



PRESS RELEASE

Paris, 29 October 2018

A semester of action and structural enhancement as Oxatis prepares to ramp up growth

Increased international presence with the acquisition of Channel Pilot Solutions in Germany

Projected growth of more than 30% in H2

Reiterated ambitions

Today, Oxatis (ALOX - FR0013328184) is releasing its results for first-half 2018 and announcing the acquisition of Channel Pilot Solutions in Germany. This acquisition has propelled Oxatis into a new phase of its ambitious strategy aimed at building a European leader in e-commerce SaaS solutions. Oxatis has also confirmed the growth and profitability targets presented in the context of its IPO.

The transaction was approved by the Board of Directors at its meeting of 24 October 2018 and finalised on 26 October 2018.

Decisive progress on the execution of the strategic plan

Oxatis made great strides in the execution of its strategic plan over the first half year, paving the way for accelerated growth, in line with the targets set out during the IPO.

Working with larger clients

In the first half year, top priority was given to working with larger clients, which has led to longer selling cycles. Focusing on a client segment that offers such high income potential will have a positive impact on revenue growth in the second half of the year.

Performance-based pricing

The Group changed its pricing system early in the year, adopting a monthly subscription model that includes a performance-based revenue component. This new pricing model is set to be a major growth driver, generating additional revenues linked directly to the performance of merchants using the Oxatis SaaS platform. It has been applied to all new clients since May 2018. The Group has also begun switching its existing client base over to the new pricing model. The changeover initially weighed on

business in the first half, particularly on the international market. In the second half, however, profits from the new pricing system will start to roll in and boost growth.

Development of indirect sales

Oxatis has also stepped up its efforts to develop its indirect sales, a decisive move designed to improve margins by reducing client acquisition costs. In keeping with its ambitious strategy, Oxatis announced in June that it had entered into a new partnership with Crédit Mutuel CM11 – CIC with the aim of selling the Oxatis e-commerce SaaS solution across its banking networks (which account for two out of five corporate clients in France). Sales through indirect channels were up 73% year-on-year in H1 2018, accounting for 15% of revenues versus 9% in H1 2017.

Expanding the team

Finally, the Group hired new employees to support the expected ramp up of activity. Compared to 30 June 2017, the total headcount increased 15% (from 157 to 180 employees).

Activity and earnings reflecting the transformation in progress

H1 activity and earnings reflected the Group's ongoing transformation.

The Board of Directors met on 10 October 2018 to approve the Group's financial statements for the first half of 2018.

<i>in €k - at 30 June - unaudited data</i>	H1 2018	H1 2017
Revenue	4,953	4,683
Operating income (expense)	(1,729)	(885)
Income from consolidated companies	(1,749)	(873)
Group net income	(1,749)	(876)

As announced on 25 July, revenue for the first half of 2018 came out at €5.0m, an increase of 5.8%. France (84% of H1 revenue) was once again the main growth driver over the period, with €4.2m in revenue, up 11%.

The Group turned in an operating loss of €1.7m, versus a loss of €0.9m in H1 2017, including an increase of nearly €1.3m in personnel expenses stemming from recruitment. The other expense items remained in line with plan.

Group net income turned out negative at -€1.7m.

A stronger financial position

Oxatis is now in a stronger financial position to implement its ambitious strategy thanks to the funds raised from its IPO on Euronext Growth Paris (€11.9m) in April. The net cash position of the Group's financial debt stood at nearly €11m as of 30 June 2018.



Acquisition of Channel Pilot Solutions, a German company specialising in SaaS solutions designed to process and optimise e-commerce data feeds Key position achieved in Artificial Intelligence, a new challenge for e-commerce

Today Oxatis announces the acquisition of Channel Pilot Solutions, a company specialising in SaaS solutions designed to process and optimise e-commerce data feeds, based in Hamburg, Germany.

Founded in 2012, Channel Pilot Solutions develops and sells technology solutions allowing online merchants to list their catalogues on all the influential marketing networks (price comparison sites, marketplaces, etc.), analyse their performances and optimise product marketing.

These solutions are based on expertise in the field of Artificial Intelligence (AI), which has been incorporated into tried and tested, complex algorithms, as well as the roll-out of cutting-edge data processing tools.

Channel Pilot Solutions generated revenue of €2.5m in fiscal year 2017, a growth of more than 44%, with positive EBITDA of €229k. Growth of revenues topped 45% in first-half 2018.

Channel Pilot Solutions earns 84% of its revenue in Germany, Austria and Switzerland. In addition to its registered office in Hamburg, the company has offices in Paris, London, Madrid, Milan, Moscow and Palo Alto. Channel Pilot Solutions employed over 40 people at end-June 2018.

Channel Pilot Solutions will be included in the Group's consolidated financial statements from 27 October 2018.

There are several benefits to this strategic acquisition for Oxatis.

Penetration of the second largest e-commerce market in Europe

With this deal, Oxatis has secured a position on the No. 2 e-commerce market in Europe. B2C revenue exceeded €85 billion in Germany last year and is expected to reach €93 billion in 2018 (i.e. up by almost 10% year-on-year¹).

Had Channel Pilot Solutions been consolidated over the full year, Oxatis would earn more than €4m in revenues outside France for the full year. Oxatis will now boast a solid foundation for development in Europe's top e-commerce markets: France, United Kingdom, Germany, Spain, Italy.

This expansion is a key milestone in the Group's plan to establish itself as a European leader in e-commerce SaaS.

Strong technological synergies, 100% SaaS solutions that can be easily integrated on the Oxatis platform

Channel Pilot Solutions develops innovative multi-channel solutions designed to maximise visibility and boost online sales:

- Access to the main international price comparison sites (Facebook, Google Shopping, Kelkoo, Le Guide, etc.)

¹ Centre for Retail Research. 2017 E-commerce Foundation.



- Product catalogues connected to leading marketplaces (Amazon, eBay, Otto, Rakuten,, etc.)
- Product listing and optimisation on Google Shopping, managed according to profit margin strategy
- Market price analysis and incorporation of competitive conditions in defining a dynamic catalogue pricing policy
- Data analysis and optimisation tools

All these solutions are the result of over 6 years of R&D investments (over 20% of revenue was devoted to developing these solutions in 2017).

Channel Pilot Solutions's products are available in SaaS mode and are billed on subscription, including a performance-based pricing component, in line with the new billing model employed by Oxatis.

These cutting-edge solutions will strengthen the Oxatis technology platform, which already boasts more than 400 features to help companies launch and develop their online shop. Incorporating AI expertise, applied in particular to dynamic catalogue pricing solutions, will give Oxatis a real competitive edge.

Addition of a portfolio of medium enterprises and large corporates, in line with the Group's strategy to work with bigger clients

Thanks to Channel Pilot Solutions (CPS), Oxatis will be adding a portfolio of more than 400 new clients totalling over €1 billion orders per year. Medium enterprises and large corporates are highly represented in this portfolio, including Top Tier players in all market sectors. Over 30% of the Top 2000 online shops in Europe currently use CPS solutions. Some of the biggest names in the portfolio include Decathlon, El Corte Ingles, La Redoute, Lindt, Mercedes, Mephisto, Nespresso, Pandora, Sarenza, etc.

The quality of this portfolio, benefiting from high repeat business, goes hand-in-hand with Oxatis' strategy of working with bigger clients in a bid to boost the value creation potential of its client base. It will also raise the commercial appeal of the Group's solutions in France and around the world in the coming months.

Founders personally invested in a successful consolidation

Oxatis will be aided in completing the successful consolidation of Channel Pilot Solutions by co-founders Lars Niemann, Head of R&D and CTO, and Ralf Priemer, Head of Marketing and Sales Development. Drawing on years of experience in international e-commerce, both become co-managing directors of the acquired company. They are now fully invested in seeing this project through.

**Acquisition financing and conditions:
cash payment and capital increase, with elimination of pre-emptive
subscription rights, with subscribed shares paid up by offsetting the debt
against a fraction of the acquisition cost
Capital increase based on a price of €11.20 per share**

The sale of all the share capital comprising Channel Pilot Solutions was approved by the Board of Directors on 24 October 2008 via cash payment and payment in Oxatis shares.

As consideration for the debt owed on a portion of the selling price, the Board of Directors elected at the same meeting to carry out a capital increase via private placement, within the meaning of Article L. 411-2 of the French Monetary and Financial Code, with the subscription price paid up by offsetting it with an unquestionable, liquid claim enforceable against the Company.

In accordance with the delegation of power granted by the eighth resolution of the Combined Shareholders' Meeting of 20 March 2018, on the basis of Article L. 225-136 of the French Commercial Code and Article L. 411-2 II of the French Monetary and Financial Code, the Board of Directors elected on 24 October 2018 to carry out a capital increase, with the elimination of pre-emptive subscription rights, via private placement in favour of the sellers of Channel Pilot Solutions, with the exception of TFO GmbH, in the following proportions:

- Mr. Lars Niemann: 44,783 new shares,
- Mr. Ralf Priemer: 44,783 new shares,
- Mr. Mirko Platz: 44,783 new shares,

who together form a limited circle of investors acting on their own account.

The nominal amount of the capital increase was set at €67,174.50, through the issuance of 134,349 new ordinary shares in the aforementioned proportions, representing a global capital increase (including additional paid-in capital) of €1,504,708.80. The capital increase was based on a price of €11.20 per Oxatis share. Lastly, the Board of Directors which met on 24 October 2018 sub-delegated the power to carry out the capital increase to its Chief Executive Officer.

In a ruling dated 26 October 2018, the Chief Executive Officer, exercising the power duly granted by the Board of Directors:

- set the amount of the sellers' claim, for the purposes of paying up the subscriptions for the new ordinary shares to be issued in the capital increase;
- noted that a fraction of the selling price would be offset with an unquestionable, liquid claim enforceable against Oxatis;
- noted that, in accordance with the provisions of Article R. 225-134 of the French Commercial Code, the statement of claims was certified as accurate by the Statutory Auditor of Oxatis;

In addition to this ruling, the Chief Executive Officer also:

- noted that the designated sellers paid up their subscriptions through the remittance of their subscription forms, offset with liquid claims enforceable against Oxatis, which were recorded in an accounting statement certified as accurate by the Statutory Auditor;
- consequently noted that the sum of €1,504,708.80 had been paid up in full;



- consequently noted that the capital increase, with a nominal amount of €67,174.50, had been fully subscribed and thus completed.

For information purposes: a shareholder owing 1% of Oxatis' share capital prior to the capital increase will now own 0.97%.

Under the terms of the agreements concluded for the purposes of the acquisition of Channel Pilot Solutions, the parties agreed to establish an additional consideration in favour of the sellers, provided that Channel Pilot Solutions validates its guidance for fiscal year 2018, the amount of which may be impacted by the assets and liabilities pledged as collateral by the sellers. If due, this additional consideration would be paid in four instalments (spread out from 2019 to 2022) and would be payable 50/50 in cash and new shares to be issued by Oxatis.

For information purposes: based on the same Oxatis share price used for the payment in shares effected on today's date (i.e. €11.20) and provided that the aforementioned targets are achieved and the assets and liabilities pledged as capital are not called up, a shareholder owning 1% of Oxatis' share capital prior to the capital increase would own 0.94% of the share capital.

The 134,349 new shares are scheduled to be admitted to trading on Euronext Growth on 29 October 2018. These shares will be subject to all provisions set forth in the by-laws and will be treated as existing ordinary shares bearing current dividend rights as of settlement-delivery.

When signing the documentation pertaining to the capital increase, the sellers and new Oxatis shareholders also signed an agreement to hold the company's shares for a period of one year from the settlement-delivery date, subject to the usual exceptions.

In accordance with Article 211-3 of the AMF General Regulations, the capital increase mentioned above did not give rise to an obligation to issue a prospectus approved by the AMF.

Strata Partners, the London-based independent corporate finance partnership, acted as exclusive financial adviser to Oxatis. Warth & Klein Grant Thornton provided due diligence and legal advice in Germany, and Lamy Lexel provided legal advice in France, in support of the success of the transaction.

Growth of more than 30% expected in H2

Full-year target: >20%

The acquisition of Channel Pilot Solutions shores up Oxatis' solid outlook. Growth should gather pace in the second half, with revenue expected to climb over 30% year-on-year. The Group targets growth of more than 20% for full-year 2018.

As previously announced, this growth will be driven by the initiatives taken in the first half: roll-out of the new billing method, growing contribution of indirect sales, and addition of larger clients.

As a matter of fact, when it comes to working with larger clients, the Group kicked off the second half by welcoming several high-potential players such as Molinard, Campingaz-Shop, NSH Group (which owns the MISAKI® jewellery brand, among others), Planet Line, etc.





Business in the second half is also set to benefit from the first few months of consolidation of PowerBoutique, the French e-commerce SaaS specialist purchased in July 2018. As announced, PowerBoutique should contribute over €1m to Group revenue in H2.

Reiterated ambitions

In light of these supportive factors, Oxatis has reiterated its guidance for 2020: doubling the company's size and generating more than €20m in revenue. Its profitability targets have also been confirmed, with the aim of achieving positive EBITDA from 2020 and a double-digit operating margin by 2023.

Oxatis is forging ahead with its market plan, determined to establish itself as a European leader in e-commerce SaaS, drawing on a business model combining technological advances, new client business and an ambitious acquisition strategy.

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ABOUT OXATIS

Oxatis is the leading e-commerce SaaS solution in Europe with more than 8,500 SME clients since the acquisition of PowerBoutique. It is perfectly able to meet the needs of companies earning €100k to €30m in online revenue. Oxatis is a certified Google Premier Partner, recommended by Sage, and the exclusive solution chosen by Crédit Agricole, Crédit du Nord Group, Crédit Mutuel–CIC Group and CEPAC. Oxatis has been listed on Euronext Growth – ALOXA since April 2017 and bought PowerBoutique in July 2018. Oxatis operates in four European countries (France, United Kingdom, Spain, Italy).

For more information, go to www.oxatis.com

CONTACTS

Oxatis

Jean-Christophe Brun
+33 (4) 86 26 26 26
investor@oxatis.com

Financial Communications

Victoire Demeestère
+33 (1) 56 88 11 24
vdemeestere@actifin.fr

Corporate Press Relations

Bruno Lorthiois
+33 (6) 78 97 07 24
blorthiois@lablcom.net

Financial Press Relations

Isabelle Dray
+33 (1) 56 88 11 29
idray@actifin.fr