



FY 2018 revenue and EBITDA estimates in line with expectations

- Revenue of \$42.1 million:
 - +8%: year-on-year growth, more than offsetting the anticipated revenue decline of a U.S. customer
 - +41%: year-on-year growth excluding the revenue contribution from this customer
- EBITDA of 6.2 million (14.7% of revenue)

Aix-en-Provence, France, January 15, 2019 – Inside Secure (Euronext Paris: INSD), at the heart of security solutions for mobile and connected devices, has called a combined shareholders' meeting on [January 21, 2019](#). At that meeting, shareholders will vote on authorizations to carry out a reserved issue of bonds redeemable in shares together with a rights issue with preferential subscription rights to existing shareholders in connection with the contemplated acquisition of Verimatrix Inc.

In this context, Inside Secure released today early estimates of its FY 2018 revenue and EBITDA¹.

(in \$ million)	2018	2017	Q4-2018	Q4-2017
Estimated revenue	42.1	38.8	10.5	12.9
Estimated EBITDA	6.2	8.8	-	-

Audit procedures are in progress. The final FY 2018 results audited by the statutory auditors and approved by Inside Secure's board of directors will be released on March 6, 2019.

Estimated revenue

Inside Secure's estimated revenue totaled \$42.1 million, representing a growth of 8% on FY 2017. As a reminder, this estimate includes the \$1.8 million contribution from the NFC patent licensing program, which was unchanged in the final quarter of the year.

As expected, FY 2018 revenue growth more than offsets the anticipated decline in revenue from a U.S. customer in the defense industry which, as previously announced, had contributed to an exceptionally high level of royalties revenue in the second half of 2017.

Excluding contribution from this customer, revenue growth reached 41% over the fiscal year and 44% year-on-year in Q4 2018 alone. Contribution from this customer was nil in the second semester of 2018 and, as previously stated, the company does not expect any more royalty revenue from this customer going forward.

Estimated EBITDA

FY 2018 estimated EBITDA was \$6.2 million (i.e. 14.7% of revenue) as a result of disciplined management of operating expenses. FY 2018 estimated adjusted operating expenses are below the previously announced \$36 to \$37 million range.

¹ Inside Secure uses supplementary non-IFRS financial measures, including EBITDA, which is defined at the end of this press release

2019 financial reporting calendar

Full-year 2018 results	March 6, 2019 after market close - conference call at 630pm (Paris time).
First-quarter 2019 revenue	April 18, 2019 before market opening
First-half 2019 results	July 29, 2019 before market opening - conference call at 815am (Paris time).
Third-quarter 2019 revenue	October 17, 2019 before market opening

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About Inside Secure

Inside Secure (Euronext Paris – INSD) is at the heart of security solutions for mobile and connected devices, providing software, silicon IP, tools, services, and know-how needed to protect customers' transactions, ID, content, applications, and communications. With its deep security expertise and experience, the company delivers products having advanced and differentiated technical capabilities that span the entire range of security requirement levels to serve the demanding markets of network security, IoT and System-on-Chip security, video content and entertainment, mobile payment and banking, enterprise and telecom. Inside Secure's technology protects solutions for a broad range of customers including service providers, operators, content distributors, security system integrators, device makers and semiconductor manufacturers. For more information, visit www.insidesecondure.com

Supplementary non-IFRS financial information

Inside Secure uses supplementary non-IFRS financial measures. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the Company's financial performance. They should be considered in addition to, and not as a substitute for, any other operating and financial performance indicator of a strictly accounting nature, as presented in the Company's consolidated financial statements and the corresponding notes. The Company uses these indicators because it believes they are useful measures of its activity. Although they are widely used by companies operating in the same industry around the world, these indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently to the Company, even though they use similar terms.

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 and masks related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expense and (iv) non-recurring costs associated with restructuring and business combinations and divestiture carried out by the Company.

Implementation of IFRS 15

The revenues for the fiscal year 2017 and 2018 are prepared in accordance with IFRS 15 "Revenue from Contracts with Customers", which is mandatory from January 1, 2018. The Company had chosen

to anticipate the implementation of the standard, in particular to be able to present a 2018 year directly comparable to 2017.

The implementation of IFRS 15 has modified some of the Company's revenue recognition principles:

Under IAS 18, revenues from development agreements were recognized using the percentage-of-completion method, which consists of recognizing revenue as development progresses. The percentage of completion up to completion was based on the actual costs incurred compared to the total estimated cost of the project. Under IFRS 15, income related to a contract must be recognized over time if certain criteria are met, including the fact that the Company has an enforceable right to payment of the value of the work carried out to date. If none of the criteria mentioned in the standard is met, revenue is recognized upon completion. Given how actual contracts signed with the Company's customers are drafted, according to IFRS 15 the revenue must be recognized upon completion.

Royalties payable in relation with technology licensed to some of the Company's customers may be fixed and / or variable. According to the Company's policy to date, fixed royalties were recognized on a straight-line basis over the contractual periods. Variable royalties are generally based on sales by customers and are therefore by definition difficult to estimate. These fees were recognized on the basis of confirmations received from customers, generally in the quarter following the delivery of the products. According to IFRS 15, licenses sold by the Company correspond to a "right to use" the intellectual property as it exists on the date on which the license is granted, in which case the fixed royalties must be recognized immediately on the date from which the customer can begin to use the license. This leads to recognize revenue earlier than before. In the case of variable royalties, royalties must be recognized as revenue as they become due, on the basis of sales made by the customer, and not on the date of confirmation by the customer. The Company therefore now estimates the amount pending receipt of consumption confirmations. In this context, the company may receive confirmations, between the date hereof and the date when the definitive earnings are released, with amounts that differ from the estimated amounts.

The application of IFRS 15 generally leads to faster recognition of revenue compared to IAS 18.

Forward-looking statements

This press release includes statements that are, or may be deemed to be, "forward-looking statements" and may include projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance, including with respect to the anticipated performance of Inside Secure. These forward-looking statements are generally identified by the use of forward-looking terminology, including terms such as "believe," "estimate," "anticipate," "expect," "intend," "may," "will" or "should," and similar expressions, and include statements that Inside Secure makes concerning the intended results of its strategy. Although Inside Secure's management believes that the expectations reflected in such forward-looking statements are reasonable, Inside Secure cannot assure investors that these expectations will prove to be correct. Investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Inside Secure, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include uncertainties inherent in the economic, financial, competitive and regulatory environment. Persons receiving this document may not and should not rely on forward-looking statements. Past performance is not an indicator of future results and the results of Inside Secure in this document may not be indicative of, and are not an estimate or forecast of, the future results of Inside Secure. The forward-looking statements speak only as of the date hereof and, other than as required by applicable law, Inside Secure does not undertake any obligation to update or revise any forward-looking information or statements.

For a more detailed description of the risks and uncertainties with respect to Inside Secure, please refer to the "Risk factors" section of the 2017 registration document filed with the AMF on April 10, 2018 under number D.18-0307, as supplemented by the update to the registration document filed with the AMF under number D. 18-0307-A01., both available on www.insidesecure-finance.com/en.

Disclaimer

With respect to Member States of the European Economic Area that have transposed European Directive 2003/71/EC of the European Parliament and European Council of November 4, 2003, as amended (the "Prospectus Directive"), no action has been taken or will be taken to permit a public offering of the securities referred to in this press release requiring the publication of a prospectus in any Member State. Therefore, such securities may not be and shall not be offered in any Member State other than in accordance with the exemptions of Article 3(2) of the Prospective Directive or, otherwise, in cases not requiring the publication of a prospectus under Article 3 of the Prospective Directive and/or the applicable regulations in such Member State.

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