

## Q2 2024 revenue stable at \$16.6m Significant improvement of adjusted EBITDA to \$1.7m in H1 2024

### Q2 2024 revenue

- Consolidated revenue: \$16.6m (stable vs Q2 2023)
- Growth in ARR from subscriptions: +25% at \$16.8m

### H1 2024 revenue

- Recurring revenue: 55% of total revenue at \$17.1m (+14%)

### H1 2024 financial results

- Significant improvement in adjusted EBITDA to \$1.7m for H1 2024 alone (vs. adjusted EBITDA of \$1.3m for full-year 2023)
- Reduction and optimisation of Sales and Marketing expenses following the business refocus implemented in 2023
- Reduction in adjusted net loss to (\$3.3m) vs. (\$4.9m) in H1 2023
- Cash at end of the period of \$12.6 at end-June 2024

### Confirmation of 2024 outlook

- ARR growth from subscriptions above 20%
- Improvement in EBITDA

**Aix-en-Provence, France and San Diego, USA, July 25, 2024, 5.45 pm** – VERIMATRIX (Euronext Paris: VMX, FR0010291245), a leading provider of user-focused security solutions for a safer connected world, is publishing its second-quarter revenue and the results for the first half of the year ended 30 June 2024.

*“The product and sales strategy implemented by Verimatrix around the world has, as expected, driven a continued improvement in results. The technological excellence of the Group, expert in security solutions, has also been rewarded with the prestigious Stream TV award, the 2024 Cybersecurity Excellence Awards prize, and the winning of new customers in the first half of 2024. I would like to applaud in particular the commitment and dynamism of the teams that are driving the company’s renewal,”* said Amedeo D’Angelo, Executive Chairman of VERIMATRIX.

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**Amedeo D’Angelo, Executive Chairman, and Jean-François Labadie, Chief Financial Officer, will host a webcast today at 6 pm to present the company’s Q2 revenue and H1 2024 results.**

**To join the webcast, click on the following link:**  
[“Q2 revenue and H1 2024 results”](#)

**To join the webcast, audio only, call the following number:**  
France: +33 (0) 4 88 80 09 30  
Phone Conference ID: 450 430 985#

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○ Q2 2024 revenue

(in US\$ million)	Q2 2024	Q2 2023	Var.
<b>Recurring revenue</b>	<b>8.6</b>	<b>7.5</b>	<b>+14%</b>
<i>of which subscriptions</i>	4.4	3.3	+33%
<i>of which maintenance</i>	4.2	4.2	0%
<b>Non-recurring revenue</b>	<b>8.0</b>	<b>9.1</b>	<b>-12%</b>
<b>Total revenue</b>	<b>16.6</b>	<b>16.6</b>	<b>0%</b>
<b>ARR</b>	<b>32.0</b>	<b>29.8</b>	<b>+7%</b>
<i>of which subscriptions</i>	16.8	13.4	+25%
<i>of which maintenance</i>	15.3	16.4	-7%

VERIMATRIX posted consolidated revenue of \$16.6m in Q2 2024, stable compared with the same period in 2023.

**Recurring revenue**

Q2 recurring revenue came out at \$8.6m, up 14% compared with Q2 2023. Subscription revenue totalled \$4.4m, up 33%. Maintenance revenue was stable at \$4.2m.

**Non-recurring revenue**

In line with Q1 2024 and consistent with expectations, non-recurring revenue fell 12% to \$8.0m. Group royalty revenues from set-top boxes continue to decline, while the sale of perpetual licences is holding up strongly, confirming the continued interest of traditional broadcasting customers. Verimatrix would like to point out that H1 2023 business benefited from strong perpetual licence sales mainly from historical telecom operator customers in Europe and Latin America.

**Annual recurring revenue (ARR)**

Total ARR stood at \$32.0m at June 30, 2024, 7% higher than at June 30, 2023, and compared with \$32.3m at end-March 2024.

ARR from subscriptions increased 25% in Q2 2024 relative to Q2 2023, totalling \$16.8m. It was slightly up 1% compared with end-March 2024. The performance in the second quarter can be attributed to strong order intakes for the Counterspy offering from our Anti-Piracy customers and the non-renewal of an unprofitable contract for Verimatrix.

○ **H1 2024 revenue**

(in US\$ million)	H1 2024	H1 2023	Chg.
<b>Recurring revenue</b>	<b>17.1</b>	<b>15.0</b>	<b>+14%</b>
<i>of which subscriptions</i>	8.6	6.5	+31%
<i>of which maintenance</i>	8.5	8.5	-
<b>Non-recurring revenue</b>	<b>13.7</b>	<b>15.6</b>	<b>-12%</b>
<b>Total revenue</b>	<b>30.8</b>	<b>30.6</b>	<b>+1%</b>

**H1 2024 revenue** was up slightly compared with H1 2023, increasing 1% to \$30.8m.

**Recurring revenue** rose 14% to \$17.1m on a sharp increase in subscriptions, up 31% to \$8.6m. At June 30, 2024, recurring revenue accounted for 55% of Verimatrix's total revenue.

**Non-recurring revenue** fell 12% to \$13.7m.

In first-half 2024, the company moved ahead with its strategy to focus on growth in recurring revenue and ARR from subscriptions.

- **H1 2024 revenue by business activity**

**Anti-Piracy revenue** amounted to \$28.3m, down a slight 1% in the first half of the year, in line with expectations. The Group substantially limited the impact of the expected fall in non-recurring revenues by growing subscription offers by 27%.

**Extended Threat Defense (XTD) revenue** totalled \$2.5m, up 21% compared with Q1 2023, confirming the success of the product range.

- **H1 2024 revenue by region**

**Latin America revenue** amounted to **\$12.0m (39% of VERIMATRIX's total revenue in H1 2024)**, up 62%. This strong growth was fuelled by powerful sales momentum in first-half 2024 with the signing of major video-protection (Anti-Piracy) contracts with customers in Mexico and Brazil.

**EMEA revenue** was **\$11.0m (36% of VERIMATRIX's total revenue in H1 2024)**, down 18%.

**Revenue in the United States and Canada** was **\$4.4m (14% of VERIMATRIX's total revenue in H1 2024)**, down slightly by 2%.

**The Asia region generated revenue of \$3.5m (11% of VERIMATRIX's total revenue in H1 2024), down 36%.** In H1 2023, the region benefited from a major order from Reliance, the Indian telecom leader, as part of its substantial investment in the roll-out of a new network. Excluding this basis of comparison, Verimatrix business activity remains very strong in the region, with growth prospects for the second half of the year.

- **H1 2024 results**

(in US\$ million)	<b>H1 2024</b>	<b>H1 2023</b>	<b>Chg.</b>
<b>Revenue</b>	<b>30.8</b>	<b>30.6</b>	<b>0.6%</b>
<b>Gross margin</b>	<b>21.5</b>	<b>22.1</b>	<b>-2.6%</b>
<i>As a % of revenue</i>	69.7%	72.0%	-220 pt
Research & development expenses	(9.6)	(10.0)	-3.6%
Sales and marketing expenses	(7.1)	(8.5)	-17.2%
General & administrative expenses	(5.9)	(6.1)	2.5%
Other gains / (losses), net	(0.1)	0.2	-134.7%
<b>Total adjusted operating expenses</b>	<b>(22.7)</b>	<b>(24.3)</b>	<b>-6.9%</b>
<i>As a % of revenue</i>	73.6%	79.5%	-590pt
<b>Adjusted EBITDA</b>	<b>1.7</b>	<b>0.4</b>	<b>+351.5%</b>
<i>As a % of revenue</i>	5.5%	1.2%	
<b>Adjusted operating income</b>	<b>(1.2)</b>	<b>(2.3)</b>	<b>-47.6%</b>
<i>As a % of revenue</i>	-3.9%	-7.5%	
Financial income / (loss)	(1.5)	(1.6)	-4.0%
Income tax expenses	(0.5)	(1.0)	-48.1%
<b>Adjusted net income / (loss)</b>	<b>(3.3)</b>	<b>(4.9)</b>	<b>-33.5%</b>

VERIMATRIX achieved a gross margin of \$21.5m in H1 2024, or 69.7% of revenue, compared with 72.0% last year. This decrease stems mainly from the strengthening of the customer support service and an increase in the amortization expense linked to the development of our subscription offers.

Research and development expenses remained under control, down 3.6% to \$9.6m.

Sales and marketing expenses were down 17.2% to \$7.0m, reflecting the company's business refocus in 2023 through the optimisation of geographical organisation and a more targeted presence at cybersecurity events and trade fairs.

Total operating expenses amounted to \$22.7m, down 6.9% compared with H1 2023 and 2% compared with H2 2023.

Adjusted EBITDA improved significantly in H1 2024, to \$1.7m, compared with \$0.4m in H1 2023 and \$1.3m for full-year 2023.

Financial expenses were almost stable compared with H2 2023.

Adjusted net loss was reduced to \$3.3m from \$4.9m in H1 2023.

○ **Reconciliation of adjusted operating income to IFRS operating income and net income**

(in millions of dollars)	H1 2024	H1 2023
<b>Adjusted operating income</b>	<b>(1.2)</b>	<b>(2.3)</b>
Amortization and impairment of assets recognised on acquisitions of businesses and/or businesses (items with no cash impact)	(0.3)	(1.5)
Acquisition-related costs	-	-
Non-recurring costs related to restructuring	(0.5)	(0.6)
Share-based payments	(0.3)	(0.3)
<b>Operating income (expense)</b>	<b>(2.3)</b>	<b>(4.7)</b>
Net financial income / (expense)	(1.5)	(1.6)
Income tax expenses	(0.5)	(1.0)
<b>Net income (expense) from continuing operations</b>	<b>(4.4)</b>	<b>(7.3)</b>

Amortization of assets acquired through business combinations decreased by \$1.2m to \$0.3m compared with \$1.5m in H1 2023. The amortization period for Inside Secure's acquisition of VERIMATRIX in 2019 is now over.

Restructuring costs totalled \$0.5m over the period, compared with \$0.6m in the previous year.

Verimatrix recorded an operating loss of \$2.3m in H1 2024, compared with an operating loss of \$4.7m in H1 2023. Overall, taking into account financial income and tax expense, the net loss from continuing operations amounted to \$4.4m.

○ **Financial position and cash flows**

(in millions of dollars)	H1 2024
<b>Net income/(loss)</b>	<b>(4.4)</b>
Elimination of non-cash items from continuing operations	5.5
Changes in working capital from continuing operations	(6.9)
<b>Cash from operating activities</b>	<b>(5.9)</b>
Taxes paid	(0.5)
Interests paid	(1.8)
<b>Net cash from operating activities</b>	<b>(8.2)</b>
Acquisition of property, plant and equipment	(0.0)
Acquisition of intangible fixed assets	(1.0)
<b>Net cash flow from investment activities</b>	<b>(1.0)</b>
Loan repayments	-
Repayment of lease liabilities under IFRS16	(0.9)
<b>Net cash flow from financing activities</b>	<b>(0.9)</b>
Impact of exchange rate on cash	0.2
<b>Change in net cash position</b>	<b>(10.0)</b>
<b>Cash and cash equivalents at start of period</b>	<b>22.6</b>
<b>Cash and cash equivalents at end of period</b>	<b>12.6</b>

Net cash decreased to \$12.6m in H1 2024 (versus \$22.6m at end-December 2023), a result of delays in customer payments, to be considered relative to the geographical change in revenue over the period. By mid-July, about 30% of the overdue receivables had been recovered.

- **Confirmation of 2024 outlook**

In 2024, VERIMATRIX is confirming that it expects its Anti-Piracy activity (video content protection software) to stabilize and its Extended Threat Defense (XTD) activity to post strong growth. The Group expects ARR from subscriptions to grow by more than 20%. It aims to continuously improve EBITDA, through growth in recurring revenue in the Group's two activities, and to control an essentially fixed expense structure.

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**Upcoming events:**

Publication of Q3 revenue: 17 October 2024 (after market)

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**Verimatrix Investor Contacts:**

Jean-François Labadie  
Chief Financial Officer  
[finance@verimatrix.com](mailto:finance@verimatrix.com)

SEITOSEI.ACTIFIN  
Mathilde Guillemot-Costes  
[mathilde.guillemot@seitosei-actifin.com](mailto:mathilde.guillemot@seitosei-actifin.com)

**Verimatrix Media Contacts:**

USA  
Matthew Zintel,  
Public Relations  
[matthew.zintel@zintelpr.com](mailto:matthew.zintel@zintelpr.com)

**Financial press**

SEITOSEI.ACTIFIN  
Michael Scholze  
[Michael.scholze@seitosei-actifin.com](mailto:Michael.scholze@seitosei-actifin.com)

**About VERIMATRIX**

VERIMATRIX (Euronext Paris: VMX) is contributing to making the connected world safer through its user-friendly security solutions. The Group protects content, applications and smart objects by providing intuitive, unconstrained and fully user-oriented security. The leading players in the market trust VERIMATRIX to protect their content, including premium films, sports streaming, sensitive financial and medical data, and the mobile applications essential to their business. VERIMATRIX ensures a relationship of trust that its customers count on to deliver quality content and service to millions of consumers worldwide. VERIMATRIX supports its partners, bringing them faster access to the market and helping them to develop their business, safeguard their revenue and win new customers. Find out more at [www.verimatrix.com](http://www.verimatrix.com).

**Forward-Looking Statements**

This press release contains certain forward-looking statements concerning Verimatrix. Although Verimatrix believes its expectations to be based on reasonable assumptions, they do not constitute guarantees of future performance. Accordingly, the Company's actual results may differ materially from those anticipated in these forward-looking statements owing to a number of risks and uncertainties.

## Appendix 1 - Supplementary non-IFRS financial information - Reconciliation of IFRS results with adjusted results

The performance indicators presented in this press release that are not strictly accounting metrics are defined below. These indicators are not aggregates defined under IFRS and do not constitute accounting metrics used to measure the company's financial performance. They must be considered supplemental information which is not a substitute for any operational and financial metric of a strictly accounting nature, as presented in the company's consolidated financial statements and accompanying notes. The company uses these indicators because it believes they are relevant measures of its current operating profitability and operating cash flow generation. Although generally used by companies in the same sector around the world, these indicators may not be strictly comparable to those of other companies as they may be defined or calculated differently even though similarly labelled.

**Adjusted gross profit** is defined as gross profit before (i) the amortisation of intangible assets related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expenses and (iv) non-recurring costs associated with restructuring and acquisitions and disposals carried out by the company.

**Adjusted operating profit** is defined as operating profit before (i) the amortisation of intangible assets related to business combinations, (ii) any potential goodwill impairment, (iii) share-based payment expenses and (iv) non-recurring costs associated with restructuring and acquisitions and disposals carried out by the company.

**EBITDA** is defined as adjusted operating profit before depreciation, amortisation and impairment expenses not related to business combinations.

**Annual recurring revenue (ARR)** corresponds to the annualised value of all recurring revenue from contracts in place at the time of measurement. ARR includes all types of contracts that generate recurring revenue and for which revenue is currently recognised. ARR is a rolling number that accumulates over time whereas the total contract value (TCV) metric also used by the company is typically used to measure (new or incremental) orders made within a period. The company computes an ARR for SaaS and non-SaaS subscriptions and ARR combining subscriptions and maintenance.

### Reconciliation of net debt

(in million of US\$)	June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash equivalents	12.6	22.6	25.7
Private loan note due 2026, at fair value	(24.6)	(24.4)	(24.0)
Other loans	(7.9)	(8.1)	(7.9)
<b>Net cash/(debt)</b>	<b>(19.8)</b>	<b>(9.9)</b>	<b>(6.2)</b>
Financial lease commitments under IFRS16	(7.2)	(8.0)	(8.9)
<b>Net cash/(debt) including IFRS 16</b>	<b>(27.0)</b>	<b>(17.9)</b>	<b>(15.1)</b>

## Appendix 2 – Consolidated financial statements (IFRS)

### Consolidated income statement

(In millions of US\$)	Six-month period ended June 30,	
	2024	2023
<b>Revenue</b>	<b>30.8</b>	<b>30.6</b>
Cost of sales	(9.5)	(9.2)
<b>Gross profit</b>	<b>21.3</b>	<b>21.4</b>
Research and development expenses	(9.8)	(10.5)
Selling and marketing expenses	(7.0)	(9.0)
General and administrative expenses	(6.2)	(6.2)
Other gains / (losses), net	(0.6)	(0.3)
<b>Operating profit (loss)</b>	<b>(2.3)</b>	<b>(4.7)</b>
Cost of financial debt, net	(2.0)	(1.5)
Other financial income/(loss), net	0.5	(0.1)
<b>Profit (loss) before income tax</b>	<b>(3.9)</b>	<b>(6.3)</b>
Income tax expenses	(0.5)	(1.0)
<b>Net income/(loss)</b>	<b>(4.4)</b>	<b>(7.3)</b>



## Balance sheet

### Assets

(In millions of US\$)	June 30. 2024	December 31. 2023
Goodwill	115.2	115.2
Intangible assets	11.6	13.0
Property and equipment	4.9	5.7
Other receivables	1.4	1.3
<b>Non-current assets</b>	<b>133.0</b>	<b>135.2</b>
Inventories	0.4	0.4
Trade receivables	34.9	28.7
Other receivables	5.0	4.8
Derivative financial instruments	-	0.1
Cash and cash equivalents	12.6	22.6
<b>Current assets</b>	<b>52.9</b>	<b>56.6</b>
<b>Total assets</b>	<b>186.0</b>	<b>191.9</b>

### Equity and liabilities

(In millions of US\$)	June 30. 2024	December 31. 2023
Ordinary shares	41.5	41.5
Share premium	94.7	94.7
Reserves and retained earnings	(14.4)	(0.2)
Income / (loss) for the period	(4.4)	(14.3)
<b>Equity attributable to equity holders of the Company</b>	<b>117.5</b>	<b>121.8</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>117.5</b>	<b>121.8</b>
Borrowings	30.9	14.4
Provisions	1.0	1.1
Deferred tax liabilities	1.0	1.0
<b>Non-current liabilities</b>	<b>32.9</b>	<b>16.6</b>
Borrowings	8.7	26.1
Trade payables	4.4	4.6
Other liabilities	8.3	9.2
Derivative and financial instruments	0.0	0.0
Provisions	0.2	0.2
Unearned revenues	14.0	13.4
<b>Current liabilities</b>	<b>35.6</b>	<b>53.5</b>
<b>Total liabilities</b>	<b>68.5</b>	<b>70.1</b>
<b>Total equity and liabilities</b>	<b>186.0</b>	<b>191.9</b>

## Cash flow statement

<b>(In millions of US\$)</b>	<b>June 30. 2024</b>	<b>June 30. 2023</b>
<b>Income / (loss) for the period</b>	<b>(4.4)</b>	<b>(7.3)</b>
Non cash income statement items from continuing activities	5.5	7.4
Changes in working capital from continuing operations	(6.9)	2.6
<b>Cash generated by operating activities</b>	<b>(5.9)</b>	<b>2.7</b>
Taxes paid	(0.5)	(1.0)
Interests paid	(1.8)	(1.5)
<b>Net cash generated by / (used in) operating activities</b>	<b>(8.2)</b>	<b>0.2</b>
Purchases of property and equipment	(0.0)	(0.1)
Purchases of intangible assets	(1.0)	(1.6)
<b>Cash flows from investing activities</b>	<b>(1.0)</b>	<b>(1.7)</b>
Loan repayments	-	(2.0)
Reimbursement of lease commitments under IFRS16	(0.9)	(0.8)
<b>Cash flows from financing activities</b>	<b>(0.9)</b>	<b>(2.8)</b>
Effect of exchange rate fluctuation	0.2	(0.1)
<b>Net increase in cash and cash equivalents</b>	<b>(10.0)</b>	<b>(4.3)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>22.6</b>	<b>30.0</b>
<b>Cash and cash equivalents at end of the period</b>	<b>12.6</b>	<b>25.7</b>