



Execution of the acquisition agreement for the acquisition of Verimatrix, Inc.

Launch of the equity transactions to finance the acquisition of Verimatrix, Inc.

- **Share capital increase of €22.5 million with shareholders' preferential subscription rights:**
 - **Subscription ratio: 3 new shares for 7 existing shares**
 - **Subscription price: €1.19 per new share**
 - **Subscription period: from January 30 to February 8, 2019**
 - **Support by Jolt Capital as well as several managers of Inside Secure**
 - **Irrevocable commitment of One Equity Partners (OEP) to subscribe for any shares not subscribed on non-reducible and reducible basis**

- **Issuance of bonds redeemable into new shares reserved to OEP for a nominal amount of €30 million**

Aix-en-Provence, France, January 25, 2019 – Inside Secure (Euronext Paris: INSD), at the heart of security solutions for mobile and connected devices, today announced the execution of the acquisition agreement for the acquisition of Verimatrix (the “**Acquisition**”), the issuance of bonds redeemable into new shares reserved to OEP (the “**Bonds**”) and the launch of a capital increase with preferential subscription rights to existing shareholders (the “**Rights Issue**”).

The principle of the issuance of the Bonds – for which a prospectus was approved by the French Financial Markets Authority (the “**AMF**”) under no. 18-581 on December 21, 2018 – as well as of the Rights Issue was described on December 5, 2018 when the signature of a exclusivity agreement to acquire Verimatrix, a global independent leading software security provider for video services (“**Verimatrix**”), was announced by Inside Secure (the “**Company**”). The issuance of the Bonds and the Rights Issue were approved on January 23, 2019 by the board of directors of Inside Secure acting upon delegation of the shareholders' combined general meeting of the Company held on January 21, 2019.

Amedeo D'Angelo, chairman and CEO of Inside Secure, declares: “*We are very pleased to launch the financial transactions to finance the acquisition of Verimatrix for which we entered into the agreement on January 22, 2019. Beyond the support of Jolt Capital and of several managers, we hope that many shareholders will participate in this share capital increase, enabling them to be part of the creation of a major player in the software security. We are looking forward to combine our two businesses focused on the Cloud Security in order to continue creating value for our shareholders.*”

These two transactions contribute to financing the acquisition of Verimatrix which will be supplemented by the use of a part of Inside Secure's available cash for approximately \$38 million (excluding the cost and charges resulting from the Acquisition) and the proceeds of a private debt subscribed by Apera Capital, a private debt manager, for approximately \$55

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million, depending of the estimated earn-out of the Acquisition and for which an agreement was signed on January 22, 2019.

The closing of the Acquisition is scheduled for February 2019, subject to the completion of the related conditions precedents and upon completion of the Rights Issue.

Capital increase with shareholders' preferential subscription rights

Main terms of the Rights Issue

The Rights Issue will be carried out with shareholder's preferential subscription rights and will result in the issuance of 18,908,211 new shares (the "**New Shares**"), at a unit subscription price of €1.19, representing a gross amount of €22,500,771 (issue premium included).

Subscriptions to New Shares will be reserved, as a priority:

- to holders of existing shares registered in the holder's account at close of accounting on January 25, 2019, which will receive preferential subscription rights (the "**Rights**"),
- to purchasers of preferential subscription rights.

The Rights will be detached from the existing shares on January 28, 2019 and will trade on the regulated market of Euronext in Paris ("**Euronext Paris**") until February 6, 2019. The existing shares will therefore trade ex-rights from January 28, 2019.

Holders of preferential subscription rights may subscribe on a non-reducible basis to 3 New Shares for 7 existing shares owned. 7 preferential subscription rights entitle their holder to subscribe for 3 New Shares at a price of €1.19 per share. Subscriptions on a reducible basis (*à titre réductible*) will be accepted but remain subject to reduction in the event of oversubscription. Any New Shares not subscribed on a non-reducible basis will be distributed and allocated to the Rights holders having submitted additional subscription orders on a reducible basis. However, given OEP's commitment to subscribe for any new shares not subscribed on a non-reducible basis and on a reducible basis, in order to ensure the success of the Rights Issue and given the need for the Company to obtain the related funds which participate in the financing of the Acquisition, the Board will allocate all the unsubscribed shares to OEP.

Based on Inside Secure's closing share price on Euronext Paris on January 23, 2019, (*i.e.* €1.586):

- the subscription price for the New Shares set at €1.19 per share (*i.e.* a nominal value of €0.40 and an issue premium of €0.79) represents a 25% discount to the closing share price, as announced on December 5, 2018,
- the theoretical value of on Right is €0.1188,
- the theoretical value of the ex-right share is €1.467,
- the subscription price for the New Shares represents a 18.9% discount to the theoretical value of the ex-right share.

These values do not prejudice the value of the Rights during their trading period, the value of Inside Secure ex-right shares or the discounts that will be observed on the market.

The Rights Issue will be open to the public only in France. Settlement and delivery of the New Shares and start of trading on the regulated market of Euronext in Paris are expected to take place on February 20, 2019. The New Shares, which will carry dividend rights and will entitle their holders to any dividends declared by the Company from the date of issue, will be fully

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fungible with the Company's existing shares and will be traded under the same ISIN code as the Company's existing shares, ISIN code FR0010291245.

Subscription commitments

Mr Amedeo D'Angelo, CEO of the Company, who currently holds 1,173,000 shares (representing 2.66% of the capital), has committed to participate in the Rights Issue for an aggregate amount of €854,204.61, corresponding to the exercise of his 1,173,000 Rights on a non-reducible basis and of the 501,911 Rights purchased from funds managed by Jolt Capital.

Mr Alain Blancquart, Board member of the Company, has committed to participate in the Rights Issue for an aggregate amount of €59,586.87, corresponding to the exercise on a non-reducible basis of the 116,837 Rights purchased from funds managed by Jolt Capital.

Mr Richard Vacher Detournière, CFO of the Company, who currently holds 178,118 shares (representing 0.40% of the capital), has committed to participate in the Rights Issue for an aggregate amount of €90,838.65, corresponding to the exercise of all of his Rights on a non-reducible basis.

Funds managed by Jolt Capital, which currently hold an aggregate number of 2,447,297 shares (representing 5.55% of the capital), have committed to participate in the Rights Issue for an aggregate amount of €830,342.73, corresponding to the exercise of 66.5% of their Rights (*i.e.* 1,628,123 Rights) on a non-reducible basis and to sell to the abovementioned persons a portion of their Rights (*i.e.* 618,748 Rights), at a unit price equal to 75% of their theoretical value.

Overall, the Company has received commitments to subscribe for an aggregate amount of €1.83 million, corresponding to the exercise of 3,597,989 Rights on a non-reducible basis.

OEP has irrevocably committed to backstop 100% of the Rights Issue by subscribing to any new shares not subscribed on a non-reducible basis and on a reducible basis, being specified that an affiliate of OEP could be substituted to OEP for the purposes of this commitment.

The Company is not aware of the intentions of other shareholders or third-parties in relation to the Rights Issue.

No underwriting agreement has been signed in connection with the issuance of the New Shares due to the abovementioned OEP's subscription commitment ensuring the success of the Rights Issue.

Indicative Timetable

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|-----------------------------------|---|
| January 14, 2019 | Publication of a notice in the French Bulletin des Annonces Légales Obligatoires (mandatory legal announcements bulletin) concerning the suspension of the entitlement to exercise the stock options, share warrants and OCEANEs issued by the Company. |
| January 21, 2019 | The period of suspension of the right to exercise the stock options, share warrants and OCEANEs begins. Shareholders General Meeting |
| January 24, 2019 | AMF approval on the Prospectus Placing agreement is signed |
| January 25, 2019 | Publication of a press release describing the main features of the Rights Issue and the terms and conditions under which the Prospectus will be made available Euronext Paris publishes the notice of issue |
| January 28, 2019 | Preferential subscription rights are detached and begin trading on Euronext Paris |
| January 30, 2019 | Subscription period begins |
| February 6, 2019 | Trading period of the preferential subscription rights closes |
| February 8, 2019 | Subscription period closes |
| February 15, 2019 | Company publishes a press release announcing the subscription results |
| February 18, 2019 | Euronext publishes the admission notice for the New Shares, indicating the final amount of the share capital increase and the distribution scale for subscriptions on a reducible basis |
| February 20, 2019 | New Shares are issued – Settlement-delivery New Shares are admitted to trading on the Euronext Paris |
| March 6, 2019 after markets close | Publication of 2018 full year results |
| At the latest on April 20, 2019 | Resumption of the right to exercise stock options, share warrants and OCEANEs |

Information available to the public

The Company has published a French language prospectus (the “**Prospectus**”), which has received the AMF visa n°19-023 on January 24, 2019, comprising (i) the registration document 2017 (*document de référence*) of the Company filed with the AMF on April 10, 2018 under number D.18-0307 (the “**Registration Document**”), (ii) its update (*actualisation*) filed with the AMF on December 21, 2018 under number D.18-0307-A01 (the “**Update**”) and (ii) a securities note (*note d’opération*) (including a summary of the prospectus) (the “**Securities Note**”).

Inside Secure draws the public’s attention to the risk factors included in chapter 4 of the Registration Document, in section 3 of the Update and in chapter 2 of the Securities Note. The occurrence of all or any of these risks, separately or in combination, could have a material adverse effect on the Group's business, financial condition, results of operations or its ability to meet its objectives. Furthermore, additional risks that have not yet been identified or that are not considered material by the Group as of the date of the Prospectus could produce material adverse effects.

Copies of the French Prospectus are available free of charge at Inside Secure’s registered office located rue de la Carrière de Bachasson, CS 70025 – Arteparc Bachasson, 13590 Meyreuil. The French Prospectus is also made available on Inside Secure’s website (www.insideseure.com) as well as on the AMF’s website (www.amf-france.org).

Natixis is acting as sole Global Coordinator, Bookrunner and Lead Manager for the Rights Issue.

Issuance of bonds redeemable into new shares reserved to OEP

Together with the Rights Issue, the board of directors of Inside Secure has decided a €30 million redeemable bond issuance with a maturity of 5.5 years, fully redeemable into new shares, reserved to OEP.

The issuance of the Bonds is expected on January 28, 2019. An application for the listing of the Bonds on Euronext Access™ (Open market of Euronext in Paris) will be made.

The Bonds will bear annual interest of 2.5% payable semi-annually and will be treated as equity for Inside Secure.

The AMF approved on December 21, 2018 under no 18-581 the prospectus relating to the issuance of the bonds and the admission to trading on Euronext Paris of the new shares to be issued upon redemption of the Bonds.

Natixis is acting as Financial Advisor and Lead Manager for the issuance of the Bonds.

Lock-up agreements

OEP undertook with the Company prior to the first anniversary of the issuance date of the Bonds (*i.e.* on January 28, 2020 according to the indicative timetable) to keep on a fully diluted basis (*i.e.* assuming the Bonds redeemed into new shares of the Company) (i) all the new shares issued by the Company upon redemption of the Bonds and (ii) all the New Shares subscribed, as the case may be, by OEP, in the context of the Rights Issue, subject to certain

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customary exceptions, as well as the number of shares that OEP would be allowed to freely sell in order not to cross the 30% threshold of the Company's share capital or voting rights.

The Company has agreed to a lock-up expiring 180 calendar days following the issue date of the New Shares, subject to certain customary exceptions.

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About Inside Secure

Inside Secure (Euronext Paris – INSD) is at the heart of security solutions for mobile and connected devices, providing software, silicon IP, tools, services, and know-how needed to protect customers' transactions, ID, content, applications, and communications. With its deep security expertise and experience, the company delivers products having advanced and differentiated technical capabilities that span the entire range of security requirement levels to serve the demanding markets of network security, IoT and System-on-Chip security, video content and entertainment, mobile payment and banking, enterprise and telecom. Inside Secure's technology protects solutions for a broad range of customers, including service providers, operators, content distributors, security system integrators, device makers and semiconductor manufacturers. For more information, visit www.insideseure.com

Disclaimer

With respect to Member States of the European Economic Area that have transposed European Directive 2003/71/EC of the European Parliament and European Council of November 4, 2003, as amended (the "**Prospectus Directive**"), no action has been taken or will be taken to permit a public offering of the securities referred to in this press release requiring the publication of a prospectus in any Member State. Therefore, such securities may not be and shall not be offered in any Member State other than in accordance with the exemptions of Article 3(2) of the Prospective Directive or, otherwise, in cases not requiring the publication of a prospectus under Article 3 of the Prospective Directive and/or the applicable regulations in such Member State.

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For a more detailed description of the risks and uncertainties with respect to Inside Secure, please refer to the "Risk factors" section of the 2017 registration document filed with the AMF on April 10, 2018 under number D.18-0307, as supplemented by the update to the registration document filed with the AMF under number D. 18-0307-A01., both available on www.insideseure-finance.com/en.