verimatrix
DRIVING TRUST

Resilient 2020 annual performance in a challenging context
Transition to subscription-based and SaaS business accelerating

- **$95 million revenue in 2020**
  - Consolidated revenue (IFRS) down only 3% year-over-year
  - 58%: contribution of recurring revenue to total revenues (+ 3 points vs. 2019)
  - 24%: growth of subscription-based business to $5 million in revenue
  - Annual Reccurring Revenue[1] x 2.4 in one year to $9 million as at end of 2020
  - Demonstrated resilience to Covid-19 pandemic with core software business down only 8% year-over-year[2]
- **$24 million EBITDA[3] in 2020 (25.3% of revenue)**
  - Operating margins at a record high
    - Core business EBITDA up 16% year-over-year[1]
    - Operating income (IFRS) of 11.8 million (12.4% of revenue) x 3.9 year-over-year
  - Continuous investment in innovation, marketing and sales alongisde tight control of expenses
- **Solid financial position with $48.6 million in cash and cash equivalents and no short-term debt**
- **2021 objectives**
  - Mid-single digit core business revenue growth - including a double digit growth of recurring revenues – and flat EBITDA to support transition towards SaaS business model

Aix-en-Provence, France and San Diego, USA, March 10, 2021 – Verimatrix (Euronext Paris: VMX), is today reporting its IFRS[4] results for the fiscal year ended December 31, 2020.

(in thousands of US$)	**2020**	2019
Revenue (*)	**94 893**	106 774
EBITDA (*)	**24 000**	23 350
Revenue software business (*)	**94 893**	102 904
EBITDA software business (*)	**24 000**	20 655
Consolidated revenue (IFRS)	**94 893**	98 159
Operating income (IFRS)	**11 778**	3 010
Net income from continuing operations (IFRS)	**(1 356)**	(5 893)

(*) pro forma for 2019

Commenting on these results, Amedeo D'Angelo, chairman and chief executive officer of Verimatrix, stated: *"In 2020, we kept on executing on our strategy to take full benefit of Verimatrix, Inc. acquired in 2019 and transitioning successfully towards subscription and SaaS model. In spite of one-offs events weighing on the fourth quarter performance, including with the Covid-19 pandemic impacting some customers' spendings, Verimatrix showed remarkable resilience throughout the year.*
We are convinced that short and long terms fundamentals remain unchanged. Thanks to our differentiated offer, we continue to support our customer's legacy on-prem operations with an easy migration path toward an innovative and cost-effective SaaS model. We remain focused on supporting OTT deployment, the most dynamic segment of the video content delivery and expand our application shielding business, in particular for Fintech, Healthtech, and industrial shift to Digital".

[1] Annual Recurring Revenue, or ARR, is the value of the recurring revenue of a business's term subscriptions normalized for a single 12-month period. It is calculated by dividing the total contract value by the number of relative years of the contract et corresponds to the revenue that will be recognized accordingly in the next 12 months. Verimatrix uses this subscription-economy metric as it useful for measuring business momentum and prediction of future growth
[2] On a pro-forma basis as if Verimatrix, Inc. had been acquired on January 1, 2019 (see Basis of preparation hereinafter)
[3] Verimatrix uses performance indicators that are not strictly accounting measures in accordance with IFRS; definitions of adjusted financial measures are presented in Appendix 2 hereof
[4] The consolidated financial statements as of December, 2020 were approved by the board of directors on March 9, 2021; the statutory auditors completed their audit procedure

Financial Results - Key figures

(in thousands of US$)	Software business (adjusted, 2019 pro forma) 2020	2019	Company (adjusted, 2019 pro forma) 2020	2019	Consolidated IFRS 2020	2019
Revenue	**94 893**	102 904	**94 893**	106 774	**94 893**	98 159
Gross profit	**78 681**	83 633	**78 105**	85 745	**76 329**	78 573
As a % of revenue	***82,9%***	*81,3%*	***82,3%***	*80,3%*	***80,4%***	*80,0%*
Operating expenses	**(58 412)**	(66 713)	**(58 412)**	(66 707)	**(64 551)**	(75 563)
Operating income	**20 269**	16 920	**19 696**	19 038	**11 778**	3 010
As a % of revenue	***21,4%***	*16,4%*	***20,8%***	*17,8%*	***12,4%***	*3,1%*
Net income/(loss) from continuing operations (i)	-	-	-	-	**(1 356)**	(5 893)
Net income/(loss) from discontinued operations (ii)	-	-	-	-	**(9 051)**	33 147
Net income/(loss) (i) + (ii)	-	-	-	-	**(10 407)**	27 254
EBITDA	**24 000**	20 655	**24 000**	23 350	**-**	-
As a % of revenue	***25,3%***	*20,1%*	***25,3%***	*21,9%*	**-**	-

1. Revenue and earnings

Fourth quarter 2020 and full year 2020 revenue

(in thousands of US$)	Q4-2020	Q4-2019 (IFRS)	Q4-2019 (pro forma adjusted)	Q4 2020 vs. Q4 2019 IFRS	Q4-2020 vs. Q4-2019 pro forma adjusted
Software business	24 444	32 342	32 342	-24%	-24%
NFC patent licensing program	-	323	323	-	-
Total revenue	**24 444**	**32 665**	**32 665**	**-25%**	**-25%**

(in thousands of US$)	FY-2020	FY-2019 (IFRS)	FY-2019 (pro forma adjusted)	FY-2020 vs. FY-2019 IFRS	FY-2020 vs. FY-2019 pro forma adjusted
Software business	94 893	94 289	102 904	1%	-8%
NFC patent licensing program	-	3 870	3 870	-	-
Total revenue	**94 893**	**98 159**	**106 774**	**-3%**	**-11%**

IFRS : 10 months of VMX Inc. in 2019
Pro forma adjusted: 12 months of VMX Inc. in 2019

Fourth quarter 2020

Verimatrix revenue was $24.4 million in the fourth quarter of 2020, down 25% compared with 2019 which was a high comparison basis. As a reminder, $5.4 million in license revenue were recognized in the fourth quarter of 2019 with a major operator in Asia. Revenue in the fourth quarter was impacted by customer decisions to push back orders to 2021 for budgetary reasons in the context of the global pandemic and by set-top box market conditions as the result of shortage of semiconductors and disrupted supply-chains.

At the same time, the Company continued its SaaS growth by successfully signing 16 subcription and SaaS contracts for a total contract value of $1.3 million. Notably, Verimatrix closed the migration of several of its customers from on-premise contracts to the Verimatrix SaaS platform, which provides access to the latest version and the ability to easily scale the system to meet subscriber growth.

Recurring revenues from maintenance, subscription fees and royalties, amounted to $12.7 million in the fourth quarter of 2020. These recurring revenues are down year-over-year due to weak royalty collection from set-top boxes makers as explained above and an unfavorable basis (high royalties in the fourth quarter of 2019).

The fourth quarter showcased the applicability of Verimatrix technologies for multiple use cases as the world shifts to digital in the midst of the global pandemic. Verimatrix was chosen for content protection for direct to consumer sports, virtual premier events for major Hollywood studios and to protect applications for virtual fitness devices.

Revenue from software licenses and non-recurring services was $11.7 million in the fourth quarter of 2020, down year-over-year as explained above.

Full year 2020 revenue[5]

Revenue for 2020 was $94.9 million, down 11% compared with 2019 (on a pro forma basis), which included $3.9m from the Company's NFC patent licensing program managed by France Brevets, compared with nil in 2020.

Excluding the non-recurring NFC revenue, Company's revenue for the core software business was down 8% year over year.

Over all, Verimatrix management believes that reported revenue in 2020 does not fully reflect the positive business momentum Verimatrix is experiencing, that is better assessed looking together reported revenue and the increase in multi-year subscription contracts. The inherent lumpiness of the licensing business further validates the Company's strategy to increase its recurring revenues through subscriptions and SaaS offering.

Throughout the year, the Company made significant progress in deploying its SaaS and subscription-based offering consistently with its strategy. It signed a total of 56 of such contracts, with limited churn, leading to an ARR (Annual Recurring Revenue) increase by 2.4 times year-over-year to $9 million as of December 31, 2020 corresponding to a TCV (Total Contract Value) of $ 20 million.

Recurring revenues from royalties, maintenance and subscription fee were $54.7 million in 2020, down 3% year-over-year, mid-single digit growth of maintenance and 24% growth in subscription revenue being offset by weaker royalties as explained above. Recurring revenues are 58% of revenue, compared with 55% in 2019.

During the year, the Company closed several cross-selling opportunities, bundling Verimatrix application shielding products (derived from Inside Secure) with the Company's video conditional access products (VCAS), as well as up-selling application shielding products to historical VCAS customers (including two significant ones with leading telecom operators in Western Europe).

Revenue from software licenses and non-recurring services was $40.2 million in 2020, down 14% year-over-year. As expected, revenue has been impacted, in the short term, by the transition of the revenue model from perpetual licenses to subscriptions (both for SaaS and on-premises implementations). It is estimated that in 2020 overall, approximately $11 million[6] perpetual licenses (that would have been recognized upfront) shifted to multi-year subscription agreements (to be recognized ratably over the term of the agreement), thus negatively impacting immediate revenue recognition but generating long-term recurring revenue for the company. It is estimated that the negative impact on the total revenue for 2020 was approximately $9 million.

2020 compared with 2019 consolidated revenue (IFRS)

Consolidated (IFRS) revenue for 2020 ($94.9 million) was down 3% compared with 2019: incremental revenue due to change in consolidation perimeter (12 months of Verimatrix, Inc. revenue in 2020 compared with 10 months in 2019) was balanced by the absence NFC patent licensing program revenue in 2020 (compared with $3.9 million in 2019) and lower core software business revenue as detailed above.

[5] Reported 2020 numbers compared with 2019 on a pro-forma basis as if Verimatrix, Inc. had been acquired on January 1, 2019
[6] Computed as the total contract value of subscription agreements signed in 2020, net of churn, less 15% equivalent of maintenance fee (Total Contract Value = ARR x contract term length)

From gross profit to net income

(in thousands of US$)	2020 (adjusted, reported)	2019 (adjusted, pro forma)
Revenue	94 893	106 774
Adjusted gross profit	**78 105**	**85 745**
As a % of revenue	*82,3%*	*80,3%*
Research and development expenses	(20 458)	(23 355)
Selling and marketing expenses	(24 554)	(25 279)
General and administrative expenses	(13 222)	(17 554)
Other gains / (losses), net	(175)	(519)
Total adjusted operating expenses	**(58 409)**	**(66 707)**
Adjusted operating Income from continuing operations	**19 696**	**19 038**
Depreciation expense not related to business combinations	4 304	4 312
EBITDA	**24 000**	**23 350**

Adjusted gross profit

Adjusted gross profit in 2020 was $78.1 million (82.3% of revenue), compared with $85.7 million in 2019 (on a pro forma basis). In 2019, excluding the contribution of the Company's NFC licensing program (which typically generate a 70% gross margin), pro forma adjusted gross profit stood at 81.3% of revenue.

Adjusted operating expenses

Operating expenses decreased from $66.7 million in 2019 to $58.4 million in 2020, as a consequence of :

- The full impact in 2020 of cost synergies implemented throughout 2019 following the combination of Verimatrix, Inc. and Inside Secure;
- Cost savings as a consequence of lockdown measures worldwide (practically no travel expenses, physical trade shows cancelled, some internal project delayed to due lock down measures) and
- Tight control of expenses in particular in the first part of the year in the context of low visibility induced by the Covid-19 pandemic.

Adjusted operating income and EBITDA reflecting operating leverage

Adjusted operating income from continuing activities was up 3.5% in 2020 year-over-year at $19.7 million, reflecting operating leverage, impact of cost synergies plan and demonstrating the resilience of the business model.

EBITDA increased by 2.4% to $24.0 million (from $23.4 million in 2019) and pro forma EBITDA margin increased by 580 basis points year-on-year to 21.1% of revenue.

Strong improvement of IFRS operating and net income from continuing operations

(in thousands of US$)	2020	2019
Adjusted operating income	**19 696**	**23 865**
Fair value adjustment on deferred revenue (Item without cash impact)	-	(1 519)
Amortization and depreciation of assets acquired through business combinations (Items without cash impact)	(5 087)	(4 521)
Acquisition related expenses	(1 307)	(4 103)
Non recurring costs related to restructurations	(1 097)	(9 862)
Share based payments	(427)	(849)
Operating income	**11 778**	**3 010**
Finance income/(loss), net	(10 288)	(6 887)
Income tax expenses	(2 846)	(2 016)
Net income/(loss) from continuing operations (i)	**(1 356)**	**(5 893)**
Net income/(loss) from discontinued operations (ii)	**(9 051)**	**33 147**
Net income/(loss) (i) + (ii)	**(10 407)**	**27 254**

FY2019 includes Verimatrix, Inc. for 10 months, compared with 12 months in FY2020

Sums may not equal totals due to rounding

Operating income/(loss) from continuing operations (IFRS)

In 2020, the Company increased significantly its consolidated operating income from continuing operations to $11.8 million in 2020 (12.4% of revenue), compared with an operating income of $3.0 million in 2019 (3.1% of consolidated revenue), in particular due to lesser non-recurring expenses.

In 2020, the adjusted operating income from continuing operations of $19.7 million was partly offset by:
- One-off expenses in relation with acquisitions for $1.3 million (such as fees and commissions, retention bonuses) and non recurring costs related to restructuring for $1.1 million (compared with $9.9 million in 2019 related to the implementation of the cost synergy plan that followed the acquisition of Verimatrix, Inc.);
- Non cash charges for $5.5 million, including a $5.1 million amortization charge related to intangible assets recognized on acquisitions; and share-based payment expense for $0.4 million.

Finance income/(loss) from continuing operations (IFRS)

Net financial loss was $10.3 million in 2020, mainly driven by the interests paid in relation with the indebtedness (bullet loan note due 2026, convertible bonds due 2022 and lease commitments under IFRS16) for $5.7 million, and by foreign exchange net loss and non-cash expenses (change in fair value of the convertible bonds).

Net income/(loss) from continuing operations (IFRS)

In 2020, the Company generated a consolidated net loss from continuing operations of $1.4 million against a net loss of $5.9 million in 2019. It is derived from the operating income from the continuing business for $11.8 million, net financial expense for $10.3 million and income tax for $2.8 million.

Net income/(loss) from discontinued operations (IFRS)

Discontinued operations (related to the Silicon IP business divested in December 2019) showed a loss of $9.1 million in 2020 due to the reversal of the $10.4 million ($9.1 million net of tax provision) estimated earn-out recorded at the time of the sale of the Silicon IP business division that was expected to be received in 2021. The transferred business did not generate in 2020 a revenue sufficient to trigger an earn-out payment. It is the Company’s understanding that Covid-19 and related worldwide travel restrictions slowed down the integration of the business and the transitioning of customers, and that trade challenges between US and China impacted the business and new design-wins.

Net income/(loss) (IFRS)

In 2020, the Company generated a consolidated net loss (IFRS) of $10.4 million (against a net income of $27.3 million in 2019) including the net loss for the continuing operations for $1.4 million and net loss from the discontinued operations for $9.1 million.

2. Financial position and cash flows

Financial position

As of December 31, 2020, the company's consolidated cash position was $48.6 million, compared with $46.5 million at June 30, 2020 and $54.0 million at December 31, 2019.

Net debt[7] stood at $25,3 million at December 31, 2020 (and a net cash position of $6 million excluding the convertible bonds and finance lease obligations recognized under IFRS 16), compared with a net debt of $27.0 million at June 30, 2020 and $19.6 million at December 31, 2019.

(in thousands of US$)	December 31, 2020	June 30, 2020	December 31, 2019
Cash and cash equivalents	48 608	46 450	53 975
Private loan note due 2026	(42 491)	(42 307)	(42 123)
Other loans	(117)	(200)	(267)
Net cash/(debt)	**6 000**	**3 943**	**11 585**
Convertible bonds due 2022 (OCEANE), at fair value	(17 542)	(15 431)	(14 936)
Financial lease commitments under IFRS16	(13 773)	(15 505)	(16 278)
Net cash/(debt) including OCEANE and IFRS 16	**(25 315)**	**(26 993)**	**(19 629)**

OCEANE convertible bonds have a conversion price equivalent to 2.89 euros per share further to the adjustments resulting from the 2019 equity transactions, they are therefore disclosed as part of net debt as of December 31, 2020 when the Company's share price closed at 2.81 euros. However, for the three-month period ended February 28, 2021, volume weighted average share price was 2.981 euros, above the OCEANE conversion price.

Cash flows

(in thousands of $)	2020	2019
Cash generated by / (used in) continuing operations before changes in working capital	22 236	18 270
Cash generated by / (used in) changes in working capital from continuing operations	(9 676)	(13 896)
Cash generated by / (used in) continuing operations	**12 560**	**4 374**
Taxes paid	(3 329)	(2 953)
Interests paid	(5 705)	(5 196)
Net cash generated by / (used in) operating activities	**3 526**	**(3 774)**
Cash flows used in investing activities, net	(6 639)	(131 416)
Cash flows from / (used in) financing activities, net	(1 894)	97 264
Net increase / (decrease) in cash and cash equivalents from continuing activities	**(5 006)**	**(37 926)**
Net increase / (decrease) in cash and cash equivalents from discontinued activities	(205)	44 811
Net increase / (decrease) in cash and cash equivalents	**(5 211)**	**6 885**
Cash and cash equivalents at beginning of the period	53 975	47 381
Foreign exchange impact	(156)	(291)
Cash and cash equivalents at end of the period	**48 608**	**53 975**

In 2020, net cash position decreased by $5.2 million to $48.6 million, with cash generated by continuing operations ($12.6 million) being used to pay for interest expense, taxes and capital expenditure and reimbursement of lease commitments under IFRS16.

In 2020, continuing activities generated $22.2 million of cash flow of before changes in working capital and ($18.3 million in 2019) and $12.6 million after changes in working capital ($4.4 million in 2019). During the year and despite the Covid-19 situation, Verimatrix did not experience significant delays in payments from its customers.

Operating activities generated in 2020 a positive cash flow $3.5 million after payments of interest and tax, to be compared with a negative cash flow of $3.8 million 2019.

[7] Net cash/debt is a non-IFRS measure 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.

Investing activities used $6.6 million in 2020, including (i) capitalization of projects' costs for $5.8 million, reflecting research and development in new software and SaaS products, and enterprise applications projects, and (ii) purchase of intangible assets for $0.8 million.

Financing activities, net, used $1.9 million in 2020, primarily due to reimbursement of lease commitments under IFRS16.

Post closing event

On February 23, 2021, Verimatrix entered into an agreement to terminate the lease of an office building in California. The building is currently vacated and the lease is now expected to end by April 2021, subject to conditions in the termination agreement being met. The completion of this transaction should allow the Company to save a cash amount of $3.3 million in lease expense and related costs over the next 4 years, and, at closing, to reverse the provisions[8] it had recorded in 2019 for $3 million.

3. Business outlook and 2021 objectives

In 2020, Verimatrix demonstrated its resilience in the Covid-19 pandemic while continuing to transition the revenue model from perpetual licenses to subscriptions (both for SaaS and on-premises implementations).

For 2021, the Company will continue to execute its strategy to support OTT market poised for significant growth, to expand application shielding business (in particular for Fintech, Healthtech, and industrial shift to Digital applications). Verimatrix. also aims at increasing cross-selling and up-selling revenue synergies and gaining market shares on video conditional access while supporting continued growth of the SaaS/Subscription business.

As a consequence, Verimatrix has the objective to deliver a mid-single digit core business revenue growth in 2021, including a double digit growth of recurring revenues. The combination of investments to fuel the growth subscription and SaaS business and a strong euro against the US dollar[9] are expected to weigh on the earnings leading to a globally flat EBITDA target compared with 2019. These objectives assume in particular a foreign exchange rate of 1.235 $ for 1 € and no revenue from the non-core NFC patent licensing program nor any acquisitions of businesses or companies.

Revenue objectives for 2021 and beyond should be read taking into account this gradual shift in revenue mix and profile, which implies lower level of revenues recognized in the short term but more sustainable subscription-based levels on the longer term (as it was the case in 2020).

Live webcast/Conference call

Verimatrix CEO and CFO will hold an audio webcast conference today March 10 at 6 pm CET (Paris) to comment 2020 results. A live webcast of the conference call will be accessible using the following link: https://channel.royalcast.com/landingpage/verimatrix/20210310_1/.
The presentation will be available online prior to the conference call on the investor section of Verimatrix website: investors.verimatrix.com

The call will also be accessible by dial-in on one of the following numbers: France: +33 (0) 1 7037 7166; UK +44 (0) 33 0551 0200; USA +1 212 999 6659; Password: Verimatrix

The replay of the event will be available using the following link: https://channel.royalcast.com/landingpage/verimatrix/20210310_1/ or, directly from the Verimatrix website at investors.verimatrix.com

Financial calendar

- First-quarter 2021 revenue: April 28, 2021 (after market)

[8] In April 2019, Verimatrix staff in California relocated to a single building from the two buildings that were previously used. As a consequence, the Company considered the vacant building lease commitment as an onerous agreement and recorded an impairment of the right of use recognized according to IFRS 16 corresponding to the cumulated rent being due until the term of the agreement, and related interior fittings and improvements.
[9] If current exchange rates persist in 2021 with a strong EUR vs. USD, operating income and EBITDA would face a negative impact of circa $2.2m vs. 2020

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About Verimatrix

Verimatrix (Euronext Paris: VMX) helps power the modern connected world with security made for people. We protect digital content, applications, and devices with intuitive, people-centered and frictionless security. Leading brands turn to Verimatrix to secure everything from premium movies and live streaming sports, to sensitive financial and healthcare data, to mission-critical mobile applications. We enable the trusted connections our customers depend on to deliver compelling content and experiences to millions of consumers around the world. Verimatrix helps partners get to market faster, scale easily, protect valuable revenue streams, and win new business. To learn more, visit: http://www.verimatrix.com

Basis of preparation

Inside Secure (renamed Verimatrix following shareholders' vote on June 24, 2019) completed the acquisition of Verimatrix, Inc, on February 28, 2019.

Verimatrix (the "Company") has prepared its results in accordance with IFRS which accounted for 10 months of activity of Verimatrix, Inc. in 2019, compared to 12 months in 2020.

To enable better comparison with 2020, the Company has prepared unaudited pro forma results for 2019 as if the acquisition of Verimatrix, Inc. had been completed on January 1st 2019. Pro forma are deemed "adjusted" compared with IFRS since, consistent with the Company's prior financial communications, they exclude (i) non-recurring adjustments on revenue due to purchase accounting (deferred revenue), (ii) the amortization of intangible assets related to business combinations, (iii) any potential goodwill impairment, (iv) share-based payment expense and (v) non-recurring costs associated with restructuring and business combinations. Definitions of adjusted measures are provided in Appendix 2 hereof.

On December 6, 2019, the Company completed the sale of its Silicon IP business unit to Rambus Inc. in an all-cash transaction. Since the Silicon IP business unit was a separate major line of business within the meaning of IFRS 5, the revenue and results of this activity have been isolated on a separated line item of the consolidated income statement "*Net income from discontinued operations*" both for 2019 and 2020. Silicon IP business unit revenue and results are excluded from the adjusted performance indicators.

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 in Appendix 3 of this press release. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the consolidated financial statements, including the income statement set out in Appendix 2 hereof. The definitions of adjusted financial measures are presented in Appendix 3 hereof.

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 2019 universal registration document filed with the French financial market authority (the Autorité des marchés financiers – the "AMF") on May 11, 2020, available on investors.verimatrix.com.

Appendix 1 – Consolidated income statement, balance sheet and cash flow statement (IFRS)

The following tables are an integral part of the consolidated financial statements prepared in accordance with IFRS.

Consolidated income statement

(In thousands of US$)	As at December 31, 2020	2019
Revenue	**94 893**	**98 159**
Cost of sales	(18 564)	(19 586)
Gross profit	**76 329**	**78 573**
Research and development expenses	(22 173)	(23 763)
Selling and marketing expenses	(26 663)	(24 603)
General and administrative expenses	(13 385)	(13 554)
Other gains / (losses), net	(2 330)	(13 643)
Operating profit (loss)	**11 778**	**3 010**
Cost of financial debt, net	(7 197)	(6 664)
Other financial income/(loss), net	(3 091)	(223)
Profit (loss) before income tax	**1 490**	**(3 877)**
Income tax expenses	(2 846)	(2 016)
Net income/(loss) from continuing operations (i)	**(1 356)**	**(5 893)**
Net income/(loss) from discontinued operations (ii)	(9 051)	33 147
Net income/(loss) (i) + (ii)	**(10 407)**	**27 254**

Consolidated balance sheet

Assets

(In thousands of US$)	December 31, 2020	December 31, 2019
Goodwill	115 231	115 239
Intangible assets	21 344	21 637
Property and equipment	12 626	15 491
Other receivables	6 208	18 682
Non-current assets	**155 409**	**171 049**
Inventories	459	440
Trade receivables	40 956	36 731
Other receivables	14 833	13 707
Derivative financial instruments	341	89
Cash and cash equivalents	48 608	53 975
Current assets	**105 197**	**104 942**
Total assets	**260 606**	**275 992**

Equity and liabilities

(In thousands of US$)	December 31, 2020	December 31, 2019
Ordinary shares	41 396	41 252
Share premium	267 067	266 952
Reserves and retained earnings	(150 644)	(179 041)
Income / (loss) for the period	(10 407)	27 254
Equity attributable to equity holders of the Company	**147 412**	**156 417**
Non-controlling interests	-	-
Total equity	**147 412**	**156 417**
Borrowings	55 134	56 626
Convertible bonds	17 452	14 936
Derivative financial instruments	3 256	1 626
Provisions	990	859
Deferred tax liabilities	1 831	2 209
Non-current liabilities	**78 663**	**76 256**
Borrowings	1 246	2 042
Trade payables	6 148	8 179
Other liabilities	16 403	16 679
Financial instruments	4	26
Provisions	1 311	1 530
Unearned revenues	9 418	14 863
Current liabilities	**34 530**	**43 319**
Total liabilities	**113 193**	**119 575**
Total equity and liabilities	**260 606**	**275 992**

Consolidated cash flow statement

(In thousands of US$)	December 31, 2020	December 31, 2019
Income / (loss) for the period	**(1 356)**	**(5 893)**
Non cash income statement items from continuing activities	23 592	24 163
Changes in working capital from continuing operations	(9 676)	(13 896)
Changes in working capital from discontinued operations	-	(1 968)
Cash generated by / (used in) discontinued operations	(205)	2 134
Cash generated by / (used in) operating activities	**12 355**	**4 541**
Taxes paid	(3 329)	(2 953)
Interests paid	(5 705)	(5 196)
Net cash generated by / (used in) operating activities	**3 321**	**(3 608)**
Acquisition of Verimatrix, Inc., net of transferred cash	-	(129 122)
Purchase of property and equipment	(796)	(277)
Purchase of intangible assets	(5 843)	(2 017)
Cash flows from investing activites in discontinued operations, net	-	45 000
Cash flows from investing activities	**(6 639)**	**(86 416)**
Proceeds from issuance of ordinary shares, net of issuance costs	150	57 808
Proceeds from loans	-	51 492
Loan repayments	(140)	(10 297)
Reimbursement of lease commitments under IFRS16	(1 904)	(1 739)
Cash flows from financing activites in discontinued operations, net	-	(355)
Cash flows from financing activities	**(1 893)**	**96 909**
Effect of exchange rate fluctuation	(156)	(291)
Net increase in cash and cash equivalents	**(5 367)**	**6 594**
Cash and cash equivalents at beginning of the period	**53 975**	47 381
Cash and cash equivalents at end of the period	**48 608**	**53 975**

Appendix 2 - Non-GAAP measures - Reconciliation of IFRS results with adjusted results

The performance indicators presented in this press release that are not strictly accounting measures are defined below. These indicators are not defined under IFRS, and do not constitute accounting elements used to measure the company's financial performance. They should be considered as additional information, which cannot replace any other strictly accounting-based operating or financial performance measure, as presented in the company's consolidated financial statements and their related notes. The company uses these indicators because it believes they are useful measures of its recurring operating performance and its operating cash flows. Although they are widely used by companies operating in the same industry around the world, these indicators are not necessarily directly comparable to those of other companies, which may have defined or calculated their indicators differently than the company, even though they use similar terms.

Adjusted revenue is defined as revenue before non-recurring adjustments related to business combinations (deferred revenue). It enables comparable revenues for 2019 and 2020.

Adjusted gross profit is defined as gross profit 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.

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.

EBITDA is defined as adjusted operating income before depreciation, amortization and impairment expenses not related to business combinations.