



Emakina Group Annual Results 2020: continued growth, improved margins

International expansion and e-commerce service gather pace;
Income EUR 99,004,614, up 2.5%;
EBITDA of EUR 7,783,355, up 32,3%

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Emakina Group (Euronext Growth Brussels : **ALEMK**) announces its 2020 annual results today. Consolidated sales amounted to EUR 99,004,614, an increase of 2.5% at constant scope. The impact of the pandemic was felt in the second and third quarters of the year. Conversely, the end-of-year period saw sales gaining substantial traction, enabling the group to maintain its growth in income.

Emakina Group is one of the leading digital groups of independent digital agencies, with a presence in 17 countries on 3 continents. The international expansion is gaining pace, with income outside Belgium accounting for 70% of the consolidated income. The EBITDA amounted to EUR 7,783,355, growing in absolute terms with 32.3%.

1. Key figures for 2020

In KEUR	2020	2019	Variation
Income	99,005	96,618	+2.5%
Earnings before interest, depreciation and amortisation (EBITDA)	7,783	5,881	+32.3 %
Operating margin %	7.9%	6.1%	
Result before tax	1,483	235	+1,248
Net result	662	-71	+733

2. Key events in 2020

a) Impact of COVID-19 pandemic

As announced, the financial impact of the COVID-19 pandemic on the performance in 2020 remained under control. Bearing in mind (i) the growth in activities internationally, underpinned by the e-commerce service range, (ii) the precautionary cost-cutting measures taken in the hardest hit zones, (iii) the implementation of additional credit lines and (iv) rigorous monitoring of the working capital requirement, at the end of 2020 the management succeeded in maintaining the group's growth and improving its margins and cash flow.

The impact of the pandemic was felt in the second and third quarters of the year. Conversely, the end-of-year period saw sales gaining substantial traction, enabling the group to maintain growth in income of 2.5% for the year 2020 as a whole, compared with 2019.

This ability to bounce back was also boosted by the use of high-performance video conferencing and collaboration tools, making it possible to ensure continuity and quality services despite the lockdown.

b) Internationalisation and acquisitions

International expansion gathered pace in 2020, with income outside Belgium now accounting for 70% of the yearly consolidated income, compared with 63% during the same period the previous year. This development is underpinned by the good course of business in Central Europe, Asia and the Netherlands, especially as regards e-commerce services. Emakina now operates in 17 countries on three continents.

The internationalisation of the group's activities is to continue in the months to come. Following the opening in 2020 of an office in Qatar (Doha), Riyadh (Saudi Arabia) and Pune (India), in early 2021 Emakina has started the preparations to open new offices in London and in Munich so as to support its international clients and to prospect for new potential clients. Finally, the external growth strategy remains a priority for the management, with the current context offering opportunities.

c) Human capital and production

During this period marked by the COVID-19 pandemic and social distancing, the management paid very particular attention to the well-being of their staff. In terms of production, the 'Global One Team' strategy has proved its relevance.

Fortunately, the vaccination rollout now offers real prospects of emerging from the crisis. Investment in protection, psychological support and high-performance video conference and online collaboration tools have made it possible to maintain the quality of interaction both internally and with clients, despite the pandemic. The teleworking and protection measures taken proved fully effective in limiting cases of infection within the group.

The pandemic context made it possible to consolidate the 'Global One Team Delivery' approach in place at Emakina for several years as regards production: to bring in the best talents, the best technological expertise, regardless of their geographic location, in order to offer clients the best user experience with our solutions. All major successes in terms of invitations to tender or projects properly delivered involve intense 'multi-entity' and 'multi-geographic' synergies requiring high-performance internal tools but above all a sound 'One Team' collaborative model and team spirit.

The management would like to thank all the staff for their valuable contribution to the group's results.

d) New business

In 2020, many national and international companies chose an Emakina agency as their digital transformation partner.

These include, among others: Ahold Delhaize, Armor-Lux, Aurep, Beaulieu, Bestseller, Bugaboo, Cape Union Mart, Constellium, Crate & Barrel and Maison du Monde for Majid Al Futtaim, DGZ, Faces, Full Life, Givaudan, Goody Kitchen, Graff, Harman, Hartlauer, Hudson, Joolz, Mise au Green, Picture, Prénatal, Rotra, Solis, Swedish Pension Office, Tata Steel, Tory Burch, Under Armour GCC, Visit Qatar, Walibi and Yves Saint Laurent.

e) New business and technological partnerships

During the course of 2020, in a context marked by the lockdown linked to the Covid-19 pandemic, the group moved up a gear in developing its e-commerce services. This resulted in the implementation of multiple online commerce platforms to enable clients to ensure their business continuity.

In increasingly complex and interconnected technological ecosystems, the Emakina Group strives to guide its clients as well as possible in the choices they make, bearing in mind their specific features and the expected level of integration, connectivity, hosting and development potential. The many technological partnerships that the group has forged over the past few years enable a broad portfolio of solutions.

f) Integration and processes

In 2020, Emakina Group continued to invest in management platforms within its network. In early 2021, all the Belgian entities successfully switched to the new project management platform combined with the new ERP. Deploying these centralised platforms across the group remains a priority in order to promote collaboration and achieve productivity gains.

g) Commercial partnerships

The group's commercial partners continue to offer clients a wide geographic scope combined with in-depth local knowledge.

h) Prizes and awards

During 2020, Emakina Group won several international prizes, including the Webby Award for the 'Best Association Website' with World Press Photo, 'Best in Category' Horizon Awards for the Olympique de Marseille website and for the video campaign for SBAB bank. Web, video and e-commerce projects for Bardahl, Courir, Courrèges, Dugas and World Press Photo also won 'Horizon Gold Awards'.

In addition, the group was awarded two major prizes confirming its position as a 'Salesforce Trailblazer': the 'Middle East Rising Star Award' with Emakina.AE and the 'Middle East Top Partner Initiative Award' with the Cloudworks agency.

3. General comments

Growth in activities

In 2020, Emakina Group's consolidated sales amounted to EUR 99,004,614, compared with EUR 96,618,148 in 2019, representing an increase of 2.5% (identical at constant scope).

As stressed, the international expansion is gaining pace, within income outside Belgium now accounting for 70% of the 2020 consolidated income, compared with 63% in 2019. This is due to the more marked economic impact of Covid-19 in Belgium and above all the sustained growth in business in Central Europe, Asia and Netherlands as regards e-commerce services in particular.

Operating performance up sharply (EBITDA)

Earnings before interest, depreciation and amortisation (EBITDA) amounted to EUR 7,783,355 (identical at constant scope) in 2020, compared with EUR 5,881,414 during the same period in 2019, representing growth in absolute terms of 32.3%. Expressed as a percentage of total sales, EBITDA rose from 6.1% to 7.9% (identical at constant scope) between 2019 and 2020.

Despite the impact of the pandemic on the second and third quarters of 2020, the very good course of business in the first and last quarters of 2020 combined with (i) precautionary measures to temporarily cut costs, (ii) optimised production management in a context marked by competitive pressure and (iii) staff costs under control made it possible to significantly improve the operating performance over 2020 as a whole.

Sharp increase in current result and net profit

The current profit before tax (EUR 2,217,959) recorded for 2020 increased with 76,6% compared with 2019 (EUR 1,256,070). This may be attributed to the very favourable development of operating profitability, combined with a financial result under control bearing in mind the good management of indebtedness and foreign currencies.

The level of the net profit (EUR 662,237) can be attributed to (i) the rise in the current profit, (ii) a non-recurring result (EUR -735,123) linked to the depreciation of trade receivables (EUR 524,080) and a reorganisation programme and (iii) an increase in the tax burden owing to the positive trend in operating profitability.

This net profit makes it possible to increase group's equity base.

4. Financial health

The group's financial health improved at the end of 2020 thanks to the increase in EBITDA, a positive net profit, an increased equity base, a working capital requirement under control, a fall in the level of financial indebtedness and the availability of appropriate credit lines.

5. Outlook for 2021

In a context marked by the continuing pandemic and a slow vaccination rollout, some uncertainty remains. However, **the Emakina management anticipates a single figure rise in its sales over the year 2021 as a whole**, on the basis of the current commercial indicators and the existing scope.

6. Statement from the company directors

The Board of Directors of the company declares that, to the best of its knowledge, the condensed consolidated financial statements as at 31 December 2020, established in accordance with Belgian accounting standards, give a true and fair view of the assets, financial status and results of Emakina Group. The annual financial report contains an accurate description of the information that must be included in it.

7. Miscellaneous

Auditor's report

The auditor has confirmed that his audit of the consolidated accounts is complete in terms of substance and has not revealed any significant adjustment to be made to the accounting data presented in the annual report.

Belgian accounting standards

All the consolidated figures given in the appendices have been established in accordance with Belgian accounting standards. These figures provide a summary of the financial results that are presented in detail in the 2020 annual report.

As a reminder, the compulsory systematic amortisation of goodwill over a ten-year period (booked in financial charges and imposed by Belgian accounting law) weighs significantly on the group's consolidated net profit.

Shareholders' diary

1 April 2021:	Annual report 2020 (brochure)
22 April 2021:	General meeting of shareholders
24 September 2021:	Publication of the first half-yearly results 2021

About Emakina Group

Emakina Group (ALEMK: **BBK**) is one of the leading digital groups of independent digital agencies with a global reach.

Over 1,000 technology and marketing experts based in 17 countries work closely with their clients to grow their business activities and their brand value. Together, they put in place ambitious and effective strategies and projects, ranging from applications to websites and e-commerce platforms as well as content design and production and creative campaigns.

Emakina sales in 2020 amounted to EUR 99 million. The group is listed on Euronext Growth Brussels (ALEMK_BB - ISIN: BE0003843605).

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In accordance with the Euronext Growth Brussels regulations, all the regulated information is included in the Emakina Group annual financial report 2020, available on our website www.emakina.group, "Investor Relations" section, as of 1 April 2021.

CONSOLIDATED FIGURES 2020 – EMAKINA GROUP SA

CONSOLIDATED INCOME STATEMENT (EUR)*	31/12/2020	31/12/2019	31/12/2018
SALES AND SERVICES	99,004,614	96,618,148	92,389,601
Turnover	96,587,019	92,485,616	91,972,627
Variations in projects in progress	-798,814	1,317,713	-1,451,203
Capitalised production	804,843	1,228,745	439,660
Other operating income	2,411,566	1,586,074	1,428,517
OPERATING CHARGES (BEFORE AMORTISATION)	-91,221,259	-90,736,734	-86,282,146
Purchase of equipment and services linked to sales	-39,429,940	-40,311,250	-39,612,198
Staff costs	-51,574,638	-50,118,578	-46,357,109
Other operating charges	-216,681	-306,907	-312,839
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION = EBITDA	7,783,355	5,881,414	6,107,455
AMORTISATION AND DEPRECIATION	-2,292,616	-1,995,269	-1,637,892
Amortisation of intangible and tangible fixed assets	-2,289,110	-1,830,219	-1,729,416
Depreciation of trade receivables	-5,206	-155,455	12,948
Provisions for liabilities and charges	1,700	-9,595	78,576
OPERATING PROFIT	5,490,739	3,886,145	4,469,563
FINANCIAL RESULT	-1,099,104	-779,502	-533,278
Financial income	2,750,876	636,275	1,375,494
Financial charges	-3,849,980	-1,415,777	-1,908,772
CURRENT PROFIT BEFORE AMORTISATION OF CONSOLIDATED DIFFERENCES	4,391,635	3,106,643	3,936,285
AMORTISATION OF GOODWILL**	-2,173,675	-1,850,573	-2,553,237
CURRENT PROFIT	2,217,959	1,256,070	1,383,048
NON-RECURRING RESULT	-735,123	-1,020,792	-289,816
RESULT BEFORE TAXES	1,482,837	235,278	1,093,232
DEFERRED TAXES	0	485	970
INCOME TAX	-820,600	-307,028	-1,037,475
SHARE IN THE RESULT OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD	0	0	0
NET PROFIT BEFORE AMORTISATION OF CONSOLIDATION DIFFERENCES	2,835,912	1,779,308	2,609,964
NET RESULT	662,237	-71,265	56,727
A. Share of minority interests	295,343	152,933	137,169
B. Group share	366,894	-224,198	-80,442

DATA PER SHARE	31/12/2020	31/12/2019	31/12/2018
NUMBER OF SHARES	3,893,353	3,893,353	3,893,353
CURRENT RESULT / SHARE (in EUR)	0.5697	0.3226	0.3552
GROUP SHARE / SHARE (in EUR)	0.0942	-0.0576	-0.0207
NET RESULT / SHARE (in EUR)	0.1701	-0.0183	0.0146

ASSETS (EUR)*	31/12/2020	31/12/2019	31/12/2018
FIXED ASSETS	20,508,937	21,721,511	20,593,604
Formation expenses	627,554	137,936	152,331
Intangible assets	3,501,392	3,532,425	2,606,863
Consolidation differences	13,431,798	14,912,079	15,088,160
Tangible assets	2,370,007	2,562,913	2,234,953
Financial assets	578,186	576,158	511,297
CURRENT ASSETS	35,991,448	31,407,847	28,970,708
Stocks and contracts in progress	2,754,648	4,682,577	3,379,452
Deferred taxes	0	0	0
Amounts receivable within one year	21,384,328	20,875,917	19,371,195
Current investments	5,617	8,761	584,780
Cash and cash equivalents	10,085,904	3,824,864	3,846,013
Accruals and deferrals	1,760,951	2,015,728	1,789,268
TOTAL ASSETS	56,500,385	53,129,358	49,564,312
LIABILITIES (EUR)*	31/12/2020	31/12/2019	31/12/2018
CAPITAL AND RESERVES	10,224,759	10,082,940	10,542,268
MINORITY INTERESTS	646,853	377,994	343,303
PROVISIONS FOR LIABILITIES AND CHARGES	137,225	161,700	230,105
DEFERRED TAXES AND DEFERRED TAX LIABILITIES	0	0	485
DEBTS	45,491,548	42,506,725	38,448,151
Amounts payable after one year	4,671,572	4,257,722	3,677,227
Amounts payable within one year	40,352,377	37,958,605	34,388,316
Current portion of amounts payable after one year	2,415,256	2,340,100	2,173,540
Financial debts	8,871,653	10,363,625	8,910,004
Trade debts	7,580,463	7,375,842	6,144,366
Advances received	7,326,712	6,762,505	4,308,187
Taxes, wages and social security charges	10,434,347	7,230,003	7,645,266
Other amounts payable	3,723,946	3,886,529	5,206,953
Accruals and deferrals	467,599	290,398	382,608
TOTAL LIABILITIES	56,500,385	53,129,358	49,564,312

* Drawn up in accordance with Belgian accounting standards.

** In accordance with the valuation rules, as of 1 January 2019 the consolidation differences (or goodwill) are amortised over 10 years, irrespective of all consideration of any excess value in accordance with Belgian accounting standards.

In accordance with the Euronext Growth Brussels regulations, this annual press release is optional. It will be followed by the publication of the Emakina Group annual financial report 2020, which contains all the regulatory information.

The report will be available on the website www.emakina.group, "Investor Relations" section, as of 1 April 2021, in accordance with the legal provisions on this matter.