



First-quarter 2013 revenue

- **First-quarter 2013 consolidated revenue of \$34 million**
- **Strong performance in Secure Payment and Digital Security segments**
- **Very good execution of ESS integration, validating the Group’s strategic priorities**
- **Launch of the reorganization plan of the Group’s activities**

Aix-en-Provence, France, April 25, 2013 – INSIDE Secure (NYSE Euronext FR0010291245 - INSD), a leader in semiconductor and software solutions for securing transactions, content and digital identity, is today reporting consolidated revenue of \$34 million for the first quarter of 2013. INSIDE Secure’s (the “Group”) consolidated revenue was stable compared with the first quarter of the previous year and 9% higher than in the fourth quarter of 2012.

INSIDE Secure is also announcing the availability of its 2012 annual financial report, which has also been filed with the Autorité des marchés financiers (AMF).

Revenue by Business Segment

Consolidated revenue (IFRS)

(in thousands of US\$)	Q1-2013	Q1-2012	Q4-2012	year-over-year %	quarter-to-quarter %
Mobile NFC	4 534	14 258	11 612	-68%	-61%
Secure payments	10 703	7 828	8 765	37%	22%
Digital security	12 251	11 938	10 047	3%	22%
Embedded security solutions	6 552	0	840		680%
Total	34 039	34 024	31 264	0%	9%

The stable revenue reported by INSIDE Secure in the first quarter of 2013 compared with the first quarter of 2012 reflected several factors:

- in its historical business lines, the solid performance of the Secure Payment and Digital Security segments (which also recorded a sequential increase of 22%), which did not completely offset the contraction in the Mobile NFC business;
- the good performance of the Embedded Security Solutions division (“ESS”), integrated in the Group since December 2012.

As expected, thanks to the integration of ESS, revenue for the first quarter also showed a higher proportion of high-margin revenues from licences, royalties, maintenance and other services, which totalled \$7.7 million (i.e. 23% of revenue for the period), up significantly on the previous year (4% of revenue in the first quarter of 2012), with product revenue amounting to \$26.4 million in the first quarter of 2013.

Normalized revenue¹

(in thousands of US\$)	Q1-2013 normalized	Q1-2012 normalized	Q4-2012 normalized	year-over-year %	quarter-to- quarter %
Mobile NFC	4 534	14 258	11 612	-68%	-61%
Secure payments	10 703	7 828	8 765	37%	22%
Digital security	12 251	11 938	10 047	3%	22%
Embedded security solutions	7 475	7 022	6 527	6%	15%
Total	34 962	41 045	36 951	-15%	-5%

Mobile NFC

Revenue for the Mobile NFC segment for the first quarter of 2013 was \$4.5 million, sharply below the levels recorded in the first and fourth quarters of the previous year. BlackBerry and its subcontractors, the Group's main customers for this business segment, largely drew on their existing component inventories in the period, rather than making new purchases from INSIDE Secure. The backlog for the second quarter of 2013, however, is showing growth. Revenue from new customers was not sufficient to make up for this situation. The contract with Intel continues to bear fruits and the Group has also started shipping its first volume microcontrollers in the Intel ecosystem (ultrabooks, laptops).

Secure Payment

Revenue for the Secure Payment segment for the first quarter of 2013 was \$10.7 million (best quarter in term of revenue in the last two years), showing a significant increase on the first quarter of 2012 (up 37%) and on the fourth quarter of the previous year (up 22%). Both contact chips for the EMV market in Europe and contactless chip sales for the US market increased during the quarter.

Capitalizing on its historic position as a key player in the U.S. market, the Group is pursuing the development of a product offering tailored to the change of the payment market in the United States to chip-and-pin cards (EMV), which is anticipated to take off in the later part of 2013, in collaboration with U.S. partners.

Digital Security

Revenue for the Digital Security segment for the first quarter of 2013 was \$12.3 million, up 3% year-on-year and up 22% quarter-on-quarter, owing in particular to electronic ID products (national health cards in Italy).

Embedded Security Solutions (ESS)

The ESS segment posted consolidated revenue of \$6.6 million in the first quarter of 2013.

On a normalized basis, revenue stood at \$7.5 million. It came in 6% higher than in the first quarter of the previous year and 15% above the level posted in the fourth quarter of 2012. This high and stronger-than-expected level of revenue demonstrated that the transition and integration into INSIDE Secure are going smoothly. Several new contracts (design wins) were signed during the quarter, confirming interest within the sector for integrated security solutions, especially for digital rights management (DRM). Even so, ESS revenue can vary significantly from one quarter to another, depending mainly on the product mix (licence

¹ Normalized revenue is defined as the combined revenue of the historical activities of INSIDE Secure and ESS as if the acquisition of ESS had been effective from January 1, 2012 and without taking into account the accounting impact of the purchase price allocation. See also Supplementary non-IFRS financial information paragraph.

fees, royalties); on the date the Group is notified of the sales level recorded by its clients which determines the amount of variable royalties it receives; and on the amount of the contracts signed over a given period.

Since the conditions of the ESS acquisition agreement have been fully satisfied, as anticipated by the Group, a \$5.2 million additional payment was made during the first quarter of 2013. In addition, the Group received a \$0.5 million payment during the first quarter reflecting a reduction in the price given the final assessment of the working capital requirement at the completion date of the sale of ESS. Accordingly, the final purchase price came to \$46.3 million, net of cash acquired, as expected.

Recent developments

As announced on March 6, INSIDE Secure has launched its plan to reorganise its worldwide business activities. This plan aims to reduce operating expenses as part of the overall redefinition of the Group's strategic priorities in its markets. To date, INSIDE Secure finalised its plan to reduce its workforce in the various countries covered by the plan outside France (staggered departures of approximately 60 employees during the second and third quarters of 2013) and is currently introducing a reduction in force covering 25 people in France, for which there is a prior consultation process of its employee representative bodies.

Filing of the 2012 Annual Financial Report

INSIDE Secure is also announcing that it has made available its 2012 Annual Financial Report ("rapport financier annuel") to investors and filed it with the Autorité des marchés financiers (AMF). It can be viewed on the Company's website (www.insidesecond.com). In particular, it includes the annual management report, the Chairman of the Supervisory Board's report on internal control and corporate governance, the Statutory Auditors' report on this report the table on Statutory Auditors' fees.

Financial calendar

- Publication of consolidated results for the first half of 2013: August 2, 2013 (before trading)
- Publication of revenue for the third quarter of 2013: October 24, 2013 (before trading)

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About INSIDE Secure

INSIDE Secure (NYSE Euronext Paris: FR0010291245 – INSD) is a leading designer, developer and supplier of semiconductor and software solutions for securing transactions, content and digital identity. INSIDE Secure mobile NFC, secure payment, embedded security and digital security solutions provide security for a wide range of information processing, storage and transmission applications. The company's customers are found in a wide range of markets, including mobile payment, identification documents, access control, transit, electronic device manufacturing, pay television, mobile handsets and wireless content and service providers. For more information, visit www.insidesecond.com.

Supplementary non-IFRS financial information

The supplementary financial information presented in this press release that are not strictly accounting measures (normalized revenue) are defined in the press release. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the Group's financial performance. They should be considered in addition to, and not as a substitute for, any other operating and financial performance indicator of strict accounting nature, as presented in the Group's consolidated financial statements and the corresponding notes. The Group uses these indicators because it believes they are useful measures of its activity. These indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently than the Group, even though they use similar terms.

Forward-looking statements

This press release contains certain forward-looking statements concerning the INSIDE Secure group. Although INSIDE Secure believes its expectations to be based on reasonable assumptions, they do not constitute guarantees of future performance. The Group's actual results may accordingly differ materially from those anticipated in these forward-looking statements owing to a number of risks and uncertainties. For a more detailed description of these risks and uncertainties, please refer to the "Risk Factors" section of the annual financial report as of 24 April 2013, available on www.insidesecond.com.