



INSIDE Secure and Presto Engineering to sign a partnership agreement to outsource INSIDE Secure's semiconductor operations and supply chain activities to specialist provider, Presto Engineering

- Transfer of targeted assets and resources from INSIDE Secure to Presto Engineering
- Presto Engineering to provide semiconductor operation services through a multi-year service agreement
- A new milestone for INSIDE Secure in the implementation of the company's strategic focus on embedded security
- Advances Presto Engineering's inorganic growth strategy and ambition to address new markets such as secure IoT
- Transaction expected to close in early Q3 2015 and to be accretive to INSIDE Secure's gross margin and adjusted¹ operating profit

San Jose, USA -- Aix-en-Provence, France, 15 April, 2015 – INSIDE Secure (Euronext Paris: INSD), a leader in embedded security solutions for mobile and connected devices, and Presto Engineering, a leader in semiconductors industrialization and production services, today announced their intention to enter into a partnership agreement whereby INSIDE Secure would transfer its French-based semiconductor operations activities and its worldwide supply-chain management to Presto Engineering, which specializes in delivering such services.

Once the transaction is completed, Presto Engineering will provide semiconductor engineering and supply-chain management services to INSIDE Secure through an exclusive multi-year service agreement.

This transfer and services agreement positions the hardware offering of INSIDE Secure in line with the group's strategy to focus on chip architecture, design and certification as well as marketing and sales. It marks another step in the transformation of the group's model towards leadership in embedded security, with more focus on high value added customized security, combining a unique product mix of intellectual property components, software and hardware.

For Presto Engineering, this agreement marks an opportunity to reinforce its position and scale in the semiconductor value chain also serving high-end security specialists, while continuing to demonstrate its commitment to be a leading provider of comprehensive semiconductor test & turn-key solutions and the world leader in advanced RF & Analog testing technologies, engineering, and back-end infrastructure. Presto Engineering has already performed such inorganic growth in the past including with the acquisition of some of the NXP Semiconductors and Cypress Semiconductors operations activities.

The transaction will primarily benefit the Secure Transactions division of INSIDE Secure, through lower on-going cost of sale related expenses as from the closing date, which is expected in early Q3 2015. Following a non cash one-off charge, it is also expected to be accretive to INSIDE Secure's gross margin and adjusted operating profit.

The execution of the agreement is intended to take place upon completion of an "information and consultation" process with INSIDE Secure's works councils in France and is subject to customary signing and closing conditions.

Pierre Garnier, Chief Operating Officer of INSIDE Secure, stated: *"We are very pleased with this agreement with Presto Engineering, a trusted partner for fabless semiconductor companies adding value with their expertise and focus. It further transforms INSIDE Secure's business model towards high value-added embedded security products and solutions, while maintaining the highest level of quality of*

¹ See "Supplementary non-IFRS financial information" paragraph below

service to its hardware chip customers through this tailor-made outsourcing agreement. This is an ideal model to achieve cost effective operational excellence in alignment with INSIDE Secure's strategy to better focus on providing embedded security with a unique offering of semiconductor hardware solutions, software, and intellectual property components that cover the full array of mobile and connected device security requirements for innovative applications and services".

Michel Villemain, Chief Executive Officer of Presto Engineering, declared: "This agreement perfectly matches our strategy. We are pleased to have INSIDE Secure as a new partner and to provide them with our comprehensive semiconductor product engineering solutions and supply chain services. This partnership is giving us the opportunity to strengthen our expertise with highly skilled resources and to address new markets such as Secure IoT."

About Presto Engineering

Presto Engineering provides comprehensive semiconductor product engineering and production solutions to IDM, fabless and electronics companies, contributing to improving ramp time, margins and quality of new products.

Presto Engineering is a recognized expert in the development of test solutions for component characterization and production. This expertise, combined with state-of-the-art ESD, reliability and failure analysis capabilities, produces a competitive advantage for our customers in optimizing end-product performance and accelerating time to market. We offer turn-key solutions from customer tape-out to delivery of finished goods to end-customers, including assembly, test, qualification, industrialization, and production sustaining activities. Presto Engineering is headquartered in San Jose, California, and has operations in France and Israel. For more information, please visit www.presto-eng.com

About INSIDE Secure

INSIDE Secure (Euronext Paris FR0010291245 – INSD) provides comprehensive embedded security solutions. World-leading companies rely on INSIDE Secure's mobile security and secure transaction offerings to protect critical assets including connected devices, content, services, identity and transactions. Unmatched security expertise combined with a comprehensive range of IP, semiconductors, software and associated services gives INSIDE Secure customers a single source for advanced solutions and superior investment protection. For more information, visit www.insidesecure.com.

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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. The Group's actual results may accordingly 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 registration document (“Document de Référence” filed with the *Autorité des marchés financiers* (the “AMF”) on September 11, 2014 under number R.14-054, available on www.insidesecond.com.

Supplementary non-IFRS financial information

To better assess the financial performance, the Group uses additional indicators which are not defined under IFRS and do not constitute accounting elements used to measure the Group's financial performance. They should be considered in addition to, and not as a substitute for, any other operating and financial performance indicator of a strictly accounting nature, as presented in the Group's consolidated financial statements and the corresponding notes. The Group uses these indicators because it believes they are useful measures of its activity. 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 to the Group, even though they use similar terms. Adjusted operating income/(loss) is defined as operating income/(loss) before (i) the amortization of intangible assets and marks 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 carried out by the Group.