

First Quarter 2021 Revenue April 28, 2021

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Stable Q1 2021 Revenue

- ✓ **\$20.1 million** consolidated revenue, stable year-on-year, driven by new licenses and on-going positive momentum on subscription-based and SaaS business
- ✓ **Subscription revenue** up 23% year-on-year, now representing 7% of total revenue
- ✓ **Annual Recurring Revenue*** of subscription up 56% year-on-year to \$9.7 million
- ✓ Six new subscription and SaaS contracts in Q1 for a total contract value (TCV) of \$2.8 million, contributing to the ARR growth
- ✓ Strong **license revenue** (up 41% year-over-year) in particular for VCAS broadcast security for on-premise implementations and closing a portion of delayed Q4 2020 orders
- ✓ Launched six customers on the new Multi-DRM Core cloud native solution for **streaming OTT** providers

(*) see definition in Appendix hereof

Business Outlook and Objectives for 2021

- ✓ Focused on executing strategy:
 - Support streaming OTT market poised for significant growth
 - Expand application shielding business (accelerating shielding product sales to media customers in particular)
 - Gain market share on video conditional access
 - Support continued growth of the SaaS/Subscription business
- ✓ Company on track to achieve annual objectives*

(*) (i) mid-single digit core business revenue growth year-over-year, including double-digit growth of recurring revenues, (ii) flat EBITDA vs. 2019 (in the context of combination of investments to fuel the growth subscription and SaaS business and strong EUR vs. USD (\$2.2m impact))

Appendix

Supplementary non-IFRS financial information

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

EBITDA is defined as adjusted operating income before depreciation, amortization and impairment losses not related to business combinations. 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.

Verimatrix also uses subscription-economy metrics as they are useful for measuring business momentum and prediction of future growth.

Annual Recurring Revenue, or **ARR**, is the value of the recurring revenue of a business's term subscriptions normalized for a single 12-month. It is calculated by dividing the Total Contract Value by the number of relative years of the contract; it corresponds to the revenue that will be recognized on average over a forward 12-month period.

Total Contract Value, or **TCV**, is defined as the total of all fees payable by the customer over the committed, fixed term of a customer contract



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Financial Calendar

First Half 2021 Earnings: July 29, 2021 (after market)

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