



### Third-quarter 2012 revenue

- **Third-quarter 2012 revenue of \$28.6 million, slightly higher than the second-quarter figure due to higher Secure Payment revenue and stable Mobile NFC revenue**
- **Consolidated revenue of \$90.8 million for the first nine months of 2012**
- **Management team strengthened to continue and accelerate the development of high value-added products**

**Aix-en-Provence, France, 25 October 2012 – INSIDE Secure** (NYSE Euronext FR0010291245 - INSD.PA), a leader in semiconductor solutions for secure transactions and digital identity, today reports consolidated revenue of \$28.6 million for the third quarter of 2012. Revenue rose by 1% relative to the second quarter of 2012 and fell by 22% relative to the third quarter of 2011. Consolidated revenue in the first nine months of the year totalled \$90.8 million, down 15% year-on-year.

#### Revenue by business segment

(in thousands of US\$)	Q3-2012	Q3-2011	Q2-2012	year-over-year %	quarter-to-quarter %	9 months 2012	9 months 2011	Change YTD %
Mobile NFC	9 043	15 352	8 348	-41%	8%	31 649	24 656	28%
<i>including chips for mobile NFC</i>	<i>9 043</i>	<i>15 219</i>	<i>8 348</i>	<i>-41%</i>	<i>8%</i>	<i>31 648</i>	<i>23 653</i>	<i>34%</i>
<i>including chips for SIM cards</i>	<i>0</i>	<i>133</i>	<i>0</i>			<i>0</i>	<i>1 003</i>	
Digital security	11 383	13 260	12 789	-14%	-11%	36 111	45 741	-21%
Secure payments	8 157	7 842	7 038	4%	16%	23 023	36 417	-37%
<b>Total</b>	<b>28 583</b>	<b>36 454</b>	<b>28 176</b>	<b>-22%</b>	<b>1%</b>	<b>90 783</b>	<b>106 814</b>	<b>-15%</b>
<i>Total excluding chips for SIM cards</i>	<i>28 583</i>	<i>36 321</i>	<i>28 176</i>	<i>-21%</i>	<i>1%</i>	<i>90 783</i>	<i>105 811</i>	<i>-14%</i>

#### Mobile NFC

The Mobile NFC business segment generated revenue of \$9.0 million in the third quarter of 2012, an increase of 8% relative to the second quarter. Revenue for the first nine months of 2012 was up 34% year-on-year.<sup>1</sup>

As previously announced, INSIDE Secure is continuing to focus on winning new customers notably in the Android and Intel ecosystems and as well as on the development of promising value-added products such as those incorporating NFC technology into SIM cards, which will go on sale in the fourth quarter of 2012.

From an operational viewpoint, the Group is continuing to develop pioneering partnerships. An example of this is the experimentation conducted with major French retail group Casino in October, in which

<sup>1</sup>Excluding sales of chips for SIM cards, a product line which was discontinued by Atmel Corp. prior to the sale of the secure microcontroller solutions (SMS) business to INSIDE Secure on 30<sup>th</sup> September 2010 (independent of the sale process) and which represented only residual sales in 2011

consumers are given an enhanced shopping and e-commerce experience using smartphones equipped with INSIDE Secure's NFC technology.

### **Digital Security**

The Digital Security business segment generated revenue of \$11.4 million in the third quarter of 2012, which was lower than the second-quarter figure. In the first nine months of 2012, revenue totalled \$36.1 million, down 21% relative to the first nine months of 2011. This decrease was due to varying performance between product lines:

- Revenue from products focusing on electronic identity documents fell substantially as expected, because of the transitional period during the sale of Atmel's SMS business and its integration into the Group.
- Conditional access products (such as secured pay-TV products) posted slight growth, driven in particular by new customers.

INSIDE Secure is also pursuing its sales and marketing efforts targeting markets offering growth potential, such as anti-counterfeiting, machine-to-machine solutions and smart metering. In smart metering, INSIDE Secure won its first design-ins in the third quarter of 2012. On 9 October 2012, the Group also demonstrated a new secure postpaid electricity meter, developed jointly with Freescale Semiconductor (NYSE: FSL) and featuring NFC connectivity and a security module designed by INSIDE Secure.

### **Secure Payment**

After the sharp decrease that started in early 2011, revenue rebounded in the third quarter of 2012. Secure Payment revenue totalled \$8.2 million, 16% more than in the second quarter of 2012 and 4% more than in the third quarter of 2011.

This growth limited the year-on-year decline in sales for the first nine months of the year to 37%, as opposed to the 48% drop seen in the first six months. However, overall trends remain unchanged. The US contactless payment market is still being affected by the anticipated future migration to a new EMV-type standard.

As stated previously, the Group is focusing its efforts to develop a semiconductor platform suited to expected developments in the US payment market, in order to be ready to position itself in the US secure payments market when the roll-out of smart card technology begins in 2013.

### **Recent developments**

INSIDE Secure has strengthened its management team, filling two important positions in the third quarter. The Group announced the appointment of Pierre Garnier as Executive Vice-President in charge of the Mobile NFC and Secure Payment division, and Dimitrios Karayiannis as Vice-President, Research & Development. The strong expertise of these two managers, who are acknowledged specialists in the semiconductor and mobile industries, will enable INSIDE Secure to continue and step up the development of innovative products and solutions.

## Financial calendar

- Publication of full-year 2012 consolidated results: 22 February 2013 (before market opening)
- Publication of revenue for the first quarter of 2013: 25 April 2013 (before market opening)

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## About INSIDE Secure

INSIDE Secure (NYSE Euronext FR0010291245 – INSD.PA) is a leading designer, developer and supplier of semiconductors, embedded software and platforms for secure transactions and digital security. INSIDE Secure mobile NFC, secure payment and digital security products provide security for a wide range of information processing, storage and transmission applications. The Group's customers are found in a wide range of markets including mobile payment, identification documents, access control, transit, electronic device manufacturing, pay television and mobile service operators. For more information, visit [www.insidesecond.com](http://www.insidesecond.com).