Verimatrix Unveils its Strategic Plan for 2025

- **Consolidate position as trusted leader securing content and devices of the connected future**
- **Accelerate transition to subscription-based[1] revenue model**
- **Drive profitable growth to reach c. $100m revenue[2], over 70% of which recurring, and over 20% EBITDA**

Aix-en-Provence, France and San Diego, USA, March 9, 2022 – Verimatrix (Euronext Paris: VMX), today unveils the main features of its strategic plan, aiming to drive profitable growth and reach $100 million revenue by 2025, over 70% of which will be recurring revenue.

Details of the plan will be shared with investors during Verimatrix' Investor Day on March 10 at 9:30 am, at the Salon des Arts et Métiers, 9bis, Avenue d'Iéna, Paris. The investor presentation will be available on its website at https://investors.verimatrix.com/governance/presentation-to-investors/.

Elaborating on the strategic plan, Amedeo d'Angelo, chairman and chief executive officer of Verimatrix, declared: *"Since 2019, our Group has seen tremendous change: the integration of two leaders, Inside Secure and Verimatrix, the leveraging of our tech expertise and R&D efforts to deliver first-in-class anti-piracy and threat defense solutions now available on our cloud platform, the initiation of our shift towards a new business model based on predictable subscription revenue, more in tune with market expectations. Building upon these foundations, we have already made progress, as signalled by our recent 2021 annual results, with 35% of our revenue now generated through recurring sources, driven by double-digit growth in subscriptions. Verimatrix is now set to push on forward and accelerate its 2025 profitable growth strategy of consolidating its position as a trusted leader for securing content and devices of the connected future."*

[1] Includes SaaS and non-SaaS subscription revenue
[2] vs. 2021 annual software revenue of $71.8 million, excluding NFC patent licensing program.

1. Successfully initiating the transformation journey (2019-2021)

The Group's transformation journey began with the acquisition of Verimatrix in March 2019. By joining forces between 2 technology leaders, the French digital security company Inside Secure, and US-based conditional access specialist Verimatrix, the stated ambition was to create a cybersecurity powerhouse. Verimatrix, as the Group was renamed, enjoyed both a complementary global customer base and established leadership.

Throughout the integration, Verimatrix engaged in a deep transformation process, driving its R&D efforts to over 25% of total revenue. Building on reinforced tech expertise and strengthened R&D capacities, it greatly upgraded its product offering: expanding video content anti-piracy solutions to new segments such as Over-The-Top (OTT) and Streaming (e.g. Streamkeeper), and launching cloud-based versions of its products, such as App Shield, an industry's first app protection service - Products now grouped under two business lines called Anti-Piracy and Threat Defense.

With the introduction of new solutions mostly cloud- and subscription-based, Verimatrix initiated during this period a gradual shift of its revenue model towards a recurring revenue model. With more than ever relevant solutions and a revenue model adjusted to better reflect market needs, Verimatrix is already seeing significant progress in 2021: double-digit growth in subscription revenue, and recurring revenue now accounting for 35% of total revenue.

These first successful transformation steps taken since 2019 constitute strong foundations upon which Verimatrix intends to build to accelerate growth in the course of the execution of the 2025 strategic plan.

2. 2021 - 2025 : Accelerating through two main drivers

Convinced that cybersecurity is poised to remain amongst the top issues faced by the digital world in the foreseeable future, Verimatrix' technology is key to its plan. With its software solutions in the video content anti-piracy and corporate app threat defense segments widely recognized by industry references such as Gartner and Informa, it is ideally positioned on its markets.

With the 2025 plan, Verimatrix intends to consolidate its position as a trusted leader for securing content & devices of the connected future. It is largely a growth plan, based on two main drivers:

- **Capturing market growth:**

  The two segments on which Verimatrix is positioned constitute a global combined market of approximately of $7.2 billion, with 15%-19% CAGR through 2023[3]. Growth in the anti-piracy segment is driven by the increased lost revenues from piracy in streaming services[4], while that in the threat defense segment is mainly driven by the explosion of connected devices, anticipated to grow by 15% CAGR through 2026[5], with roughly 75% of apps left unprotected.

  Specifically, for its anti-piracy segment, Verimatrix anticipates market share gains in legacy video conditional access, and increased market penetration by streaming and OTT solutions, while for its threat defense segment, business will be driven mainly through expanding presence in key verticals such as banking, automotive and health.

- **Accelerating the transition to a recurring revenue model:**

  Driven by the increased market penetration of new subscription-based products, as well as the gradual switch of existing clients from perpetual license to SaaS solutions, Verimatrix anticipates generating more than 50% of its total revenue from subscriptions, while protecting licensing and maintenance revenue in markets where it remains the norm.

[3] Gartner 2021
[4] Digital TV Research, Anozrway, 2022
[5] Mobility Report, Ericsson, 2020

3. Building on key company assets

Verimatrix will benefit from long-standing key company assets such as its strong IP portfolio and global sales coverage, with over 800 clients across 120 countries.

Further helping in the execution of the 2025 strategic plan, the Group has recently reinforced its management team with the appointment of Asaf Ashkenazi as Chief Operating Officer, bringing extensive cybersecurity and business expertise, and Jean-François Labadie, as Chief Financial Officer, providing the executive team with experience conducting a transition to a SaaS revenue model.

And finally, with a solid cash position of $45.3 million as at Dec 31, 2021, and net debt limited to $0.7 million, Verimatrix can leverage more than adequate financial means to support its strong growth ambitions.

4. To drive profitable growth and reach ambitious objectives by 2025

As a parallel to achieving its ambition to consolidate its position as a trusted leader for securing content and devices of the connected future, Verimatrix' financial performance will largely improve.

In 2022, Verimatrix will continue to accelerate its changes of business model. Verimatrix anticipates a double-digit growth in total recurring revenue supported by an average annual growth of ARR above 30% replacing progressively perpetual license sales. The return to growth is expected in 2023, to reach the $100 million revenue threshold by 2025. Together with maintenance, recurring revenue should be above 70% of total revenue.

In terms of profitability, Verimatrix will achieve a minimum of 20% EBITDA by the end of 2025.

Financial calendar

- First-quarter 2022 revenue: April 28, 2022 (after market)

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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. Visit www.verimatrix.com.

Supplementary non-IFRS financial information

Verimatrix uses performance indicators that are not strictly accounting measures in accordance with IFRS. They are defined in Appendix 1 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 1 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.

Appendix 1 - Supplementary non-IFRS financial information - 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 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.

Annual Recurring Revenue, or **ARR**, corresponds annualized value of all recurring revenues from current contracts at the time of measurement. ARR includes all contract types that are recurring in nature, such as maintenance & support, SaaS and non-SaaS subscriptions, and for which revenue is currently being recognized. The ARR is a rolling number that accumulates over time whereas the Total Contract Value (or TCV) metric also used by the Company, is typically used to measure (new or incremental) sales bookings within a period. The Company computes an ARR for SaaS and non-SaaS subscriptions and another combining subscriptions and maintenance.