



Verimatrix Enters into Exclusivity Agreement to Sell its Silicon IP Business Unit to Rambus

- **Increases company focus as a pure player in software-based security and business intelligence solutions with revenue in excess of \$100 million¹**
- **Increases financial flexibility thanks to a strong balance-sheet to seize external growth opportunities and keep on building a major player in software-based security**
- **Transaction consideration of \$65 million in cash**

Aix-en-Provence, France and San Diego, USA, September 4, 2019 – Verimatrix (Euronext Paris: VMX), formerly known as Inside Secure, a global provider of security and analytics solutions that protect devices, services and applications, today announced it has entered into an exclusivity agreement to sell its Silicon IP and Secure Protocols (“SIP”) business unit to Rambus Inc. (NASDAQ: RMBS), a premier silicon IP and chip provider making data faster and safer, for a transaction consideration of \$65 million in cash. The SIP business unit is a largely autonomous and hardware related business which generates \$22 million revenue¹.

Strategic Rationale

- Increase focus as a pure player in software-based security and business intelligence solutions with revenue in excess of \$100 million¹, serving primarily the entertainment, mobile application and IoT markets. This will enable Verimatrix to accelerate revenue growth in these fields through increased investments into new products and solutions, such as ProtectMyApp, a security-as-a-service solution that has been launched recently to revolutionize code protection by protecting mobile applications in minute.
- Increase financial flexibility thanks to a strong balance sheet. At completion of the transaction, Verimatrix’s net debt² would be reduced to zero, thus allowing it to harness external growth opportunities while continuing to build a major player in software-based security.

"We are pleased to announce this exclusivity agreement to sell our Silicon IP and Secure Protocols business unit to Rambus, a premier silicon IP and chip provider," said Amedeo D'Angelo, Chairman and CEO of Verimatrix. "This transaction ideally fits with our strategy to focus our company as a pure player in software-based security solutions. After completion, we will have the agility to fully address promising growth markets such as Entertainment, Mobile Applications and the Internet of Things. Additionally, the transaction will significantly increase our financial flexibility to seize external growth opportunities and reinforce our commitment to bringing the best value proposition to our customers."

"The embedded security team at Verimatrix has a well-recognized and long-standing history of providing security at the heart of SoCs," said Luc Seraphin, president and CEO of Rambus. "Their combination of products and expertise is highly complementary to our existing business and will expand our global reach for our worldwide security customer base."

SIP business unit at a glance

The SIP business unit, one of the two business units of Verimatrix, generated \$22 million in revenue¹, representing 17% of the company’s revenue, for an EBITDA² margin consistent with the one of the company overall, operated by a team of about 72 people based in Europe, the U.S. and Asia.

¹ Pro forma adjusted revenue for the last twelve-month ended June 30, 2019, see definition hereinafter.

² Verimatrix uses performance indicators that are not strictly accounting measures in accordance with IFRS; definitions of adjusted financial measures are presented hereinafter.

The SIP business unit provides intellectual property components, software toolkits and provisioning solutions to enable semiconductor manufacturers and fabless companies, device manufacturers and security software integrators to meet the critical needs for secure communication and performance acceleration, information protection and user privacy for IoT and network security markets.

Transaction timeline

The transaction is intended to be signed in the third quarter of 2019 subject to completion of an information and consultation process with Verimatrix works council in France. It is expected to close in the fourth quarter of 2019 subject to customary signing and closing conditions.

Investor and media contacts

Investor Relations

Richard Vacher Detournière
General Manager & CFO
+33 (0)4 42 905 905
finance@verimatrix.com

Contact Media

Kelly Foster
+1 619 224 1261
kfoster@verimatrix.com

About Verimatrix

Verimatrix (Euronext Paris - VMX) is a global provider of security and analytics solutions that protect devices, services and applications across multiple markets. Many of the world's largest service providers and leading innovators trust Verimatrix to protect systems that people depend on every day for mobile apps, entertainment, banking, healthcare, communications and transportation. Verimatrix offers easy-to-use software solutions, cloud services and silicon IP that provide unparalleled security and business intelligence. Proud to empower and protect its customers for more than two decades, Verimatrix serves IoT software developers, device makers, semiconductor manufacturers, service providers and content distributors. For more information, visit www.verimatrix.com.

Forward-looking statements

This press release contains certain forward-looking statements concerning Verimatrix. Although Verimatrix believes its expectations to be based on reasonable assumptions, they do not constitute guarantees of future performance. Accordingly, the Company'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 2018 annual financial report filed with the French financial market authority (the Autorité des marchés financiers – the "AMF") on April 30, 2019, available on www.verimatrix-finance.com.

Supplementary non-IFRS financial information

Some financial measures and performance indicators used in the press release are presented on an adjusted basis. They are defined below. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure.

Adjusted revenue is defined as revenue before non-recurring adjustments related to business combinations. It enables comparable revenue for 2018 and 2019. In 2018, the combined entities would have generated a pro forma adjusted revenue of \$123.3 million and a pro forma revenue of \$121.1 million as Verimatrix had recorded \$2.2 million of deferred revenue as at December 31, 2017 which, in accordance with IFRS, cannot be recognized in the year following the acquisition.

EBITDA is defined as adjusted operating income before depreciation, amortization and impairment expenses not related to business combinations. Adjusted operating income/(loss) is defined as operating income/(loss) before (i) the amortization of intangible assets related to business combinations, (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.

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 due 2022.