	7,7
Cash generated by / (used in) discontinued operations	-	-
Cash generated by / (used in) operating activities	4,7	8,1
Taxes paid	(2,0)	(1,7)
Interests paid	(3,4)	(3,6)
Net cash generated by / (used in) operating activities	(0,8)	2,9
Purchases of property and equipment	(0,3)	(0,2)
Purchases of intangible assets	(2,5)	(3,2)
Cash flows from investing activities	(2,8)	(3,5)
Proceeds from issuance of ordinary shares, net of issuance costs	-	-
Loan repayments	(2,0)	(3,0)
Loan subscriptions	-	7,4
Repayment of convertible bonds (OCEANE)	-	(17,5)
Reimbursement of lease commitments under IFRS16	(1,7)	(1,5)
Cash flows from financing activities	(3,7)	(14,7)
Effect of exchange rate fluctuation	(0,1)	(0,1)
Net increase in cash and cash equivalents	(7,3)	(15,2)
Cash and cash equivalents at beginning of the period	30,0	45,3
Cash and cash equivalents at end of the period	22,6	30,0

Comments

Cash and cash equivalents : \$22.6M, -\$7.4M vs 12/31/22

The change in cash flow is explained by:

- an operating cash flow generation after investment of \$ 3.3 million,
- IFRS financial expenses of \$7.1M (IFRS) including \$2M loan repayment,
- taxes in the amount of \$2.1M
- restructuring costs : \$1.6M
- capital expenditures : \$2.8M, mainly related to the development of new subscription products

FY 2023 – Balance Sheet

Assets		
(in US\$ million)	December 31, 2023	December 31, 2022
Goodwill	115,2	115,2
Intangible assets	13,0	16,5
Property and equipment	5,7	7,0
Other receivables	1,3	1,4
Non-current assets	135,2	140,1
Inventories	0,4	0,3
Trade receivables	28,7	32,9
Other receivables	4,8	6,1
Derivative financial instruments	0,1	0,4
Cash and cash equivalents	22,6	30,0
Current assets	56,6	69,8
Total assets	191,9	209,9

Equity and liabilities		
(in US\$ million)	December 31, 2023	December 31, 2022
Ordinary shares	41,5	41,5
Share premium	94,7	94,7
Retained earnings	(0,2)	17,2
Income / (loss) for the period	(14,3)	(17,6)
Equity attributable to equity holders of the Company	121,8	135,9
Non-controlling interests	-	-
Total equity	121,8	135,9
Borrowings	14,4	39,8
Provisions	1,1	1,7
Deferred tax liabilities	1,0	0,9
Non-current liabilities	16,6	42,5
Borrowings	26,1	3,7
Convertible notes	-	-
Trade payables	4,6	5,4
Other liabilities	9,2	10,3
Financial instruments	0,0	0,0
Provisions	0,2	0,2
Unearned revenues	13,4	12,1
Current liabilities	53,5	31,6
Total liabilities	70,1	74,0
Total equity and liabilities	191,9	209,9

Net debt, excluding lease commitments under IFRS 16 : \$9.9M (vs \$3.8 million)

The debt includes private debt for a fair value of \$24.4M and the newly contracted Participatory Recovery Loan (PPR) for \$8.1M

The group is currently in discussions to define new private debt covenants of 24.4 million that will be applicable until the close of the 2025 fiscal year.



2024 outlook

2024 Objectives



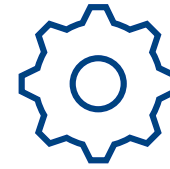
ANTI PIRACY

- Resilient revenue
- Ongoing transformation: decline in broadcasting partially offset by growth in OTT
- Recurring revenue transformation



THREAT DEFENSE

- Strong growth
- New offers
- New verticals



ARR

- ARR suscription growth >20%

EBITDA continuous improvement

Why to invest?

Dynamic markets



Threat defense



Anti-Piracy



Innovative technology
company in **cybersecurity**



Transformation
is delivering



Improving
profitability



Supportive and
confident shareholders

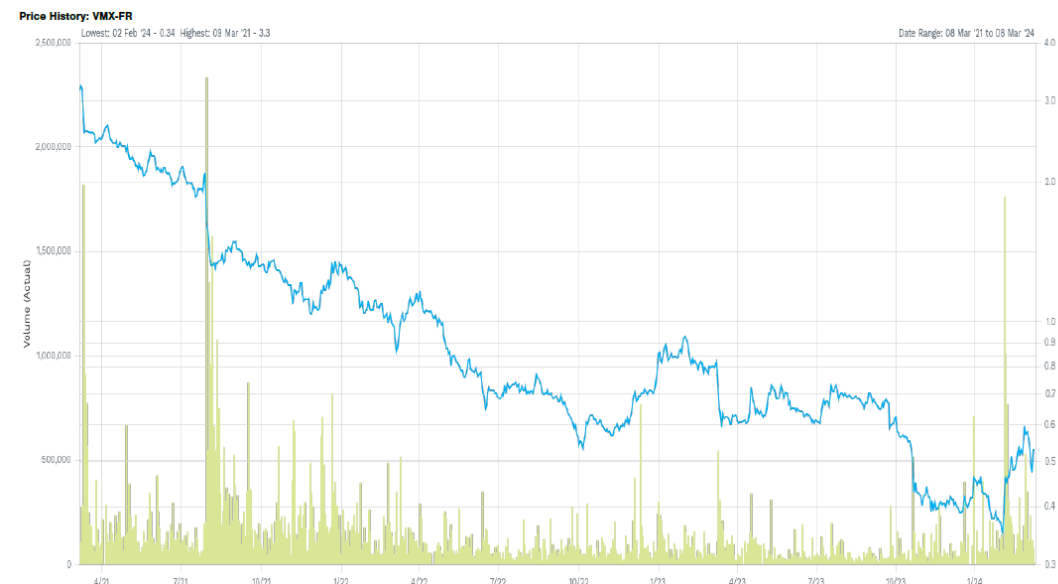
Verimatrix Share



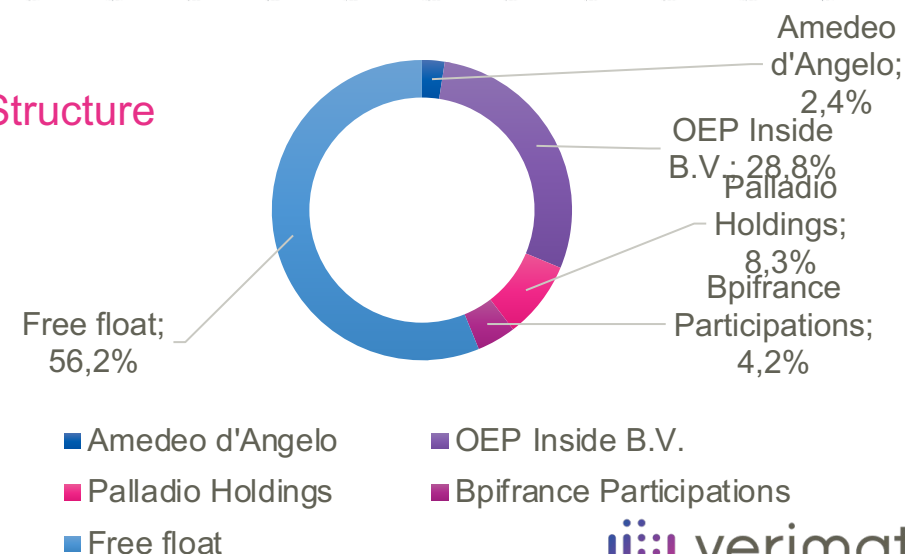
ISIN Code	FR0010291245 VMX
Market	Euronext Paris
Number of shares	85 535 147
Share price (03/13/2023)	€0.51
Market capitalisation	€43m
Indices	CAC All Share, CAC All Tradable, CAC Mid & Small, CAC Small, CAC Technology, Enternext PEA-PME 150
Analysts Coverage	Oddo, Portzamparc

Next events (after market close)

- Portzamparc investors breakfast : March 26
- Investor Access : April 4 & 5
- **Q1 Revenue : April 17**
- Oddo breakfast : April 23
- Digital Investor Access : June 4 & 5
- Oddo BHF Next Cap Digital Forum : June 6
- Portzamparc Conference: June 11 & 12
- **General Assembly : June 13**
- **Q2 Revenue and H1 Results : July 25th, 2024**



Capital Structure





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