



Inside Secure acquires SypherMedia to boost its Silicon IP business and root-of-trust offering

Brings critical security technologies in the areas of provisioning and protection against semiconductor reverse engineering and cloning

Aix-en-Provence, France, November 7, 2017 – Inside Secure (Euronext Paris: INSD), at the heart of security solutions for mobile and connected devices, today announced that it has acquired SypherMedia International, Incorporated (“SypherMedia”), a California-based leading security solutions and services provider, for up to US\$10 million, including a potential earn-out of up to US\$3 million.

SypherMedia is a key player in embedded security from product design to product life cycle management. SypherMedia’s secure provisioning¹ solution, a critical piece of a robust root-of-trust² solution, is used by many leading chipmakers and consumer electronics manufacturers to address the critical security needs in the automotive, IoT, mobile, and smart TV markets.

SypherMedia also brings to Inside Secure its process that secure semiconductor designs during manufacturing, Circuit Camouflage Technology™, relying on 45 U.S. patents, deployed in established markets like Pay TV and printer ink cartridges.

Today, SypherMedia serves more than sixty customers worldwide, based on a licensing model, a significant portion of the revenues being recurring.

This acquisition is a significant step in the execution of Inside Secure’s growth strategy to bring security at the heart of its customer products and solutions. It brings in particular:

- A widely-deployed secure provisioning capability to enable managing the root of trust of a device through its entire life cycle, complementing existing portfolio of silicon IP cores;
- A unique, foundational, patent-protected chip anti-counterfeiting technology to address growing security challenges, in particular tampering, IP theft, reverse engineering and cloning;
- An extension of the company’s security-as-a-service offerings across the complete value chain, from chip manufacturing, to device manufacturing, to in-field services; and
- Short-term upselling opportunities with Inside Secure’s current customers.

“The acquisition of SypherMedia enables us to accelerate the execution of our strategy on Silicon IP business towards embedded security solutions that combine product and service offerings, aiming at generating recurring revenues,” said Amedeo D’Angelo, President and Chief Executive Officer of Inside Secure. *“This is a great opportunity to complement our existing offering and accelerate our ability to provide our customers with complete solutions that bring security at the heart of their products from design to the entire chip lifecycle. As an example, combining our root-of-trust solution and SypherMedia’s provisioning is key to bring security to the growing IoT and automotive markets. All in all, bringing SypherMedia onboard creates substantial value for our customers, our employees and our shareholders.”*

“Inside Secure is the ideal buyer for SypherMedia, with strong technical synergies and a worldwide sales and marketing organization to help us bring our technology to new geographies and markets,” said Dennis Flaharty, Chief Executive Officer of SypherMedia; *“The entire SypherMedia team is excited to join Inside Secure today.”*

¹ Provisioning is the injection of keys, credentials, data, tokens into a personalized device either at manufacturing, or in the field or Over-The-Air to enable secure applications and services.

² Root of trust (or RoT) is the foundation for the trustworthiness of a device or a system. Roots of trust are hardware/software components that are inherently trusted. RoT a set of functions that constitutes a common trust anchor recognized by operating systems and applications of a device. It is ensuring authentication, confidentiality and integrity of data and transactions.

At closing, Inside Secure paid US\$7 million in cash, and could pay an additional cash amount of up to US\$3 million in the years 2019, 2020 and 2021 (up to US\$1 million each year), subject to completion of certain revenue targets for the calendar years 2018, 2019 and 2020.

Conference Call

The details of the transaction will be discussed on a teleconference call to be held on November 7, 2017 at 11:00 Paris time (10:00 London and 05:00 New York). The call will be accessible by dialing one of the following numbers: +33 170 710 159 (from France), +1 844 286 06 43 (from the US) and +44 207 194 37 59 (from other countries) with the following conference ID: 00815920#. The presentation for the conference call can be downloaded from the Inside Secure investor website. An audio webcast of the presentation and the Q&A session will be available on the Inside Secure investor website approximately three hours after the end of the presentation and will remain posted there for one year.

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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.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 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 2016 registration document filed with the French financial market authority (the Autorité des marchés financiers – the "AMF") on March 28, 2017 under number D.17-0244, available on www.insidesecond-finance.com/en