claranova™

Condensed consolidated half-year financial statements approved by the Board of Directors on March 26, 2019.
Limited review procedures on the half-year financial statements have been completed and the limited review report is being prepared.

Growth acceleration confirmed, with a strong increase in profitability[1] in H1 2018-2019

- **Revenue up +55% to €140 million, including organic growth of +35%**
- **Recurring operating income of €10.7 million (eightfold increase)**
- **Increase in current profitability to 7.7% from 1.4%, thanks to incremental profitability[2] of 19%**
- **Net income, Group share of €1.6 million**
- **55% increase in cash flow from operating activities to €19 million**
- **Five-year revenue goal of €600 million, with operating profitability above 10%**

Paris, France – March 27, 2019. Once again, Claranova Group has recorded excellent operating performance for the first-half of its fiscal year (July 1 to December 31, 2018), with revenue up +55% to €140 million. Recurring operating income is €10.7 million, or 7.7% of revenue, up 6.3 points year-on-year and an improvement of €9.5 million, or +731%.

In € million	**July-Dec. 2018**	July-Dec. 2017	Δ
Revenue	**139.6**	**89.9**	**+55.3%**
EBITDA[3]	**10.9**	**2.8**	**x3.8**
Recurring operating income	***10.7***	***1.3***	***x8.3***
ROI as a % of Revenue	*7.7%*	*1.4%*	*+6.3 pts*
Operating income	6.6	0.2	+€6.4m
Net income	1.5	(0.6)	+€2.1m
Net income, Group share	1.6	(0.3)	+€1.9m

Strong growth as profitability improvement steps up a gear

Claranova closes this first half-year with revenue of €140 million, up 55% (33% at constant exchange rates and constant scope) and reports **strong growth in Recurring operating income** to €10.7 million (compared with €1.3 million in H1 2017-2018), an eightfold increase. **Incremental profitability**, equal to the increase in Recurring operating income (€9.5 million) as a percentage of the increase in revenue (€49.7 million)**, is therefore +19%.** This high level of incremental

[1] In terms of Recurring operating income.
[2] Incremental profitability is equal to: increase in Recurring operating income/increase in Revenue.
[3] EBITDA corresponds to Recurring Operating Income before the impact of share-based payments, including related social security contributions, and depreciation and amortization. The EBITDA calculation is presented in the Appendix.

profitability is due to the fixed cost base of our businesses and their scalability[4]. The incremental profitability rate demonstrates the long-term potential for further improvement in the Group's profitability.

These excellent results demonstrate, once again, the Group's expertise and particularly the relevance of its strategic vision, combined with the execution skills of its teams.

Operating income grew substantially to €6.6 million, from €0.2 million in H1 2017-2018.

Net income, Group share is €1.6 million, compared with a net loss of €0.3 million in H1 2017-2018.

Pursuant to the application of IFRS 2, IAS 32 and IFRS 9, the accounting recognition of the acquisition of Avanquest's new businesses impacted other Operating income and expenses in the amount of -€2.9 million and Financial expenses in the amount of -€0.9 million.
Restated for items with no cash impact, Net income would have been €4.8 million, an improvement of +€5.4 million on H1 2017-2018.

+55% increase in cash flow from operating activities to €19.4 million

Based on these excellent operating results, the Group confirms its ability to generate **positive cash flow from operating activities**, which reached **€19.4 million** in H1 2018-2019 (up +55% on H1 2017-2018).

Cash flow from investing activities is negative at -€10.9 million, mainly due to the acquisitions by the Avanquest division in July 2018. The majority of cash flow used in financing activities concerned the share buyback program launched in June 2018.

In € million	**July-Dec. 2018**	July-Dec. 2017
Cash flow from operating activities	19.4	12.5
Cash flow from investing activities	(10.9)	13.2
Cash flow from financing activities	(2.7)	1.7
Increase (decrease) in cash	**5.8**	**27.4**

Cash of €72 million, ready to support Group investments

Despite spending €13.6 million on investments and share buybacks, the Group has cash of €72 million as of December 31, 2018, up €6.3 million in six months. The cash surplus is €42.8 million, up 14%.

These good first-half results help consolidate, as of December 31, 2018, the Group's very healthy financial position, with **strengthened shareholders' equity** (up 16.8% to €16.7 million) and a high level of cash[5] (€72 million). The Group therefore has the necessary means to develop, enabling it to rapidly seize small-sized acquisition opportunities.

[4] Scalability reflects a company's ability to manage a significant increase in its business volume while maintaining or improving its profitability.
[5] The activity peak recorded in the holiday season by PlanetArt usually generates an increase in cash at the end of December, before returning to a more normative level by March.

In € million	**Dec. 31, 2018**	**June 30, 2018**
Goodwill	64.7	0.0
Other non-current assets	7.2	1.3
Current assets	25.8	13.4
Cash	72.0	65.7
TOTAL ASSETS	**169.7**	**80.5**

In € million	**Dec. 31, 2018**	**June 30, 2018**
Equity	16.7	14.3
Financial liabilities	29.2	28.2
Other non-current liabilities	42.7	0.8
Other current liabilities	81.0	37.2
TOTAL EQUITY AND LIABILITIES	**169.7**	**80.5**

The balance sheet as of December 31, 2018 includes the newly acquired Avanquest businesses and the effect of the application of IFRS 9 and IAS 32, with an impact on goodwill (€64.7 million), other non-current liabilities (€41.2 million) and other current liabilities (€17.8 million).

+4.6 point improvement in Group profitability, from 3.2% to 7.8%

Claranova

In € million	**July-Dec. 2018**	July-Dec. 2017	Δ
Revenue	139.6	89.9	+55.3%
EBITDA	**10.9**	**2.8**	+282.6%
EBITDA as a % of Revenue	*7.8%*	*3.2%*	*+4.6 pts*

Group profitability is up significantly, with EBITDA of €10.9 million for the half-year, compared with €2.8 million for H1 2017-2018, an increase of 3.8x. EBITDA now represents 7.8% of revenue, compared with 3.2% previously, a rise of 4.6 points. This increase is mainly due to the excellent performance of the Avanquest division, which reported a fivefold increase in EBITDA to €6.1 million, partly attributable to the integration of the newly acquired businesses at the beginning of the year, but also to the improved results of its legacy businesses. PlanetArt also increased its profitability, reporting EBITDA of €6.6 million, a rise of 77%.

Avanquest: doubling of revenue and EBITDA multiplied by five

First-half 2018-2019 results confirm Avanquest's ambition to become a European leader in monetizing internet traffic. The integration of the Adaware, SodaPDF and Upclick businesses not only enabled the division to double in size, but also launched a growth momentum generating more profit.

Avanquest

In € million	**July-Dec. 2018**	July-Dec. 2017	Δ	*Δ at constant scope*
Revenue	40.1	19.7	+103.6%	+11.1%
EBITDA	**6.1**	**1.2**	+415.0%	+41.7%
EBITDA as a % of Revenue	*15.3%*	*6.0%*	*+9.2 pts*	*+1.7 pts*

Division revenue therefore increased 104% from €19.7 million to €40.1 million in the first-half of 2018-2019. Avanquest's legacy businesses also enjoyed a return to double-digit organic growth, increasing 11% at constant scope over the half-year and demonstrating the success of the Group's strategy shift in this division. The acquired businesses reported organic growth of 23% on the first-half of 2017-2018, mainly thanks to the marked increase in Adaware revenue (+42%).

Avanquest organic growth combined with the impact of the new businesses produced strong growth in the division's profitability, with EBITDA improving from 6% to 15% of revenue period-on-period. EBITDA is therefore €6.1 million for H1 2018-2019, including €4.4 million generated by the Adaware, SodaPDF and Upclick businesses. At constant scope, EBITDA would still have grown 42% to €1.7 million.

PlanetArt: Customer acquisition accelerates

In line with its strategic focus on strong and profitable growth, PlanetArt continued to report excellent performance, with a 41% increase in revenue and EBITDA up 76.6% to €6.6 million, or 6.8% of revenue.

PlanetArt

In € million	**July-Dec. 2018**	July-Dec. 2017	Δ
Revenue	97.8	69.2	+41.3%
EBITDA	**6.6**	**3.7**	+76.6%
EBITDA as a % of Revenue	*6.8%*	*5.4%*	*+1.4 pts*

This strong growth is tied to the launch of the new FreePrints Photo Tiles app, as well as the geographic deployment of the offering. The division strengthened its position in Continental Europe (increased market share in France and expansion into new countries such as Belgium and the Netherlands) and recently launched in India.

PlanetArt considerably accelerated the acquisition of new customers worldwide, with a 26% increase in the customer base in six months. The division further improved its profitability profile. EBITDA increased 1.4 points despite a substantial +62% increase in marketing costs during the half-year, demonstrating the relevance of this business' economic model and its entry into a virtuous circle of increased profit generation without a slowdown in growth investment.

The Group confirms its dual-objective strategy for this division: maintain a high rate of business growth driven by targeted geographic coverage and strengthened profitability through the development of higher-margin products at low marketing cost.

myDevices: Benchmark position in its ecosystem

myDevices

In € million	**July-Dec. 2018**	July-Dec. 2017	Δ	Δ € million
Revenue	1.7	1.0	+74.8%	+0.7
EBITDA	**(1.9)**	**(2.1)**	+10.1%	+0.2
EBITDA as a % of Revenue	*n/a*	*n/a*	*n/a*	*n/a*

The Group continued to strengthen the benchmark position of the myDevices division in the IoT ecosystem, with the signature of new strategic and commercial partnerships in China and the United States. After Semtech, Dr.Peng and Sprint, the division announced the signature of four major new partnerships at the beginning of fiscal year 2018-2019 (Alibaba Cloud, Ingram Micro, Arm and Microsoft), demonstrating the keen interest generated by its technology in the international IoT community. These new partnerships enable myDevices to accelerate the distribution of its IoT solutions, while launching the monetization of its technology.

myDevices reported increased revenue in the first half-year, mainly thanks to the impact of the strategic partnership signed with Sprint in the United States. Despite improving, EBITDA remains negative, reflecting the expenditure necessary to ensure the continued development of this division in an IoT market which is still in the making.

The strategic partnerships signed in recent months should provide myDevices with new revenue sources in the coming periods. The recent partnership with Microsoft will also help strengthen the value provided by the myDevices solutions. Month after month, the signature of each new partnership confirms the positioning of the technologies developed by the myDevices division in the IoT ecosystem.

This division represents a major long-term growth and profitability driver for the Group.

Ambitious prospects founded on specific Claranova expertise

The results obtained this half-year demonstrate, once again, Claranova Group's skill in creating and developing profitable and high-growth businesses.

To achieve these results, Claranova has focused since its creation on four specific areas of expertise:

- understanding major technology domains;
- ability to define a strategic vision around innovative concepts;
- implementing innovative business models;
- and finally strong global execution capacity at all levels of the Company, including research and development, digital marketing, sales, partnerships, finance, etc.

Building on this expertise, Claranova has currently designed and developed three highly innovative divisions, in three major technology fields: Internet, Mobile and IoT. This has allowed it to set a 5-year goal of increasing revenue by over €450 million to exceed the €600 million mark, while increasing operating profitability to over 10% of revenue.

This goal also implies structural changes for the Group, in order to clearly display its global scale. This will involve the conversion of the Company's legal form to a European company and a reverse stock split, in order to better reflect international investors' perception of the Group, while limiting share price volatility. These proposals will be presented to an upcoming Extraordinary General Meeting for vote.

Pierre Cesarini, CEO of the Claranova Group, said: *"Once again, we've reported strong revenue growth in the first-half of the year, with a very significant improvement in profitability. For the first time in many years, we report positive net income, boosted by the Group's expertise in defining a strategic vision in all major technology domains and deploying new and innovative concepts and business models, with strong growth and profitability levers.*

It is, however, only a first step – albeit a very important one - to have reached this level of revenue, growth and profitability in just three years. We're still as confident in Claranova Group's future prospects and we have high ambitions for the Group. We're convinced that we can reach the €600 million revenue mark within five years, while exceeding 10% profitability, and make Claranova a European flagship in new technologies".

Next Claranova Group events:

2018-2019 Q3 revenue: May 14, 2019

2018-2019 annual revenue: August 7, 2019

2018-2019 annual results: October 1, 2019

About Claranova:

A truly global Internet and mobile player, Claranova reported revenue of nearly €140 million in the first-half of 2018-2019, generated over 90% internationally. Claranova has focused since its creation on four specific areas of expertise: understanding major technology domains; ability to define a strategic vision around innovative concepts; implementing innovative business models; and finally strong global execution capacity at all levels of the Company, including research and development, digital marketing, sales, partnerships, finance, etc. Its businesses are:

- *Avanquest: a specialist in monetizing Internet traffic. Avanquest boosts its customer impact through cross-selling offerings that maximize Internet traffic while ensuring the most efficient monetization possible;*
- *PlanetArt: a world leader in mobile printing, specifically via its FreePrints and Photobook apps – the cheapest and simplest solutions in the world for printing photos and creating photo albums from a smartphone;*
- *myDevices: a global platform for IoT (Internet of Things) management, myDevices allows its partners to commercialize turnkey solutions ("IoT in a Box") to their customers. Ready-to-use solutions are available for roll-out in the medical, hotel, food and beverage, retail and education sectors thanks to these offerings.*

For more information on the Claranova Group: www.claranova.com *or* www.twitter.com/claranova_group

Appendix

EBITDA

EBITDA is used to monitor the operating profitability of the various businesses. It is equal to recurring operating income before depreciation, amortization and share-based payments.

In € million	**July-Dec. 2018**	July-Dec. 2017
Recurring Operating Income	**10.7**	**1.3**
Depreciation and amortization	0.4	0.3
Share-based payments*	(0.3)	1.2
EBITDA	**10.9**	**2.8**

** including related social security contributions.*

In H1 2018-2019, EBITDA is equal to Recurring operating income restated for depreciation and amortization of €0.4 million and share-based payment income of €0.3 million (mainly following the waiver by senior executives of their free share grants in November 2017).