claranova™

Summarized six-month consolidated financial statements, after limited review by the Group Auditors. These financial statements have been prepared by the management board and reviewed by the supervisory board on 27 March 2018.

Strong 33 %[1] growth in revenue reaching €89.9M

Profitable growth with EBITDA[2] of €2.8M, up €4.4M

Strong increase in overall profitability with ROI[3] of €1.3M

Cash flow from operations of €12.5M for a net cash position of €43.4M

Paris, France – 28 March 2018. Claranova reported excellent operating performance during the first half of its financial year (1 July – 31 December 2017) and has achieved a **return to profitability**.[3]

in millions of euros	**2017 July - December**	2016 July - December
Revenue	**89.9**	**71.9**
EBITDA	***2.8***	***(1.6)***
EBITDA as % of Revenue	*3,1%*	*-2,2%*
Recurring operating income	**1.3**	**(2.0)**
Operating income	0.2	(2.2)
Net income	(0.6)	(1.9)
Net income Group share	(0.3)	(1.9)
Net cash position	**43.4**	**22.4**

Strong increase in operational profitability

Claranova ended this first half-year with revenue of €89.9M, up 33%[1], and reported **positive recurring operating income** of €1.3M (versus -€2M during the first half of 2016-2017) as well as **positive operating income** for the first time in several years. These outstanding results demonstrate the benefit of the strategy implemented when the Group was reinvented in 2015, with major investments in PlanetArt significantly increasing Group revenue and moving to profitable growth together with the focus of the Avanquest division on profitability and the development of the myDevices business. The additional €18M of revenues compared to the first half of 2016-2017 has approximately an implicit

[1] At constant exchange rates

[2] EBITDA is the aggregate now used to evaluate the profitability of the businesses. It replaces the adjusted EBITDA previously used. It corresponds to earnings before the deduction of interest, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortisation and share-based payments.

[3] Recurring operating income.

profitability[4] of 24%.

The Group's EBITDA is positive and up strongly, increasing from -1.6 million euros in the first half of 2016-2017 to +2.8 million euros in the first half of 2017-2018, and thus marking **the Group's return to profitability**.

This return to break-even is due to the exceptional performance of the PlanetArt and Avanquest business units, both of which reported positive and sharply increasing EBITDA.

Improvement in the Group's profitability, up 5.3% from -2.2% to +3.1%, thanks to Avanquest and PlanetArt

in millions of euros	PlanetArt **2017 July-Dec.**	PlanetArt 2016 July-Dec.	Avanquest **2017 July-Dec.**	Avanquest 2016 July-Dec.	myDevices **2017 July-Dec.**	myDevices 2016 July-Dec.
Revenue	69.2	49.6	19.7	21.1	1.0	1.3
EBITDA	**3.7**	**0.4**	**1.2**	**0.5**	**(2.1)**	**(2.4)**
EBITDA % of revenue	*5.4%*	*0.8%*	*6.0%*	*2.2%*	*n.r.*[5]	*n.r.*

PlanetArt has continued its progress and confirmed its business model by delivering EBITDA of +€3.7M, or 5 % of revenues. This figure is nine times higher than in the first half of 2016-2017, all the while maintaining a trend of very strong business growth (+40 %) and increased marketing investments (+35 %).

Operating income followed the same trend, returning to positive values of €0.2M versus -€2.2M in the first half of 2016-2017.

Net income Group share nearly returned to break-even, reaching -€0.3M compared with a €1.9M loss the previous year.

Strengthened shareholder equity and solid cash position of €43.5M

in millions of euros	**31 Dec. 2017**	**30 June 2017**
Goodwill	-	-
Other non-current assets	1.6	2.0
Current assets	14.9	11.0
Cash assets	**43.5**	**17.1**
TOTAL ASSETS	**59.9**	**30.0**

in millions of euros	**31 Dec. 2017**	**30 June 2017**
Shareholders' equity	**17.2**	**1.3**
Financial debt	0.3	1.1
Other non-current liabilities	0.6	0.7
Other current liabilities	41.7	26.9
TOTAL LIABILITIES	**59.9**	**30.0**

These excellent operating results contributed to consolidating the Group's very sound financial position as of 31 December 2017, with **an increase in shareholder equity** (up €16M) and a very strong cash position at €43.5M. However, the seasonal nature of the website business of PlanetArt during the last quarter of the year typically generates a surge in cash flow at the end of December before returning to normative levels by the end of March.

[4] In terms of EBITDA

[5] n.r = non-representative

Cash flow from operations at €12.5M in the first half-year

in millions of euros	**2017-2018 July-Dec.**	2016-2017 July-Dec.
Cash flow from operations	**12.5**	**7.7**
Cash flow from investments	13.2	0.5
Cash flow from financing activities	1.7	3.3
Variation in cash position	**27.4**	**11.4**

The Group confirmed its ability to generate positive **operating cash flows,** which reached **€12.5M** during the first half of the 2017-2018 year (up €4.8M over the first half of 2016-2017).

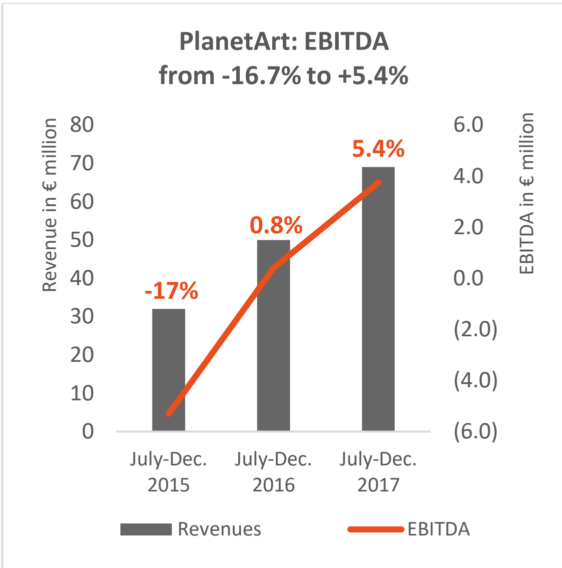
Cash flow from investments amounted to €13.2M and was mainly attributable to external investors taking interests in the PlanetArt and myDevices divisions. This is proof that our strategy is validated by major actors in those sectors.

Dramatic growth in profitability across all three divisions

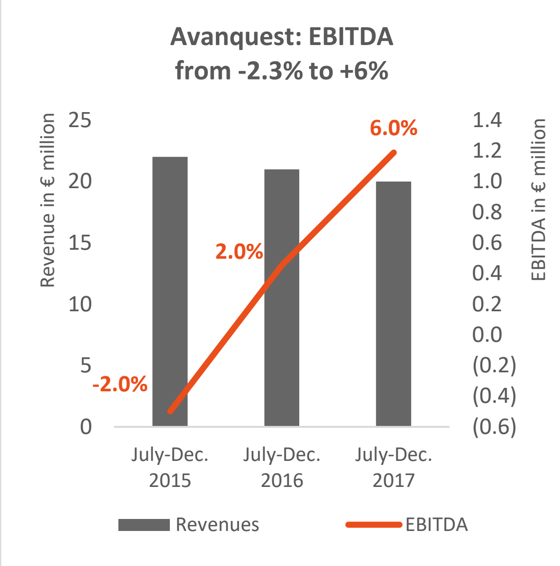
PlanetArt: Increase in profitability, from 0.8% to 5.4%, in spite of marketing investments up 35%

As in previous half-years, the Group's business continues to be driven by **the excellent performance of PlanetArt** which generated revenue totalling €69.2M in the first half-year, a 49 % increase at constant exchange rates.

Business in that division was driven by a sharp increase in revenue from its mobile applications linked to the acceleration of its investments for the acquisition of new clients, and the confirmation of the outstanding performance of FreePrints Photobooks. This business is currently very profitable whilst continuing the increase in marketing investments (+35 % over the previous half-year), proving its business model. As such, PlanetArt posted **EBITDA of +€3.7M, or 5.4 % of revenue**, during the first half of 2017-2018, versus €0.4M or 0.8 % of revenue in the first half of the 2016-2017 year, in spite of the +35% increase in marketing budget.



Avanquest: Consolidation strategy initiated



The **Avanquest division successfully pursued its strategy of focusing on profitability** and posted **EBITDA of +€1.2M, or 6.0 % of revenue** during the first half of 2017-2018 (versus €0.5M or 2.2 % of revenue in the first half of 2016-2017).
As indicated in recent months, Avanquest is implementing a consolidation strategy with the objective of becoming a European leader in traffic monetisation. This strategy was initiated with the announcement on 26 March 2018 that the division had signed an agreement to acquire control of a Canadian group made up of three companies: Upclick, Lulu Software and Adaware.

Active in most countries around the world, this international Internet group is positioned in three different business lines:

- e-commerce transaction management through **Upclick**, one of the most modern platforms in the world;
- PDF applications and document management with **Lulu Software**, one of the world's major players for PDF solutions through its SODA PDF product line;
- Internet security with **Adaware** anti-virus and security solutions, known worldwide.

Overall, the Group's activities represent consolidated revenue of around USD $34.7M, with EBITDA of USD $5.3M[6].

Avanquest and these companies have already been collaborating for many years and their employees have extensive experience in team projects and clients with similar profiles. This operation will make it possible to combine existing offers from both groups: Avanquest through its software, e-mail, cashback and product catalog, together with security solutions (Adaware), PDF tools (Lulu) and e-commerce (Upclick).

The integration of these new entities should generate significant synergies in the future, which could lead to a sharp increase in the division's profitability.

This agreement represents the first step in the ambition to turn Avanquest into a European leader in monetising Internet traffic, with the aim of this division achieving medium-term revenue of €100M with profitability of 15%-20%.

myDevices: Highly promising partnerships

myDevices, despite its as-yet minor revenue, now brings together a community of **more than 530,000 developers** around its Cayenne technology, compared with 150,000 just 12 months ago. As expected, myDevices saw a decrease in revenue due to the scheduled end of sales of embedded software before the IoT activities were ready to take their place. Despite improvement, EBITDA remains negative due to ongoing investments aimed at further developing the business.

The strategic partnerships announced recently with major operators such as **Sprint (US) and Dr. Peng (China)** should allow the implementation of **the first monetisation sources during this year,** with the anticipated roll out of "IoT in a box" vertical solutions.

[6] Unaudited figures for the year 2017

Pierre Cesarini, CEO of Claranova Group, stated: *'Building on the concept of mobile printing, we have within a few short years established PlanetArt, which has posted more than €69M in revenue, 5 % of EBITDA margin, for this six-month period. With myDevices, we have developed unique technologies in the world of the Internet of Things that have led us to sign strategic agreements with globally recognised entities such as Sprint, Semtech and Dr. Peng. After restructuring Avanquest's traditional business, we have just announced an initial acquisition representing the first phase in our ambition to become a major European player in the Internet sector. Lastly, we are very pleased today to report positive figures on our overall performance.*
We have come a long way in three short years, and as far as we are concerned this is just the beginning : each of our three sectors of activity still has enormous potential.'

The summarised consolidated financial statements and the six-month financial report are available on Claranova's website : www.claranova.com

Next event:

3rd quarter revenue 2017-2018	15 May 2018
Annual revenue 2017-2018	8 August 2018
Annual results 2017-2018	2 October 2018

Dedicated telephone line for individual shareholders: +33 811 04 59 39 (calls charged €0.05 per minute + the price of a local call). Line open from Tuesday to Thursday, 2 p.m. to 4 p.m.

About Claranova:

A global Internet and mobile player, Claranova is one of the few French companies in this sector to post sales of over €130 million, more than half of which is generated in the United States. Claranova focuses its strategy on three areas of business – digital printing through the Group's PlanetArt division, management of the Internet of Things (IoT) via the myDevices division and e-commerce through the Avanquest division:

- *PlanetArt: A world leader in mobile printing, specifically via the FreePrints offer – the cheapest and simplest way to print photos from a smartphone – FreePrints is already a must-have for several million customers, a figure that has grown every year since its launch;*
- *myDevices: A global platform for IoT (Internet of Things) management enabling major corporations from different business sectors to quickly develop and roll out IoT solutions for their customers;*
- *Avanquest Software: the Group's legacy activity covering the distribution ot third-party software, a business that is shifting towards the monetisation of Internet traffic.*

Notes

EBITDA

EBITDA is the aggregate used to monitor the operational profitability of the businesses. This corresponds to earnings before the deduction of interests, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortisation and share-based payments. In comparison, the adjusted EBITDA used previously excluded the impact of retirement benefits.

in millions of euros	**2017-2018 July-Dec.**	2016-2017 July-Dec.
Recurring operating income	**1.3**	**(2.0)**
Amortisation	0.3	0.4
Share-based payments*	1.2	(0.0)
EBITDA	**2.8**	**(1.6)**

** non-cash expenses related to the free shares and stock-option plans*

In the first half of 2017-2018, EBITDA equals to recurring operating income less the €0.3M amortisation charge, less the impact of share-based payments in the form of €0.3M of social security contributions and the €0.9M IFRS 2 charge (without impact on cash flow).

Adjusted EBITDA, used previously, excluded the impact of the retirement benefits (amounting to €23.6K at 31 December 2016). Since retirement benefits are mandatory and recurring expenses, the Group decided to use EBITDA, which includes those expenses, as aggregate for the evaluation of the operational performance of the businesses instead of the previous aggregate which proved less relevant. For comparison purposes, all the divisions would have posted the following results using adjusted EBITDA:

	PlanetArt	**myDevices**	**Avanquest**	**Claranova**
In millions of euros	**2017-2018 July-Dec.**	**2017-2018 July-Dec.**	**2017-2018 July-Dec.**	**2017-2018 July-Dec.**
Revenue	69,2	1,0	19,7	89,9
Adjusted EBITDA	**3,7**	**(2,1)**	**1,1**	**2,7**
Adjusted EBITDA % of Revenue	*5%*	*n.r.*	*6%*	*3%*