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Press Release

Paris, Wednesday 25 April 2018
5:35 CEST

2017: results impacted by the Group's transformation
Operating profitability up sharply in the second half

2018: a successful start to the year
Q1 2018: Pro forma gross margin up 14.4%

2020 ambitions reiterated

Artefact (FR0000079683 – ALATF – eligible for French SME equity savings plan “PEA-PME”) Artefact publishes its consolidated earnings for fiscal year 2017.

In the words of Artefact CEO Guillaume de Roquemaurel:

“Nine months after the merger and all signs are go. The progress achieved by our teams in France and around the world substantiates our 3-year targets, namely to top €100m in gross margin, with EBITDA of 10-15%. France and Asia drove this excellent performance. Activity in all our European sites will accelerate in the coming months as we roll out our Groupwide offer in Artificial Intelligence and Big Data. We are confident, growing and enthusiastic about the future. I am certain that 2018 will mark the first stage in the turnaround in our activity and in the improvement in our results.”

The Board of Directors met on 23 April 2018 to approve the Group's financial statements for the fiscal year ended 31 December 2017. An audit on the consolidated financial statement has been performed. A certification report is about to be issued.

In millions of euros	2017	2016
Revenue	160.9	140.0
Gross margin	**47.1**	**40.7**
Personnel expenses	(33.8)	(27.4)
External expenses, other operating income and expenses	(11.7)	(8.2)
Restated EBITDA	**1.7**	**5.0**
Personnel expenses – IFRS2 share-based payment*	(0.6)	0.0
EBITDA	**1.1**	**5.0**
Depreciation, amortisation and provisions	(0.9)	(2.0)
Other non-current income and expenses	(2.8)	(0.8)
Operating income (expense)	**(2.5)**	**2.4**
Net financial income (expense)	**(1.9)**	**(0.4)**
Income before tax	**(4.4)**	**2.0**
GROUP NET INCOME	**(4.8)**	**0.4**

** Free share awards and issuance of preference shares.*

Definition of financial indicators used by the Company:

- EBITDA (Earnings before interests, taxes, depreciation and amortization) is defined as operating profit before depreciation, amortization and non-recurring operating items
- Restated EBITDA is defined by the Company as EBITDA excluding impact of IFRS2 expenses dealing with share-based payment and issuances of preference shares

2017: An action-packed year laying the foundations for the new Group's ambition

2017 was a decisive year in which the Group launched an extensive transformation aimed at restoring the conditions for solid development in terms of growth and margin improvement.

There were two key priorities to this transformation:

- Stimulating growth in all countries of operation,
- Expanding the Group's field of expertise to consulting and data, in the interest of accommodating the unprecedented changes taking place in the digital marketing and advertising market.

Plans were quickly made to rejuvenate the network:

- Consolidating 4Ps in the UK after the September 2016 acquisition,
- Recruiting additional staff in Germany to stimulate sales momentum in this strategic market,
- Restructuring the subsidiaries in Switzerland and northern Europe,
- Penetrating the Asia-Pacific market with the opening of subsidiaries in Hong Kong, Singapore, Malaysia and Australia.

In terms of expertise, the merger with Artefact proved decisive in that it paved the way for the establishment of the No. 1 independent, international Data and AI-based digital strategy consulting firm.

Drawing on these major changes, in November 2017 the Group presented a strategic plan for the 2018-2020 period. with the goal of doubling in size and posting EBITDA of 10-15% in three years.

2018 marks the first step in the acceleration of the Group's growth and margin improvement.

Gross margin up 15.8%, France driving growth

Gross margin (millions of euros)	**2017**	**2016**	**Change**
France	11.8	7.9	+49.1%
Rest of Europe	32.9	30.5	+8.0%
Asia-Pacific – MENA*	2.4	2.3	+5.8%
TOTAL	**47.1**	**40.7**	**+15.8%**

** Middle East and North Africa*

The gross margin amounted to €47.1m in 2017, up 15.8% driven by the contribution of recent acquisitions (4PS consolidated as of October 2016 and Artefact as of 1 August 2017).

As expected, business picked up in the second half with a gross margin of €26.1m up 19.2% compared with 2016, versus €21.0m in the first half (+11.9%).

Nearly 25% of business during the fiscal year was generated in France, with a gross margin of €11.8m, up by almost 50%. The Rest of Europe recorded an increase of 8.0% to €32.9m. The Asia-Pacific - MENA region once again made a marginal contribution (gross margin: €2.4m), but we expect it to improve significantly in the coming months.

The key objective in 2018 is to restore robust, sustainable growth in all regions by rolling out the new combined marketing, consulting and technology offer.

On a pro forma basis [(1)], the Group's gross margin came out at €52.1m, up 5.8%.

(1) 4PS and Artefact consolidated over 12 months in 2016 and 2017.

Strong improvement in H2 earnings: Restated EBITDA of nearly €1.7m

Restated EBITDA came out, in accordance with the established target, substantially positive in the second half after nearing breakeven in H1. H2 EBITDA totalled €1.67m, accounting for 6.4% of the gross margin over the period.

In France, restated EBITDA hovered near breakeven at €0.25m versus €1.26m in 2016. Restated H2 EBITDA stood at (€0.21m), including as expected the costs of Artefact integration, launching the Groupwide offer and recruitment of additional staff. With these developments, in line with the market plan, Artefact stands ready to proactively support the rapid development of its offer.

In the Rest of Europe, the Group posted EBITDA of €1.40m versus €3.52m in 2016. EBITDA picked up sharply in the second half, climbing to €1.93m versus (€0.54m) in the first half. The benefits of investments in Germany and recovery plans initiated in northern Europe will be seen in the next fiscal year.

Lastly, in light of the capex required to expand the Group's business in strategic Asia-Pacific - MENA region. In this area, EBITDA came to €0.03m versus €0.25m in 2016.

Operating income (expense) amounted to (€2.5m), including non-current income and expenses stemming from the Group’s transformation programme:
- Restructuring costs in France and northern Europe,
- Transfer and combination of teams in France, the UK and the Netherlands,
- Consolidation of Artefact and, to a lesser extent, 4PS Marketing,
- VAT reassessment in Germany.

Financial income (expense) was (€1.9m). €. It takes into account the change in dilutive instruments’ fair value (preference shares) of (€0.6m) and a negative foreign exchange effect of €0.6m mainly stemming from price fluctuations in the USD, GBP and NOK against the EUR.

Overall, **Group net income** was negative at (€4.8m).

A stronger financial position

With nearly €50 in equity, a net cash position of over €7.1m and non-current bank borrowings of €15.4m.

Artefact had a firm financial footing at the end of the fiscal year, further boosted by the reserved capital increase, amounting to €15.5m, completed in January 2018.

2018: a successful start to the year

- **€15.5m raised in the capital increase, oversubscribed by more than 2.6 times**
  The year began with a successful private placement that raised €15.5m for the Group, providing it with new resources to roll out its Data offer in France and worldwide and to carry out acquisitions aimed at expanding its field of expertise and geographic coverage.

- **First acquisition to ramp up development in the Asia-Pacific**
  In March 2018, the Group finalised its first acquisition in China, buying 8 Matic and its affiliates (gross margin of €3m in 2017, with EBITDA exceeding 10%). The companies will be consolidated from 1 January 2018. These acquisitions represent a new phase in the Group's penetration of the fast-growing Asia-Pacific markets.

  Even after the acquisition, Artefact boasted a comfortable financial position, leaving it poised to take advantage of new opportunities.

- **Gross margin up 42.9% in Q1**
  The gross margin amounted to €15.0m in H1, up 42.9%. On a pro forma basis [(2)], it rose 14.4%, accelerating significantly compared to fiscal year 2017. This good performance reflects the success of the Groupwide offer in France and the strong growth dynamic in Asia-Pacific - MENA region.

	Consolidated			Proforma[2]		
Gross margin in € m	**Q1 2018**	**Q1 2017**	**Change**	**Q1 2018**	**Q1 2017**	**Change**
France	5.4	2.2	145.4%	5.4	4.2	29.0%
Rest of Europe	8.1	7.6	6.7%	8.1	7.6	6.1%
Asia-Pacific – MENA	1.5	0.7	132.5%	1.5	1.3	17.0%
TOTAL	**15.0**	**10.5**	**42.9%**	**15.0**	**13.1**	**14.4%**

Unaudited data
(2) Consolidation of Artefact, 8 Matic and its affiliates over 3 months in 2017 and 3 months in 2018.

Goals for the fiscal year: double-digit pro forma growth and significantly improved earnings

After such an encouraging start to the year. Artefact is confident it will be able to achieve pro forma growth of more than 10% over the year, coupled with a substantial improvement in earnings.

Financial calendar (after market):

24 July 2018
Q2 2018 Gross margin

23 October 2018
H1 2018 Results and Q3 2018 Gross margin

END

About Artefact I artefact.com

Artefact embodies the perfect combination of marketing and engineering experts. Nominated innovative agency of the year in 2017, the agency works with some of the biggest advertising brands to invent the future of customer experience through new technologies. The agency has almost 1,000 employees across 17 countries worldwide, delivering three complementary solutions: Data Consulting, Digital Marketing Expertise and Technology Deployment (Big Data and Artificial Intelligence). Its 600 active clients include more than 100 blue-chip accounts such as Orange, Carrefour, Emirates, Deutsche Telekom and Monoprix, all of which are attracted by the agency's cutting-edge expertise. Artefact was founded by three alumni of the prestigious Ecole Polytechnique engineering school in Paris: Vincent Luciani, Philippe Rolet and Guillaume de Roquemaurel. It has been enjoying extremely robust growth since it was founded in 2015 and succeeded in tripling its sales in 2016. In September 2017, the agency merged with French listed company NetBooster, an international network of digital agencies run by data and media experts.

Artefact was awarded the Grand Prix d'Honneur at this year's Data Festival and obtained FrenchTech's official diploma for "hyper-growth" French companies awarded by the French Secretary of State for Digital Affairs, Mounir Mahjoubi.

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