FY 2024 revenue and results

Significant improvement in adjusted EBITDA to $2.8m in a context of double-digit growth in recurring revenue and ARR from subscriptions (+22%), despite delayed sales at the end of the year

Q4 2024 revenue

- Consolidated revenue: $12.3m (-28% vs. Q4 2023)
- Perpetual licence sales originally planned for the end of 2024 now deferred to 2025
- Continued growth in ARR from subscriptions: $18m (+22% vs. Q4 2023)

2024 full-year revenue

- Consolidated revenue: $57.2m (-7% vs. 2023)
- Recurring revenue: 60% of total revenue at $34.1m (+11%)
- Continued growth in ARR from subscriptions: $18m (+22% vs. 2023)

2024 financial results

- Significant improvement in adjusted EBITDA to $2.8m (+$1.5m vs. 2023)
- Optimisation of Sales and Marketing expenses following the business refocus implemented in 2023
- Reduction in net loss to ($7.7m) vs. ($10.3m) in 2023
- Free cash flow: $11m at end-December 2024

Outlook for 2025

- A stabilised sales force, new integrator and reseller partnerships to address key accounts in new business segments
- Target of an EBITDA-to-sales ratio close to 10%
- Another year of double-digit growth in ARR from subscriptions

Aix-en-Provence, France and San Diego, USA, 13 March 2025, 5.45 p.m – VERIMATRIX (Euronext Paris: VMX, FR0010291245), a leading provider of security solutions for a safer connected world, is publishing its revenue for the fourth quarter and its financial results for the 2024 financial year ended 31 December.

"In 2024, the quality of our positioning at the heart of strategic challenges such as cybersecurity and the protection of our customers' video content resulted in another year of sustained growth in our recurring subscription revenue. This is key to the Group's successful transformation into full SaaS mode. Despite a total volume of business impacted at the end of the year by the postponement of some licence sales to our major Telecoms operators, we managed to significantly improve our EBITDA and achieve our target operating profitability. In 2025, we aim to accelerate our commercial development by drawing in particular on new partnerships with distributors and resellers. Thanks to our expertise and our capacity for innovation, we intend to seize new market opportunities and expand our presence among clients with ever-increasing data protection needs. This strategic expansion will be a key driver of our growth and the achievement of our new targets for the end of 2025, namely achieving EBITDA close to 10% of annual revenue accompanied by double-digit growth in annual recurring revenue (annualised value of contracts) from subscriptions compared to 2024," says Amedeo D'Angelo, Chairman and Chief Executive Officer of VERIMATRIX.

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Amedeo D'Angelo, Chairman and Chief Executive Officer, and Jean-François Labadie, Chief Financial Officer, will host a webcast today at 6 pm to comment on the Q4 revenue and 2024 results.

To join the webcast, click on the following link: ***"Q4 2024 revenue and results"***

To join the webcast, audio only, call the following number:
France: +33 (0) 4 88 80 09 30
Phone Conference ID: 985 795 277#

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The Board of Directors of VERIMATRIX met on 12 March 2025 under the chairmanship of Amedeo D'Angelo to review the FY24 financial statements. These are currently being audited and will be finalised by the end of April 2025. All of the results mentioned below correspond to estimated financial data.

- **2024 revenue and annual recurring revenue (ARR)**

(in US$ million)	Q4 2024	Q4 2023	Chg.	12M 2024	12M 2023	Chg.
Recurring revenue	**8.6**	**7.7**	**+12%**	**34.1**	**30.7**	**+11%**
of which subscriptions	*4.6*	*3.7*	*+25%*	*17.3*	*13.8*	*+26%*
of which maintenance	*4.1*	*4.0*	*ns*	*16.8*	*16.9*	*-1%*
Non-recurring revenue	**3.7**	**9.3**	**-61%**	**23.1**	**31.0**	**-25%**
Total revenue	**12.3**	**17.0**	**-28%**	**57.2**	**61.6**	**-7%**

ARR	**33.0**	**27.6**	**+6%**
of which subscriptions	*18.0*	*14.8*	*+22%*
of which maintenance	*15.0*	*16.4*	*-8%*

Q4 2024 revenue

In the fourth quarter of 2024, VERIMATRIX posted consolidated revenue of $12.3 million, down 28% compared to the same period a year earlier. This change in business volume was particularly impacted by a few postponements of perpetual licence orders initially planned for the end of 2024, all of which will have been signed by the end of the first half of 2025, alongside a good performance in recurring activity.

Recurring revenue

Driven by continued growth in ARR, recurring revenue continued to trend favourably with a further increase of 12% in the fourth quarter of 2024, to $8.6 million, compared with $7.7 million in the same period of 2023.

Recurring revenue generated by subscriptions continued to grow, rising 25% to $4.6 million, compared with $3.7 million in Q4 2023. They benefited in particular from the activation of new contracts with Austrian and Dutch telecoms operators and additional purchases of high-end solutions by IZZI, the Mexican operator and a longstanding customer of the Group.

Recurring revenue generated by maintenance was stable at $4.1 million, versus $4.0 million in Q4 2023.

Non-recurring revenue

Non-recurring revenue fell significantly in the last quarter of 2024, impacted by a few contracts with European and Indian media operators, whose orders are finally materialising in the first half of 2025. Revenue amounted to $3.7 million, compared with $9.3 million over the same period of 2023 (-61%). Down 10% in the first nine months of activity in 2024, in line with the Group's transformation strategy focused on increasing recurring revenues, the low level of non-recurring activity in the last quarter does not reflect a loss of commercial opportunities at Verimatrix, but rather a delay in investment decisions by some of our customers.

2024 full-year revenue

For the full 2024 financial year, VERIMATRIX posted revenue of $57.2 million, compared with $61.6 million over the same period of the previous financial year.

Recurring revenue

Recurring revenue growth was driven by subscription-based revenue, which rose 26% over the full year to $17.3 million, versus $13.8 million a year earlier. Overall, recurring revenue increased by 11% to $34.1 million, compared with $30.7 million in 2023, factoring in almost stable maintenance revenue. For the full year, they reached 60% of total revenue, moving towards the target previously communicated by VERIMATRIX of two third of the total revenue at the end of the 2025 financial year.

Non-recurring revenue

Impacted by the postponement of a few orders at the end of the year, non-recurring revenue fell sharply by 25% over the 2024 financial year as a whole, to $23.1 million compared with $31 million in 2023. Apart from the aforementioned orders postponed at the end of the year, this activity includes, in line with the Group's strategy and forecasts, a structural and continuous decrease in fees related to the supply of new set-top boxes.

Geographically, the Group's revenue was mainly generated in EMEA (39%) and Latin America (30%). These two regions benefited from the sale of new SaaS services at the same time as the good performance of perpetual licence sales. The APAC zone accounted for 15% of total revenue in 2024, benefiting in particular from the sale of a new contract with Airtel, India's second-largest telecom operator. Driven by an increase in its regional revenue, the NORAM zone now accounts for 17% of the Group's consolidated sales for the whole of 2024.

Annual recurring revenue (ARR)

Total ARR as of 31 December 2024 was $33 million, up 6% from the same date in 2023. ARR from subscriptions continued to grow significantly, to $18 million versus $14.8 million a year earlier (+22%). Commercial activity was particularly strong in the Europe, Middle East and Latin America regions, with new contracts won that will help drive recurring revenue growth over the coming years.

- **2024 results**

In millions of dollars	2024	2023	Chg.
Revenue	**57.2**	**61.6**	**-7.2%**
Gross margin	**39.1**	**43.4**	**-10.0%**
As a % of revenue	*68.3%*	*70.4%*	
Research and development costs	(18.1)	(18.4)	-1.8%
Sales and marketing expenses	(13.5)	(17.0)	-20.9%
General and administrative expenses	(10.2)	(12.2)	-16.8%
Other operating income/(expenses), net	(0.3)	0.1	-332.8%
Total adjusted operating expenses	**(42.0)**	**(47.5)**	**-11.7%**
As a % of revenue	*-73.4%*	*-77.1%*	
Adjusted EBITDA	**2.8**	**1.3**	**109.7%**
As a % of revenue	*4.9%*	*2.2%*	
Adjusted operating income	**(2.9)**	**(4.1)**	**-29.4%**
As a % of revenue	*-5.1%*	*-6.7%*	
Financial income/(loss), net	(3.0)	(3.9)	-22.7%
Income tax expenses	(1.7)	(2.1)	-15.7%
Adjusted net income/(loss)	**(7.7)**	**(10.1)**	**-24.0%**

In correlation with revenue growth, the gross margin for FY24 was $39.1 million, up from $43.4 million a year earlier, accounting for 68.3% of revenue (70.4% a year earlier). This decrease is also due to the strengthening of the customer support service and an increase in the amortization expense linked to the development of the Group's subscription offers.

Research and development expenses were controlled, down 1.8% relative, while the increase in marketing and sales costs (-20.9%) was in line with the strategy of optimising geographical organisations and a more targeted presence at events and trade shows specialising in cybersecurity.

Total adjusted operating expenses were $42 million, down 11.7% from the prior year. Adjusted EBITDA thus rose sharply by 109.7% to $2.8 million over the year, compared with $1.3 million in 2023.

Financial expenses and the tax expense were down 22.7% and 15.7% respectively compared to the 2023 financial year. Net income improved by $2.4 million, to ($7.7) million from ($10.1) million in 2023.

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

(in millions of dollars)	2024	2023
Adjusted operating income	**(2.9)**	**(4.1)**
Amortization and impairment of assets recognised on acquisitions of businesses and/or businesses (items with no cash impact)	(0.3)	(2.3)
Acquisition-related costs	-	-
Non-recurring costs related to restructuring	(1.7)	(1.2)
Share-based payments	(0.6)	(0.7)
Operating income (expense)	**(5.6)**	**(8.3)**
Net financial income / (expense)	(3.0)	(3.9)
Income tax expenses	(1.7)	(2.1)
Consolidated net income (expense)	**(10.3)**	**(14.3)**

○ Financial position and cash flows

Net debt, excluding lease commitments under IFRS 16, amounted to $14.9 million at 31 December 2024, compared with $9.9 million as of 31 December 2023.
Debt includes private debt at a fair value of $18.2 million and the "Prêt Participatif Relance" (PPR – State-sponsored equity loan for economic stimulus) contracted for a total amount of $7.7 million.
All existing covenants are being complied with.

(in millions of dollars)	2024	2023
Net income/(loss)	(10.3)	(14.3)
Elimination of non-cash items	11.1	14.2
Cash flows generated by activities excluding changes in working capital requirements	**0.8**	**0.0**
Cash flow absorbed by working capital requirements	2.7	4.7
Cash generated by activities	**3.5**	**4.7**
Taxes paid	(1.6)	(2.0)
Interests paid	(3.5)	(3.4)
Net cash generated by operating activity	**(1.6)**	**(0.8)**
Net cash flow from investment activities	(2.1)	(2.8)
Net cash flow from financing activities	(8.1)	(3.7)
Net change in cash	**(11.8)**	**(7.3)**
Cash and cash equivalents at start of period	22.6	30.0
Foreign exchange effects	0.2	(0.1)
Cash and cash equivalents at end of period	**11.0**	**22.6**

Cash and cash equivalents amounted to $11 million as of December 2024, half the amount available as of end-December 2023
This change in cash is mainly due to: positive operating cash flow generation before the change in working capital requirements of $0.8 million, an improvement in working capital requirements of $2.7 million, and investments of $2.1 million. In addition, the group made a repayment of $6.5 million, net financial interest amounted to $3.5 million and taxes amounted to $1.6 million.

- ### Outlook for 2025

VERIMATRIX's security solutions help companies comply with and meet regulatory standards in the most demanding sectors, such as media and entertainment, sports content and telecommunications companies, finance and healthcare. In 2025, VERIMATRIX will thus accelerate the dissemination of its solutions across all these business segments.

In addition to the telecoms and media sector, in which the Group has historically had a strong presence, VERIMATRIX is currently forming partnerships with distributors, resellers and integrators of cybersecurity solutions internationally. Such partnerships will enable the Group to diversify its customer base while marketing all its solutions to key accounts.

Drawing on these new short- and medium-term growth drivers, the numerous discussions under way and a sales organisation currently in place, the Group aims to achieve another financial year of double-digit growth in its ARR compared to 2024, as well as a recurring revenue share close to two third of consolidated revenue in 2025. The Group also aims to further improve its EBITDA, targeting a ratio close to 10% of revenue, driven by the growth of recurring revenue in both of its activities and a controlled cost structure that is largely fixed.

Next event in 2025:

Publication of Q1 2025 revenue: 24 April (after market close)
General Meeting: 12 June
Q2 revenue and H1 2024 results: 28 July (after market close)

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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.

Supplementary non-IFRS financial information

Verimatrix uses performance indicators that are not strictly accounting measures in accordance with IFRS. They are defined in Appendix 1 of this press release. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the consolidated financial statements, including the income statement set out in Appendix 1 hereof.

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 measures are defined below. 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 as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the company's consolidated financial statements and their related notes. The company uses these indicators because it believes they are useful measures of its recurring operating performance and its operating cash flows. 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 than the company, even though they use similar terms.

Adjusted gross profit is defined as gross profit before (i) the amortization of intangible assets 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 undertaken by the company.

Adjusted operating income/(loss) is defined as operating income/(loss) before (i) the amortization of intangible assets 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 undertaken by the company.

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

Annual Recurring Revenue, or **ARR**, corresponds annualized value of all recurring revenues from current contracts at the time of measurement. ARR includes all contract types that are recurring in nature, such as maintenance & support, SaaS and non-SaaS subscriptions, and for which revenue is currently being recognized. The ARR is a rolling number that accumulates over time whereas the Total Contract Value (or TCV) metric also used by the Company, is typically used to measure (new or incremental) sales bookings within a period. The Company computes an ARR for SaaS and non-SaaS subscriptions and another combining subscriptions and maintenance.

Net debt reconciliation

(in million of US$)	**December 31, 2023**	**December 31, 2023**
Cash and cash equivalents	11.0	22.6
Private loan note due 2026, at fair value	(18.2)	(24.4)
Other loans	(7.7)	(8.1)
Net cash/(debt)	**(14.9)**	**(9.9)**
Financial lease commitments under IFRS16	(6.4)	(8.0)
Net cash/(debt) including IFRS 16	**(21.3)**	**(17.9)**

Appendix 2 – Consolidated financial statements (IFRS)

Consolidated income statement

(In millions of US$)	As at December 31, 2024	2023
Revenue	**57.2**	**61.6**
Cost of sales	(18.3)	(19.1)
Gross profit	**38.9**	**42.5**
Research and development expenses	(18.3)	(19.5)
Selling and marketing expenses	(13.4)	(17.4)
General and administrative expenses	(10.8)	(12.9)
Other gains / (losses), net	(2.0)	(1.1)
Operating profit (loss)	**(5.6)**	**(8.3)**
Cost of financial debt, net	(3.8)	(3.9)
Other financial income/(loss), net	0.8	(0.0)
Profit (loss) before income tax	**(8.6)**	**(12.2)**
Income tax expenses	(1.7)	(2.1)
Net income/(loss)	**(10.3)**	**(14.3)**

Balance sheet

Assets

(In millions of US$)	December 31, 2024	December 31, 2023
Goodwill	115.2	115.2
Intangible assets	10.5	13.0
Property and equipment	4.2	5.7
Other receivables	1.1	1.3
Non-current assets	**131.0**	**135.2**
Inventories	0.4	0.4
Trade receivables	26.8	28.7
Other receivables	2.7	4.8
Derivative financial instruments	-	0.1
Cash and cash equivalents	11.0	22.6
Current assets	**40.9**	**56.6**
Total assets	**171.9**	**191.9**

Equity and liabilities

(In millions of US$)	December 31, 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	(10.3)	(14.3)
Equity attributable to equity holders of the Company	**111.5**	**121.8**
Non-controlling interests	-	-
Total equity	**111.5**	**121.8**
Borrowings	29.9	14.4
Provisions	1.0	1.1
Deferred tax liabilities	1.0	1.0
Non-current liabilities	**31.8**	**16.6**
Borrowings	2.4	26.1
Trade payables	4.2	4.6
Other liabilities	8.0	9.2
Derivative and financial instruments	0.3	0.0
Provisions	0.2	0.2
Unearned revenues	13.5	13.4
Current liabilities	**28.6**	**53.5**
Total liabilities	**60.4**	**70.1**
Total equity and liabilities	**171.9**	**191.9**

Cash flow statement

(In millions of US$)	December 31, 2024	December 31, 2023
Income / (loss) for the period	**(10.3)**	**(14.3)**
Non cash income statement items from continuing activities	11.1	14.2
Cash generated (used) by operations before changes in working capital	**0.8**	**(0.0)**
Changes in working capital from continuing operations	2.7	4.7
Cash generated by operating activities	**3.5**	**4.7**
Taxes paid	(1.6)	(2.0)
Interests paid	(3.5)	(3.4)
Net cash generated by / (used in) operating activities	**(1.6)**	**(0.8)**
Purchases of property and equipment	(0.1)	(0.3)
Purchases of intangible assets	(2.0)	(2.5)
Cash flows from investing activities	**(2.1)**	**(2.8)**
Loan repayments	(6.5)	(2.0)
Reimbursement of lease commitments under IFRS16	(1.6)	(1.7)
Cash flows from financing activities	**(8.1)**	**(3.7)**
Effect of exchange rate fluctuation	0.2	(0.1)
Net increase in cash and cash equivalents	**(11.6)**	**(7.4)**
Cash and cash equivalents at beginning of the period	22.6	30.0
Cash and cash equivalents at end of the period	**11.0**	**22.6**