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2019 Financial Results
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Basis of preparation

Inside Secure (renamed Verimatrix (the "Company") following shareholders' vote on June 24, 2019) completed the acquisition of Verimatrix, Inc, on February 28, 2019. On December 6, 2019, the Company completed the sale of its Silicon IP business unit to Rambus Inc. (NASDAQ: RMBS) in an all-cash transaction.

Verimatrix (the "Company") has prepared its financial results in accordance with IFRS which account for 10 months of activity in 2019 and nil in 2018.

Since the Silicon IP business unit was a separate major line of business within the meaning of IFRS 5, the revenue and results of this activity in 2019 and up to the date of sale, as well as the net profit from the divestiture, have been isolated on a separated line item of the consolidated income statement "Net income from discontinued operations". The consolidated income statement for the year ended December 31, 2018 has been restated in the same manner.

The Company has also prepared **unaudited pro forma results** for 2019 and 2018 including Verimatrix, Inc. for 12 months and excluding the Silicon IP business unit. Pro forma are deemed "**adjusted**" compared with IFRS since, consistent with the Company's prior financial communications, they exclude (i) non-recurring adjustments on revenue due to purchase accounting (deferred revenue), (ii) the amortization of intangible assets related to business combinations, (iii) any potential goodwill impairment, (iv) share-based payment expense and (v) non-recurring costs associated with restructuring and business combinations. See definitions in appendix hereof.

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2019: Delivered strong operational & financial performance

Fourth quarter 2019

- $32.7 million revenue
- Up 19% year-over-year on a pro forma[1] adjusted[1] basis

Full year 2019

- $106.8 million pro forma adjusted revenue, up 9% year-over-year
- $22.6 million pro forma EBITDA[1] (21.2% of revenue), up 51% year-over-year
- 26.4 million net income (IFRS) driven by the net profit generated by the sale of the non-core Silicon IP business unit
- $54m in cash at year end. Company largely deleveraged in less than a year

(1) see definitions in Appendix hereof

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2019: Completion of all objectives and strategic initiatives

- Integrated Verimatrix, Inc.
- Delivered cost synergies 25% above plan: annual run-rate cost synergies of $12.5 million
- Sale of non-core Silicon IP business unit

2020 and beyond

Rambus
DEC. 2019
Sale of the Silicon IP business unit

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JUL. 2019
New corporate name to reflect broader vision

APR. 2019
New organization in place

FEB. 2019
Inside Secure acquires Verimatrix, Inc.

Financials

2019 pro forma adjusted revenue: +9% year over year

(in million of US$)	Q4-2019	Q4-2018	Q4 2019 vs. Q4 2018	2019	2018	2019 vs. 2018
Software business	32,3	27,5	18%	102,9	95,8	7%
Core Business pro forma adjusted revenue	**32,3**	**27,5**	**18%**	**102,9**	**95,8**	**7%**
NFC patent licensing program	0,3		-	3,9	1,8	-
Pro forma adjusted revenue	32,7	27,5	18,8%	106,8	97,6	9,4%

- Q4 2019
  - Strong revenue, up 19% Y-oY
  - Incl. $6 million for the delivery of the head-end software component for a next generation platform (DVB, IPTV, and OTT) with a major Internet service provider in Asia
- Full-year 2019:
  - Recurring revenues: 55% of revenue, up 17% Y-oY
  - Strong increase in emerging SaaS & subscription offering (+43% Y-o-Y at $4 million)

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2019: 51% growth of pro forma EBITDA year-over-year

(in million US$)	2019	2018
Revenue	106.7	97.6
Adjusted gross profit	85.7	82.1
As a % of revenue	*80.3%*	*84.1%*
Research and development expenses	(24.1)	(28.5)
Selling and marketing expenses	(25.3)	(27.7)
General and administrative expenses	(17.6)	(18.4)
Other gains / (losses), net	(0.5)	0.3
Total adjusted operating expenses	(67.5)	(74.3)
Adjusted operating income from continuing operations	18.3	7.8
As a % of revenue	*17.2%*	*8.0%*
EBITDA	22.6	14.9
As a % of revenue	*21.2%*	*15.3%*

2019 key milestones: new organization, streamlining and cost synergies plan fully implemented

$10m

Estimated cost synergies when announcing the acquisition project (Dec. 2018)

$12.5m

Updated cost synergies p.a. once fully implemented

- Thorough review of targeted cost synergies plan; New organization in place
- Plan fully implemented: ahead of schedule and with greater savings than anticipated
- $12.5 million cost savings on an annual basis starting 2020 ($7.1m for 2019 overall)

Ongoing: build single company culture

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2019: IFRS net income

(in million US$)	2019	2018
Adjusted operating income/(loss)	23,1	(3,0)
Fair value adjustment on deferred revenue (*)	(1,5)	-
Amortization and depreciation of assets acquired through business combinations (*)	(4,8)	(1,2)
Acquisition related expenses	(4,0)	(0,8)
Restructuring costs	(9,9)	(1,0)
Share based payments	(1,0)	(0,6)
Other gains / (losses), net	-	-
Operating income/(loss)	1,9	(6,6)
Finance income/(loss), net	(6,9)	3,2
Income tax expense	(2,8)	(1,0)
Net income/(loss) from continuing operations (i)	(7,8)	(4,4)
Net income/(loss) from discontinued operations (ii)	34,2	7,8
Net income/(loss) (i) + (ii)	26,4	3,4

(*) Item without cash impact

Sums may not equal totals due to rounding

Sale of the Silicon IP business unit to Rambus

- Rationale: (i) increase Verimatrix' focus as a pure player in software-based security and business intelligence solutions, (ii) improve substantially the company's financial flexibility thanks to a strengthened balance-sheet
- Sale to Rambus Inc. (NASDAQ: RMBS) for a total cash consideration of $65 million including an earn-out
- $45m received at closing on December 6, 2019 + up to $20 million in Q1 2021, subject to completion of certain revenue targets for the transferred business for the calendar year 2020. Fair value of earn-out of $10.4 million recognized in 2019 income from discontinued operations.
- $10 million voluntary early repayment of the $54 million debt raised to finance the acquisition of Verimatrix, Inc.

2019: cash flows reflecting operating performance and M&A activity

(in million $)	2019	2018
Cash generated by / (used in) operations before changes in working capital	**15.6**	**3.0**
Cash generated by / (used in) changes in working capital	**(18.5)**	**(0.2)**
Net cash generated by / (used in) operating activities	(2.9)	2.8
Cash flows from investing of discontinued activites, net	44.0	-
Cash flows from investing activites, net	(131.5)	(0.3)
Cash flows from financing activities, net	97.0	(1.0)
Net increase in cash and cash equivalents	6.6	1.5
Cash and cash equivalents at beginning of the period	47.4	45.9
Foreign exchange impact	(0.0)	-
Cash and cash equivalents at end of the period	54.0	47.4

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2019: balance sheet reflecting increased scope and M&A activities

(in million $)	December 31, 2019	December 31, 2018
Goodwill and intagible assets	135,5	35,4
Property and equipment	15,5	1,2
Other receivables	18,5	5,7
Non-current assets	**169,5**	**42,3**
Inventories	0,4	0,0
Trade receivables	30,6	10,5
Other receivables	12,7	4,3
Cash and cash equivalents	54,0	47,4
Current assets	**97,7**	**62,3**
Total assets	**267,2**	**104,6**

(in million $)	December 31, 2019	December 31, 2018
Equity and retained earnings	**154,8**	**70,5**
Borrowings	56,6	0,4
Convertible bonds	15,0	14,2
Derivative financial instruments	1,6	0,2
Provisions	0,9	0,8
Deferred tax liabilities	2,7	2,0
Non-current liabilities	**76,8**	**17,6**
Other current liabilities	14,9	5,7
Trade and other payables	8,2	3,3
Borrowings	2,0	0,1
Provisions	1,5	3,6
Unearned revenues	9,0	3,7
Current liabilities	**35,6**	**16,5**
Total equity and liabilities	**267,2**	**104,6**

December 31, 2018:
$32.8m net cash*

December 31, 2019:
$16.6m net debt*
(including convertible bonds - OCEANE - and IFRS 16 leases)

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Business Outlook & Objectives

Business Outlook

In 2019, through strategic initiatives, Verimatrix became
a pure-play software provider of innovative, customer-friendly cybersecurity solutions that protect video content, applications, and devices across multiple markets

Priorities going forward:

- Take benefit from the momentum created by the **unprecedented demand for content worldwide**, requiring simple, scalable, standardized and secure content protection solutions and leverage the Company's expertise and foothold
- Generate tangible **revenue synergies** (starting with existing Verimatrix, Inc. VCAS customers signing up to former Inside Secure Code Protection and ProtectMyApp solutions to protect their mobile streaming applications)
- Grow the emerging **subscription business** leveraging both its on-premise and SaaS solutions and, grow the Annual Recurring Revenue ("ARR")
- Develop the **code and application protection** solutions business through product development and increased marketing presence

Verimatrix main growth engines

SaaS Modernization

Modernize traditional TV market with Verimatrix's cloud / SaaS solution

Content Security Explosion

Enable the video democratization revolution by protecting content anywhere, anytime

5G Software Protection

Ensuring software and code protection for the coming 5G connectivity revolution

Objectives

2020

High-single digit revenue growth
(for core business excluding NFC licensing program)

EBITDA margin in a range of 23% to 25% of revenue

2021

$125 million revenue
(for core business excluding NFC licensing program)

EBITDA margin of 26% of revenue

Assuming constant foreign exchange rates; excluding any potential revenue from the NFC patent licensing program and any further acquisitions or disposals of businesses or companies

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Appendix

Supplementary non-IFRS financial information (adjusted measures)

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 Group's consolidated financial statements

- **Adjusted revenue** is defined as revenue before non-recurring adjustments related to business combinations (deferred revenue that can't be recognized following the acquisition date). It enables comparable revenue for 2018 and 2019.
- **Adjusted gross profit** is defined as gross profit before (i) the amortization of intangible assets, (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, (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.
- **EBITDA** is defined as adjusted operating income before depreciation, amortization and impairment losses not related to business combinations.
- **Net cash/(debt)** is defined as cash on hand, cash equivalents and short-term investments, less bank overdrafts, financial debt including notably obligations under IFRS 16 for finance leases, bank loans, private loans, and the debt component of the OCEANE convertible bonds.

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Investor information

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Financial Calendar

Q1 2020 Revenue: April 21, 2020

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