FY 2018: Strong operational and financial performance

2021 targets confirmed: revenue of $150 million and EBITDA margin of 25%

- **FY2018: Strong performance**
  - **Revenue of $42.1 million (+8% vs. 2017)**
  - **EBITDA[1] of $6.6 million (15.6% of revenue)**
  - **Net income (IFRS) of $3.4 million in 2018**
  - **Cash flow generated by operating activities of $4.5. million in 2018[2]**
- **Acquisition of Verimatrix closed on February 28th to scale to a new business dimension with $124.2 million of adjusted revenue and $22.2 million of EBITDA in 2018[3]**
- **Objectives**
  - **2019: strong focus on integrating Verimatrix and delivering first cost synergies**
  - **2021 target confirmed: revenue of $150 million and EBITDA margin of 25%**

Aix-en-Provence, France, San Diego, CA, USA, March 6, 2019 – Inside Secure (Euronext Paris: INSD), at the heart of security solutions for mobile and connected devices, is today reporting its results[4].

(in thousands of US$)	**2018**	2017
Revenue	**42 080**	38 816
EBITDA	**6 585**	8 773
Revenue of core business	**40 274**	38 816
EBITDA of core business	**5 313**	8 773

Commenting on these results, Amedeo D'Angelo, chairman and chief executive officer of Inside Secure, stated: "*2018 was another year of robust operational and financial performance for Inside Secure. We successfully delivered strong top line growth in spite of an expected unfavorable base effect on a year-on-year comparison thanks to strong sales activity, bringing new customers and diversifying our revenue base.*

We continued to make significant progress in tackling high potential markets such as data centers, mobile networking and IoT, leveraging our proven end-to-end software security solutions from embedded security into chips to secure communications and applications.

Beyond our organic development, we are adding significant capabilities with the acquisition of Verimatrix to strengthen scale and reach of our value proposition in end markets that are fast shifting towards software and cloud-based security solutions while video content consumption is becoming multi-device and multi-format.

In this context, we will focus in 2019 on combining both businesses and teams to deliver first cost synergies while building for our clients the best value proposition in security, starting with entertainment and moving towards Internet of Things and connected cars."

[1] Inside Secure uses performance indicators that are not strictly accounting measures in accordance with IFRS ; definitions and reconciliations of adjusted financial measures with IFRS are presented in Appendix 2 hereof.

[2] excluding payment of fees and other expenses in relation with the project to acquire of Verimatrix, Inc.

[3] Unaudited preliminary IFRS pro forma accounts.

[4] Prepared in accordance with IFRS. Figures for 2018 and 2017 have been prepared in accordance with IFRS 15 "Revenue from Contracts with Customers". The consolidated financial statements were approved by the board on March 5, 2019; the audit procedure has been completed by the statutory auditors.

Inside Secure / FY 2018 Financial Results - Key figures

2018 revenue is unchanged compared with the estimate communicated on January 15, 2019 and EBITDA is at $6.6 million, slightly higher than the unaudited $6.2 million communicated at that time due to lower operating expense.

	Core Business Adjusted		Consolidated Adjusted		IFRS	
(in thousands of US$)	**2018**	2017	**2018**	2017	**2018**	2017
Revenue	**40 274**	38 816	**42 080**	38 816	**42 080**	38 816
Gross profit	**38 946**	37 624	**39 717**	37 048	**39 649**	35 554
As a % of revenue	***96,7%***	*96,9%*	***94,4%***	*95,4%*	***94,2%***	*91,6%*
Operating expense	**(34 055)**	(29 334)	**(34 130)**	(29 334)	**(38 419)**	(33 909)
Operating income	**4 891**	8 290	**5 587**	7 714	**1 230**	1 645
As a % of revenue	***12,1%***	*21,4%*	***13,3%***	*19,9%*	***2,9%***	*4,2%*
Net income/(loss) from continuing operations (i)	-	-	-	-	**3 418**	(798)
Net income/(loss) from discontinued operations (ii)	-	-	-	-	**-**	(278)
Net income/(loss) (i) + (ii)	-	-	-	-	**3 418**	(1 076)
EBITDA	**5 313**	8 773	**6 585**	8 773	**-**	-
As a % of revenue	***13,2%***	*22,6%*	***15,6%***	*22,6%*	**-**	-

The reconciliation of adjusted financial measures with IFRS is presented in Appendix 2 hereof.

Inside Secure and Verimatrix combined / Unaudited 2018 preliminary IFRS pro forma key figures

On February 28, 2019, Inside Secure completed the acquisition of Verimatrix. The Inside Secure and Verimatrix combined entities would have generated in 2018, $124.2 million in adjusted revenue ($119 million in 2017) and $22.2 million in EBITDA ($21.5 million in 2017) on an unaudited preliminary IFRS pro forma basis (see Appendix 2).

Inside Secure / Q4 2018 revenue

(in thousands of US$)	Q4-2018	Q4-2017	Q4-2018 vs. Q4-2017	12-mois 2018	12-mois 2017	2018 vs. 2017
Licences	2 665	1 884	41%	13 538	9 748	39%
Royalties	6 471	9 673	-33%	21 170	24 184	-12%
Maintenance and other	1 375	1 344	2%	5 566	4 884	14%
Total revenue of core business	**10 511**	**12 901**	**-19%**	**40 274**	**38 816**	**4%**
Unallocated revenue (*)	-	-	-	1 806	-	-
Total consolidated revenue	**10 511**	**12 901**	**-19%**	**42 080**	**38 816**	**8%**

(*) unallocated amounts correspond to non-recurring revenue, in particular patent licenses

In Q4 2018, the company generated $10.5 million in revenue. As anticipated, revenue was lower in Q4 2018 as compared to Q4 2017 due to a particular strong base effect driven by exceptionally high royalties revenue in Q4 2017 from a historical U.S. customer in the defense industry.

Licence revenue was $2.7 million in Q4 2018, up 41% vs. Q4 2017 and royalties revenue was $6.5 million.

In Q4 2018, the company continued to leverage its customer base to expand its footprint while attracting new customers, thanks to its portfolio of products to support customers' demanding security challenges and help them accelerate time-to-market.

In datacenters, mobile networking infrastructure and IoT, the company continued to leverage its differentiated value proposition with embedded security into general purposes chips to close new design wins, with applications such as smart metering, sensors and printers.

In the entertainment space, the company continued to innovate with the launch of the first software-only High-Bandwidth Digital Content Protection (HDCP) 2.3[5] solution offering a simpler, modernized

[5] The Inside Secure HDCP (High-bandwidth Digital Content Protection) toolkit software solution provides all the required features (cadvanced cryptographic functions, incorporating authentication, digital signature algorithms, key storage and management) for a complete content protection solution and includes all control and management software for the HDCP2.3 specification.

approach to protecting content. The company has already closed a first deal to sell this new high-end solution to a major car manufacturer for an infotainment application.

Inside Secure / FY 2018 Revenue

Consolidated revenue

In 2018, consolidated revenue was $42.1 million, up 8% compared to 2017, more than offsetting the anticipated decline from a historical U.S. customer in the defense industry. As a reminder, contribution from this customer was nil in the second half of 2018 and the company does not expect any more royalty revenue from this customer going forward.

Excluding this customer, year-on-year revenue gowth was up 41% mainly driven by strong business traction of the core business over the period and marginally by a new licence signed for its NFC patent licensing program.

Core business revenue

Core security software and technology licensing business revenue was $40.3 million in 2018, up 4% year-on-year. Excluding the contribution of the historical U.S. customer, core business revenue was up 35% based on strong business traction and new deliveries to significant existing customers in Silicon IP and secure communications core technology, driving accelerated revenue recognition under IFRS 15.

In 2018, the company continued to renew contracts and upsell its customer base with new products and solutions while successfully diversifing its customer base: top10 customers accounted for 43% of core business revenue in 2018, against 58% in 2017.

During the period, license revenue grew significantly to $13.5 million, up 39% vs. 2017, leveraging strong sales activity with both existing and new customers across all its product lines.

In 2018, the company signed significant contracts to embed security functions into general purposes chips, notably in IoT, cloud connectivity and Automotive (through it Silicon IP solutions) while continuing to gain traction in implementing secure communications and application protection in markets such as data center and Financials (mobile payment applications). The company also signed new contracts to help telcos and video service operators to protect video content over-the-top.

In 2018, revenue from royalties was $21.2 million and revenue from maintenance and other agreements was $5.6 million, in line with the company's business perimeter.

NFC patent revenue

In 2018, the Company recorded $1.8 million of revenue from its NFC patent licensing program thanks to a new license with a major Chinese handset and telecom equipment company signed in Q2 by France Brevets which manages the program (vs. no revenue in 2017).

Core business adjusted gross profit at >95%

Adjusted gross profit of the core business grew from $37.6 million in 2017 to $38.9 million in 2018, in line with revenue growth with a gross margin of the core business stable at 96.7% of revenue.

Consolidated gross profit increased from $35.6 million in 2017 to $39.6 million in 2018. Gross margin increased from 91.6% to 94.2% of revenue due to the ending in 2017 of the amortization of intangible assets recognized in the context of the acquisition of the ESS business in 2012 (amortization expense of $1.5 million in 2017).

Disciplined management of operating expenses

Operating expenses increased from $29.4 million in 2017 to $34.1 million in 2018 as the company accelerated its R&D efforts and consolidated operating expenses derived from the two acquisitions completed in 2017 ($2.8 million). In 2018, the company leveraged its resources to pursue its investments notably in research & development to expand its offer to serve high growth potential markets such as IoT and automotive.

All in all, operating expense remained below the previously announced $36 to $37 million range, as a result of disciplined management of expenses, reprioritization of projects, better than expected R&D tax credit in France ($0.2m) and in the UK ($0.2m) and to a lesser extent better EUR/USD exchange rate in the second half of 2018.

Adjusted operating income and EBITDA reflecting operating leverage

As anticipated, adjusted operating income of the core business decreased from $8.3 million in 2017 to $4.9 million in 2018 and EBITDA from $8.8 million in 2017 to $6.6 million in 2018 (higher than the estimated EBITDA of $6.2 million communicated on January 15, 2019 due to lower operating expense).

(in thousands of US$)	**2018**	2017
EBITDA	**6 585**	8 773
Amortization and depreciation of assets (*)	**998**	1 059
Adjusted operating income	**5 587**	7 714
Business combinations (**)	**(1 886)**	(2 426)
Other non recurring costs (***)	**(1 761)**	(3 122)
Share based payments	**(710)**	(521)
Operating income	**1 230**	1 645
Finance income/(losses), net	**3 180**	(1 879)
Income tax expense	**(992)**	(564)
Net loss from discontinued operations	**-**	(278)
Net income/(loss)	**3 418**	(1 076)

(*) excluding amortization and depreciation of assets acquired through business combinations. Items without cash impact

(**) amortization and depreciation of assets acquired through business combinations

(***) Restructuring and acquisition-related costs

Sums may not equal totals due to rounding

Operating income (IFRS) impacted by non-cash items

The company generated an operating income of $1.2 million in 2018, compared with $1.6 million in 2017.

The operating income is explained mainly by:
- the adjusted operating income of $ 5.6 million;
- net non-recurring expense in relation with acquisitions (in particular Verimatrix, Inc.) and past restructuring for $1.8 million;
- non cash items of $2.6 million including: amortization expense related to intangible assets arising upon the company's acquisitions in recent years (Metaforic in 2014 and Meontrust and SypherMedia in 2017) for $1.9 million and share-based payment expense for $0.7 million.

Financial income/expense

Net financial income was $3.2 million in 2018, the interest expense of the convertible bonds due 2022 being offset by a non-cash financial income of $3.8 million following the change in fair value of the conversion option on the convertible bonds, and interest earned on investments and foreign exchange gains.

Consolidated net income

In 2018, the company generated a consolidated net income (IFRS) of $3.4 million against a loss of $1.1 million in 2017. It is derived from the operating income of $1.2 million, net financial income of $3.2 million and income tax expense of $1.0 million.

Strong cash position

As of December 31, 2018, the company's consolidated cash position was $47.4 million, compared with $45.9 million at December 31, 2017. Operating activities generated $2.8 million of cash flow in 2018 ($4.5 million excluding payment of fees and other expenses in relation with the project to acquire of Verimatrix, Inc).

(in thousands of US$)	2018	2017
Cash generated by operations before changes in working capital	**3 268**	**5 148**
Cash generated by / (used in) changes in working capital	**586**	**(1 559)**
Interest received, net and Income tax	(1 074)	(1 112)
Net cash generated by operating activities	**2 781**	**2 477**
Cash flows used in investing activites, net	(303)	(862)
Cash flows from financing activities, net	(978)	17 222
Net increase in cash and cash equivalents	**1 500**	**18 837**
Cash and cash equivalents at beginning of the period	45 874	27 081
Foreign exchange impact	8	(44)
Cash and cash equivalents at end of the period	**47 381**	**45 874**

Post closing event – Completion of the acquisition of Verimatrix

Inside Secure closed the acquisition of Verimatrix Inc. on February 28 2019. At closing, Inside Secure paid $138.1 million in cash in consideration for 100% of the shares and an additional amount of $9.8 million set in escrow to cover potential post-closing adjustments and an earn-out, estimated to $8 million, final amount of which will be known in the second quarter of 2019 following completion of year-end audit of Verimatrix earnings.

Business outlook

In 2019, the Company will focus on integrating Verimatrix to create a leader Software-based security powerhouse. The combined Group will benefit as early as this year from its new scale and leverage the Verimatrix resilient revenue base and from the mix of both recurring and repeat revenue from both companies.

This year, the company will focus on implementing first cost synergies of $4 million (out of the targeted $10 million per year on a run rate basis) and leveraging key assets - a strong technology and product portfolio as well as a complementary customer base – to build the best value proposition in security for our customers, starting with entertainment and moving towards Internet of Things and Connected Cars.

Adding Verimatrix to its core business, Inside Secure should deliver in 2019 higher reported EBITDA, primarily due to the incremental earnings brought by Verimatrix and the generation of first cost synergies.

On a longer term, Inside Secure confirms its objective to achieve a revenue[6] of $150 million in 2021 while generating an EBITDA[7] margin of 25% of revenue.

[6] on a like-for-like basis by integrating only Verimatrix, excluding any acquisitions or disposals of businesses or companies.

[7] including the full impact of the $10 million annual expected cost synergies from the combination of Inside Secure and Verimatrix. Target revenue and operating expenses are based on a dollar/euro exchange rate of $1.17, i.e. the conversion rate used for the operating budget for the year 2019.

Conference call

Inside Secure will hold a conference call to discuss its earnings results on March 7, 2019, at 8:30 am CET. Access to the call will be by dial-in on one of the following numbers: +33 1 72 72 74 03 (France) or +44 20 7194 3759 (UK), PIN 2342366#.

The presentation is available online at www.insidesecure-finance.com. An audio webcast of the presentation and the Q&A session will be available on the Inside Secure website approximately three hours after the end of the presentation and will remain posted there for one year.

Financial calendar

First-quarter 2019 revenue	April 18, 2019 before market opening

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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.insidesecure.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 in Appendix 2 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. The reconciliation of adjusted financial measures with IFRS is presented in Appendix 2.

Forward-looking statements

This press release contains certain forward-looking statements concerning Inside Secure. 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 2017 registration document filed with the French financial market authority (the Autorité des marchés financiers – the "AMF") on April 10, 2018 under number D.18-0307, available on www.insidesecure-finance.com/en

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, 2018**	**2017**
Revenue	42 080	38 816
Cost of sales	(2 431)	(3 262)
Gross profit	**39 649**	**35 554**
Research and development expenses	(16 660)	(12 674)
Selling and marketing expenses	(13 821)	(12 608)
General and administrative expenses	(7 275)	(7 270)
Other gains / (losses), net	(663)	(1 357)
Operating profit	**1 230**	**1 645**
Cost of financial debt, net	(1 217)	(975)
Other financial income / (loss)	4 397	(904)
Profit (Loss) before income tax	**4 410**	**(234)**
Income tax expense	(992)	(564)
Net income/(loss) from discontinued operations	-	(278)
Net income/(loss)	**3 418**	**(1 076)**

Consolidated balance sheet

(In thousands of US$)	December 31, 2018	December 31, 2017
Goodwill	29 530	29 563
Intangible assets	5 896	8 478
Property and equipment	1 185	1 269
Other receivables	5 084	1 676
Non-current assets	**41 695**	**40 986**
Inventories	34	219
Trade receivables	11 169	15 531
Other receivables	4 213	3 390
Derivative financial instruments	28	215
Cash and cash equivalents	47 381	45 874
Current assets	**62 826**	**65 230**
Total assets	**104 521**	**106 216**

Equity and liabilities

(In thousands of US$)	December 31, 2018	December 31, 2017
Ordinary shares	22 504	22 056
Share premium	227 760	228 209
Other reserves	13 581	13 385
Retained earnings	(196 814)	(195 738)
Income / (loss) for the period	3 418	(1 076)
Equity attributable to equity holders of the Company	**70 449**	**66 836**
Non-controlling interests	-	-
Total equity	**70 449**	**66 836**
Derivative financial instruments - Non-current portion	790	4 759
Convertible bonds - Non-current portion	14 208	13 970
Borrowings	399	575
Other financial debts	2 000	3 000
Provisions for other liabilities and charges - Non-current portion	166	284
Non-current liabilities	**17 562**	**22 589**
Financial instruments	14	-
Trade and other payables	9 003	8 779
Borrowings	154	382
Provisions for other liabilities and charges	3 602	4 084
Unearned revenues	3 737	3 547
Current liabilities	**16 510**	**16 791**
Total liabilities	**34 072**	**39 380**
Total equity and liabilities	**104 521**	**106 216**

Consolidated cash flow statement

(In thousands of US$)	December 31, 2018	December 31, 2017
Income / (loss) for the period from continuing operations	**3 418**	**(1 076)**
Adjustments for:		
Depreciation of tangible assets	342	194
Amortization of intangible assets	2 542	3 292
Reversal of unused provision on intangible asset - SMS	29	-
Impairment of receivables	(91)	78
Financial result	(3 180)	1 879
Profit / (loss) on disposal of assets	38	-
Share-based payments	710	520
Change in retirement benefit obligation	23	(172)
Income tax	992	564
Variation in provision related to the earn-out SMI	(1 000)	-
Variation in provisions for risks	(556)	(131)
Cash generated by operations	**3 268**	**5 148**
Changes in working capital :		
Inventories	185	(154)
Trade receivables	496	(2 251)
Other receivables	594	(648)
Research tax credit and grants	311	2 392
Trade and other payables	(135)	(1 312)
Other payables	(865)	(2 086)
Cash generated by changes in working capital from discontinued	-	2 500
Cash generated by / (used in) changes in working capital	**586**	**(1 559)**
Cash generated by operations	**3 854**	**3 589**
Interest received, net	(292)	(579)
Income tax paid	(782)	(533)
Net cash generated by operating activities	**2 780**	**2 477**
Cash flows from investing activities		
Cash received from semi-conductor activities sales	-	11 202
Acquisition of subsidiaries, net of cash acquired -Meontrust	-	(4 814)
Business Acquisition, net of cash acquired -SMI	-	(7 000)
Purchases of property and equipment	(303)	(250)
Cash flows used in investing activities	**(303)**	**(862)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net of issuance costs	-	212
Debt repayment	(396)	-
Convertible bonds (OCEANE)	-	17 260
Repayable advance	-	(250)
Transaction costs related to the capital increase or the debt issuance	(582)	-
Cash flows from financing activities	**(978)**	**17 222**
Net increase in cash and cash equivalents	**1 499**	**18 837,8**
Cash and cash equivalents at beginning of the period	45 874	27 081,0
Effect of exchange rate fluctuations	8	(44,0)
Cash and cash equivalents at end of the period	**47 381**	**45 875**

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. It enables comparable revenue for future fiscal years. In 2018, the combined entities would have generated a pro forma adjusted revenue of $124 million ($119 million in 2017) and a pro forma revenue of $122 million ($116 million in 2017) as Verimatrix recorded $2 million of deferred revenue as at December 31, 2017 ($3 million of deferred revenue as at December 31, 2016) which, in accordance with IFRS, cannot be recognized in the year following the acquisition.

(in thousands of US$)	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY 2018
Inside Secure	10 116	12 376	9 076	10 511	42 080
Verimatrix adjusted (preliminary, unaudited)	16 620	20 171	20 129	25 225	82 145
Adjusted proforma consolidated revenue (unaudited)	**26 736**	**32 547**	**29 205**	**35 737**	**124 225**

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.

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

The following tables show the reconciliation between the consolidated income statements and the adjusted financial indicators, as defined above, for the fiscal years ended December 31, 2017 and 2018 respectively:

(in thousands of US$)	**2017 Consolidated adjusted**	**Business combinations**	**Share-based payment**	**Other non-recurring costs (*)**	**2017 IFRS**
Revenue	38 816	-	-	-	38 816
Cost of sales	(1 768)	(1 494)	-	-	(3 262)
Gross profit	**37 048**	**(1 494)**	**-**	**-**	**35 554**
As a % of revenue	*95,4%*				*91,6%*
R&D expenses	(11 379)	(894)	52	(453)	(12 674)
Selling & marketing expenses	(12 543)	(38)	(27)	-	(12 608)
General & administrative expenses	(6 724)	-	(546)	-	(7 270)
Other gains/(losses), net	1 312	-	-	(2 669)	(1 357)
Total operating expense	(29 334)	(932)	(521)	(3 122)	(33 909)
Operating income	**7 714**	**(2 426)**	**(521)**	**(3 122)**	**1 645**
Amortization and depreciation of assets (***)	1 059	-	-	-	-
EBITDA	**8 773**				

(in thousands of US$)	**2018 Consolidated adjusted**	**Business combinations**	**Share-based payment**	**Other non-recurring costs (**)**	**2018 IFRS**
Revenue	42 080	-	-	-	42 080
Cost of sales	(2 363)	(68)	-	-	(2 431)
Gross profit	**39 717**	**(68)**	**-**	**-**	**39 649**
As a % of revenue	*94,4%*				*94,2%*
R&D expenses	(14 308)	(1 573)	(4)	(775)	(16 660)
Selling & marketing expenses	(13 141)	(245)	(435)	-	(13 821)
General & administrative expenses	(7 004)	-	(271)	-	(7 275)
Other gains/(losses), net	323	-	-	(986)	(663)
Total operating expense	(34 130)	(1 818)	(710)	(1 761)	(38 419)
Operating income	**5 587**	**(1 886)**	**(710)**	**(1 761)**	**1 230**
Amortization and depreciation of assets (***)	998	-	-	-	-
EBITDA	**6 585**				

(*) the amounts correspond mainly to restructuring expenses.
(**) the amounts correspond mainly to acquisition-related expenses.
(***) excluding amortization and depreciation of assets acquired through business combinations.
Sums may not equal totals due to rounding.