

2010-11 Annual Earnings

September 29, 2011



Avanquest[®] *software*
Innovation Inspired



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Speeding up the Group's Shift toward Online Applications and Services



Avanquest® software
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Key figures



2010-11 Annual Earnings

Consolidated data in €M	2010/11 FY (15 months)	2009/10 FY (12 months)
Turnover	109.8	88.2
Current operating income	2.2	4.5
Net earnings	(3.0)	0.3
Earnings per share (in €)	(0.18)	0.02
Self-financing	7.0	7.6
Shareholders' equity	97.9	98.4
Loans and other financial debt	24.5	30.2
Available cash	10.9	20.4
Ratio of net financial debt / shareholders' equity	0.14	0.10

Exceptional 15-month financial year including the April-June quarter twice as the weakest of the year and therefore not representative of the overall business trend

The underlying downward trend in offline sales has speeded up in recent months, weighing down short-term profitability

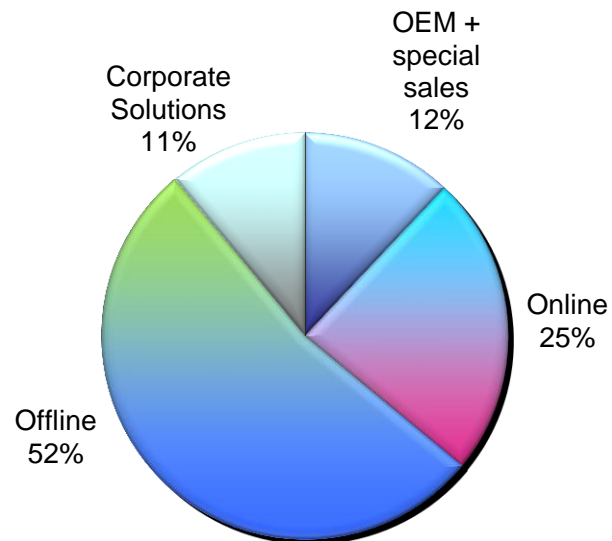
A financial structure as solid as ever

Upswing in download sales

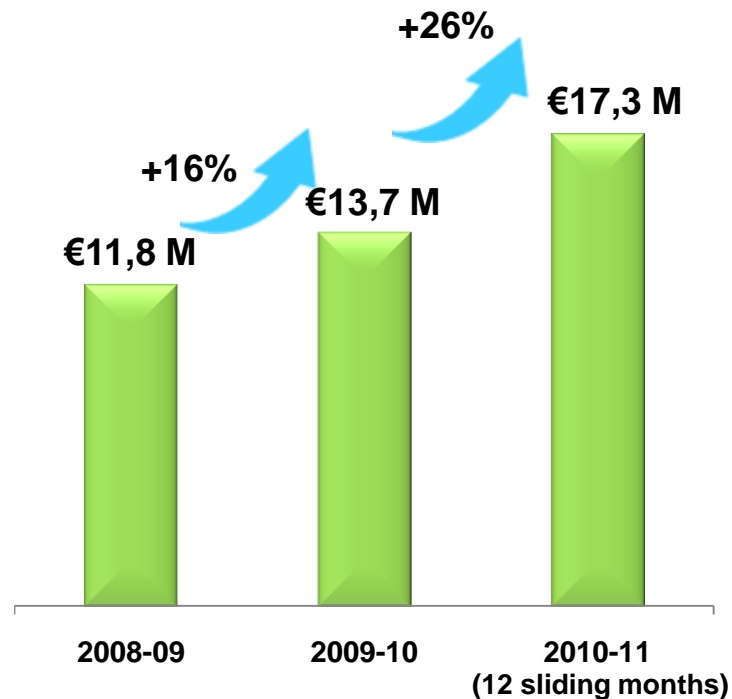


2010-11 Annual Earnings

Distribution of sales by channel



Software download sales



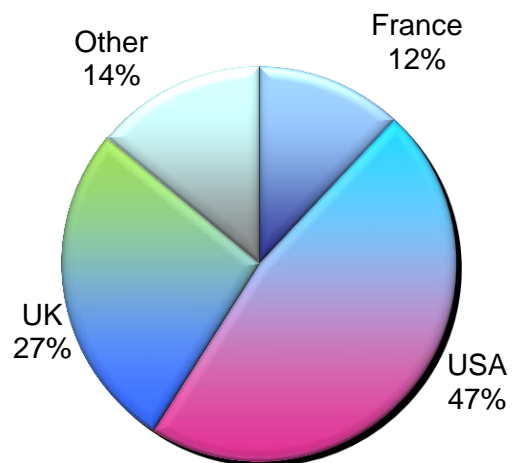
**The Web continues its upsurge +24%,
with +26% for downloads**

Geographic distribution

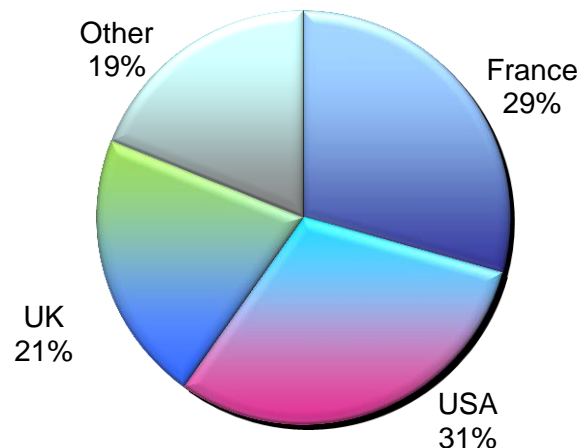


2010-11 Annual Earnings

Distribution of sales by geographic area



Number of employees at June 30, 2011: 530



**Dominant positions in three territories
with the UK still progressing despite the economic context,
and the USA holding their market shares in the USA**

**Gradual realignment for France
with the Micro Application acquisition**

Income Statement Summary



2010-11 Annual Earnings

In millions of Euros	2010/11 (15 months)	2009/10 (12 months)
Consolidated sales	109.8	88.2
Gross margin	66.5	54.4
% of sales	60.5%	61.7%
Current operating income	2.2	4.5
% of sales	2.0%	5.1%
Non-recurring factors	(1.2)	0.1
Operating income	1.0	4.6
Financial result	(2.3)	(1.5)
Net taxes and sundry	(1.7)	(2.8)
Net income	(3.0)	0.3

The lower offline activity level in recent months has weighed on profitability as well as the non-recurring factors associated with reorganizations in France and Great Britain.

Balance sheet



2010-11 Annual Earnings

In millions of Euros

Assets	30/06/11	31/03/10	Liabilities	30/06/11	31/03/10
Intangible assets	115.7	103.8	Shareholders' equity	97.9	98.4
Other non-current assets	8.8	7.0	Provisions	1.9	2.1
Current assets	28.5	34.7	Non-current liabilities	24.1	28.5
Cash and cash equivalents	10.9	20.4	Current liabilities	40.0	36.9
Total Assets	163.9	165.9	Total Liabilities	163.9	165.9

Cash Flow Table



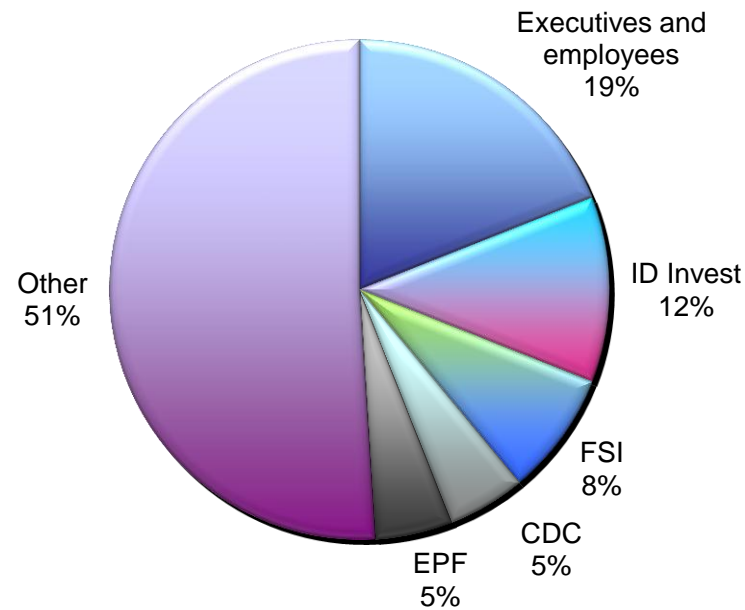
2010-11 Annual Earnings

In millions of euros	2010-11	2009-10
Self-financing	7.0	7.6
Cash flow from operation	7.9	(1.5)
Net cash flow associated with investment	(9.3)	(4.3)
Net cash flow associated with financing	(7.8)	11.7
Change in cash and cash equivalents	(9.2)	+5.9
Cash at opening	20.0	14.0
Cash at closing	10.8	20.0

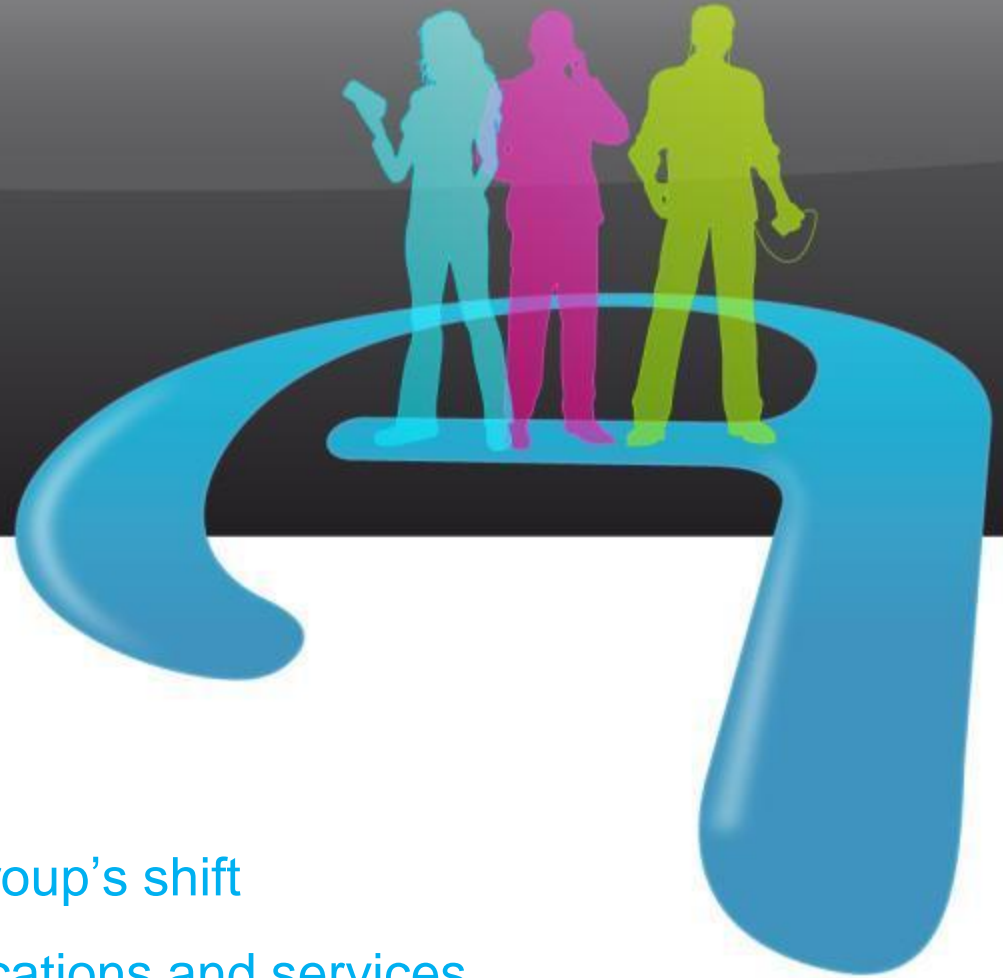
Cash was used primarily to repay loans (€ 7.7M) and finance acquisitions (€ 2.5M)



Capital Distribution at September 1, 2011



**A stable shareholder structure controlling about 50% of the capital
High liquidity for the float, with volumes rising sharply with each
announcement, showing sustained interest in our stock**



Strategy and outlook

Speeding up the Group's shift
toward online applications and services



Avanquest® *software*
Innovation Inspired

Accelerating shift in the market

Software is at the core of the entire economy



Strategy and Outlook

THE WALL STREET JOURNAL.

ESSAY | AUGUST 20, 2011

Why Software Is Eating The World

Article

Video

Comments (442)



By MARC ANDREESSEN

This week, Hewlett-Packard (where I am on the board) announced that it is exploring jettisoning its struggling PC business in favor of investing more heavily in software, where it sees better potential for growth. Meanwhile, Google plans to buy up the cellphone handset maker Motorola Mobility. Both moves surprised the tech world. But both moves are also in line with a trend I've observed, one that makes me optimistic about the future growth of the American and world economies, despite the recent turmoil in the stock market.



In an interview with WSJ's Kevin Delaney, Groupon and LinkedIn investor Marc Andreessen insists that the recent popularity of tech companies does not constitute a bubble. He also stressed that both Apple and Google are undervalued and that "the market doesn't like tech."

In short, software is eating the world.

More than 10 years after the peak of the 1990s dot-com bubble, a dozen or so new Internet companies like Facebook and Twitter are sparking controversy in Silicon Valley, due to their rapidly growing private market valuations, and even the occasional successful IPO. With scars from the heyday of Webvan and Pets.com still fresh in the investor psyche, people are asking, "Isn't this just a dangerous new bubble?"

I, along with others, have been arguing the other side of the case. (I am co-founder and general partner of venture capital firm Andreessen-Horowitz, which has invested in Facebook, Groupon, Skype, Twitter, Zynga, and Foursquare, among others. I am also personally an investor in LinkedIn.) We believe that many of the prominent new Internet companies are building real, high-growth, high-margin, highly defensible businesses.

Today's stock market actually hates technology, as shown by all-time low price/earnings ratios for major public technology companies. Apple, for example, has a P/E ratio of around 15.2—about the same as the broader stock market, despite Apple's immense profitability and dominant market position



- ④ The *offline* channel no longer represents the only way to buy software, but software is more than ever at the core of the economy
- ④ Every day each one of us, often without realizing it, uses one or more software programs. This is the software *inside*: on the Internet, in SmartPhones, Tablets, cars...

Avanquest is speeding up deployment of its activity toward online applications and services



Our objective is:

- ✓ **To be a player in the market shift,**
- ✓ **And to make the share of our online revenue ever bigger and recurring**

Our income from offline sales remains

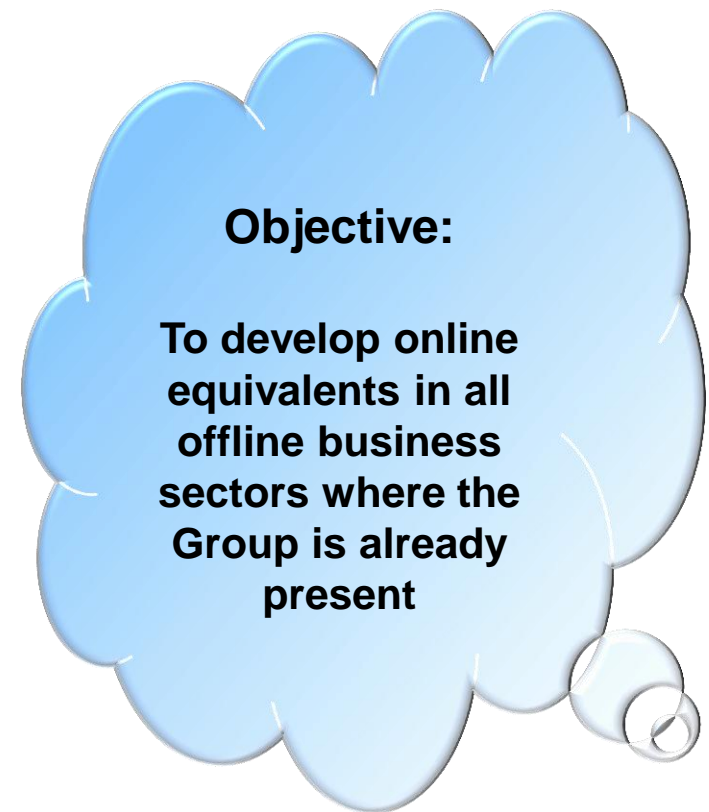
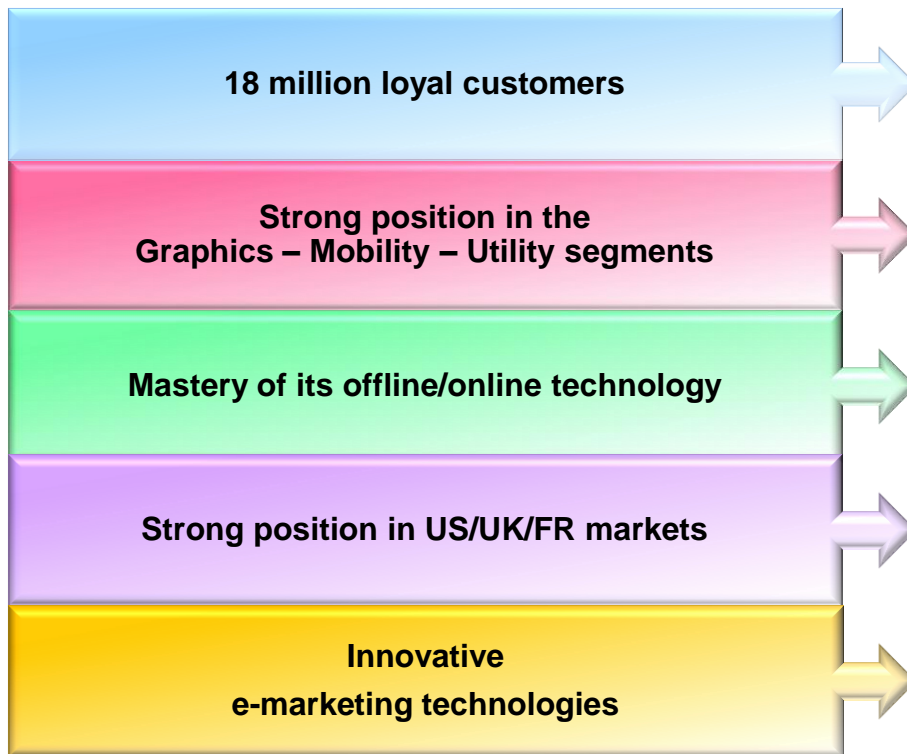
- ✓ **one of the mainstays of our business**
- ✓ **A powerful source of new-customer acquisition and development of a direct relationship with them**

Avanquest speeds up deployment of its online business



Strategy and Outlook

Capitalize on the Group's assets to speed up online growth





Development priorities in which Avanquest is in the lead and intends to increase it:

Priority #1

From graphics software to Web to Print

Worldwide development
of the Web to Print business
(remote printing of graphic
designs) based on the following
company web sites:

[Simply-to-Impress](#),

[PhotoAffections](#),

[PrintPratic](#) and [SendPhotos](#)

Priority #2

Utility software and more generally all contents from offline to online

Switch to SaaS mode
for the utility software line and
to online offers for offline
contents

Priority #3

Mobility: software applications & suites

On all Smartphone and tablet
platforms (*iPhone, iPad,*
Android and Windows)
with its proprietary contents
and technologies



Avanquest holds strong positions in the USA and Europe

- ④ In the **United States**: Avanquest is #2 (after Adobe - source: NPD Techworld) in the graphic design software segment with best-sellers titles like Hallmark, Print Artist and Photo Explosion
- ④ Similar situation in **Europe** and especially in France with Micro Application which has an entire line of software in its portfolio and a solid customer base

What is Web-to-Print ?

Web to Print encompasses all the **Cloud-based technologies** used to create graphic designs and to print them, at home or through an outside service

A rapidly growing consumer market

- ④ Both in the USA (market estimated at nearly \$8.5 billion) and in Europe
- ④ **A way to recruit and win the loyalty of new customers while ensuring recurring income and good margin rates**

Focus #1:

Web to Print: a buoyant and steadily growing segment

Strategy and Outlook



Sticking with its approach combining organic growth and external acquisitions, the Group is developing pragmatically in the two main growing geographic markets:

1) In the USA: SimplyToImpress.com and PhotoAffections.com are already solidly established with:

- ✓ Loyal user bases and an average shopping cart between \$70 and \$90
- ✓ Strong growth in sales quarter after quarter

The screenshot shows the SimplyToImpress.com website. At the top, there's a navigation bar with links for HOME, BIRTH ANNOUNCEMENTS, INVITATIONS, THANK YOU CARDS, HOLIDAY CARDS, and OTHER PRODUCTS. A prominent banner advertises a "This Week Only! Save 25% on Everything" with a code "ALL25OFF" ending on 9/26. Below the banner, there are sections for "Popular Products" (Baby Announcements, Invitations, Weddings & More, Holiday Cards) and "why simplytoimpress?" (Easy Online Personalization, Luxe Cards at Great Prices, Quick Turnaround Time). A featured product is "wedding save-the-date announcements" with a "Create Now >>" button.

The screenshot shows the PhotoAffections.com website. It features a navigation bar with links for BABY ANNOUNCEMENTS, WEDDING ANNOUNCEMENTS, INVITATIONS, HOLIDAY PHOTO CARDS, and AND MUCH MORE. A banner advertises a "Site-Wide SALE 25% OFF plus FREE Shipping!" with a code "FREESHIP25" ending on 9/25. The main content area includes sections for "BIRTH ANNOUNCEMENTS", "WEDDING ANNOUNCEMENTS", "PHOTO HOLIDAY CARDS", and "PHOTO CARDS & INVITATIONS". A featured product is "photo birth announcements" with a "Browse Designs" button. The bottom of the page highlights "Fresh New Designs", "Unbeatable Prices and Delivery", and "Free Digital Proofs".

Focus #1:

Web to Print: a buoyant and steadily growing segment



Strategy and Outlook

2) In Europe, development of two complementary sites:

SendPhotos by Avanquest

Technological and commercial partnership with Pixmania, the European leader in photo developing photos on the Internet

sendphotos by Avanquest

Create your photo book

ALL OUR PRODUCTS

- Photo Books**
Every event deserves a photo book!
- Photo Printing**
Quality prints at low prices!
- Calendars**
Illustrate your year in a rainbow of colours for emotional impact
- Cards**
Create yours immediately!

OUR COMMITMENTS

- Fast Delivery
- Guarantees
- Secure Payment

MEES PHOTOS

1029,90 SEK

JUSQU'AU 3 JANV

PrintPratic by Micro App

- Microsoft Azure Technology
- Printing of cards, skins for iPhone, iPod, T-Shirt transfers...

Créez gratuitement et imprimez chez vous, sans délai, sans frais de port!

Personnalisables et imprimables!

Gratuit!
En ligne, sans logiciel à télécharger

JE COMMENCE!
C'est gratuit

12 possibilités créatives, 500 modèles pour débiter une vaste banque d'images et vos propres photos pour créer sans limite!

Ajoutez des textes et appliquez des effets pour une mise en scène originale de vos créations!

Imprimez vos créations assistés de chez vous et partagez-les avec vos proches!

NOS MODÈLES

- ÉTIQUETTES
- VIEUX & INVITATIONS
- FAIRE-PART
- CARTES DE VISITE

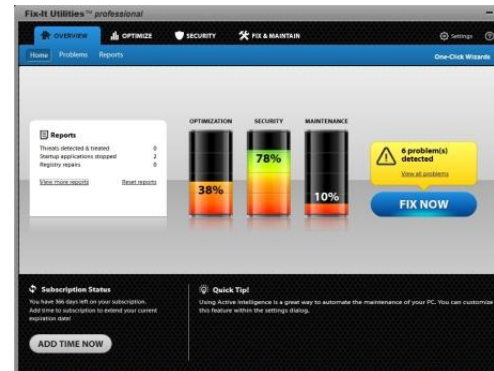
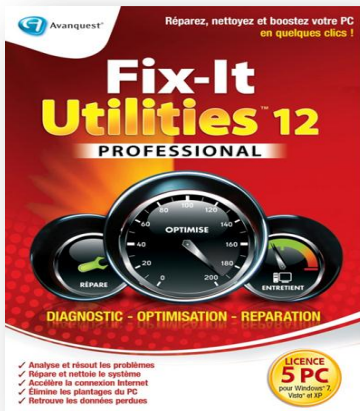
Focus #2:

Utility software: from offline to online



Strategy and Outlook

- 🔗 The acquisition of Micro Application strengthened the Group's position as leader
 - In the **USA**: Avanquest is **#1** in **Disk Utilities** (according to NPD Techworld)
 - In **France**: Micro Application is **#1** for **Utilities**
- 🔗 Speeding up online deployment with a gradual switch to subscription mode for the entire line of utilities



We are taking our customers to an SaaS-mode subscription model that provides an opportunity to generate recurring revenue for continuous use with improved functions.

Focus #2: Shifting offline contents to online offers

Strategy and Outlook



Offering our offline software line on all platforms: topical or community sites, social networks, Smartphones, tablets, soon television, etc.

- Illustration with Photo Explosion 5 – November 2011 release – which lets you manage your photos on your computer, retouch them and share them in one click on
- Software available in a box as well as by download, and soon on Smartphones, tablets and a Facebook app

facebook

flickr

Picasa



Focus #3:

Mobility: legitimacy supported by recognized development capacities



Strategy and Outlook

- 📍 A potential for growth: the explosion of mobile platforms
- 📍 Avanquest has a competitive advantage: a global offer
 - The capacity to develop applications on all platforms and for all operating systems immediately in all languages
 - Rich proprietary content

Plus de
30 Applications Mobile Premium
sur iPhone®, iPad®, Android® et Windows® Phone

Windows phone iPad iPhone Android

Focus #3:

Mobility: legitimacy supported by recognized development capacities



Strategy and Outlook

Speeding up the strategy of developing mobile security solutions for SmartPhones and Cloud-based tablets



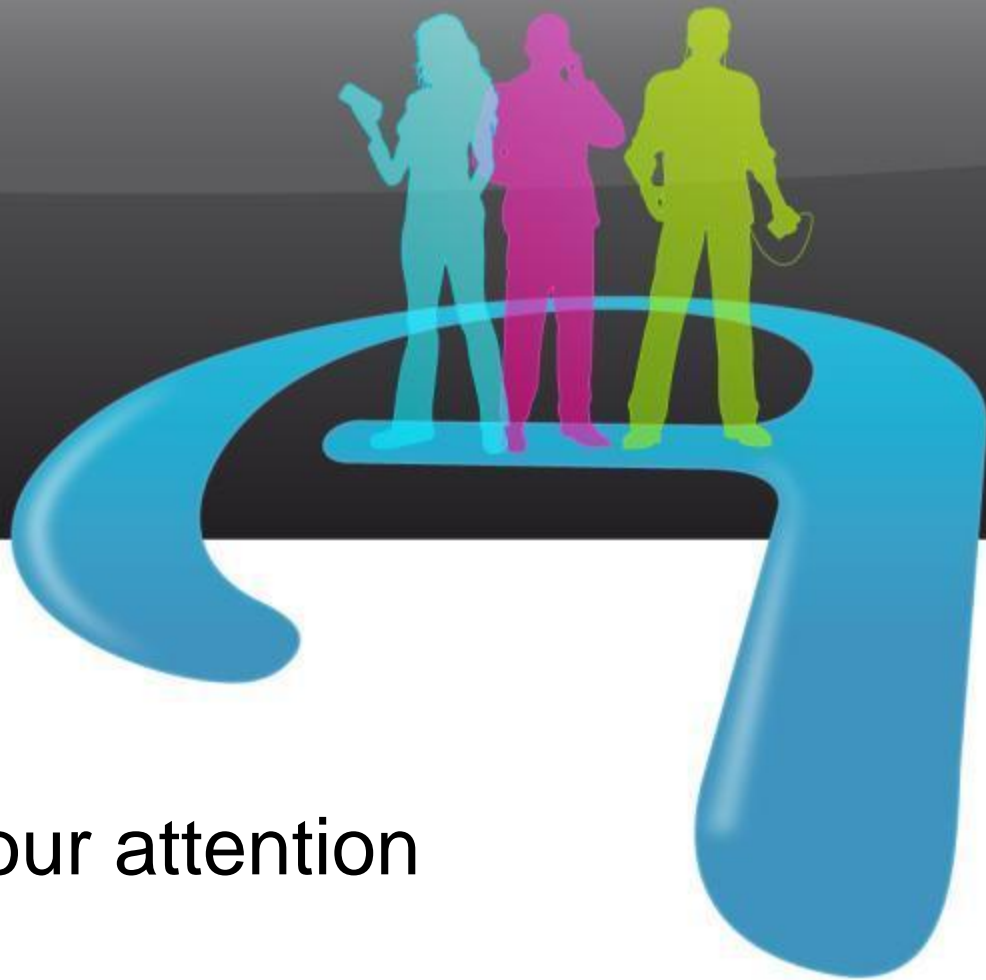
Already a major client in the USA: ProtectCELL has chosen MyMobileCompanion

A close-up, artistic photograph of a woman's face, looking slightly to the right. Her eyes are the focal point, with glowing, semi-transparent globes of the Earth reflected within them. The background is a soft, out-of-focus light blue and white. The overall mood is futuristic and global.

Speeding up the Group's switch with deployment of an offensive online strategy:

- ✓ **Evolution of the Group's business model toward more online revenue and SaaS-type associated services**
- ✓ **Pooled R&D within the Avanquest Research Labs**
- ✓ **Consequent investments in new technologies**

**Avanquest, well positioned in buoyant segments,
is investing in the future.**



Thank you for your attention



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