



## INSIDE Secure - Third quarter 2015 revenue

- Consolidated revenue of \$19.4 million in the third quarter, up 4% vs. the second quarter
- Revenue of \$54.3 million in the first nine months of 2015
- First significant customer contracts and revenue for software protection products, which are central to INSIDE Secure's strategy
- Appointment of Amedeo d'Angelo as President and CEO on September 29, 2015

**Aix-en-Provence, France, October 30, 2015 – INSIDE Secure** (Euronext Paris: INSD), a leader in embedded security solutions for mobile and connected devices, today reports consolidated revenue of \$19.4 million for the third quarter ended September 30, 2015, and \$54.3 million for the first nine months of the year.

Consolidated revenue (IFRS) for the third quarter of 2015:

### Revenue by segment

(in thousands of US\$)	Q3-2015	Q2-2015	Q3-2014	Q3-2015 vs. Q2-	Q3-2015 vs. Q3-	9 month 2015	9 month 2014	2015 vs. 2014
Mobile Security	9 805	6 138	12 966	60%	-24%	20 957	45 716	-54%
Secure Transactions	9 553	12 499	12 677	-24%	-25%	32 716	42 660	-23%
Unallocated	0	0	200	-	-	650	1 713	-
<b>Total</b>	<b>19 357</b>	<b>18 637</b>	<b>25 843</b>	<b>4%</b>	<b>-25%</b>	<b>54 323</b>	<b>90 090</b>	<b>-40%</b>

### Revenue by category

(in thousands of US\$)	Q3-2015	Q2-2015	Q3-2014	Q3-2015 vs. Q2-	Q3-2015 vs. Q3-	9 months 2015	9 months 2014	2015 vs. 2014
Revenue from sale of products	9 613	12 081	12 859	-20%	-25%	33 093	45 019	-26%
License, royalties, development agreements, maintenance	9 744	6 555	12 985	49%	-25%	21 230	45 070	-53%
<b>Total</b>	<b>19 357</b>	<b>18 637</b>	<b>25 843</b>	<b>4%</b>	<b>-25%</b>	<b>54 323</b>	<b>90 090</b>	<b>-40%</b>

## Segment Analysis

### Mobile Security

Revenue in the Mobile Security segment rose substantially in the third quarter of 2015 compared with the second quarter.

The software protection and HCE mobile payment product line continued to benefit from strong momentum. In July 2015, INSIDE Secure executed a multi-million dollar software protection licensing agreement with one of the three largest banks in the US to enhance the security of mobile applications provided by the bank to its employees and customers. Revenue from that contract was recognised in the third quarter of 2015. This contract comes on top of the licensing agreements already signed with one of the US's most prominent retailers and, in the second quarter, with a dominant healthcare insurance provider. These wins illustrate the potential of INSIDE Secure's offering in the field of securing mobile applications for the financial and retail industries in particular.

Also in July, Visa granted its "Visa Ready" status to INSIDE Secure's MatrixHCE product. This status will make it easier for banks and card issuers to gain Visa HCE payment certification, thereby reducing the effort needed to develop proprietary mobile payment apps and shortening time to market.

The hardware intellectual property licensing business line<sup>1</sup> saw robust sales, which should allow revenue to continue to grow in the fourth quarter. The content protection product line (Digital Rights Management downloadable software) is continuing to perform well.

In the third quarter, INSIDE Secure did not recognise any revenue from France Brevets' marketing of INSIDE Secure's NFC patents (in the third quarter of 2014, the company had recorded revenues from the licensing agreement signed with phone manufacturer LG). As previously stated, this program should continue to generate significant revenue for INSIDE Secure going forward.

## Secure Transactions

Revenue in this segment was lower in the third quarter of 2015 than in the second quarter of 2015 and the third quarter of 2014.

Sales of secure modules (for the Internet of Things and network security) were solid in the third quarter, in line with previous quarters, and increased 22% year-on-year overall in the first nine months of 2015 compared with the same period last year.

Sales of chips used in conditional access systems for pay TV fell in the third quarter compared with the second quarter, mainly because of inventory management by INSIDE Secure's main customers in this market.

Sales of chips for the EMV market in the US, and other countries adopting the EMV standard, doubled in the third quarter compared with the previous two quarters. However, they remain well below company expectations in the American market, and more generally are not offsetting the anticipated decline in sales in the mature European market, in which the Group has not made any new investments.

## Other key highlight of the quarter

On September 29, 2015, INSIDE Secure announced the appointment of Amedeo D'Angelo as President and Chief Executive Officer. Prior to joining INSIDE Secure, Amedeo D'Angelo spent most of his career at executive positions in high-tech companies. In particular, he spent more than 20 years of his career heading companies in the field of security and payment.

## Outlook

As announced in the first half, INSIDE Secure confirms the progressive ramp up of its activities relating to its embedded security offering for mobile platforms and connected devices, although visibility regarding sequential quarterly performance and repeatability remain limited.

## Conference call

To accompany the publication of its third-quarter 2015 revenue, the company will hold a conference call at 10am (Paris time) on October 30, 2015. Access to the call will be by dialling one of the following numbers: +33 (0)1 70 77 09 34 (France), +44 20 33 67 9453 (United Kingdom) or +1 855 402 77 61 (USA). The presentation will be available on our website: [www.insidesecond.com](http://www.insidesecond.com). An audio webcast of the presentation and the Q&A session will be available on the INSIDE Secure website approximately three hours after the end of the presentation and will remain posted there for one year.

## Financial calendar

- Publication of full-year 2015 results: February 25, 2016 (after the market closes)

## Press and investor contacts

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<sup>1</sup> Security functions in the form of IP blocks or components that INSIDE Secure customers integrate into their semiconductor platforms.

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### **About INSIDE Secure**

INSIDE Secure (Euronext Paris FR0010291245 – INSD) provides comprehensive embedded security solutions. World-leading companies rely on INSIDE Secure's mobile security and secure transaction offerings to protect critical assets including connected devices, content, services, identity and transactions. Unmatched security expertise combined with a comprehensive range of IP, semiconductors, software and associated services gives INSIDE Secure customers a single source for advanced solutions and superior investment protection. For more information, visit [www.insidesecond.com](http://www.insidesecond.com).

### **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. Accordingly, the Group's actual results may 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 registration document of April 30, 2015 (R15-030), available on [www.insidesecond.com](http://www.insidesecond.com).