Half-Year Financial Report
as of December 31, 2018

claranova™

SUMMARY

In the Half-Year Financial Report, the term "Group" refers to Claranova and its subsidiaries, while the terms "Claranova" and the "Company" refer to Claranova as an entity.
The Half-Year Financial Report contains information about the Company's objectives and development strategy. Such information may be identified by the use of the future and conditional tenses and by forward-looking terms such as "consider", "envisage", "think", "target", "expect", "intend", "should", "aim", "estimate", "believe", "wish" and "may" or, in certain cases, the negative form of these terms, or similar expressions.
The reader's attention is drawn to the fact that these objectives and development strategy depend on circumstances and events which may or may not occur.
These objectives and development strategy are not historical data and should not be considered to give any assurance that the stated events and data will occur, the assumptions confirmed, or the objectives attained. By their nature, these objectives may not be achieved and the statements and information presented in the Registration Document may prove incorrect, without the Company being required in any way to provide an update, subject to applicable regulations and particularly the AMF General Regulations.
This Half-Year Financial Report contains information about the Company's business and the market and industry in which it operates. This information notably stems from studies conducted by internal and external sources (analysts' reports, specialized studies, sector publications, and any other information published by market research firms, companies and government agencies). The Company considers that this information presents a true and fair view of the market and industry in which it operates and accurately reflects its competitive position. However, while this information is considered reliable, it has not been independently verified by the Company.

This half-year marks a key moment in your Group's history, definitively recording its return to profitability. In reporting half-year revenue of €140 million, up 55%, Claranova combines growth with net income.
To achieve this excellent performance, 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 and finance.
Building on this expertise, we have currently designed and developed three highly innovative divisions, in three major technology fields: Internet, Mobile and IoT.
***PlanetArt in Mobile** has not only topped the US$100 million revenue mark in six months, its operating profitability is growing by nearly 7% and its prospects are strong for geographic expansion and new product ranges.*
*Similarly, **Avanquest in Internet** has doubled its revenue. As announced, work with the acquired businesses has enabled our Internet division to report an operating margin of 15% in just six months.*
*As for **myDevices in IoT**, the division continues its active development in the Internet of Things (IoT) ecosystem through strategic partnerships, the latest of which with none other than Microsoft. In this inescapable digital revolution, our IoT division should emerge in the coming years as a key player for IoT solutions.*
I would like to thank all the Group teams for their hard work, expertise and daily commitment, which have enabled us to report these exceptional results. I would also like to thank our shareholders, partners and customers for their confidence and loyalty, which push us to new heights.
Claranova is now firmly established in its different markets and has already identified significant growth levers that are just waiting to be activated. These levers allow your Group to target revenue of half-a-billion euros in less than five years, combined with operating profitability in excess of 10%.
The future is built today and we're proud to have you by our side as we build a European technology leader.

PIERRE CESARINI
CEO CLARANOVA

PIERRE CESARINI
Group Chief
Executive Officer

Upon joining Claranova in May 2013 as Group CEO, Pierre Cesarini's background as a serial entrepreneur and his solid experience in Internet and Digital businesses proved perfectly suited to the Company's entrepreneurial spirit and ambition. He began his career at Apple's Cupertino headquarters in California, where he worked for 10 years and played a key role in the development of the PowerMac. In 1998, he founded TempoSoft, a supplier of Intranet applications for human resources management and planning - a company purchased by Oracle in 2005. In 2007, Pierre Cesarini became CEO of Atego, a world leader in embedded software. He has also been a professor of management at the École des Mines ParisTech engineering school.

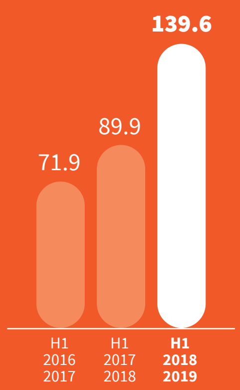
SÉBASTIEN MARTIN
Group Chief
Finance Officer

With 25 years' experience in fast-growing technology companies, Sebastien Martin has managed more than 30 business ventures, including start-ups, acquisitions and restructuring operations, achieved in very tight time frames.

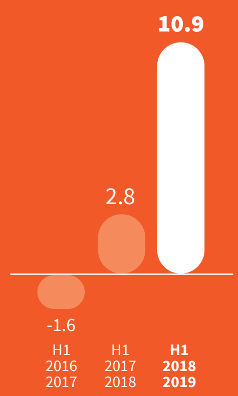
KEY FIGURES

(in € million)

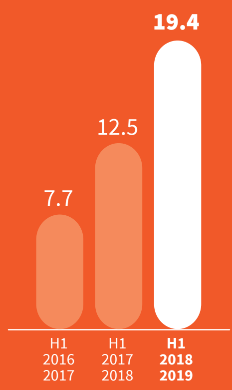
Semester revenue



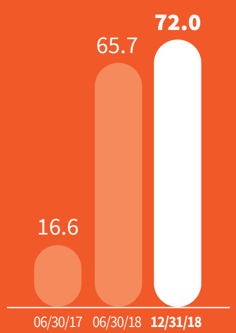
EBITDA*



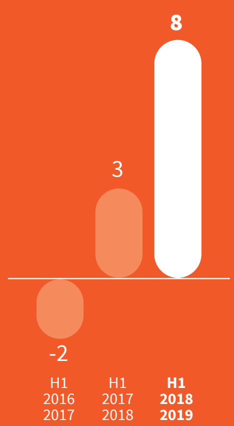
Cash flow from operations



Net Cash



Recurring Operating Margin
(% of revenue)



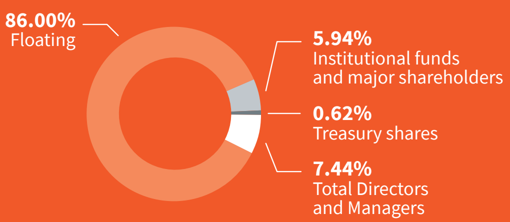
139.6

Semester revenue

93%

generated internationally

Shareholder base estimated as of December 31, 2018



* EBITDA : Earnings before deduction of interest, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortization and share-based payments, including related social security expenses

Claranova's DNA

Through its four specific areas of know-how and using its technological expertise, Claranova identifies high-potential markets, builds an innovative strategic vision and develops and implements tailored business models through flawless execution, to create sustainable long-term value.

Technology Expertise

- In depth understanding of all domains of technology
- Software, Internet, Mobile, Internet of things
- 30 years of worldwide experience

Strategic Vision

- Through this deep understanding, capacity to build a strategic vision
- Capacity to innovate in any technology domain
- New products, new services, new technologies

Innovative Biz Model

- From a new concept, find the "right" business model
- Capacity to address a wide range of models – B2B/B2C; Direct/Partners; Organic/Acquisition, etc.
- Which makes the most sense to create the most sustainable value in line with market/domain specificities

Strong Execution

- From an idea, capacity create a multi-100M size company
- Combining fast growth and profitability and strong potential
- Proven track records on 3 business sectors

Business review

Claranova is a French technology group operating in three major business sectors: mobile services through its PlanetArt division, Internet of Things (IoT) through its myDevices division and monetizing Internet traffic through its Avanquest division. A truly global Internet and mobile player, Claranova reported revenue of nearly €140 million in the first-half of 2018-2019, generated over 93% internationally.

AVANQUEST

Specialist in monetizing Internet traffic

It is Claranova group's mid-term ambition to make the Avanquest division a European player, with revenue of over €200 million and operating profitability of 15% to 20%. The division has successfully shifted its business model from online software distribution to monetizing Internet traffic. To accelerate its development and achieve critical revenue mass, the division launched an external growth strategy, leading to the acquisition on July 1, 2018 of the Adaware, SodaPDF and Upclick businesses. This group of Internet companies is a perfect fit with the concept of monetizing Internet traffic and focuses on three businesses:

- Internet security with the Adaware anti-virus and security solutions, known worldwide;
- Document management and PDF applications with Lulu Software, one of the world's leading players for PDF solutions with its SodaPDF products;
- e-commerce transaction management through Upclick, one of the most modern platforms in the world.

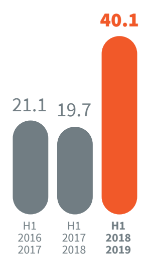
AVANQUEST SNAPSHOT

New business model focused on monetizing Internet traffic.

Grouping of Avanquest, Adaware, SodaPDF and Upclick offerings.

Growth momentum generating more revenue and profitability.

Semester revenue
(in € million)



PLANETART

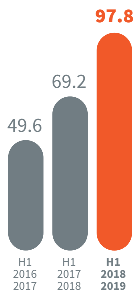
Global leader in digital printing on mobile devices

The PlanetArt division represents Claranova's vision in the digital printing sector, especially for printing photos on mobile devices. Claranova aims to make this division the global benchmark in this sector, while focusing on strong and profitable growth. PlanetArt offers customers innovative and affordable solutions to create personalized printing products using its website offerings (SimplytoImpress, Photo Affections, CanvasWorld) and mobile apps (FreePrints, FreePrints Photobooks and FreePrints Photo Tiles).

Boosted by these different apps, Claranova, though its PlanetArt division, is currently the leader in mobile printing solutions in the United States and Europe. The Group is now present in three continents and ten countries following its launch in India, the Netherlands and Belgium in the first-half of 2018-2019.

In the first six months of the year, the division reported revenue growth of 41%, topping the symbolic US$100 million revenue mark (€97.8 million).

Semester revenue
(in € million)



PLANETART SNAPSHOT

Strategic focus on strong, profitable growth.

High rate of business growth driven by targeted geographic coverage.

Strengthened profitability through the development of higher-margin products at low marketing cost.

MYDEVICES

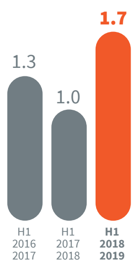
Global platform for IoT (Internet of Things) management

With its myDevices' division, Claranova aims to become the benchmark IoT software for SMEs. Building on a range of unique technologies brought together in its Cayenne platform, myDevices offers engineers, manufacturers, network operators and systems integrators, the simplest way to design, prototype and commercialize IoT solutions across a wide variety of verticals.

These qualities are recognized by leading international players, which have chosen to partner with myDevices to propose IoT products and solutions. The division therefore multiplied its commercial partnerships in recent months, to accelerate the distribution of its solution and expand its position in the IoT market in the United States and China:

- Dr.Peng (December 2017), the largest private operator and number four telecoms operator in China;
- Sprint (January 2018), the number four telecoms operator in the United States, with nearly 60 million customers(1);
- Alibaba Cloud (September 2018), the specialist cloud computing subsidiary of the Chinese Internet giant, Alibaba;
- Ingram Micro (September 2018), one of the world's largest distributors of IT products;
- Arm (October 2018), the manufacturer of microprocessors used by 70% of the world's population(2);
- Microsoft (February 2019): management of analytical data with Microsoft Azure and use of IoT in a Box solutions.

Semester revenue
(in € million)



MYDEVICES SNAPSHOT

Unique technology in the IoT ecosystem.

More than 600,000 developers for Cayenne, the standard in IoT development tools.

Aim to become a major player in the next technology revolution.

Constant strengthening of strategic and commercial partnerships.

(1) *Source : Sprint, « Sprint Quaterly Investor Update – Fiscal 3Q18 », décembre 2018, https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q3/03_Fiscal-3Q18-Sprint-Quarterly-Investor-Update-FINAL.pdf*
(2) *Source : Arm, « Company Highlights », https://www.arm.com/company*

SUMMARY

1 — Half-year activity report as of December 31, 2018

1.1 Selected financial information and other data for the first-half of 2018-2019

Consolidated data *(in € million)*	**H1 2018-2019 (6 months)**	**H1 2017-2018 (6 months)**
REVENUE	**139.6**	**89.9**
EBITDA[(1)]	**10.9**	**2.8**
Recurring operating income[(2)]	10.7	1.3
Operating income	6.6	0.2
Pre-tax net income and net income of companies accounted for using the equity method	4.2	0.2
Net income, Group share	1.6	(0.3)
Earnings per share (in €)	0.0	0.0
Equity, Group share	14.9	15.8
Borrowings and other financial liabilities	29.2	0.3
Available cash	72.0	43.5
Ratio net financial liabilities/equity (gearing ratio)	(2.9)	(2.7)
Cash flow from operations	19.4	12.5
Cash flow from investments	(10.9)	13.2
Cash flow from financing activities	(2.7)	1.7

(1) EBITDA : earnings before the deduction of interests, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortization and share-based payments, including related social security expenses.
(2) Of which an income related to share-based payments of €0.3 million during H1 2018-2019, compared to an expense of € (1.2) million during H1 2017-2018 (refer to Chapitre 2, §2.5, note 1 on cancellation of Free Shares).

Revenue breaks down by business as follows:

(in € million)	**H1 2018-2019 (6 months)**	**H1 2017-2018 (6 months)**	**Δ**
Avanquest	40.1	19.7	103%
PlanetArt	97.8	69.2	41%
myDevices	1.7	1.0	77%
REVENUE	**139.6**	**89.9**	**55%**

Group revenue increased significant in the first-half of 2018-2019, surging 55% to €139.6 million, including €18.2 million generated by the Adaware, SodaPDF and Upclick business purchased on July 1, 2018.

The vast majority of revenue, some 93%, is generated outside France. 50% of revenue is realized in the United States (primarily by the PlanetArt businesses, whose website and mobile app revenue is realized 90% and 41%, respectively, in this country) and 22% in the United Kingdom.

The Group's EBITDA also rose significantly to €10.9 million in the first-half of 2018-2019 (from €2.8 million in the first-half of 2017-2018), confirming the Group's return to profitability. This growth in Group EBITDA reflects the excellent performance of the PlanetArt division, driven by its strategy of expanding its geographic network and extending its product range, and of the Avanquest division, which benefited during the half-year from the acquisition of the Adaware, SodaPDF and Upclick businesses. The myDevices division entered a more controlled investment phase, enabling the development of new partnerships while improving EBITDA, which progressed €0.2 million in the first-half of 2018-2019 to -€1.9 million.

Recurring operating income (ROI) is €10.7 million, compared with €1.3 million in the first-half of 2017-2018. This improvement is mainly tied to the increase in EBITDA and a share-based payment impact of €0.3 million.

Operating income is €6.6 million, compared with €0.2 million in the first-half of 2017-2018. The difference is due to recurring operating income and operating income reflects acquisition costs of €3.6 million for the entities hosting the Adaware, SodaPDF and Upclick businesses and a provision for unoccupied premises for the French entities of €0.4 million.

The net financial expense for the period is €2.4 million, and mainly concerns the interest expense on the ORNANE bonds of €0.7 million, and an expense of €0.9 million linked to the acquisitions of the activities Adaware, SodaPDF and Upclick.

Net income Group share is €1.6 million, compared with a net loss of €0.3 million in the first-half of 2017-2018. The Group enjoys a return to profit this half-year. The impetus given to the various divisions continues to bear fruit, producing growth in both revenue and profitability.

An analysis of cash flow is presented in Section 1.4 of this half-year financial report.

FINANCIAL POSITION

(in € million)	12/31/2018	6/30/2018
Goodwill	64.7	-
Other non-current assets	7.2	1.3
Current assets (excl. cash)	25.8	13.4
Cash and cash equivalents	72.0	65.7
TOTAL ASSETS	**169.7**	**80.5**

(in € millions)	12/31/2018	6/30/2018
Equity	16.7	14.3
Non-current Financial debt	29.2	28.2
Other non-current liabilities	42.7	0.8
Current liabilities	81.0	37.2
TOTAL LIABILITIES	**169.7**	**80.5**

The Goodwill related to the acquisition of Adaware, SodaPDF and Upclick businesses is €64.7 million.

The Group has a solid financial position, with cash and cash equivalents of €72 million and debt of €29.2 million as of December 31, 2018.

The non-current assets include €4.4 million related to Adaware, SodaPDF and Upclick activities.

Current assets (excluding cash) mainly reflect the integration of the Adaware, SodaPDF and Upclick businesses for €5.6 million and the development of PlanetArt's activities for €2.7 million.

The variation in Non-current liabilities reflects the liabilities in relation with preferred shares linked to the acquisition of Adaware, SodaPdf and Upclick businesses for €41.2 million in respect of IFRS 32 and IFRS 9 standards.

The increase in current liabilities is mainly due to the substantial growth in the activities of the PlanetArt division, as well as their marked seasonal nature, with an activity peak in November and December (€21.7 million increase in trade payables). The impact of the Adaware, SodaPDF and Upclick businesses is €8.4 million linked to operation. As part of the acquisition of Adaware, SodaPDF and Upclick businesses, liabilities of €17.8 million has been recorded.

1.2 Economic data and financial performance

Activity in the first-half of 2018-2019

In the first-half of 2018-2019, the Group demonstrated the relevance of its strategic vision and its significant execution capacity, by presenting substantially improved operating results year-on-year. Revenue grew 55% to €140 million, accompanied by a significant surge in profitability, as EBITDA increased from €2.8 million, or 3.2% of revenue, to €10.9 million, or 7.8% of revenue. Claranova's incremental profitability for the half-year, equal to the increase in Current operating income as a percentage of the increase in revenue, is 19%.

Despite the impact of the acquisitions performed by the Avanquest division, Claranova's cash position is largely positive. As of December 31, 2018, it has available cash of €72 million and a cash surplus of €42.8 million, fed by cash flow from operating activities of €19.4 million.

Claranova therefore reports very positive figures for the half-year, validating the relevance of its approach and the business models implemented by its divisions.

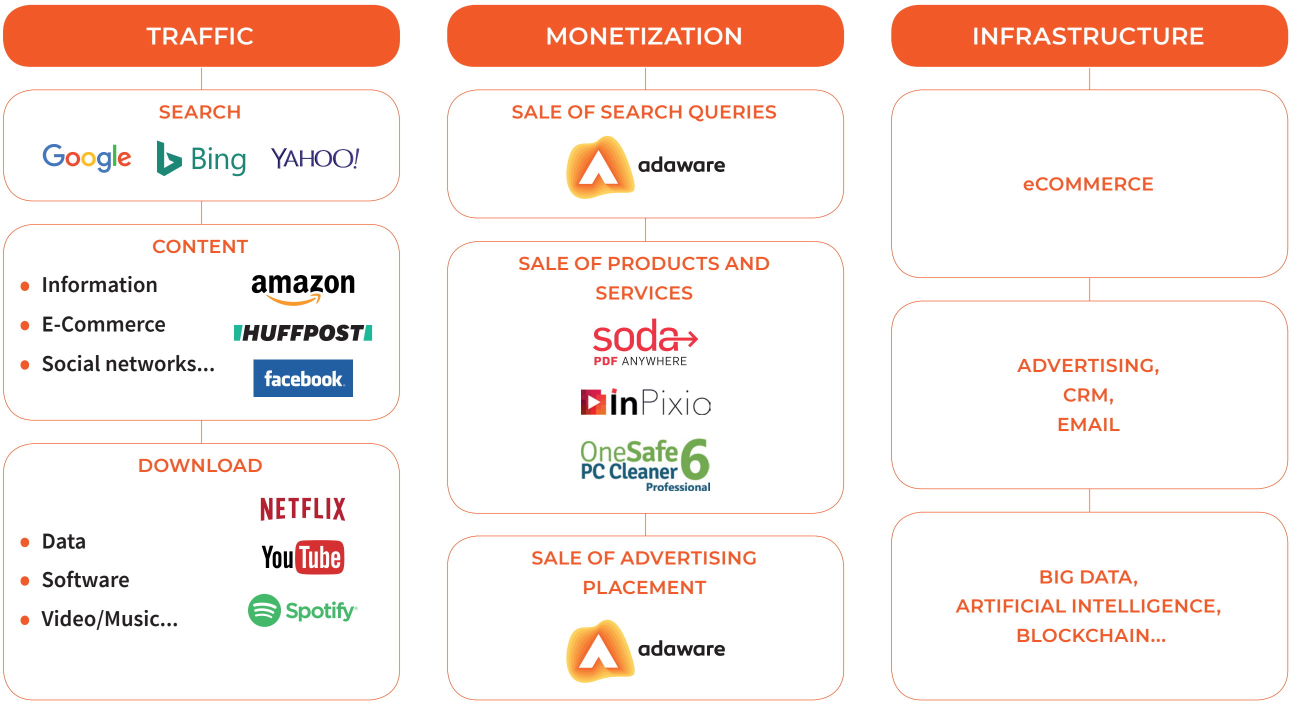
Avanquest®

Successful integration of the Adaware, SodaPDF and Upclick businesses

Bolstered by Avanquest's experience in software development and commercialization and, particularly, its teams' digital marketing experience, the division has shifted its business model from online software distribution to monetizing Internet traffic. This strategy is founded on the generation of the largest possible volume of visits, either organically via the division's websites (natural listing on search engines, content creation, download offer, emailing campaigns, etc.), or by paying partners (paid listing, affiliation, ad placements, etc.) and monetizing these visits in several ways:

- the sale of products, solutions and paid services developed internally or by third-parties;
- the sale of advertising space;
- the sale of Internet search queries;
- personalized and optimized emailing.

This strategy is being rolled-out using cutting-edge technological infrastructure, comprising the necessary e-commerce and CRM building blocks, as well as new technologies tied to Big Data, artificial intelligence and blockchain, in order to maximize the monetization of traffic generated by the division.



The quoted trademarks, logos and product names are the exclusive intellectual property of Claranova's partners or third parties. Claranova's partners retain full and complete title to all their intellectual property rights.

The Group aims to make Avanquest the leading European player in the monetization of Internet traffic. To accelerate its shift towards this new business model and achieve critical revenue mass, the division launched an external growth strategy, leading to the acquisition on July 1, 2018 of the Adaware, SodaPDF and Upclick businesses. This group of Internet companies, developed around the concept of monetizing Internet traffic, focuses on three businesses:

- Internet security with the Adaware anti-virus and security solutions, known worldwide;
- Document management and PDF apps with Lulu Software, one of the world's leading players for PDF solutions with its SODA PDF products;
- E-commerce transaction management through Upclick, one of the most modern platforms in the world.

Avanquest and these companies have been working together for several years and their teams have strong shared experience in digital marketing and monetizing Internet traffic. This transaction brings together knowhow and existing offers from both groups: Avanquest through its software, e-mail and website product catalog, combined with solutions in the field of security services (Adaware), PDF tools (Lulu) and e-commerce (Upclick platform).

The combination of Adaware, SodaPDF and Upclick offerings also makes it possible to consolidate traffic generated by the division, which now receives 17 million unique visitors, more than 32 million downloads and 73 million queries each month.

This series of acquisitions is therefore the first step in the realization of the Claranova Group's mid-term ambition, to make Avanquest a European player with revenue in excess of €200 million and profitability of 15% to 20%.

First-half 2018-2019 results confirm these ambitions. 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 revenue and profitability.

Division revenue therefore increased 103% from €19.7 million to €40.1 million in the first-half of 2018-2019. Avanquest's traditional business also enjoyed a return to double-digit growth at constant scope, increasing 11% 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 €6.1 million for the first-half of 2018-2019, including €4.8 million generated by the Adaware, SodaPDF and Upclick businesses. At constant scope, EBITDA would still have grown 39% to €1.7 million.

	Semester ended		
(in € million)	12/31/2018	12/31/2017	Var.
Revenue	40.1	19.7	103%
EBITDA *	**6.1**	**1.2**	**415%**
% of revenue	*15%*	*6%*	*153%*

** EBITDA: earnings before the deduction of interests, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortization and share-based payments, including related social security expenses*

PlanetART®
YOUR WORLD. PERSONALIZED.

Strengthening its geographical network and product range

PlanetArt represents Claranova's vision in the digital printing sector, especially for printing photos on mobile devices. Claranova aims to make this division the global benchmark in this sector, while focusing on strong and profitable growth. PlanetArt offers customers innovative and affordable solutions to create personalized printing products using its website offerings (SimplytoImpress, Photo Affections, CanvasWorld) and mobile apps (FreePrints, FreePrints Photobooks and FreePrints Photo Tiles).

Through its three apps, PlanetArt has reinvented the photo printing experience, making it easier, faster and more accessible. The majority of today's photos are taken and stored on mobile devices (smartphones and tablets) and an increasing number of consumers and particularly "Millennials" (people born between the late 1980s and the late 2000s), wish to rediscover the pleasure of printed photos, lost with the rise of digital photography. According to a recent study published by Futuresource Consulting, 61% of Millennial consumers print photos stored on their devices.

After having struggled too many times with flash drives, photo stations and other websites of unreliable distributors, the PlanetArt teams decided to facilitate photo developing by creating FreePrints. This very simple and intuitive mobile app allows users to print photos directly from a smartphone or tablet for delivery direct to their door at a low cost. FreePrints offers a digital tool that can be used to select photos directly on a smartphone from the internal memory, preferred social networks (Facebook, Instagram, Flickr) or a cloud storage service (Dropbox, Google Drive, One Drive) and edit them as needed in a few seconds. After printing in a professional laboratory, the photos are mailed directly to the customer's address merely days after the order.

By satisfying the growing demand for printing photos stored on smartphones, tablets and social networks, FreePrints has been highly successful around the world since its launch. The app currently has 10 million customers, across ten countries and three continents. FreePrints now prints tens of millions of photos each month.

Following the global success of its first app, FreePrints, PlanetArt monetized its customer base with the launch of two further apps. FreePrints Photobooks (launched in early 2016) allows users to create photo albums from a smartphone, while with FreePrints Photo Tiles (launched in June 2018), customers can easily order photo tiles that can be stuck, unstuck and moved on walls as often as they want. These three product ranges share the same vision: offer the simplest and least expensive solution for ordering personalized items in a few clicks, direct from a smartphone. PlanetArt is continuing its expansion with the launch of new high-margin products that can be distributed at very low marketing cost to its existing vast customer base.

FreePrints

MORE THAN 31M DOWNLOADS SINCE 2014

+54.5%
DOWNLOADS IN 2018

FreePrints photobooks

MORE THAN 6.6M DOWNLOADS SINCE 2016

+20.3%
DOWNLOADS IN 2018

FreePrints PHOTO TILES

MORE THAN 1.2M DOWNLOADS SINCE THE LAUNCH IN SEPTEMBER 2018

Boosted by these different apps, Claranova, though its PlanetArt division, is currently the leader in mobile printing solutions in the United States and Europe, where the Group is now present in 10 countries following its launch in the Netherlands and Belgium in early 2019. Following the launch of FreePrints in India in September 2018, PlanetArt is the only player in the mobile printing market present on three continents, providing the division with a major growth driver. The Indian market offers strong growth potential, with over one-quarter of the country's 1.3 billion population smartphone users (source: emarketer). Despite very limited marketing investment, FreePrints has enjoyed a promising start, with already over 500,000 downloads since its launch at the end of September.

Since its launch, PlanetArt has shown continuous and profitable growth year after year, with revenue multiplied by four in three years (€122 million in fiscal year 2017-2018 versus €32.9 million in fiscal year 2014-2015). This growth should continue during the current fiscal year, with the division already reporting revenue growth of 41%, topping the symbolic US$100 million revenue mark (€97.8 million).

Division EBITDA improved significantly, in line with the strategic focus on strong, profitable growth. It increased from 5% to 6% of revenue in the first-half of 2018-2019, reaching €6.6 million, compared with €3.7 million for the first six months of 2017-2018. The improvement in PlanetArt's profitability profile confirms the viability of its business model.

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.

	Semester ended		
(in € million)	12/31/2018	12/31/2017	Var.
Revenue	97.8	69.2	41%
EBITDA *	**6.6**	**3.7**	**77%**
% of revenue	*7%*	*5%*	*25%*

* *EBITDA: earnings before the deduction of interests, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortization and share-based payments, including related social security expenses*

myDevices

Strengthening of strategic and commercial partnerships

After micro-computing, Internet and mobile, the Internet of Things (IoT) announces the next major technological revolution. All conditions (technological, regulatory, sociological) now appear united to lift the constraints on large-scale development of IoT. The strong reduction in sensor size and price, the increase in microchip capacities, the deployment of 5G and the popularization of uses should help accelerate adoption of this new technology, which promises to profoundly redefine all economic sectors. Irrespective of the market study considered, the number of sensors connected worldwide in the coming years is expected to reach tens of billions. IoT forecasts leave no room for doubt as to the potential for connected devices to transform the activities of companies and create new added-value services.

While popularized by general consumer use (smartphones, connected watches and wristbands and domestic automation, etc.), the full potential of IoT lies in industrial applications, primarily in the manufacturing, automobile, logistics and services sectors. The added-value provided by these application is considerable. Estimated at €400 billion in 2014, it should have multiplied five-fold by 2020 to reach between €1,800 billion and €2,200 billion (source: Oliver Wyman).

To capture this value, corporate investment in IoT products and services will need to increase by €250 billion by 2020, making IoT the number one technology expenditure line (source: BCG). €15 billion of this €250 billion investment will be spent on IoT platforms. These will have to offer connectivity management (connection of connected devices via various IoT networks), application management (for customized solutions) and data management (storage and analysis of collected data). In this fast growing market, there is no dominant player. Furthermore, according to BCG, of the 400 IoT platform suppliers in 2017, only 50 offered all three of these features, including Cayenne, developed by myDevices, Claranova's IoT division.

With its myDevices' division, Claranova aims to become the benchmark IoT software for SMEs. Building on a range of unique technologies brought together in its Cayenne platform, myDevices offers engineers, manufacturers, network operators and systems integrators, the simplest way to design, prototype and commercialize IoT solutions across a wide variety of verticals.

TECHNOLOGIES

Cayenne IoT Ready™
- 450 sensors
- 160 manufacturers
- 19 LoRa networks

myDevices
- AmazonWS IoT
- Google Cloud IoT
- Alibaba cloud
- Arm
- Microsoft Azure

Cayenne Development
- More than 600,000 IoT developers
- Used by leading groups, including EDF, E.ON, STMicro, Engie…

SOLUTIONS

IoT in a Box™

DISTRIBUTION

Sprint
Alibaba.com
INGRAM MICRO
DR.PENG
Microsoft

The quoted trademarks, logos and product names are the exclusive intellectual property of Claranova's partners or third parties. Claranova's partners retain full and complete title to all their intellectual property rights.

To make it easier and faster to build IoT solutions, Cayenne technologies allow all connected objects to be recognized, whatever their sensors, their communication networks (Wi-Fi, Bluetooth, Sigfox, LoRa, etc.) and device types (smartphones, computers, tablets, domestic appliances, thermostats, etc.). Once recognized, the devices can be managed by the platform and usage data can be collected, stored and analyzed. Thanks to myDevices, the user benefits from a unique platform, accessible via a web interface or mobile app, to manage all connected devices and create his/her own customized management solutions.

After only three years in activity, Cayenne technology brings together the largest community of IoT developers in the world. Adoption is driven by the ease with which the Cayenne platform is used. It includes one of the most extensive known catalogs of IoT sensors, comprising over 450 connected devices from more than 160 manufacturers around the globe.

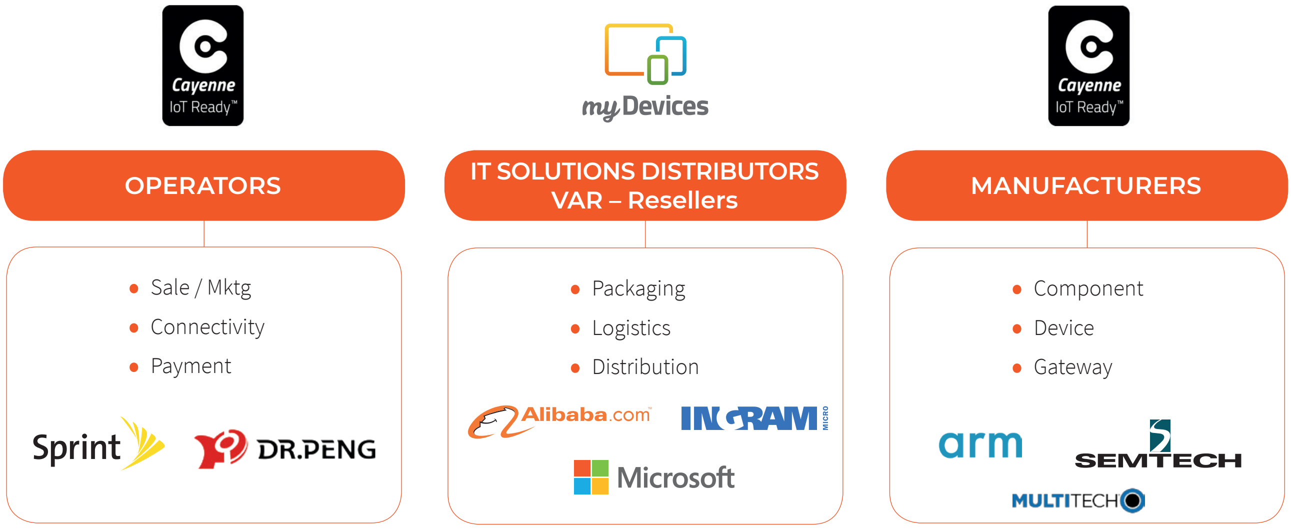
These qualities are recognized by leading international IoT players, which have chosen to partner with myDevices to propose IoT products and solutions. After a major investment phase in fiscal year 2017-2018, supported by the entry into the share capital of the US group Semtech Corporation (January 2017) and a major Chinese Telecoms & Media player (August 2017), myDevices focused its efforts on monetization in 2018, with the launch of its “IoT in a Box™” turnkey solutions for SMEs, mainly using the distribution networks of commercial partners.

The division therefore multiplied its commercial partnerships in recent months, to accelerate the distribution of its solution and expand its position in the IoT market in the United States and China:

- Dr.Peng (December 2017), the largest private operator and number four telecoms operator in China:
- Sprint (January 2018), the number four telecoms operator in the United States, with nearly 60 million customers[1];
- Alibaba Cloud (September 2018), the specialist cloud computing subsidiary of the Chinese Internet giant, Alibaba;
- Ingram Micro (September 2018), one of the world’s largest distributors of IT products;
- Arm (October 2018), the manufacturer of microprocessors used by 70% of the world’s population[2];
- Microsoft (February 2019): management of data on Microsoft Azure platform.

Day-after-day, these distinguished partnerships strengthen myDevices’ position in the IoT ecosystem, making Cayenne technology a benchmark management solution for connected devices. The division’s monetization strategy, implemented in recent months, also enabled it to report revenue growth. This was driven notably by the launch with Sprint of its “Sprint IoT factory” marketplace in May 2018. This commercial partnership generated revenue of US$1 million between July and December 2018, with total division revenue up 77% period-on-period. This encouraging growth should be boosted in coming semesters by the ramp-up of multiple commercial and strategic partnerships signed by the division.

The monetization business model for the “IoT in a Box™” offerings is based on the sharing of sales revenue between the commercial partners (Sprint, Alibaba Cloud, Ingram Micro, Dr.Peng), and myDevices, encompassing connected devices (temperature sensors, motion sensors, etc.), connectivity (LoRa and/or LTE) and a configuration application (desktop or mobile) based on myDevices technology.



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(in € million)	Semester ended 12/31/2018	12/31/2017	Var.
Revenue	1.7	1.0	77%
EBITDA *	**(1.9)**	**(2.1)**	**10%**
% of revenue	*(108%)*	*(213%)*	*(49%)*

* *EBITDA: earnings before the deduction of interests, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortization and share-based payments, including related social security expenses*

(1) Source: Sprint, “Sprint Quarterly Investor Update – Fiscal 3Q18”, December 2018, https://s21.q4cdn.com/487940486/files/doc_financials/quarterly/2018/Q3/03_Fiscal-3Q18-Sprint-Quarterly-Investor-Update-FINAL.pdf
(2) Source: Arm, “Company Highlights”, https://www.arm.com/company

1.3 Major events impacting business

Acquisition of the Adaware, SodaPDF and Upclick businesses

On July 1, 2018, in line with its strategy and following the lifting of all conditions precedent and the signature of the final agreement, the Group finalized the acquisition of the companies hosting the Adaware, SodaPDF and Upclick businesses. The shares of these companies are held by Avanquest Canada Inc. and their businesses are included in the Avanquest division. The entities are fully consolidated.

These activities generated revenue of €18.2 million in the first-half of 2018-2019 and operating profit (EBITDA) of €4.8 million. The integration of Adaware, SodaPDF and Upclick enabled the division to double in size and significantly improved its profitability profile, through the synergies realized between these different entities, with which Avanquest has already worked for several years.

This scale-up allows the Group to confirm its ambition of making this division a European leader in monetizing Internet traffic, with a mid-term revenue objective of €200 million and profitability of 15% to 20%.

New myDevices partnerships

On September 11, 2018, myDevices announced the availability of turnkey Internet of Things (IoT) solutions, in partnership with the IoT division of Alibaba Cloud, the cloud computing arm of Alibaba Group. myDevices will market and sell “IoT in a Box™” solutions in China through Alibaba Cloud’s existing reseller distribution network. These remote monitoring solutions protect important assets for small businesses and large enterprise customers across a wide variety of industries and particularly commercial refrigeration and facility management vertical markets.

On September 12, 2018, Sprint, Ingram Micro, and myDevices announced a collaboration to provide turnkey IoT solutions for a broad range of organizations. Ingram Micro’s North American resellers can now offer their healthcare, hospitality, food service, retail, education and government customers remote monitoring solutions for temperature/humidity monitoring and facility management.

On October 15, 2018, myDevices partnered with Arm. This partnership allows myDevices’ “IoT in a Box™” technology to be combined with the Arm® Pelion™ IoT platform and will accelerate the creation of turnkey IoT solutions by simplifying device onboarding and increasing the number of sensors, gateways, and solutions integrated with the Arm® Pelion™ platform.

These new partnerships confirm the Group’s desire to strengthen myDevices’ position in the IoT ecosystem.

Launch of FreePrints in India

In September 2018, Claranova announced the launch of its FreePrints app in India. Its PlanetArt division is now operating in the world’s second largest smartphone market ahead of the United States. The PlanetArt business is hosted in India by the subsidiary FreePrints India Private Ltd, created for this purpose in April 2018. The Indian market offers strong growth potential, backed by a booming economy and a population of over 1.3 billion, one-quarter of whom are smartphone users according to eMarketer.

FreePrints has enjoyed a promising start in this country. Downloads already exceed 500,000 since its launch at the end of September, despite only limited marketing investment. As it has in other countries, PlanetArt will roll-out its FreePrints offering by tailoring its business model to India and the Indian consumer, while preserving the keys to its success: ease of use and accessibility of the FreePrints app, enabling users to print photos straight from their smartphones and tablets.

This start-up phase did not have a material impact on the financial statements for the half-year ended December 31, 2018.

The latest country launch reflects the Group’s strategy to make the FreePrints app a global offering.

Launch of FreePrints Photo Tiles

The PlanetArt division strengthened its offering with the September 2018 launch of its

FreePrints Photo Tiles app in the United States, the United Kingdom, France, Italy and Ireland. Initial figures are good for this new app, with 1.2 million downloads since September. The app allows customers to easily order photo tiles that can be stuck to walls, unstuck and moved as often as they want without damage and fits perfectly with the division’s traditional apps, FreePrints and FreePrints Photobooks. In this way, Claranova Group plans to expand its offering for its extensive customer base.

1.4 Debt and cash

1.4.1 Cash flow sources and amounts

(in € million)	12/31/2018	12/31/2017
Cash flow position	9.6	1.6
Cash flow from operations	**19.4**	**12.5**
Net cash flow related to investment	**(10.9)**	**13.2**
Net cash flow related to financing	**(2.7)**	**1.7**
Changes in cash position	5.8	27.4
Opening cash position	***65.7***	***16.6***
Impact from variation in exchange rates on cash and cash equivalents	0.5	(0.5)
Closing cash position	**72.0**	**43.4**

Net cash and cash equivalents total €72 million, compared with €65.7 million as of June 30, 2018.

Cash flows reflect the stability of the Group's financial position, with a €5.8 million increase in cash and cash equivalents excluding exchange rate impacts, despite the cash outflows relating to the acquisition of the Adaware, SodaPDF and Upclick businesses.

Cash flows from operating activities are up significantly to €19.4 million, offsetting cash flows used in investing activities, which reflect the acquisition of the new Avanquest businesses for a net amount paid of €9.2 million (see Chapter 2, Note 4).

Cash flows used in financing activities include the buyback of own shares for €1.9 million (see Chapter 2, Note 4).

1.4.2 Borrowing conditions and financing structure

(in € million)	12/31/2018	06/30/2018
Bank debt	0.3	0.1
Bonds ORNANE	28.0	27.8
Other financial liabilities	0.1	0.3
Accrued Interest	0.8	-
TOTAL FINANCIAL LIABILITIES	**29.2**	**28.2**
Available unsecured cash flow	72.0	65.7
NET DEBT	**(42.8)**	**(37.5)**

Net debt is €29.2 million, compared with €28.2 million at the end of June 2018, due to accrued interest on the ORNANE bonds (Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares).

1.5 Trends and objectives

Main trends affecting the Group's business since the end of the last fiscal year

Claranova validated the first phase in its consolidation strategy for the Avanquest division, with the successful integration of the Adaware, SodaPDF and Upclick businesses. This enabled the division to double in size and significantly improve its growth profile and profitability. The division's traditional business also returned to double-digit growth in the first six months of the fiscal year, reflecting the successful adoption by the division of new business models. These capitalize on expertise present internally and particularly considerable expertise in digital marketing and the monetization of Internet traffic. With the ramp-up of Avanquest, the Group confirms its ambition to make this division a European leader in monetizing Internet traffic.

While the Group continued to invest in acquiring new customers in PlanetArt's traditional markets (the United States, the United Kingdom, France, Germany, Italy, Spain and Ireland), it successfully pursued its global geographic expansion strategy with launches in three new countries in less than six months (India, the Netherlands and Belgium). The FreePrints apps are now available in ten countries across the world, enabling PlanetArt to consolidate its position as the global leader in mobile printing and the only player present on three continents.

The Group continued to enhance 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 Cayenne 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 with its “IoT in a Box™” offering.

Trends identified for the current fiscal year, forecasts and outlook

Boosted by the results obtained during the first-half of 2018-2019, the Group plans to pursue its strategy built around its three divisions, PlanetArt, myDevices and Avanquest, over the next six months and the coming years.

Avanquest is now perfectly placed to continue its consolidation strategy aimed at making this division the future European leader in monetizing Internet traffic. The successful integration of the recent Canadian acquisitions, the synergies realized and the return to organic growth by Avanquest’s traditional businesses, should help improve the division’s operating results in the coming semesters.

PlanetArt expects to confirm its excellent performance by maintaining marketing investment at a high level and continuing its strategy of geographical expansion and developing new ranges of high added-value products. Its successful launch in each of the countries targeted by PlanetArt in recent months confirms the potential of the FreePrints apps and their worldwide universal appeal. These results announce a promising future for all FreePrints solutions and allow the division to continue to expand into new markets.

The new partnerships signed during the first-half of 2018-2019 should enable myDevices to generate new revenue sources over the coming semesters, while strengthening its position in the IoT ecosystem. The recent partnership with the US group, Microsoft, will also help consolidate the value proposition of its myDevices solutions, by offering final users high added-value data analysis tools. Month after month, the signature of each new partnership confirms the positioning of the technologies developed by the myDevices division.

1.6 Main risks and uncertainties

The risks and uncertainties facing the Group have not significantly changed compared with those described in Chapter 4 of the Registration Document for the fiscal year ended June 30, 2018.

1.7 Principal transactions with related parties

The Supervisory Board meeting of July 6, 2018 authorized an amendment to Sébastien Martin’s employment contract concerning his duties as Chief Financial Officer of the Company.

The Supervisory Board meeting of September 28, 2018 authorized Claranova to hire the services of the company, Elendil, represented by its manager, Pierre Cesarini, the Chairman of the Board of Directors, in the framework of structuring consultancy allowing the realization of the Apollo project.

To support the Group’s evolution, Pierre Cesarini and Sebastien Martin, respectively Chairman of the Executive Board and member of the Executive Board when granting free shares on November 13, 2017, have decided, in agreement with the Supervisory Board of October 18, 2018, to waive the allocation of 18,185,000 free shares reserved for them. See note 1 § 2.5. In return, the Supervisory Board approved the payment of an exceptional bonus of €1.700 thousand for Pierre Cesarini and €430 thousand for Sébastien Martin in order to partially compensate the loss caused by this renunciation. The payment of this exceptional bonus was approved by the shareholders at the Joint General Meeting of December 13, 2018.

In addition, the Board of Directors’ meeting of December 24, 2018, using the delegation of authority granted by the Combined Shareholders’ Meeting of December 13, 2018, authorized the grant of a maximum of 3,936,138 Claranova share subscription warrants, conferring entitlement to 3,936,138 new ordinary shares, to members of the Supervisory Board, consultants and the management team. As of December 31, 2018, no share subscription warrants had been subscribed.

2 — Condensed Consolidated Half-Year Financial Statements as of December 31, 2018

Information is expressed in million of euros, unless otherwise stated.

2.1 Statement of comprehensive income

(in € million)	Notes	12/31/2018 (6 months)	12/31/2017 (6 months)
NET REVENUE	Note 6	**139.6**	**89.9**
Raw materials and purchases of goods		(39.4)	(29.9)
Other purchases and external expenses		(64.0)	(38.9)
Taxes, fees and similar payments		(0.1)	(0.1)
Employee expenses	Note 7	(17.8)	(15.0)
Depreciation, amortization and provisions (net of reversals)		(0.4)	(0.3)
Other recurring operating income and expenses		(7.1)	(4.4)
RECURRING OPERATING INCOME		**10.7**	**1.3**
Other operating income and expenses	Note 8	(4.2)	(1.1)
OPERATING INCOME		**6.6**	**0.2**
Net borrowing costs	Note 10	(0.7)	0.0
Other financial expenses	Notes 4 and 10	(2.2)	(0.2)
Other financial income	Note 10	0.5	0.2
FINANCIAL INCOME		**(2.4)**	**0.0**
Tax expense	Note 9	(2.7)	(0.8)
Share of profit or loss of associates		0.0	0.0
NET INCOME FROM CONTINUING OPERATIONS		**1.5**	**(0.6)**
NET INCOME FROM DISCONTINUED OPERATIONS		0.0	**0.0**
NET INCOME		**1.5**	**(0.6)**
Attributable to owners of the Company		1.6	(0.3)
Attributable to non-controlling interests		0.0	(0.3)
EARNINGS PER SHARE		0.0	0.0
Earnings per share, Group share (in €)		0.0	0.0
Earnings per share, Group share, after potential dilution (in €)		0.0	0.0
NET INCOME		**1.5**	**(0.6)**
Other items of comprehensive income		0.0	0.0
Translation adjustments on foreign operations		0.0	0.1
Translation adjustments on net investments in foreign operations		0.0	(0.1)
TOTAL OTHER COMPREHENSIVE INCOME		**0.0**	**0.1**
COMPREHENSIVE INCOME		**1.5**	**(0.5)**
Attributable to owners of the Company		1.6	(0.2)
Attributable to non-controlling interests		0.0	(0.4)

All comprehensive income may be reclassified subsequently to profit or loss, except actuarial gains and losses on post-employment obligations.

2.2 Statement of financial position

(in € million)	Notes	12/31/2018	06/30/2018
Goodwill	Note 11	64.7	0.0
Intangible assets	Note 12	2.5	0.5
Property, plant and equipment	Note 12	1.0	0.2
Financial assets		0.7	0.4
Equity interests in associates		0.0	0.0
Other non-current receivables	Note 14	2.0	0.2
Deferred tax assets		0.9	0.0
NON-CURRENT ASSETS		**71.9**	**1.3**
Work-in-progress		4.2	3.7
Trade receivables	Note 13	13.5	4.9
Current tax assets		1.1	1.0
Other current receivables	Note 14	7.1	3.8
Cash and cash equivalents	Note 15	72.0	65.7
CURRENT ASSETS		**97.8**	**79.1**
TOTAL ASSETS		**169.7**	**80.5**

(in € million)	Notes	12/31/2018	06/30/2018
Share capital		39.4	39.4
Share premium and consolidated reserves		(26.0)	(18.9)
Net income, Group share		**1.6**	**(7.9)**
EQUITY – SHARE OF EQUITY OWNERS OF THE PARENT COMPANY		**14.9**	**12.5**
Non-controlling interests		1.8	1.8
TOTAL EQUITY	Note 16	**16.7**	**14.3**
Non-current financial liabilities	Note 17	28.4	28.1
Deferred tax liabilities		0.1	0.0
Non-current provisions		0.4	0.1
Other non-current liabilities	Note 4	42.2	0.8
TOTAL NON CURRENT LIABILITIES		**71.1**	**29.0**
Current provisions		0.1	0.1
Current financial liabilities	Note 17	0.8	0.1
Trade payables	Note 18	48.6	23.7
Current tax liabilities	Note 9	3.6	1.7
Other current liabilities	Notes 4 and 19	28.6	11.6
CURRENT LIABILITIES		**81.9**	**37.2**
TOTAL LIABILITIES		**169.7**	**80.5**

2.3 Statement of cash flows

(in € million)	Notes	12/31/2018 (6 months)	12/31/2017 (6 months)
Operating activities			
Consolidated net income		1.5	(0.6)
Share of profit or loss of associates		0.0	0.0
Elimination of items with no impact on the cash position or not related to operations:			
• Net depreciation, amortization and provisions (excluding current provisions)		0.8	0.6
• Share-based payments (IFRS 2) and other restatements	Notes 1 and 4	3.5	0.9
• Net borrowing costs recognized		0.7	0.0
• Gains/(losses) on disposal [(1)]		0.0	0.0
• Tax expense (including deferred taxes) recognized	Note 9	2.7	0.8
• Other items with no cash impact [(4)]		0.4	(0.1)
Net cash from operating activities		***9.6***	***1.6***
Change in working capital requirements		11.6	10.9
Taxes paid		(1.8)	0.0
Net interest paid		0.1	0.0
Cash flow from operations		**19.4**	**12.5**
Investment activities			
Acquisitions of intangible assets	Note 12	(2.0)	0.0
Acquisitions of property, plant and equipment		(0.2)	(0.1)
Disposals of property, plant and equipment and intangible assets		0.0	0.0
Acquisitions of financial assets		0.0	0.0
Disposals of financial assets		0.0	0.0
Impact of changes in scope [(1)]		(8.7)	13.2
Net cash from (used in) investing activities		**(10.9)**	**13.2**
Financing activities			
Capital increase	Note 16	0.0	2.0
Dividends received from companies accounted for using the equity method		0.0	0.0
Share buyback		(1.9)	0.0
Proceeds from borrowings		(0.7)	0.0
Principal payments on borrowings		(0.1)	(0.3)
Net cash from (used in) financing activities		**(2.7)**	**1.7**
Net cash from discontinued operations		0.0	-
Net increase (decrease) in cash		***5.8***	***27.4***
Opening cash position [(2)]		65.7	16.6
Effects of exchange rate fluctuations on cash and cash equivalents		0.5	(0.5)
Closing cash position [(3)]		72.0	43.4

(1) Including free share waiver costs recorded in Equity for €(2.7) million and impact IAS32 linked to preferred shares in connection with acquisition for €2.9 million.
(2) See below for table presenting changes in scope.
(3) Cash and cash equivalents = €65.7 million. Bank account overdrafts = €0.01 million.
(4) Cash and cash equivalents = €72.0 million. Bank account overdrafts = €0.01 million.

The impact of changes in scope breaks down as follows:

	12/31/2018 (6 months)	12/31/2017 (6 months)
Net cash flow from the sale of Avanquest Publishing Ltd	0.2	0.1
Net cash flow from the entry of external investors in the capital of myDevices	0.0	3.4
Net cash flow from the entry of external investors in the capital of PlanetArt	0.4	9.7
Net cash flow from acquisitions of activiies from Adaware, SodaPDF and Upclick [1]	(9.2)	0.0
Impact of changes in scope, net of dividends paid to minority shareholders	**(8.7)**	**13.2**

(1) Corresponding to an investment of €10,1 million less the liquidity acquired for €0,9 million

2.4 Statement of changes in equity

(in € million)	Share Capital	Share premium	Translation reserves	Consolidated reserves	Net income	Group share	Non controlling interests	Total
AS OF JUNE 30, 2017	**37.5**	**120.6**	**(3.1)**	**(142.9)**	**(11.0)**	**1.2**	**0.1**	**1.3**
Actuarial gains and losses on post-employment obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Translation adjustments	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1
Other items of comprehensive income	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**0.1**	**0.0**	**0.1**
Income for the period	0.0	0.0	0.0	0.0	(0.3)	(0.3)	(0.3)	(0.6)
Comprehensive income	**0.0**	**0.0**	**0.1**	**0.0**	**(0.3)**	**(0.2)**	**(0.4)**	**(0.5)**
Treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share capital increase	1.8	0.2	0.0	0.0	0.0	2.0	0.0	2.0
Appropriation of retained earnings	0.0	0.0	0.0	(11.0)	11.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.9	0.0	0.9	0.0	0.9
Changes in scope	0.0	0.0	0.0	12.0	0.0	11.9	1.7	13.6
AS OF DECEMBER 31, 2017	**39.3**	**120.9**	**(3.0)**	**(141.1)**	**(0.3)**	**15.8**	**1.5**	**17.2**
Actuarial gains and losses on post-employment obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Translation adjustments	0.0	0.0	0.4	0.0	0.0	0.4	0.1	0.4
Other items of comprehensive income	**0.0**	**0.0**	**0.4**	**0.0**	**0.0**	**0.4**	**0.1**	**0.4**
Income for the period	0.0	0.0	0.0	0.0	(7.6)	(7.6)	0.1	(7.6)
Comprehensive income	**0.0**	**0.0**	**0.4**	**0.0**	**(7.6)**	**(7.3)**	**0.1**	**(7.2)**
Treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriation of retained earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	3.3	0.0	3.3	0.0	3.3
Changes in scope	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction between shareholders	0.0	0.0	0.0	0.7	0.0	0.7	0.2	1.0
Distribution de dividendes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AS OF JUNE 30, 2018	**39.4**	**120.9**	**(2.7)**	**(137.1)**	**(7.9)**	**12.5**	**1.8**	**14.3**
Actuarial gains and losses on post-employment obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Translation adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items of comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Income for the period	0.0	0.0	0.0	0.0	1.6	1.6	0.0	1.5
Comprehensive income	**0.0**	**0.0**	**0.0**	**0.0**	**1.6**	**1.6**	**0.0**	**1.6**
Treasury shares	0.0	0.0	0.0	(1.9)	0.0	(1.9)	0.0	(1.9)
Share capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriation of retained earnings	0.0	0.0	0.0	(7.9)	7.9	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	2.7	0.0	2.7	0.0	2.7
Changes in scope	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction between shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Difference Y-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AS OF DECEMBER 31, 2018	**39.4**	**120.9**	**(2.7)**	**(144.2)**	**1.6**	**14.9**	**1.8**	**16.7**

2.5 Notes to the condensed consolidated half-year financial statements

Note 1 Highlights of the period

The highlights of the period impacting the Group's business and that of its subsidiaries are described in Section 1.2 of this Half-Year Report. Other highlights include:

Cancellation of free shares

On November 13, 2017, pursuant to the delegation of authority granted by the General Shareholder's Meeting of June 7, 2017, Claranova SA announced the grant of free shares to certain employees and corporate officers of the Company and its subsidiaries. A total of 18,760,000 shares were granted. The vesting of these shares was subject to performance conditions and, following vesting, they were to be held for a period of one year.

The free share plan resulted in the recording of an IFRS 2 expense of €4.1 million in the consolidated financial statements for the year ended June 30, 2018 and social security contributions of €3.0 million, both without cash impact as of June 30, 2018.

To accompany the Group's future, Pierre Cesarini, Chairman of the Management Board and Sébastien Martin, member of the Management Board, at the time of the grant, decided with the agreement of the Supervisory Board of October 18, 2018, to waive the grant of the 18,185,000 free shares reserved for them.

This decision sought to reduce the accounting impact of these grants on Claranova's financial performance. These grants would have led to the recognition of employer social security contributions estimated at €4.9 million, automatically reducing Claranova's operating profitability, without any link to the development of its activities.

The Group's cash position could more than cover this transaction without worsening its financial position, however management considered this amount could be better used to push forward the Group's growth.

This free share plan and the cancellation of 18,185,000 shares by their beneficiaries are reflected in the consolidated financial statements for the half-year ended December 31, 2018 by an IFRS 2 expense of €2.6 million (pursuant to IFRS 2, the cancellation of free shares leads to the immediate recognition of the IFRS 2 expense that would have been spread over future periods in accordance with the plan terms) and the reversal of social security contributions of €2.9 million, representing net income of €0.3 million. As previously, the IFRS expense has no impact on cash.

In return, the Supervisory Board approved the payment of an exceptional bonus of €1,700 thousand to Pierre Cesarini and €430 thousand to Sébastien Martin, as partial compensation for the loss resulting from this waiver. Payment of these exceptional bonuses was approved by the Combined Shareholders' Meeting of December 13, 2018. The exceptional bonuses are recognized as an acquisition of equity instruments under IFRS and are therefore recorded in Equity in the amount of €2.7 million after social security contributions.

Share buyback

Pursuant to the Management Board's decision of June 28, 2018, Claranova signed an agreement with an investment services provider for the purchase of the Company's shares.

Under the terms of this agreement, the service provider may purchase a maximum of 7 million shares at a maximum unit price of €1, at the dates it considers appropriate and in accordance with applicable regulations, throughout the term of the share buyback program. The program cannot exceed €5 million overall.

The Company reserves the right to interrupt implementation of the share buyback program at any time.

As of December 31, 2018, the Company had bought back 2,226,460 shares for €1.9 million.

Change in management and governance structure

In order to simplify its functioning, the Company's governance method was changed back to a Board of Directors governance structure, governed notably by the provisions of Articles L. 225-17 to L. 225-56 of the French Commercial Code, from a governance structure comprising a Management Board and a Supervisory Board. The Combined Shareholders' Meeting of December 13, 2018 approved this change.

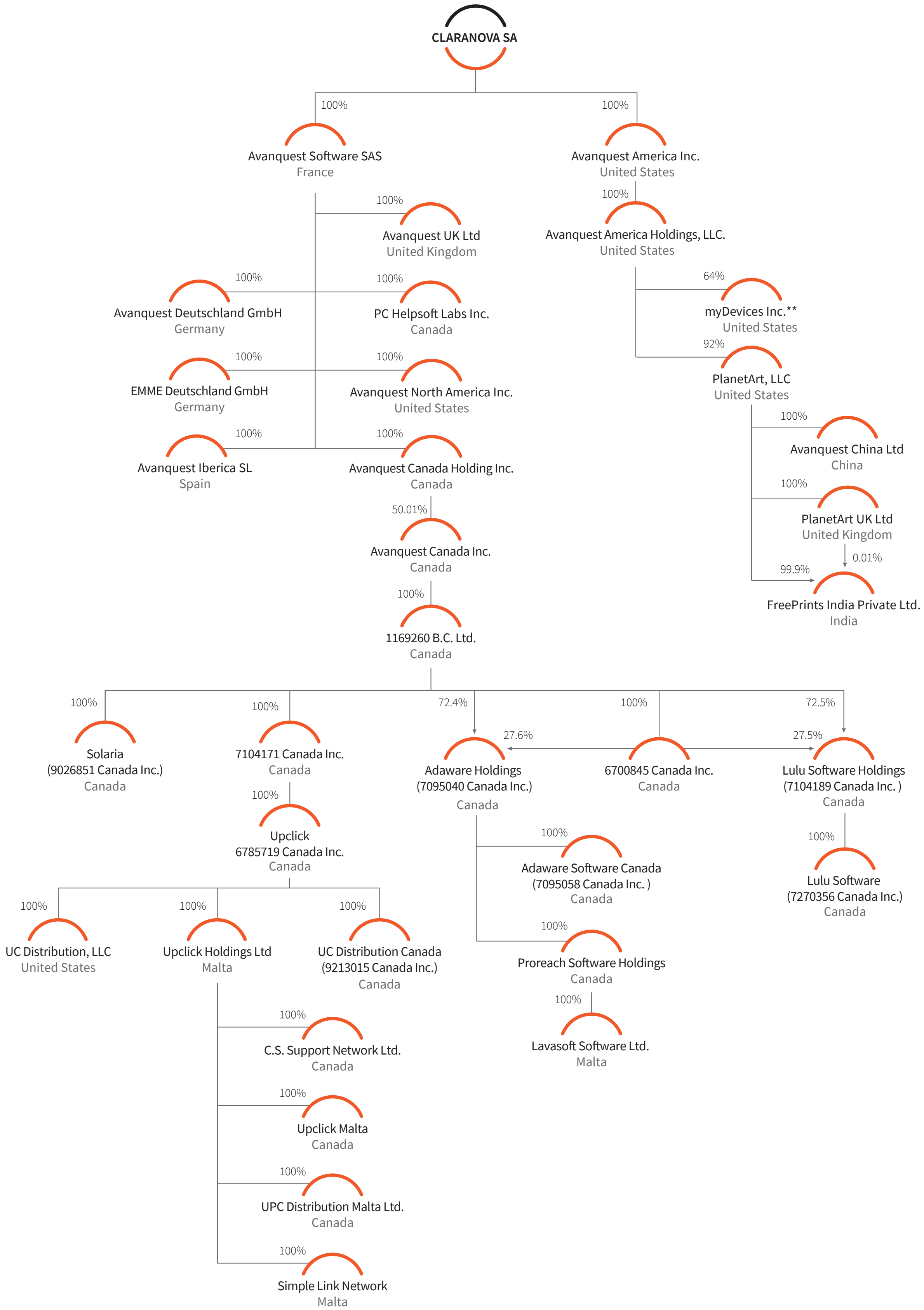
Note 2 Scope of consolidation

Companies	Country	% control	% interest	Consolidation method
Claranova SA 89/91, boulevard National 92257 La Garenne-Colombes Cedex N° SIRET 329 764 625 00078	France			Parent company
Avanquest Software SAS 89/91, boulevard National 92257 La Garenne-Colombes Cedex N° SIRET 830 173 381 00013	France	100.00%	100.00%	Fully consolidated
Avanquest America Inc. 7031 Koll Center Parkway 150 Pleasanton, CA 94566	United States	100.00%	100.00%	Fully consolidated
Avanquest America Holding, LLC 23801 Calabasas Road, Suite 2005 Calabasas CA 91302-1547	United States	100.00%	100.00%	Fully consolidated
Avanquest North America Inc. 23801 Calabasas Road, Suite 2005 Calabasas CA 91302-1547	United States	100.00%	100.00%	Fully consolidated
Avanquest Deutschland GmbH Lochhamer Str. 9 82152 Planegg b. München	Germany	100.00%	100.00%	Fully consolidated
Avanquest Iberica SL Calle Peru 6, Edificios Twin Golf 28290 Las Matas, Madrid	Spain	100.00%	100.00%	Fully consolidated
EMME Deutschland GmbH Lochhamer Str. 9 82152 Planegg b. München	Germany	100.00%	100.00%	Fully consolidated
Avanquest UK Ltd International House, George Curl Way Southampton – Hampshire SO18 2RZ	United Kingdom	100.00%	100.00%	Fully consolidated
PC Helpsoft Labs Inc. 300 – 848 Courtney Street Victoria BC V8W 1C4	Canada	100.00%	100.00%	Fully consolidated
PlanetArt LLC 23801 Calabasas Road, Suite 2005 Calabasas CA 91302-1547	United States	92.19%	92.19%	Fully consolidated
PlanetArt Ltd Gateway House, Tollgate Tollgate, Chandler's Ford, Eastleigh Southampton – Hampshire SO53 3GT	United Kingdom	100.00%	92.19%	Fully consolidated
Avanquest China Room 1201-HuiTong Building 569# East Jin Ling Road Shanghai 200021	China	100.00%	92.19%	Fully consolidated
FreePrints India Private Ltd h-23A, Office No.204 S/F, Kamal Tower Near Sai Baba Mandir Laxmi Nagar, DELHI Esta Delhi DL 110092	India	100.00%	92.19%	Fully consolidated
myDevices Inc. 3900 W Alameda Ave Suite 1200 Burbank, CA 91505	United States	64.28%	64.28%	Fully consolidated

Companies	Country	% control	% interest	Consolidation method
Avanquest Canada Holding Inc. 1750–1055 West Georgia Street Vancouver, BC V6E 3P3	Canada	100.00%	100.00%	Fully consolidated

Companies	Country	% control	% interest	Consolidation method
Avanquest Canada Inc. 1750–1055 West Georgia Street Vancouver, BC V6E 3P3	Canada	50.01%	50.01%	Fully consolidated
1169260 B.C.Ltd # 2300-925 West Georgia Street Vancouver BC V6C 3L2	Canada	100.00%	50.01%	Fully consolidated
9026851 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
7104171 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
Upclick 6785719 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
Upclick Holding Ltd Malta (C 46064) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
UC Distribution Canada 9213015 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
C.S. Support Network Ltd (C 42815) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
Upclick Malta (C 42231) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
UPC Distribution Malta Ltd (C 69518) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
Simple Link Network Malta (C 81177) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
Adaware Holdings 7095040 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
Adaware Software Canada 7095058 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
Proreach Software Holdings (C 45983) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
Lavasoft Sofware Ltd Malta (C 45996) 48/4 Amery Street, Sliema, SLM 1701 Malta	Malta	100.00%	50.01%	Fully consolidated
6700845 Canada Inc. 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
Lulu Software Holding (7104189 Canada Inc.) 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated
Lulu Software (7270356 Canada Inc.) 7075 Place Robert-Joncas, Suite 142 Saint-Laurent, QC H4M 2Z2	Canada	100.00%	50.01%	Fully consolidated

The legal organization chart is as follow as of December 31, 2018:



As mentionned in note 4, the entities owned by Avanquest Canada Holding are consolidated on 100% base, in respect of the application of IAS 32 and IFRS 9 standards.

Note 3 Accounting principles, rules and methods

The Claranova Group condensed consolidated financial statements for the half-year ended December 31, 2018 include Claranova SA and its subsidiaries (referred to collectively as "the Group") and the Group's share of associates and jointly-controlled companies.

Claranova is a French company listed on Euronext Paris. Its registered office is located at 89/91, boulevard National – 92,250 La Garenne-Colombes.

The accounting principles used for the preparation of the consolidated financial statements are consistent with IFRS and their interpretations as adopted by the European Union on December 31, 2018 and available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R1126-20160101. Claranova's condensed consolidated financial statements for the half-year ended December 31, 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting.

These accounting policies are consistent with those used to prepare the annual consolidated financial statements for the year ended June 30, 2018, excluding the application of new standards and interpretations that are mandatory for periods beginning on or after July 1, 2018.

- IFRS 9, Financial Instruments, and related amendments, Prepayment Features with Negative Compensation:

On July 24, 2014, the IASB published a new standard on financial instruments to replace the majority of the existing IFRS provisions and particularly IAS 39. The new standard, adopted by the European Union, is applicable to fiscal years beginning on or after January 1, 2018.

- IFRS 15, Revenue from Contracts with Customers, and related amendments, Clarifications to IFRS 15

On May 28, 2014, the IASB published a new revenue recognition standard to replace the majority of existing IFRS provisions and particularly IAS 11 and IAS 18. The new standard, adopted by the European Union, is applicable to fiscal years beginning on or after January 1, 2018. As of December 31, 2018, this standard did not have a material impact on the Group;

- IFRIC 22, Foreign Currency Transactions and Advance Consideration;
- IFRS annual improvements, 2014-2016 cycle;
- Amendments resulting from the 2014-2016 AIP cycle:
  - Amendments to IAS 28, Exemption from applying the equity method,
  - Amendment to IFRS 1, Suspension of short-term exemptions for first-time adopters;
- Amendments to IFRS 2, Clarification and Measurement of Share-Based Payment Transactions.

These new standards did not have a material impact on the half-year consolidated financial statements, with the exception of IFRS 9 standard (see note 4).

The following new standards and interpretations are not of mandatory application as of July 1, 2018 and were not adopted in advance as of December 31, 2018.

- IFRS 16, Leases

On January 13, 2016, the IASB published a new standard on the recognition of leases. This standard will replace IAS 17 and its interpretations. It will result in most leases being recognized on the lessee's balance sheet in accordance with a single lessee accounting model, comprising a "right-of-use asset" and a "lease liability" (the distinction between operating and finance leases is eliminated for lessees). This new standard is applicable to fiscal years beginning on or after January 1, 2019. Work to analyze and measure the impact of this standard is under way, as well as the choice of options for first-time adoption;

- IFRIC 23, Uncertainty over Income Tax Treatments, applicable to fiscal years beginning on or after January 1, 2019;
- Annual improvements, 2015-2017 cycle;
- Amendment to IAS 19-b, Plan amendment, curtailment or settlement, applicable to fiscal years beginning on or after January 1, 2019.

The Group is currently analyzing the impact and practical consequences of applying these standards.

The Group's condensed consolidated financial statements for the half-year ended December 31, 2018, were drawn up under the responsibility of the Board of Directors on March 26, 2019.

Pursuant to IAS 34, only the major notes are presented below.

Note 4 Main judgments and estimates underlying the preparation of the half-year financial statements

The financial statements were prepared on a going concern basis.

In preparing the Group's financial statements, management uses judgments, estimates, and assumptions that have an impact on the amounts recognized in the financial statements as assets, liabilities, income and expenses.

The main assumptions and estimates impacting the half-year financial statements primarily concerned:

- the employee expense resulting from the application of IFRS 2 related in particular to the attribution of free (see note 1);
- goodwill for Adaware, SodaPDF, Upclick businesses. The takeover of this group of companies by Avanquest Software SAS, with control of 50.01% and the possibility of an increase to 100%, was completed based on a consideration of €27.2 million. An initial payment of €9.9 million was made on July 1, 2018. A second payment of €17.3 million (US$20 million) will be made through bank financing over five to six years, self-financed by the operating income of the target companies. This financing, whose modalities are in progress, will be set-up within the next 12 months following completion of the transaction and has resulted in an additional expense of €0.5 million as of December 31, 2018. An earn-out will be paid if the Avanquest division, including these new businesses, is sold or floated on the stock exchange for an amount exceeding US$ 135 million. This earn-out will be calculated in increments up to an amount of US$160 million. As part of this transaction, Preferred Shares were issued to the sellers by Avanquest Canada Inc. These Preferred Shares can confer entitlement to a share in

the Avanquest Software SAS share capital through the conversion of residual investments based on ratios tied to the attainment of performance conditions. As of December 31, 2018, the Company decided to recognize these Preferred Shares as liabilities in Avanquest Canada Inc. All the entities acquired through this transaction are fully consolidated. The purchase price allocation is still being analyzed and will be finalized as of June 30, 2019, as permitted by IFRS 3R. The Claranova Group balance sheet as of December 31, 2018 includes liabilities to the sellers, representing the Preferred Shares, of €41.2 million in Other non-current liabilities and €17.8 million in Other current liabilities, pursuant to IAS 32 and IFRS 9. Goodwill is €64.7 million. The income statement impact is a €3.8 million expense, including €0.4 million of fair value and €0.5 million of financial expense. This impact did not involve a cash outflow (pursuant to IFRS 2).

- the application of U.S. tax reforms and deferred tax in the United States. A review is currently being finalized by the U.S. teams and their advisors. The Group adopted a prudent position as of December 31, 2018 and has not recognized any deferred tax assets.
- accountable valuation and treatment of subscription vouchers for myDevices shares granted under an agreement with a trading partner.

Note 5 Operating segments

Pursuant to IFRS 8, Operating Segments, the information presented is based on internal reporting used by Group Management to assess the performance of the various sectors. The benchmark segment aggregate is EBITDA. This aggregate is calculated by allocating corporate expenses to the various operating segments.

The Group's three operating segments as of December 31, 2018 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 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, myDevices allows its partners to commercialize turnkey solutions ("IoT in a BoxTM") 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.

	Avanquest		PlanetArt		myDevices	
	Semester ended		Semester ended		Semester ended	
(in € million)	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Revenue	40.1	19.7	97.8	69.2	1.7	1.0
EBITDA *	**6.1**	**1.2**	**6.6**	**3.7**	**(1.9)**	**(2.1)**
% of revenue	*15%*	*6%*	*7%*	*5%*	*n.r.*	*n.r.*

** EBITDA : earnings before the deduction of interests, taxes and duties, depreciation (but after provisions related to inventories and trade receivables), amortization and share-based payments, including related social security expenses*

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	Semester ended	
(in € million)	12/31/2018	12/31/2017
Revenue	139.6	89.9
EBITDA *	**10.9**	**2.8**
Depreciation and amortization	*(0.4)*	*(0.3)*
Share-based payments, including social security expenses	*0.3*	*(1.2)*
Recurring Operating Income	**10.7**	**1.3**

** ROC normalisé = résultat opérationnel courant avant impact des paiements fondés sur des actions, y compris charges sociales afférentes, et des dotations aux amortissements.*

The Avanquest division reported revenue of over €40 million for the half-year 2018-2019, as the acquisition on July 1, 2018 of the Canadian businesses Adaware, Upclick and SodaPDF enabled the division to double in size. Avanquest's traditional activities enjoyed a return to double-digit growth (+11%), supporting the strategic refocus of the division's activities on monetizing internet traffic. The acquired businesses reported growth of 23% on the first-half of 2017-2018, mainly thanks to the excellent performance of the internet security activities regrouped in Adaware (+42%). By bringing together the Avanquest, Adaware, SodaPDF and Upclick offerings, the division launched a new growth momentum generating increased profitability. Division EBITDA therefore increased from 6% to 15% of revenue, period-on-period, to €6.1 million, including €4.4 million generated by the newly acquired businesses. At constant scope, the traditional activities still reported EBITDA growth of 39% to €1.7 million.

PlanetArt continues to report excellent performance, with revenue topping the symbolic US$100 million mark in the first six months of the 2018-2019 fiscal year. This 41% growth exceeds the rate achieved for the previous full year (+37%). The division benefited from the surge in its FreePrints and FreePrint Photobooks applications, notably in Europe, and the revenue generated by the Freeprints Photo Tiles application launched in June 2018.

In the first-half of 2018-2019, PlanetArt also continued its strategy of targeted geographic coverage, successfully entering the Asian market with the launch of its applications in India in September 2018. Despite limited marketing investment, FreePrints has enjoyed a promising start, with over 500,000 downloads since its launch at the end of September.

Driven by the development of its high added-value applications (FreePrints Photobooks and FreePrints Photo Tiles), PlanetArt division EBITDA more than doubled during the period to €6.6 million. EBITDA now represents 7% of division revenue, compared with 5% in the first-half of 2017-2018. This growth was achieved despite high marketing expenditure, which increased 62% period-on-period. The improvement in PlanetArt 's profitability profile confirms the viability of its business model.

The myDevices division multiplied its leading partnerships in recent months, to accelerate the distribution of its solution and expand its position in the IoT market in the United States and China. After Dr Peng and Sprint in fiscal year 2017-2018 (the number four telecoms operators in China and the United States, respectively), Alibaba Cloud (a subsidiary of the Chinese internet giant, Alibaba), Ingram Micro (one of the world's largest distributors of IT products) and Arm (the manufacturer of microprocessors used by over 70% of the world's population[(1)]) also chose to partner with myDevices to propose IoT products and solutions. Day-after-day, these distinguished partnerships strengthen myDevices' position in the IoT ecosystem, making Cayenne technology a benchmark management solution for connected devices.

The division's monetization strategy, implemented in recent months using "IoT in a BoxTM" solutions, also enabled it to report revenue growth. This was driven notably by the launch with Sprint of its "Sprint IoT factory" marketplace in May 2018. This commercial partnership generated revenue of US$1 million between July and December 2018, with total division revenue up 77% period-on-period. This encouraging growth should be boosted in coming semesters by the multiple commercial and strategic partnerships signed by the division.

Notes to the Income Statement

Note 6 Revenue

Revenue for the first-half of 2018-2019

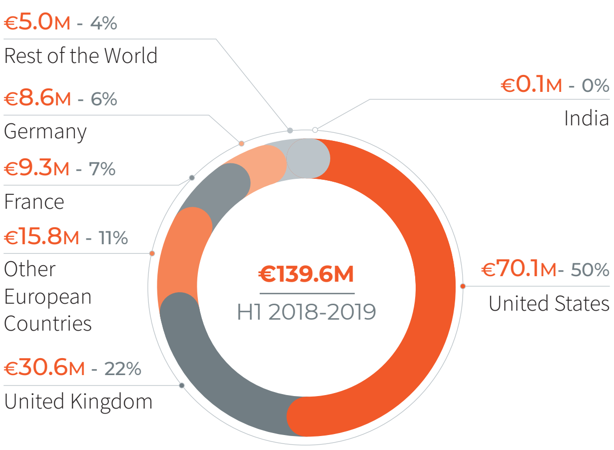
(in € million)	H1 2018-2019 (6 months)	H1 2017-2018 (6 months)	Δ
Avanquest	40.1	19.7	103%
PlanetArt	97.8	69.2	41%
myDevices	1.7	1.0	77%
REVENUE	**139.6**	**89.9**	**55%**

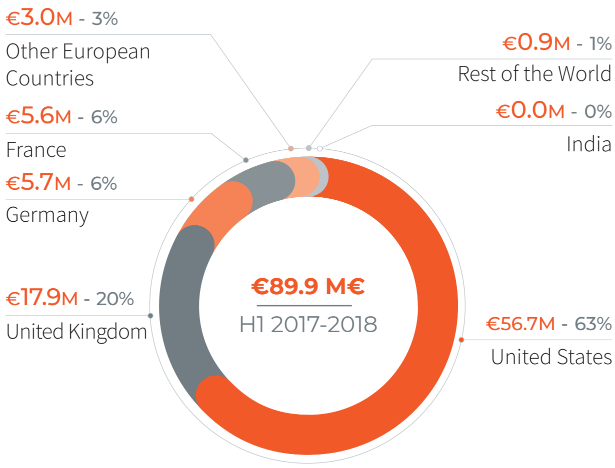
The Group reported revenue of €139.6 million for the first-half of 2018-2019, compared with €89.9 million for the first-half of 2017-2018, an increase of 55% (54% at constant exchange rates). This surge was mainly driven by an acceleration in Group organic growth to +35% for the half-year (compared with +24% for the last full-year), and the consolidation, from July 1, 2018, of the Adaware, SodaPDF and Upclick businesses, which generated revenue of €18.2 million.

With the exception of the revenue generated by the PlanetArt division websites, which is largely focused on the final quarter of the calendar year, the Group's activities are not generally subject to significant seasonal trends.

(1) Source : Arm, « Company Highlights », https://www.arm.com/company

Revenue by geographic region:





Note 7 Employee expenses

The significant increase in employee expenses between the first-halves of 2017-2018 and 2018-2019, is mainly due to the consolidation of the Adaware, SodaPDF and Upclick businesses. Employee expenses decrease at identical scope, due to the recognition in the first-half of 2017-2018 of an IFRS 2 expense of €1.2 million in respect of Claranova free share plans and myDevices stock options, including social security contributions of €0.3 million. In the first-half of 2018-2019 these transactions generated income of €0.3 million (see Note 1).

Note 8 Other operating income and expenses

Other operating income and expenses represent a net expense of €4.2 million and primarily comprise:

- a provision for unoccupied premises in the La Garenne-Colombes building of €0.4 million. The Group has adopted a prudent position, providing all rent payable up to the expiry of the lease;
- expenses and fees of €3.6 million relating to the acquisition of the Adaware, SodaPDF and Upclick businesses.

Note 9 Tax expense and liabilities

The €2.7 million tax expense for the first half of 2018-2019 mainly concerns the PlanetArt division and the Adaware, SodaPDF and Upclick businesses and explains the significant increase in the tax liability in the Group's balance sheet. Deferred tax assets total €0.9 million as of December 31, 2019, notably following the consolidation of the new businesses acquired by Avanquest.

Note 10 Other operating income and expenses

Other financial expenses (€2.2 million) and other financial income (€0.5 million) in the first-half of 2018-2019 comprise net foreign exchange losses of €0.2 million, loan origination fees for the acquisition financing for the Adaware, SodaPDF and Upclick businesses of €0.3 million and costs relating to the issue of the Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (ORNANE = "obligations à option de remboursement en numéraire et/ou en actions nouvelles et/ou existantes" in French) of €0.2 million.

The ORNANE bonds comprise a debt component at amortized cost and a derivative component in accordance with IFRS 9. Fair value gains and losses on the derivative component and the change in the amortized debt are recognized in financial expenses for the half-year ended December 31, 2018 in the amount of €0.2 million. The derivative component is estimated using pricing models (Cox Ross Rubinstein method).

The interest expense on the ORNANE bonds is €0.7 million.

In addition, a financial expenses of €0.9 million has been recorded as part of the acquisition of the Adaware, Soda Pdf and Upclick businesses.

Additional information on Balance Sheet assets

Note 11 Goodwill

Goodwill for the Adaware, SodaPDF and Upclick businesses totals €64.7 million. The purchase price allocation is still being analyzed and will be finalized as of June 30, 2019, as permitted by IFRS 3R.

Note 12 Property, plant and equipment and intangible assets

PlanetArt LLC acquired the main assets of a US company in August 2018 for US$2.3 million. This price reflects the intangible rights acquired.

The Adaware, SodaPDF and Upclick businesses impact property, plant and equipment in the amount of €0.8 million.

Note 13 Trade receivables

The increase in trade receivables is mainly due to the consolidation of the acquired Adaware, SodaPDF and Upclick businesses for €5.9 million.

Note 14 Other current receivables and non-current receivables

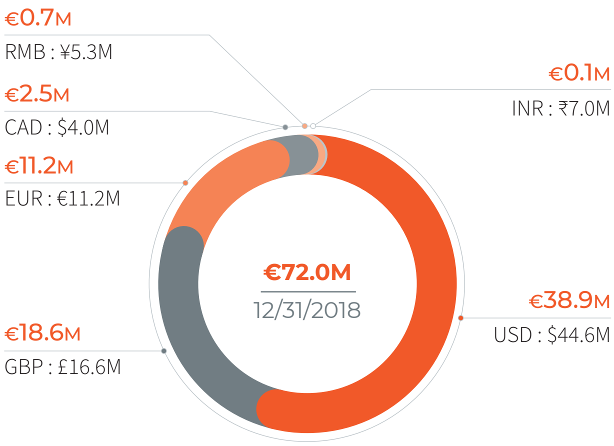
The other non-current receivables reflects prepaid expenses of €1.7 million relating to the Adaware business.

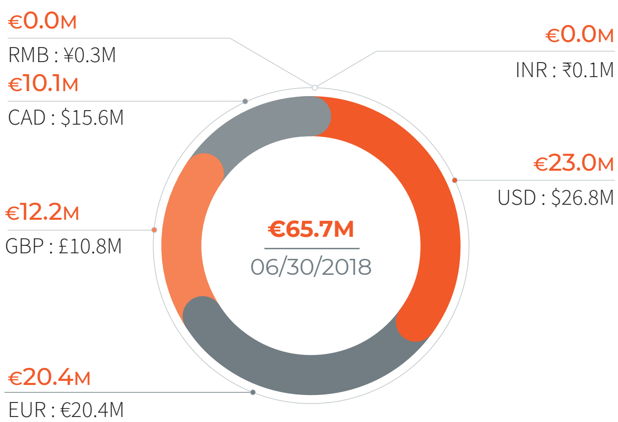
The increase in other current receivables is mainly due to:

- the consolidation of Adaware, SodaPDF and Upclick for €0.4 million, in respect of Research and Development tax credits and the Tax Credit for Electronic Business (CDAE);
- a €0.5 million increase in the Claranova VAT credit compared with June 30, 2018;
- prepaid expenses of €1.6 million relating to the Adaware business;
- a €0.3 million increase in PlanetArt LLC prepaid expenses.

Note 15 Cash and cash equivalents

Cash (€72.0 million as of December 31, 2018 compared with €43.5 million as of December 31, 2017) is comprised of bank accounts and cash investments, the liquidation value of which is identical to the book value.





Additional information on Balance Sheet liabilities

Note 16 Share capital

Share capital

As of December 31, 2018, Claranova SA's share capital comprises 393,613,788 shares of the same class, with a par value of €0.10 each.

The share capital has changed as follows since the previous fiscal year end:

	Units	Amount (in €)
As of June 30, 2018	393,613,788	39,361,378.80
Changes	0	0.0
AS OF DECEMBER 31, 2018	**393,613,788**	**39,361,378.80**

The number of treasury shares held has changed as follows:

	Units
As of June 30, 2018	194,791
Share Buyback	2,226,460
AS OF DECEMBER 31, 2018	**2,421,251**

Exercise of Claranova SA stock options

The General Shareholders' Meeting of November 30, 2015 authorized the issue of 18,765,927 stock options. 440,694 of these stock options have not been exercised, with no movements during the period.

Claranova SA free share grant plan

18,760,000 shares were granted under the Claranova Free Share Grant plan on November 13, 2017.

To accompany the Group's future, Pierre Cesarini, Chairman of the Management Board and Sébastien Martin, member of the Management Board, decided, at the time of the grant and with the agreement of the Supervisory Board, as of October 18, 2018, to waive the grant of the 18,185,000 free shares reserved for them.

Therefore, following this waiver, free shares numbers are 575,000, not yet definitively granted as of December 31, 2018.

The Board of Directors' meeting of February 20, 2019 definitely granted 575,000 shares under the plan at a share price of €0.659 per share. This transaction did not impact shareholders' equity as of December 31, 2018.

Claranova SA share subscription warrants plan of June 7, 2017

On June 7, 2017, Claranova announced the grant of 3,752,224 Claranova share subscription warrants.

3,752,224 subscription warrants had vested as of December 31, 2018. No warrants have been exercised.

Claranova Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares

On June 19, 2018, Claranova issued 26,363,636 Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (ORNANE). As at December 31, 2018, no ORNANE bonds had been converted early. As of the date of this document, the Company has not decided the bond redemption method.

On December 28, 2018, Claranova bought back 455,000 ORNANE bonds.

Claranova SA share subscription warrant grant of December 24, 2018

The Board of Directors' meeting of December 24, 2018, using the delegation of authority granted by the Combined Shareholders' Meeting of December 12, 2018, authorized the grant of a maximum of 3,936,138 Claranova share subscription warrants, conferring entitlement to 3,936,138 new ordinary shares, to members of the Board of Directors, certain consultants and the management team. As of December 31, 2018, no share subscription warrants had been subscribed. On the February 11, 2019 subscription date, 3,097,775 share subscription warrants were subscribed and 240,000 warrants were converted into new ordinary shares. Unconverted warrants may be converted during a two-year conversion period commencing the grant date. Pursuant to the Combined Shareholders' Meeting of December 13, 2018, unsubscribed share subscription warrants remain available for grant.

Other securities conferring access to share capital

Assuming all the rights attached to stock options, share subscription warrants and free shares become exercisable and are exercised, Claranova's share capital would increase by €786,569.30.

This number does not take into account the June 2018 ORNANE bond issue, as the Company had not yet decided the method of redeeming these bonds as of the date of this document. These ORNANE bonds mature on July 1, 2023.

The share capital would therefore increase from €39,361,378.80 to €40,147,948.10, an increase of 2%, spread over time as follows:

- free shares: their vesting from November 13, 2018 is subject to beneficiaries still being employed by the Group as of that date; the Board of Directors' meeting of February 20, 2019 decided the definitive grant of 575,000 shares (see above);
- stock options: may be exercised by beneficiaries until November 2026;
- share subscription warrants, as of June 7, 2017, must be subscribed and may be exercised by beneficiaries until November 2027.
- share subscription warrants as of December 24, 2018: the period of exercise of these share subscription warrants shall be freely determined by the board of Directors at the time of each issue of theses warrants, within a maximum delay of 10 years following their award.

	12/31/2018
Number of shares existing as of December 31,2018	393,613,788
Treasury shares	2,421,251
Average number of shares oustanding	391,192,537
Dilutive effect of stock options	440,694
Dilutive effect of warrants	6,849,999
Dilutive effect of free shares	575,000
Theorical weighted average number of shares	**399,058,230**

Note 17 Current and non-current financial liabilities

As disclosed in Note 16, on June 14, 2018, Claranova launched an issue of Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (ORNANE) maturing on July 1, 2023, in a maximum nominal amount of €28,999,999.60 (see Note 23.1 of the Registration Document for the fiscal year ended June 30, 2018). The bond amount comprises a debt component at amortized cost and a derivative component in accordance with IFRS 9. The derivative component is estimated using pricing models (Cox Ross Rubinstein method).

As of December 31, 2018, total Group debt amounts to €29.2 million, compared with €28.2 million as of June 30, 2018 and primarily comprises the ORNANE bond issue.

Financial debt related to Adaware, Soda Pdf and Upclick businesses are not significant (€66 thousand).

Financial liability maturity dates are as follows:

(in € million)	Total	Less than one year	From one to five years	More than five years
Bonds	27.3	0.0	27.3	0.0
Derivate	0.6	0.0	0.6	0.0
Borrowings	0.3	0.3	0.0	0.0
Other financial liabilities	0.1	0.1	0.1	0.0
Bank account overdraft	0.0	0.0	0.0	0.0
Accrued interest not yet due	0.8	0.8	0.0	0.0
TOTAL	**29.2**	**1.2**	**28.0**	**0.0**

Note 18 Trade payables

The increase in trade payables is mainly due to the substantial growth in the activities of the PlanetArt division, as well as the marked seasonal nature of this division's websites, whose peak activity is in November and December (€21.7 million increase) and the steady growth of this division's activities. The impact of the Adaware, SodaPDF and Upclick businesses is €3 million.

Note 19 Other current liabilities

Other current liabilities increase overall, mainly due to the recognition of debt of preferred shares as part of the acquisition of the entities carrying the Adaware, SodaPdf and Upclick activities (see note 4).

Prepaid expenses are up for the PlanetArt business, due to the marked seasonal nature of its website activities and the steady growth of this division's activities.

Additional notes

Note 20 Off-balance sheet commitments

For information concerning off-balance sheet commitments, please refer to Note 28 to the consolidated financial statements in the Registration Document for the fiscal year ended June 30, 2018.

Note 21 Risks and legal proceedings

Risks, as described in the Registration Document for the fiscal year ended June 30, 2018, remain unchanged.

Note 22 Subsequent events

Launch of the FreePrints and FreePrints Photobooks applications in the Netherlands and Belgium

The Claranova Group pursued the roll-out of its activities with the launch of its FreePrints and FreePrints Photobooks applications in the Netherlands (January 2019) and Belgium (February 2019). PlanetArt therefore continues to deploy in Europe, where its solutions have already been highly successful in the United Kingdom, France, Germany, Italy, Spain and Ireland.

These new countries will contribute from this year to growing PlanetArt's activities.

PlanetArt continues to successfully strengthen its targeted global network in accordance with its strategy, confirming the considerable potential of the FreePrints solutions and their worldwide universal appeal. Going forward, the Group will further expand into new countries to maintain its strong and profitable growth. These launches are achieved with the current structure and allow the customer base to be expanded without generating any significant additional costs.

Creation of Claranova Developpement

On January 22, 2019, Claranova created a new structure, Claranova Développement, dedicated to the Group's development. The main purpose of this company is to acquire and manage investments in all types of company, create companies and acquire and manage a portfolio of patents and other intellectual property rights, as well as financing.

myDevices share capital increase

The myDevices Board of Directors' meeting of December 20, 2018, authorized the subscription of 1,256,256 preferred shares shares. On January 7, 2019, Semtech Corporation and Claranova each subscribed for 314,064 shares, at a price of US$4.7761 per share, and on February 20, 2019, Semtech Corporation and Claranova each subscribed for 314,064 shares, at a price of US$4.7761 per share, resulting in a share capital increase of US$6,000,004. Following this share capital increase, Claranova held 62.26% of myDevices' share capital.

New IoT partnership between myDevices and Microsoft

On February 25, 2019, myDevices announced a strategic partnership with Microsoft that empowers users to onboard hundreds of LoRaWAN devices to instantly send data directly to Microsoft Azurea. myDevices has amassed one of the most extensive known catalogs of pre-configured LoRaWAN sensors and gateways consisting of nearly 200 different devices from over 50 hardware manufacturers from around the world.

This partnership will enable myDevices users to take advantage of the services offered through Azure, such as large-scale advanced analytics and Business Intelligence (BI) and Artificial Intelligence (AI) services proposed by Microsoft.

3. — Statutory Auditors' Review Report on the half-year financial information

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-year management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In performance of the assignment entrusted to us by your General Shareholders' Meetings, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the limited review of the enclosed condensed consolidated half-year financial statements of Claranova, for the period from July 1 to December 31, 2018;
- the verification of the information presented in the half-year management report.

These condensed consolidated half-year financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-year financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We also verified the information presented in the half-year management report on the condensed consolidated half-year financial statements subject to our limited review.

We have no matters to report as to its fair presentation and consistency with the condensed consolidated half-year financial statements.

Paris and Paris-La Défense, March 29, 2019

The Statutory Auditors

APLITEC	ERNST & YOUNG Audit
Stéphane Lambert	Jean-Christophe Pernet

4. — Statement by the person responsible for the half-year financial report

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended December 31, 2018, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated companies, and that the appended Half-Year Financial Report provides a fair review of the major events that occurred during the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties concerning the remaining six months of the fiscal year.

La Garenne-Colombes, March 26, 2019

Pierre Cesarini

Group Chief Executive Officer

Glossary

Adjusted EBITDA:

Recurring operating income before the impact of depreciation and impairment charges, capitalized production and IFRS restatements.

AMF (Autorité des marchés financiers):

The French Securities Regulator (AMF) is an independent public authority which has the status of a financially independent legal entity, tasked with protecting savings invested in financial instruments, informing investors and ensuring the proper functioning of the financial instruments markets in France.

API:

Application Programming Interface is a standard set of routines, data structures, object classes, and variables available to computer programs via a software library, an operating system, or a service allowing for interoperability between software components.

App store:

Digital platform for downloading applications for mobile devices such as smartphones, tablets, etc.

Application:

Software package for mobile phones.

Blockchain:

Transparent and secured decentralized information storage and transmission technology.

Bluetooth:

Wireless communication technology standard for exchanging data over very short distances using UHF radio waves in the 2.4 GHz band.

BtoB:

Business to Business refers to all company activities carried out with other corporates.

BtoC:

Business to Consumer refers to all the technical architectures and software solutions that enable companies to communicate directly with consumers.

Business units:

Profit centers.

Cash flow position:

All internal resources generated by the Company's operations which enable it to fulfill its financial obligations.

Cloud:

Or cloud computing, is the on-demand and self-service access to shared and configurable IT resources through a telecommunications network. In other words, it is a decentralized IT infrastructure.

e-commerce:

Electronic trading of goods, services and information against money by using IT networks, namely Internet.

Earn-out:

In the context of the sale of a company, an earn-out clause allows to determine part of the acquisition price based on the Company's future performance.

EBITDA:

Earnings before interest, taxes, depreciation, and amortization (EBITDA), refers to the Company's earnings before the deduction of interest, taxes and duties, depreciation, amortization and asset provisions (but after provisions associated with inventory and trade receivables).

Freemium:

Business strategy that combines a free self-service offer, and a pay higher-end "premium" offer.

Goodwill:

Difference between the acquisition cost paid by the buyer, in the event of a takeover or a merger, and the buyer's share of the fair value of the identifiable assets and liabilities.

Hardware:

All the physical, mechanical, magnetic, electrical and electronic equipment used in the composition of computers or, more broadly, machines used for handling information.

IAS:

Abbreviation for International Accounting Standards. IAS was the former name given to international accounting standards. New international standards issued from April 1, 2001 are known as IFRS.

IFRS:

Abbreviation for International Financial Reporting Standards. IFRS are the international standards used to report on financial information, which seek to standardize the presentation of accounting data worldwide.

Internet of Things (IoT):

Data and information transfer between devices and places present in the real world and on the Internet.

IoT in a box™:

All-in-one LoRa solution that includes the gateways, sensors, connectors and all the components required for building a simple IoT network.

LoRa:

Wireless long-distance telecommunication technology deployed via a Low-Power Wide-Area Network (LoRaWAN) as part of the Internet of Things.

MiddleNext:

Independent French association representing listed SMEs and midcaps. It was founded in 1987 and exclusively represents companies from all different sectors that are listed on Euronext and Alternext.

Monetization of traffic on Internet:

Valuation of the audience of a website or mobile application by turning it into revenue through a fee for the application or to get access to the content of a website, the introduction of the freemium model, affiliate schemes, advertising, or any other means that enable generation of income.

OPCVM (organisme de placement collectif en valeurs mobilières):

Undertakings for collective investments in transferable securities (UCITS), an assets portfolio invested in securities or other financial instruments.

Operating income:

Income calculated on the basis of recurring operating income less other non-current operating income and expenses.

Organic development:

Business development of a group (usually by measuring revenue growth) achieved by acquiring new customers, as opposed to an acquisitions process, which results in changes to the Company's scope of consolidation.

Public limited company (société anonyme):

Limited company whose name does not disclose the names of its shareholders, the identity of which said company may not even be aware of if its shares are held in bearer form.

Recurring operating income:

Income calculated on the basis of revenue plus other recurring operating income, less current operating expenses.

Retail:

The retail business.

Royalties:

Payments that repeatedly occur in exchange of operating rights (licenses, copyrights, trademarks) or the rights to use a service.

SaaS:

Software as a Service is a concept that enables companies to sign up to remote software instead of buying and having to install it on their own hardware.

Sigfox:

Low power wide-reaching signal telecommunications network used to send small amounts of data between objects without a cell phone.

Software:

All programs, processes and instructions for computer hardware to execute.

Stock option:

Right granted to an employee enabling him/her to buy shares from his/her company at a predetermined price (strike price) that includes a discount compared to the stock market price at the time of the grant and within a specific time frame.

VPN:

Virtual Private Network (réseau privé virtuel), a private computer network within a larger network such as the internet

WCR:

Working Capital Requirement is the amount of cash a company needs to pay its operating expenses while awaiting the collection of trade receivables.

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