ARTEFACT
VALUE BY DATA

2020 Half Year Results
and 3rd Quarter Gross Margin

A turning point in the path
to performance

Tuesday 27 October 2020

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Speakers
—

François de la Villardière
Chairman of the Board

Guillaume de Roquemaurel
Co-CEO

Vincent Luciani
Co-CEO

Hayette Soltani
Group CFO

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A turning point in the path to performance.

+8%

H1 growth vs H1 2019

(proforma)

+3%

Q3 growth vs Q3 2019
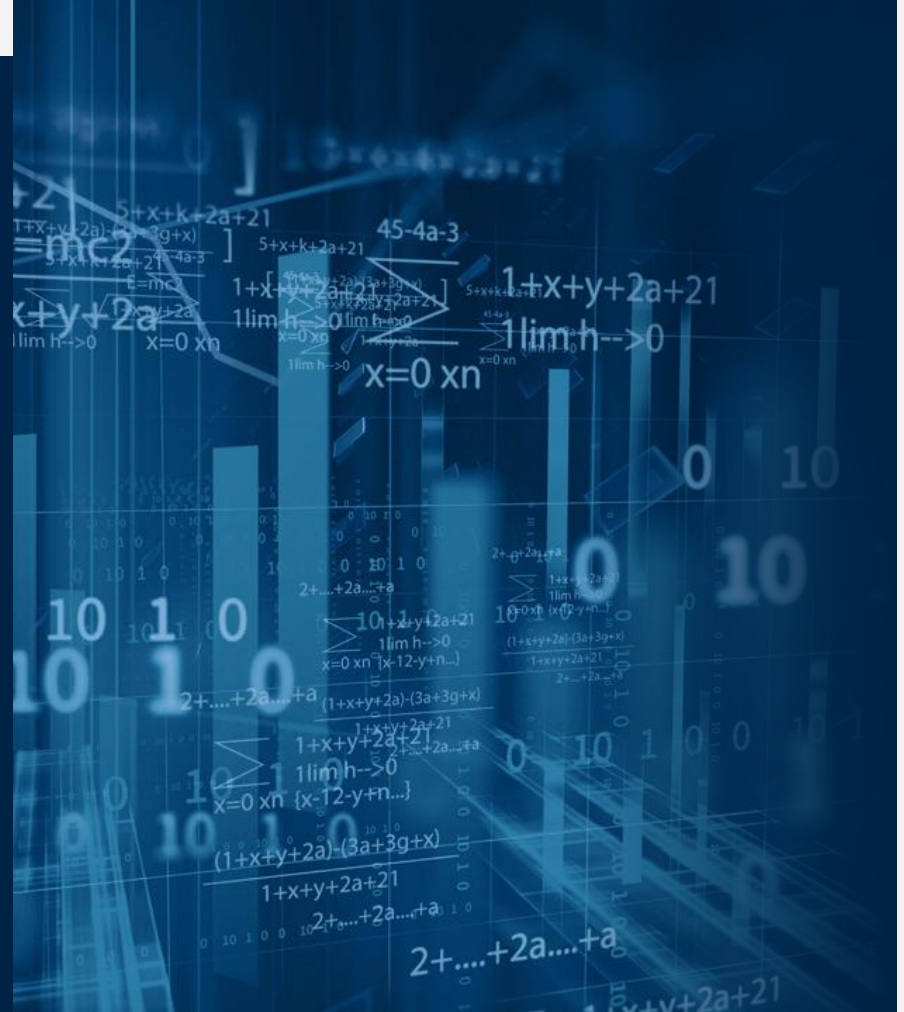
(proforma)

>15%

FY20 EBITDAr target (vs >10%)

Growth acceleration expected in Q4

6M€

EBITDAr on H1.

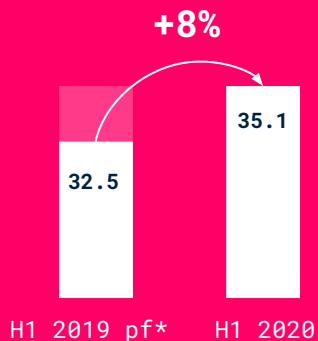**17%** of Gross Margin vs 4.3% in H1 2019.

Key Figures.

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Solid growth in H1 2020.

Driven by Group successful repositioning and the acceleration of Clients' digital transformation.

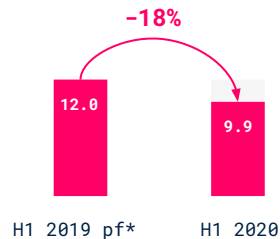Evolution of proforma Gross Margin, in million euros

+8%

32.5 — H1 2019 pf*

35.1 — H1 2020

TOTAL GROUP
Q1 +17% and Q2 stable

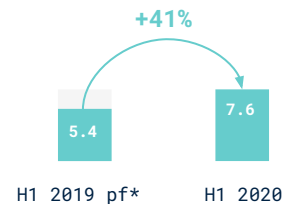∧ Refocusing on high added value offers

∧ Structural evolution of market to digital transformation (development of e-commerce)

+17%

15.1 — H1 2019 pf*

17.6 — H1 2020

TOTAL FRANCE

−18%

12.0 — H1 2019 pf*

9.9 — H1 2020
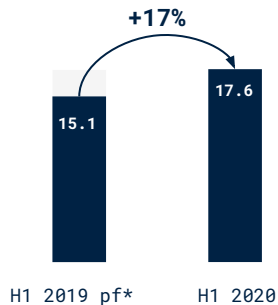
TOTAL REST OF EUROPE

+41%

5.4 — H1 2019 pf*

7.6 — H1 2020

TOTAL OTHER MARKETS

After restatement for closures in the Nordic countries and Italy

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Significant improvement in the Group's results:

After 2 years of investments, Group's transformation starts to bear fruit.

in million euros	EBITDAr* H1 2020	EBITDAr* H1 2019 proforma	CHANGE
France	**4.6**	**2.2**	**+2.4**
EBITDAr margin	26.3%	14.6%	+11.7 points
Rest of Europe	**0.3**	**(0.8)**	**+1.1**
EBITDAr margin	3.3%	(6.5)%	+9.8 points
Other Markets	**1.0**	**(0.0)**	**+1.0**
EBITDAr margin	13.3%	(0.4)%	+13.7 points
TOTAL GROUP	**6.0**	**1.4**	**x 4.3**
EBITDAr margin	**17.0%**	**4.3%**	**+12.7 points**

*EBITDAr : EBITDA is restated from:
 – IFRS 2 impact of share-based payment (free shares and preferential shares),
 – IFRS 3R impact of remuneration for post-combination services,
 – IFRS 16 impact of adjustment for leases

Main profitability levers :

∧ Return on investment in rolling out Data Consulting / Marketing teams

∧ Refocusing on high potential geographic regions

∧ Structuring the Group's support services and overheads

Model highly profitable in France Rest of Europe and Other Markets sharply progressing

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Income statement:

Rising profitability driven by GM growth and operational cost control.

in million euros	H1 2020	H1 2019*
Gross margin	**35.1**	**32.5**
Employee expenses	(25.1)	(25.0)
Other operating expense	(4.0)	(6.1)
EBITDAr	**6.0**	**1.4**
EBITDA	**6.5**	**1.0**
Amortization and depreciation	(2.0)	(1.9)
Other non-recurring income	(0.8)	(0.5)
Operating income	**3.7**	**(1.5)**
Net financial income	**(0.5)**	**(0.5)**
Tax expense	**(0.6)**	**(0.4)**
Net income from continuing operations	**2.6**	**(2.3)**
Net income from discontinued operations	**(0.5)**	**(0.6)**
Non-controlling interests	(0.1)	(0.0)
GROUP NET INCOME	**2.0**	**(2.9)**

* H1 2019 restated under IFRS 5 standard : H1 2019 no longer includes contributions from the Group's Scandinavian and Italian businesses

**Optimization of support functions:
Employee expense: €(25.1)m**
Flat despite strong recruitment rate
72% of gross margin vs 77% in H1 2019

**Conclusion of structuring efforts:
Other operating expense: €(4.0)m**
34% decrease, representing 11% of gross margin vs 19% in H1 2019

EBITDA: €6.5m
Increase of €5.5m vs H1 2019
(after impact of IFRS3r, IFRS2 and IFRS 16)

Amortization: €(2.0)m
Including €(1.5)m of IFRS 16 impact

Net income Group share: €2.0m
vs €(2,9)m in H1 2019

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Balance sheet:

Robust financial structure to support growth.

in million euros	30 Jun 2020	31 Dec 2019
Non-current assets	**64.9**	**65.8**
o/w goodwill	46.0	46.6
o/w rights of use - IFRS 16 impact	5.5	6.1
Current assets (excluding cash)	**41.5**	**58.4**
o/w receivables	37.6	53.9
Cash and cash equivalents	**18.4**	**14.7**
Assets held for sale	**1.5**	**1.1**
TOTAL ASSETS	**126.3**	**140.0**
Equity	**47.3**	**45.2**
Financial liabilities	**27.5**	**24,5**
o/w rent-related debt - IFRS 16 impact	5.6	6.3
Non-financial liabilities	**50.5**	**68.8**
o/w payables	45.3	62.1
Liabilities held for sale	**1.0**	**1.5**
TOTAL LIABILITIES	**126.3**	**140.0**

Cash: €18.4m
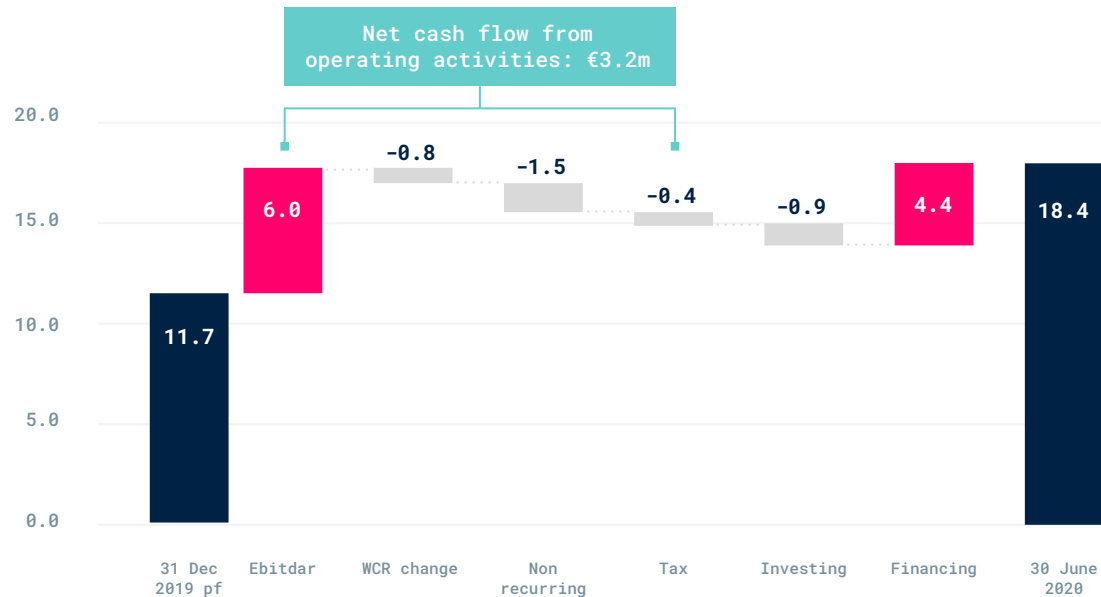vs €14.7m as of 31 Dec 2019

Net debt: €3.5m
vs €1.3m as of 31 Dec 2019 including a state-guaranteed loan (PGE) for €6m

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Cash flow:

Healthy generation of operating cash flows.

Net cash flow from operating activities: €3.2m

Label	Value
31 Dec 2019 pf	11.7
Ebitdar	6.0
WCR change	-0.8
Non recurring	-1.5
Tax	-0.4
Investing	-0.9
Financing	4.4
30 June 2020	18.4

Operating: €3.2m
WCR under control despite the growth context

Investing: -€0.9m
Earn out under chinese acquisition

Financing: €4.4m
Including State-guaranteed loans in France (€6.0m)

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Upward-trending growth initiated in Q3 2020:
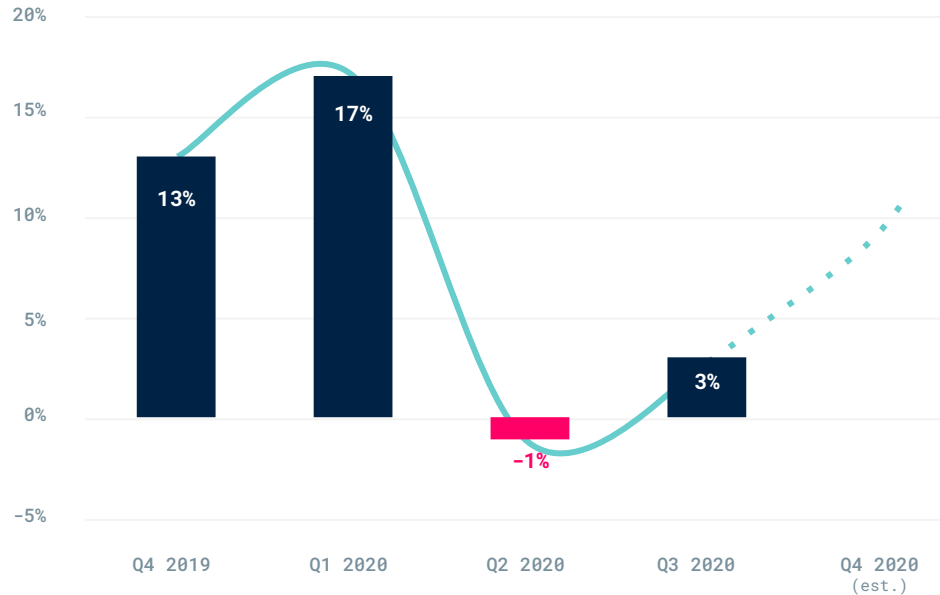
Q3 2020

France at the core of quarter's continued growth:
`+26% (vs 17% in H1)`

Rest of Europe also trending upward:
`-10% (vs -18% in H1)`

Other Markets:
`-13% (vs +41% in H1)`

One-off impact due to the loss of a client in Duty Free

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Future:

Upward revision of full-year 2020 guidance.

FY20 EBITDAr >15%
(vs > 10% previously)

Expected acceleration of gross margin growth in Q4
(vs 3% in Q3)

New growth ambitions backed by solid financial structure
(€18.4m of cash as on 30 Jun vs 14.7m on 31 Dec 2019)

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Vision & Competition.

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Brands graal is consumer-centricity.

Social Trends

Precision marketing

Sales & Operations

Consumer centricity

Person-nalisation

Customer Care

DTC E-commerce

New digital services

CRM

Systematic ingredients:

Digital

Data

AI

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3 key structural trends in our market:

Digital, Data, Tech.

Digital commerce

Share of online spend is today 15%, and should represent 25% in 2025 (1)

Data

Global Demand for Data Analytics solutions will surge by x4.5 times, garnering a revenue of $70 bn by 2025 (2)

AI

Today, 12% of Tier 1 companies industrialising AI vs. expected 40% in 2025

(1) Oberlo
(2) Frost & Sullivan'
(3) Cognilytica: Global AI Adoption Trends & Forecast 2020,"

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...further accelerated by COVID-19 crisis

Digital commerce

All reports show a non reversible increase in online shopping:

`US online sales increased by 43% YoY in September 2020`

Data

Rapid change in consumer behavior (+300% sales of certain categories) urge need for data-driven insights

AI

AI technologies, much more mature now will help companies reduce their costs (as exemple AI can reduce up to 25% customer care)
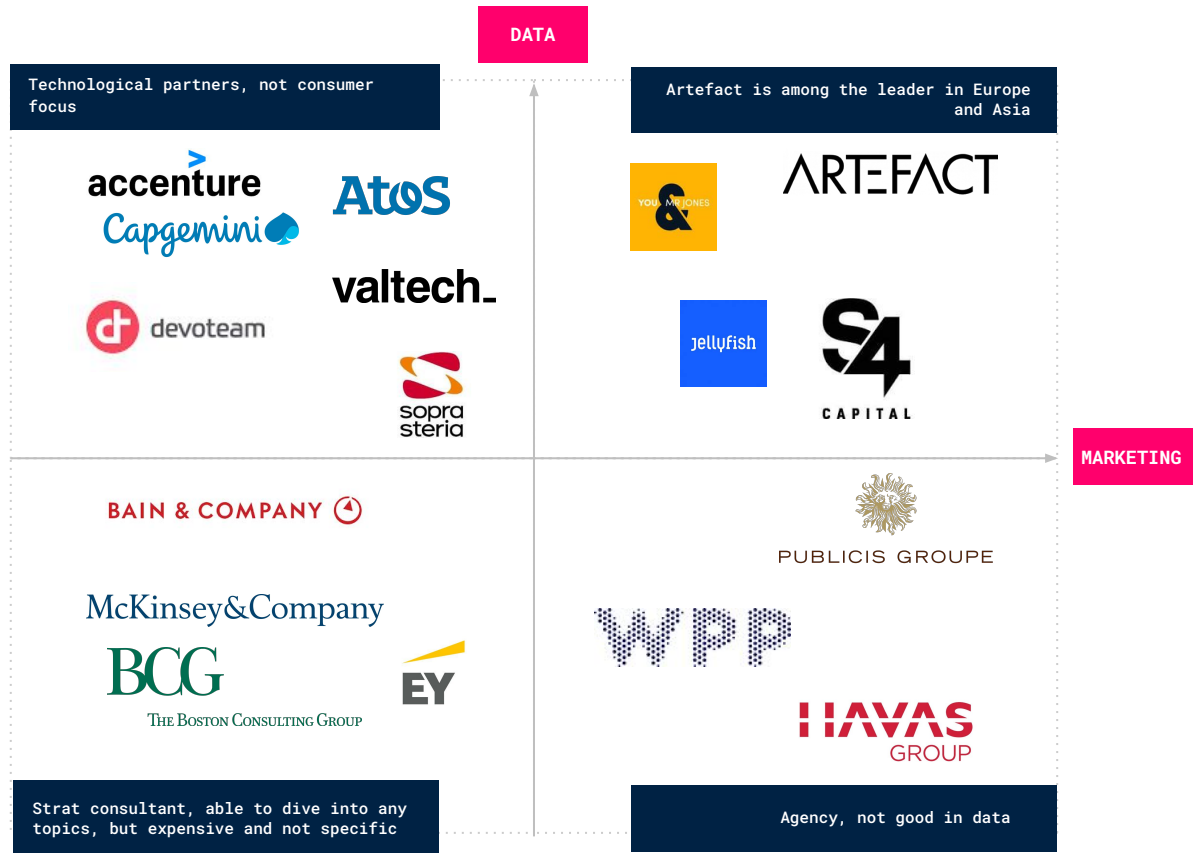
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Artefact helps Clients bridge the gap between marketing organization and the new data-driven paradigm.

Degree of change

Technologies

Marketing Organizations

Time

We are here in 2020
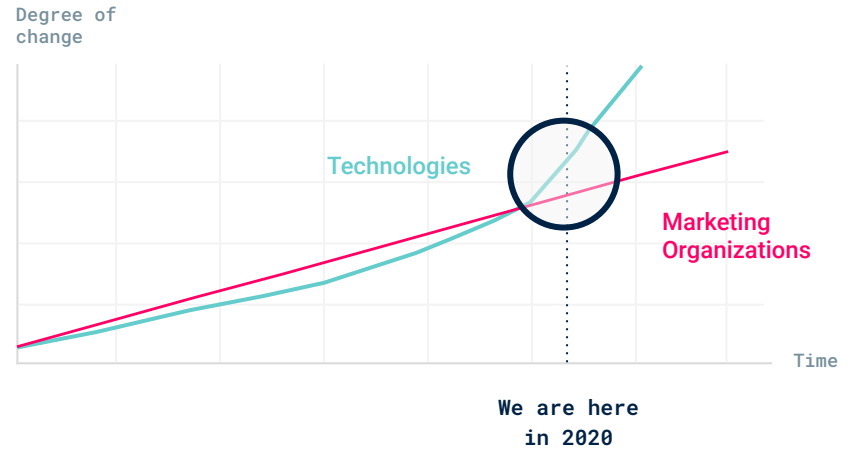
Speed Evolution of Digital, Data & AI makes it impossible for companies:

∧ **To follow technologies**
∧ **Recruit and manage talents**
∧ **Build knowledge**

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A unique positioning in a very competitive environment.

DATA

MARKETING

Technological partners, not consumer focus

Artefact is among the leader in Europe and Asia

Strat consultant, able to dive into any topics, but expensive and not specific

Agency, not good in data

Clients.
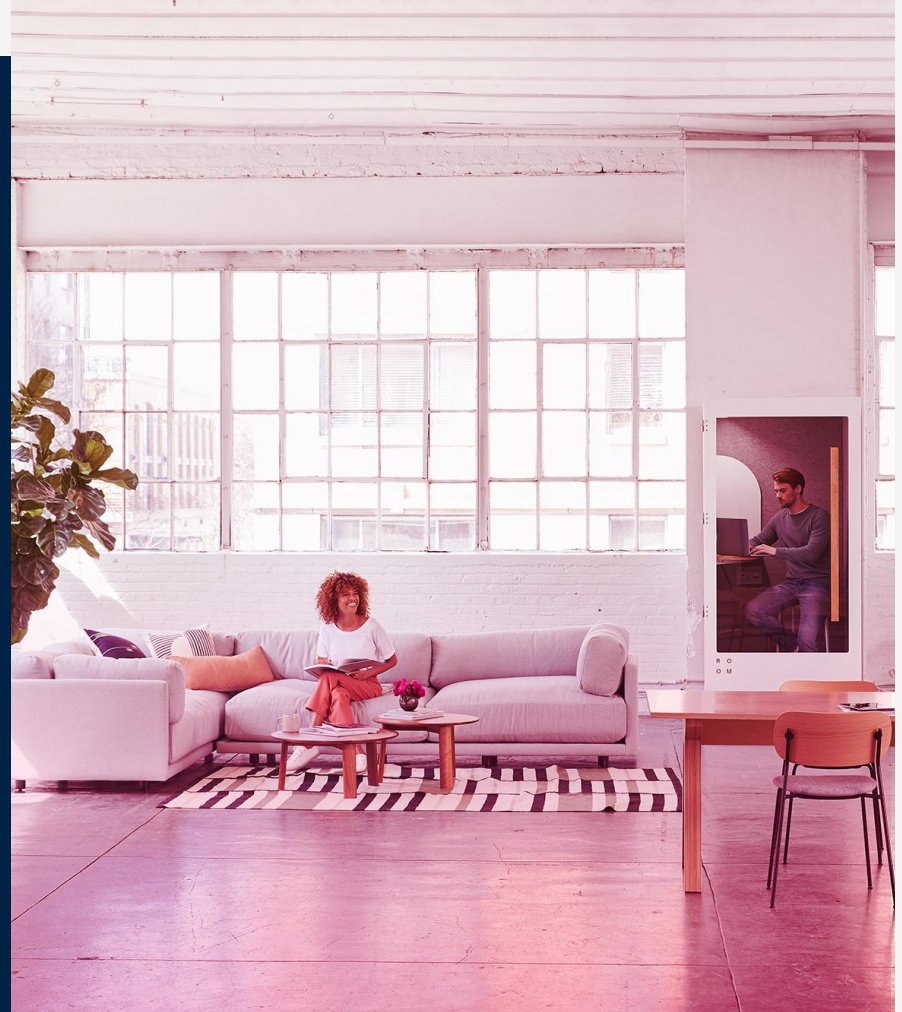
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Consumer-centric Brands is Artefact prime target.

Gross Margin and %

Tourism
8%

Utilities & Real Estate
14%

Retail & Services
15%

Other
5%
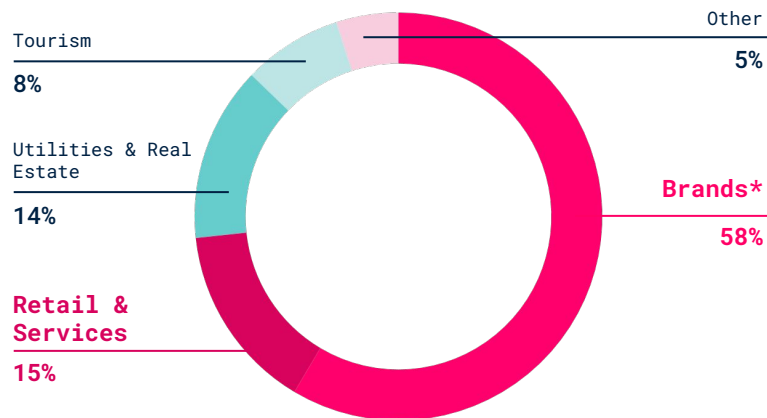
Brands*
58%

* *"Brands" include FMCG, Luxury, High-tech and Pharmaceuticals companies (excl.digital pure-players).*

Brands' model refoundation around consumer centrism:

∧ **Knowledge & direct access to the consumer through digital transformation**

∧ **Development of proprietary e-commerce channels**

Leverage long-lasting client relationships

Major growth opportunities for Artefact

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Targeted business strategy to unlock opportunities.

Test

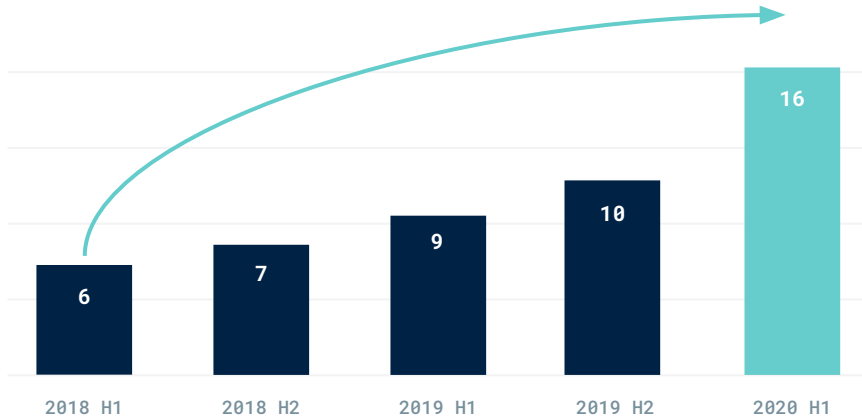Artefact helping new clients to expand their digital scope

Major H1 wins

Trust

Artefact a trusted advisor to leading Brands in their digital transformation

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Trust strategy:

fostering multi-million clients.

Multi-million clients GM (GM > €1m per annum)

2018 H1	2018 H2	2019 H1	2019 H2	2020 H1
6	7	9	10	16

Gross margin x2.7 vs. +20% for the Group

- 15 multi-million clients as of H1 2020
- 11 are historical clients of 2018
- Half of the GM in H1 2020

Growth drivers

End-to-end services, from strategy to execution

Cross sell across geographies, brand portfolio and departments

Long term relationship building

Up-and-coming multi-million clients: 35% of GM spurred by clients > 250k€

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Geographies.
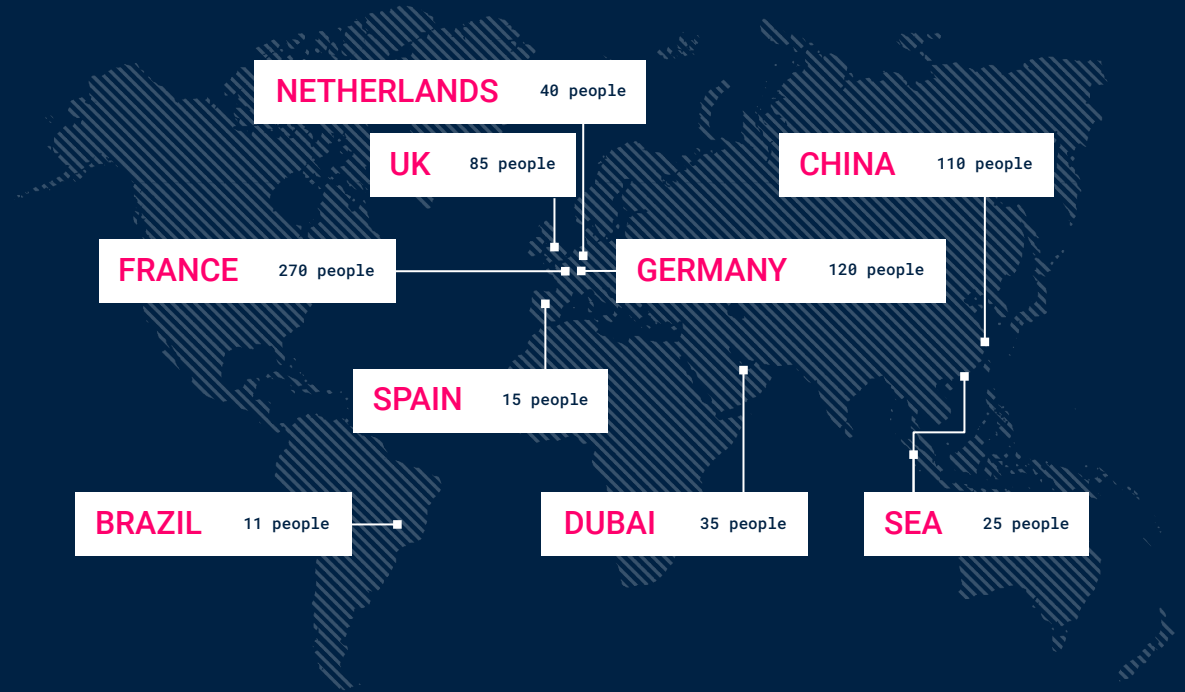
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We are global.

Focus on high growth & potential territories.

2

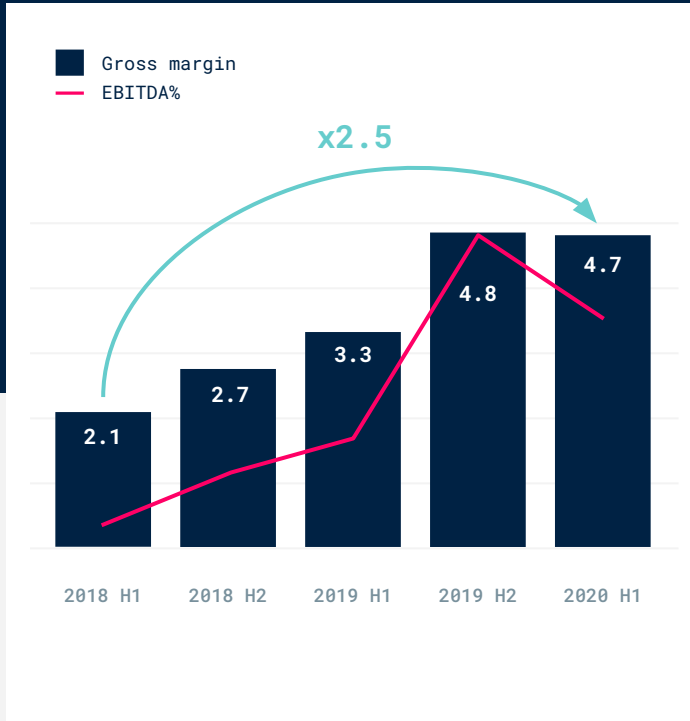main regions: EMEA & APAC

10

offices in main market

700+

employees

NETHERLANDS	40 people
UK	85 people
CHINA	110 people
FRANCE	270 people
GERMANY	120 people
SPAIN	15 people
BRAZIL	11 people
DUBAI	35 people
SEA	25 people

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Asia: Zoom in China.

A growth accelerator

Gross margin — EBITDA%

x2.5

2018 H1	2018 H2	2019 H1	2019 H2	2020 H1
2.1	2.7	3.3	4.8	4.7

Zoom on main **chinese** clients

Club Med · Pernod Ricard · LVMH · SANOFI · DANONE · Dior

Positive market outlook (4% GDP) growth in 2020

- ∧ Especially in Luxury, very dynamic despite the crisis
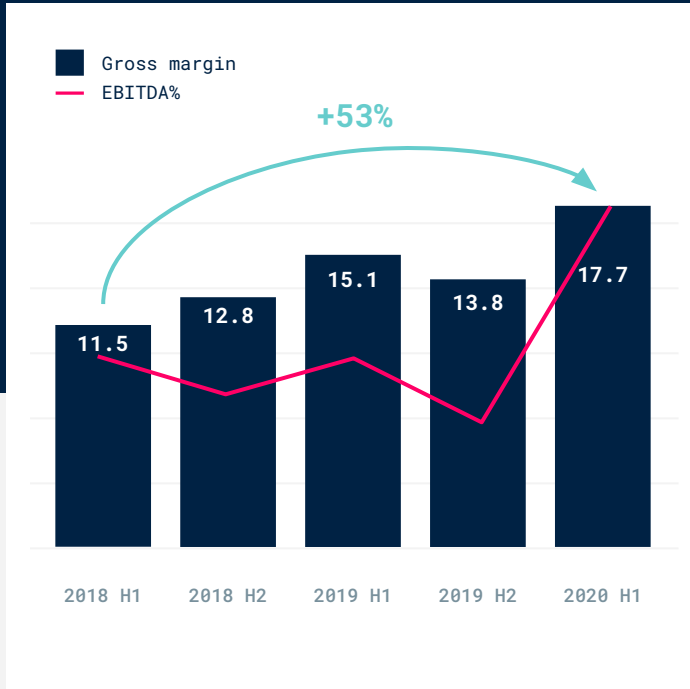- ∧ Huge traction in e-commerce (30% penetration)

Balanced portfolio of large client

Consumer centricity is core to brand focus

- ∧ Run race for 1st party data to understand chinese consumers
- ∧ First independent Data Service Company to be listed by Alibaba

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EMEA: Zoom in France.

A strong foothold

Gross margin
EBITDA%

+53%

11.5 — 2018 H1
12.8 — 2018 H2
15.1 — 2019 H1
13.8 — 2019 H2
17.7 — 2020 H1

Zoom on main **french** clients

CHANEL   SAMSUNG   L'ORÉAL
DANONE   SANOFI   orange

A leader on a market in which most of the world's popular brands are established (especially in luxury and FMCG arms).
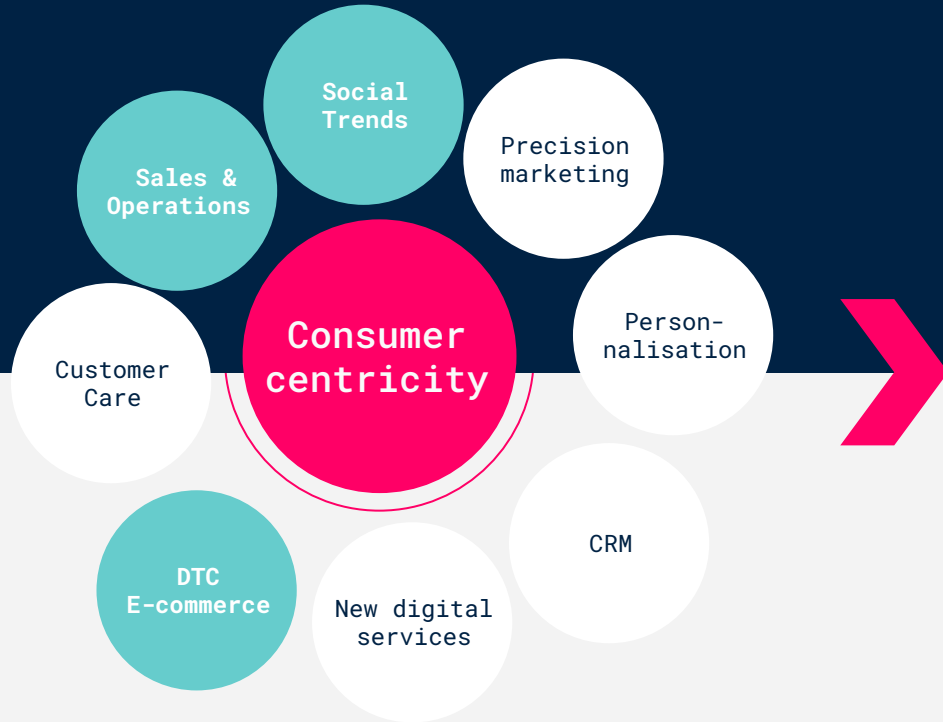
18 of the CAC 40 companies are currently working with Artefact.

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Projects
(Business Offers).

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Brands graal is consumer-centricity.

Social Trends

Sales & Operations

Precision marketing

Consumer centricity

Customer Care

Person-nalisation
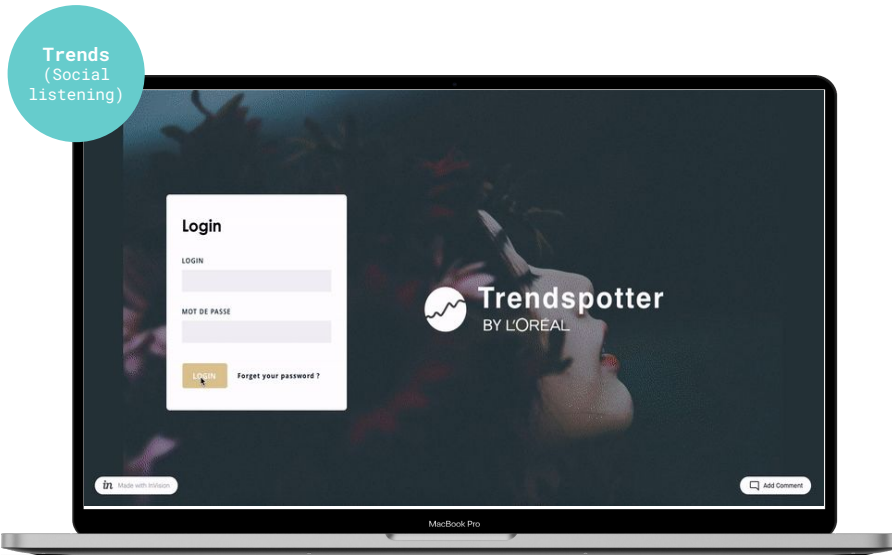
DTC E-commerce

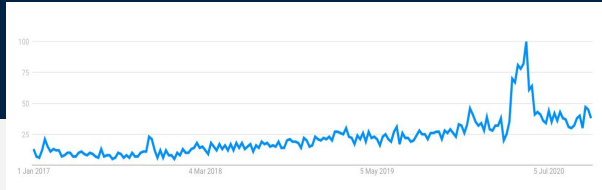New digital services

CRM

Systematic ingredients:

Digital

Data

AI

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TrendSpotter is designed to support L'Oréal teams in making earlier and more accurate decisions regarding product innovation.

Trends
(Social listening)

75% of trends detected before popularity spike

In average, trends were detected 14 months prior to popularity pikes.

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Amazon Performance: Groupe SEB case study.

Zoom on deliverables and results

DTC
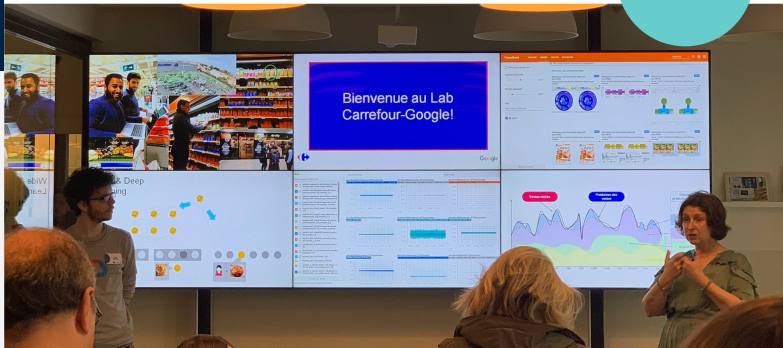(E-COMMERCE)

amazon

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AI LAB:

Go big and go fast to drive impact on business.

In April 2019, Carrefour and Google launched an AI Lab with the ambition to act as an "AI solutions factory" to tackle **use cases with high business value**.

OPERATIONS & Sales

Artefact has been selected to:

∧ Structure an effective and impactful model
∧ Develop use cases production with ambitious delivery timing
∧ Transmit knowledge and train Carrefour teams

Success

∧ 30 people in the Lab, Globa Scope, Multi divisions

∧ +100 use cases defined

∧ 10 Uses cases developed

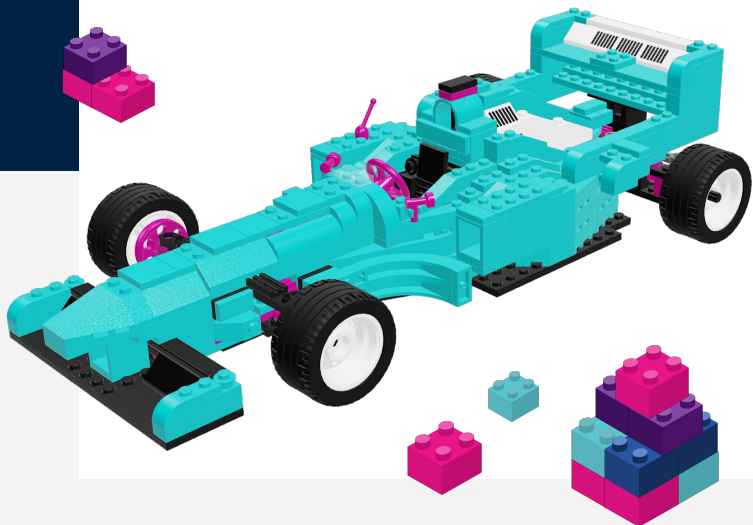∧ 3 use cases industrialized

∧ Break even reached after 12 months

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Technologies & Data.

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We build open AI applications on top of consistent data platforms:

Ai applications are like legos : we assemble critical part of software to customize the end result

Artefact main vision

Make vs. Buy

Open source

White box

Evolutive

Scalable with Cloud

Data based

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NAUTILUS:

A platform of AI enablers integrated with client legacy systems for fast scalability

NAUTILUS
BY ARTEFACT

Proprietary sets

Today: 30 AI enablers available

(Software Development Kit) based on packaged best-in-class open source technologies coming from existing libraries and automatized frameworks for industrialization
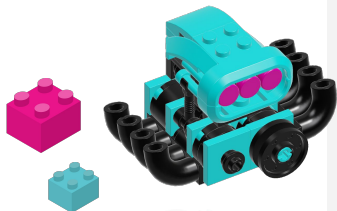
DESCRIPTIVE

NLP

Apply ML and DL methods to handle linguistic and language understanding tasks

VISION

Processing, analyzing and understanding images using ML and DL methods

PREDICTIVE

FORECASTING

Making predictions of the future based on past and present data and most commonly by analysis of trends

PRESCRIPTIVE

OPTIMISATION

Find the optimal solution to a clearly formulated and constrained problem and turn recommandation into actions

ENABLER

MLOPS / INDUSTRIALISATION

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AI FACTORY

Our vision: you need an AI Factory regrouping 4 assets to succeed in AI.

Business Challenges

∧ 94% of companies* with a turnover of €1+ billion have already launched AI projects...

∧ ...but only 8% of firms engage in the practices necessary for its adoption,

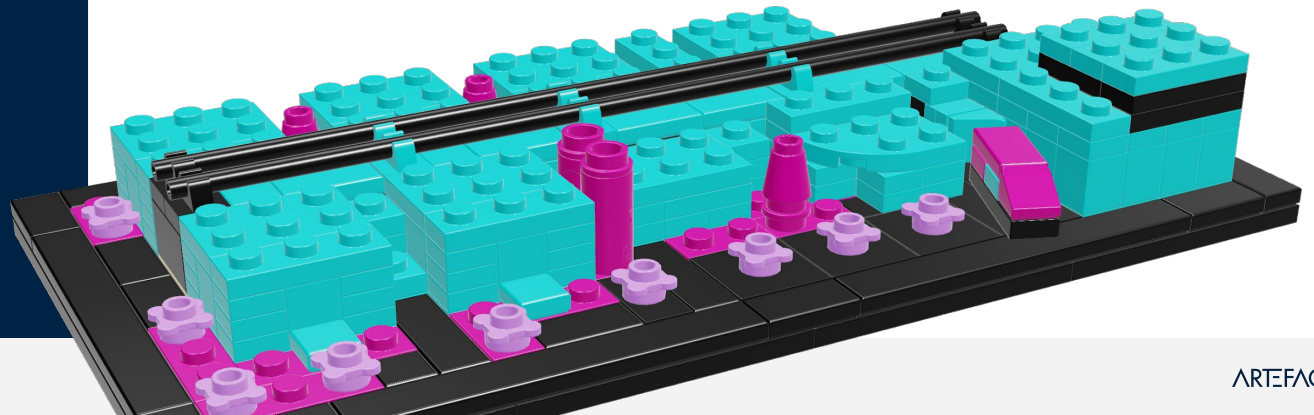∧ ...and 47% of executives find AI hard to integrate with existing processes and systems

Value Proven

∧ High-value AI use cases delivered in **12 weeks**

∧ **+40%** productivity thanks to AI based on our client cases
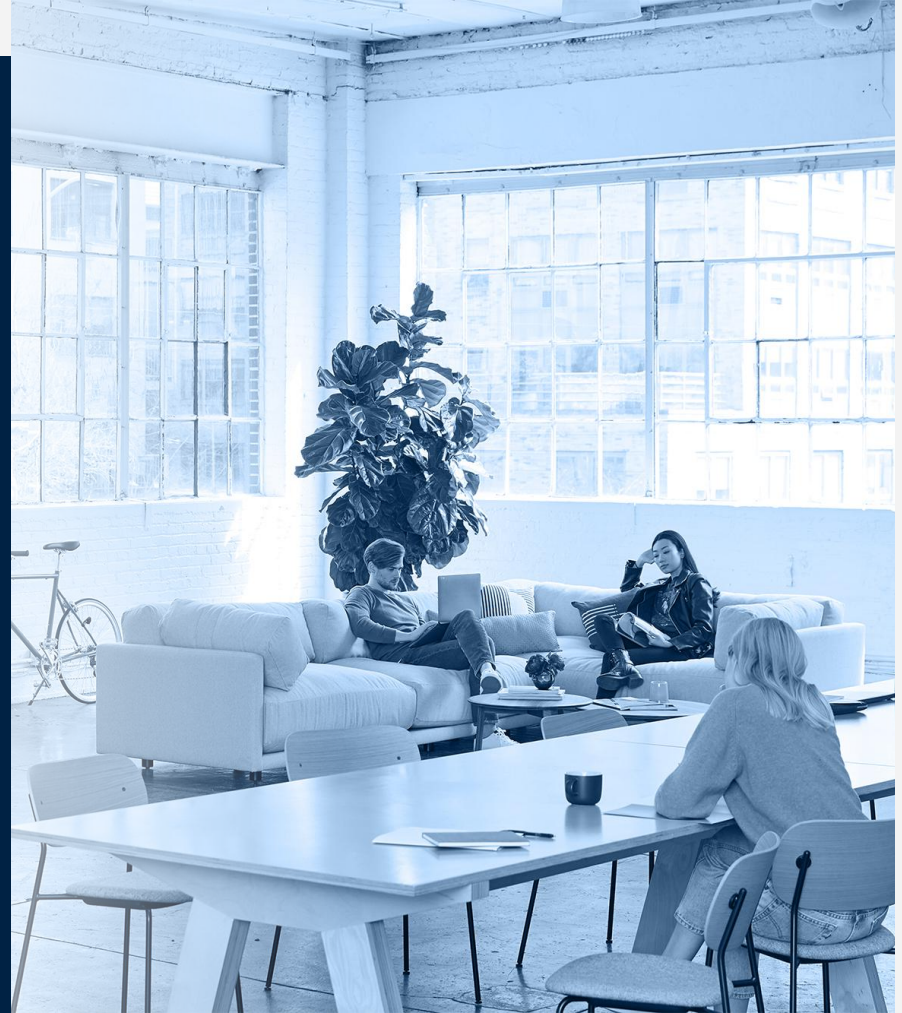
Organized and AI hyper skilled teams

State-of-the-art AI technologies

Lean AI to deliver continuous improvement & scalability

ARTEFACT

Talents & Culture.

ARTEFACT

We are Marketing Engineers working in hybrid teams:

Multidisciplinary Feature Teams.

+200
Business Consultants

+200
Data Scientists & Software Engineers

+300
Media Experts

Business Consultants
Digital native consultants specialised by industry sector and pre-packaged solutions. Accurate in their knowledge and expert in data consulting.

Data Scientists
80+ data scientists prepare and modelise data. They build, test and improve their AI algorithms.

Software Engineers
The largest team in Europe, with 60+ top-level engineers with machine Learning PhDs, dedicated to data technology and AI code development.

Digital Marketing Experts
Experts per channel with over 20 years of experience who help you design the best possible marketing strategies, audience planning and cross-channel campaigns.

Creatives
Award-winning creatives, capable of conceiving data-driven concepts extending from branding to performance.

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INNOVATION

We have a passion for creating new things

We live for projects that can impact the future.

We believe innovation can come from anyone, not just engineers.

We reach for the stars, but make the journey one step at a time.

ACTION

We would rather do than tell what to do

We have a problem-solving state of mind.

We act fast. We deliver fast.

We love scalability. It's our mental playground.

COLLABORATION

We believe in bringing talented people together

We would rather win as a team than as individual players.

We learn new things from each other every day.

We always speak the truth. It's the way we're made.

Artefact, a powerful brand to attract talents.

Selectivity:

1/20 candidates pass-through rate

107
hired in H1

5%
of rejected offers for another company

<20%
undesired churn rate

2/3
of out-of-school recruit issued from Tier 1 school

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Future.

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A turning point in the path to performance.

Strong assets - innovative solutions, a strong brand, diversified geographies and Tier1 clients - to accelerate

COVID-19 creating momentum for Brands to speed up their digital transformation and work with Artefact

>15%
FY20 EBITDAr target (vs >10%)

Growth acceleration expected in Q4

"
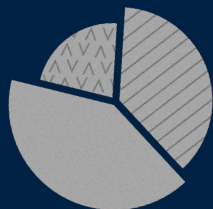For Artefact, the story is barely starting!

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Artefact share:

ISIN code	FR0000079683
Number of shares	34 157 700
Average volume (20 trading days)	125.4 K
Price (as of 21 Oct 2020)	€2.22
Performance YTD	64.4%
Market cap. (as of 21 Oct 2020)	76 M€

Share ownership as of 30 Jun 2020

Artefact founders & managers
23%

Institutional investors
31%

Float
46%

High
Oct 13 – €2.50

€1.35

€2.22

Low
Apr 3 – €0.61

Dec Jan Feb Mar Apr May Jun Jul Aug Sep

Volume

Closing price YTD

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