First-half 2020-2021 results

Continuing strong growth and a very significant improvement in profitability

- **Revenue of €278 million, up 25% at constant exchange rates (+17% like-for-like)**
- **Operating profitability more than doubles with EBITDA reaching €23 million (+107%) or 8.3% of revenue**
- **Net income multiplied by 7 to €11 million**
- **Record cash position of €118 million, supported by strong operating cash flow generation of €40 million**

The condensed interim consolidated financial statements for the half-year period ended December 31, 2020 were approved by the Board of Directors on March 31, 2021. The limited review procedures for the interim financial statements have been completed, and the limited review report will be issued after the verification of the half-year financial report is completed.

"*More than any year to date, 2020 marked a pivotal milestone in the economy's digital transformation. Our diversified market position in the B2C*[1] *segment, based largely on a freemium business model*[2] *allowed us to fully benefit from the economy's rapid digital development within a health context we have been experiencing already for one year.*

In this context, Claranova achieved record performances in H1 2020-2021 with continuing strong revenue growth, up 25%[3] *to €278 million, but above all a very significant improvement in operating profitability with EBITDA*[4] *of €23 million. Operating profitability more than doubled in relation to last year's first half, already exceeding the total annual amount of EBITDA achieved by Claranova over the entire 2019-2020 fiscal year. Similarly, the Group's net profitability*[5] *grew by a multiple of seven to reach the historic level of €11 million. These performances are the result of work accomplished over the last few years to strengthen our positions in high-potential digital segments and build resilient business models for each of our divisions.*

Our growth potential remains considerable. We are more than ever confident in our ability to maintain this trend of profitable growth and reaffirm our goal to achieve annual revenue of €700 million and an EBITDA margin above 10% by 2023."

Pierre Cesarini, Chairman and CEO of Claranova Group

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[1] B2C or Business-to-Consumer refers to the process where businesses sell products and services directly to individual consumers.
[2] A penetration pricing strategy that involves proposing a free product to customers who are then charged for complementary products, services and features.
[3] Change at constant exchange rates
[4] EBITDA (Earnings before interest, taxes, depreciation and amortization) is a non-GAAP aggregate used to measure the operating performance of the businesses. It is equal to Recurring Operating Income before depreciation, amortization and share-based payments including related social security expenses and the IFRS 16 impact on the recognition of leases. Details on the calculation of EBITDA are presented in the Appendix to this presentation.
[5] In terms of Net Income.

Paris, France - March 31, 2021, 6:00 p.m. (CET). Claranova remained on track with strong and balanced growth in H1 2020-2021 (July-December 2020), with revenue of €278 million (+25% at constant exchange rates) accompanied by a sharp improvement in profitability. EBITDA, the main operating performance indicator, more than doubled in the first half (+107%), in line with guidance issued when revenue was published on February 10, 2021. Operating profitability reached €23 million[6], increasing the EBITDA margin to 8.3%, up from 4.8% one year earlier.

This significant rise in EBITDA achieved by each of Claranova's divisions highlights:

- the potential profitability of the personalized e-commerce businesses (PlanetArt) during a period of limited marketing investments;
- the successful transition from a software publishing business model (Avanquest) into a higher margin proprietary software subscription-based model (SaaS[7]);
- the significant reduction in the operating losses of the IoT businesses (myDevices).

In line with the improvement in EBITDA, Net Income increased sevenfold in H1 2020-2021 to reach €11 million. This first half also confirmed the Group's strong cash flow generation with a net inflow from operating activities of €40 million. On that basis, Claranova's gross cash position increased 29% in relation to December 31, 2019 to a record level of €118 million, resulting in net cash (cash net of financial debts) of €47 million.

Change in the Group's main operating performance indicators:

In € million	**H1 2020-2021**	**H1 2019-2020**	Change
Revenue	278	234	19%
EBITDA	**23**	**11**	**107%**
EBITDA as a % of Revenue	*8.3%*	*4.8%*	*+3.5 pts*
Recurring Operating Income	21	10	114%
Net Income	**11**	**1**	**603%**
Cash flow from operating activities	**40**	**37**	**7%**
Closing cash position	**118**	**91**	**29%**

PlanetArt: a solid first half, highlighting the potential profitability of the personalized e-commerce businesses

With €234 million in revenue and €19 million in EBITDA, PlanetArt continued to deliver robust growth (+32% at constant exchange rates), accompanied by a very sharp rise in operating profitability in the first half of 91%. This positive trend for EBITDA is the result of an ever-increasing demand in the markets addressed by PlanetArt which continues to strengthen its competitive position worldwide, year after year. It also reflects the more limited marketing investments during the year-end holiday period where the traditional pressure on the

[6] The increase in EBITDA does not take into account the aid received from the US federal government through the Covid-19 relief Paycheck Protection Program (PPP), pending final guidance by the US authorities concerning the conditions governing its conversion into grants in favor of the Group's two US subsidiaries. The conversion of this aid into a grant would positively impact the Group's EBITDA by nearly US$5 million.

[7] *Software as a Service.*

supply chain was reinforced by the public health situation. This in turn further boosted online consumption from which PlanetArt fully benefited.

This first half also confirmed the good integration of the Personal Creations businesses acquired in August 2019 (under Chapter 11). Personal Creations posted double-digit growth with a structurally improved profitability profile in the first half of the year[8,9]. FreePrints Gifts application experienced a very successful launch in the United States: with over 700,000 downloads since its launch at the start of the year, and an average score of 4.8/5[10] stars, FreePrints Gifts is off to a promising start. Its ramp-up will allow us to further monetize of our global FreePrints installed based with strong margins associated to FreePrints Gifts products.

Change in PlanetArt's main operating performance indicators:

In € million	**H1 2020-2021**	**H1 2019-2020**	Change
Revenue	234	186	26%
EBITDA	**19**	**10**	**91%**
EBITDA as a % of Revenue	*8.3%*	*5.4%*	*+ 2.8 pts*

Avanquest: profitability of businesses reinforced by focusing on proprietary software publishing and subscription sales

Avanquest, Claranova's software publishing business, is continuing to shift its focus to a higher margin proprietary software subscription-based business model (SaaS) which has contributed to a significant improvement in EBITDA from €4 million to €5 million, an increase of 31%.

This transition continues to limit revenue growth in the first half, which registered a marginal decrease of 4% at constant exchange rates (-9% at actual exchange rates). The momentum for the subscription-based sales of proprietary software, and notably PDF document management (Soda PDF) and photo editing tools (InPixio), both with double-digit growth in H1, offset in part the planned decrease by Avanquest's non-strategic businesses which include physical software sales, non-proprietary software sales and sales by channel partner networks which are now internalized.

The EBITDA margin rose significantly from 8.0% as a percentage of revenue in last year's first half to 11.5%. With recurring sales now accounting for 56% of revenue compared to 42% in the prior year's first half, the profitability of the publishing software business will continue to improve as this percentage increases.

[8] Because Personal Creations was integrated in August 2019, like-for-like growth is calculated at constant exchange rates on a comparable basis of five months (August to December).
[9] The profitability of the Personal Creations businesses corresponds to the contribution margin or before fixed costs, where the Personal Creations businesses have already been fully merged with PlanetArt's other businesses and are supported by a shared logistics, IT and marketing platform.
[10] Source: AppFigures, number of downloads and average score obtained since the app's launch on iOS and Android.

Change in Avanquest's main operating performance indicators in 2019-2020:

In € million	H1 2020-2021	H1 2019-2020	Change
Revenue	42	46	-9%
EBITDA	**5**	**4**	**31%**
EBITDA as a % of Revenue	*11.5%*	*8.0%*	*+ 3.5 pts*

myDevices: business remains resilient even as the pandemic slows the pace of the rollout

Revenue from Claranova's IoT businesses remained stable at €2 million, up 4% at constant exchange rates, within a context of slower deployment observed since the beginning of the pandemic in myDevices' main industry sectors (hospitality services, catering, hospitals, offices, etc.). Waiting for rollout to resume, losses registered in the first half were contained with myDevices' EBITDA representing a loss of €1.0 million, up from a €3 million loss in last year's first half.

The positive business momentum prior to the health crisis should gradually resume as the situation gradually returns to normal and activity recovers as expected in the main industries covered by the myDevices solutions, especially as this crisis has emphasized the importance of IoT to the indispensable digitalization of use cases in those segments.

Change in myDevices' main operating performance indicators in 2019-2020:

In € million	H1 2020-2021	H1 2019-2020	Change
Revenue	2	2	-3%
EBITDA	**(1)**	**(3)**	**-62%**
EBITDA as a % of Revenue	*-46.5%*	*-118.1%*	*+ 71.6 pts*

A new record for cash (€118 million), boosted by operating cash flow generation (€40 million)

Claranova ended H1 2020-2021 with a closing cash position of €118 million as of December 31, 2020, i.e. a €35 million increase compared to June 30, 2020. This increase was bolstered by net inflows from operating activities of €40 million which included €23 million from operations and €21 million from changes in working capital requirements, reflecting the growth of PlanetArt (organic and external), the seasonal nature of these businesses (significant activity during year-end festivities generating an exceptional peak in cash flow at the end of December) and the business model (B2C distribution which naturally generates negative working capital requirements). Net cash flows used in investing activities and from financing activities remained limited representing an outflow of €4 million and an inflow of €3 million respectively.

In € million	H1 2020-2021	H1 2019-2020
Cash flow from operations before changes in working capital	23	9
Change in working capital requirements	21	34
Taxes and net interest paid	(4)	(6)
Net cash flow from/(used in) operating activities	**40**	**37**
Net cash flow from/(used in) investing activities	**(4)**	**(32)**
Net cash flow from/(used in) financing activities	**3**	**10**
Increase (decrease) in cash	38	14
Opening cash position	**83**	**75**
Net foreign exchange difference	(3)	2
Closing cash position	**118**	**91**

A financial position that remains very solid with positive net cash position of €47 million

Claranova's financial position remains particularly sound with cash position of €118 million and financial debt of €71 million (excluding the impact IFRS 16 on the recognition of leases), resulting in net cash of €47 million as at December 31, 2020.

In € million	12/31/2020	06/30/2020
Bank debt	20	18
Bonds	48	48
Other financial liabilities	2	3
Accrued interest	1	0
Total financial liabilities[11]	**71**	**69**
Available unpledged cash	118	83
Net debt	**(47)**	**(14)**

[11] Excluding lease liabilities resulting from the adoption of IFRS 16.

Financial calendar:
May 11, 2021: Q3 2020-2021 revenue

The presentation of H1 2020-2021 results may be consulted at the Company's website:
https://www.claranova.com/investisseurs/publications-financieres/

The Company anticipates the publication of the half-yearly financial report the week of April 12, 2021 after the finalization of the limited review procedures by the auditors.

About Claranova:

Claranova is a high-growth international technology group with a long-term vision and resilient business models operating in high potential markets. As the leader in personalized e-commerce (PlanetArt), Claranova provides added value through technological expertise in software publishing (Avanquest) and the Internet of Things (myDevices). These three business divisions share a common mission to simplify access to new technologies through solutions combining innovation and ease of use. Based on these strengths, Claranova has maintained an average annual rate of growth for the past three years of more than 45% and in FY 2019-2020 had revenue of €409 million.

For more information on Claranova group:
https://www.claranova.com or https://twitter.com/claranova_group

Disclaimer:

All statements other than statements of historical fact included in this press release about future events are subject to (i) change without notice and (ii) factors beyond the Company's control. Forward-looking statements are subject to inherent risks and uncertainties beyond the Company's control that could cause the Company's actual results or performance to be materially different from the expected results or performance expressed or implied by such forward-looking statements.

Appendices

Appendix 1: Consolidated Income Statement

In € million	H1 2020-2021	H1 2019-2020
Net revenue	**277.8**	**234.3**
Raw materials and purchases of goods	(91.0)	(73.5)
Other purchases and external expenses	(119.1)	(113.1)
Taxes, duties and similar payments	(0.4)	(0.3)
Employee expenses	(32.4)	(26.8)
Depreciation, amortization and provisions (net of reversals)	(4.1)	(3.0)
Other recurring operating income and expenses	(10.1)	(7.9)
Recurring Operating Income	**20.8**	**9.7**
Other operating income and expenses	(3.3)	(3.0)
Operating income	**17.5**	**6.8**
Net financial income (expense)	**(3.5)**	**(2.3)**
Tax expense	(3.5)	(2.9)
Net Income	**10.5**	**1.5**
Net income attributable to owners of the parent	**8.5**	**1.2**

Appendix 2: Earnings per share

(In €)	H1 2020-2021	H1 2019-2020
Number of shares outstanding[12] (in units)	**39,486,529**	**39,200,753**
Number of shares outstanding after potential dilution (in units)	**39,905,818**	**39,905,820**
Net income per share	**€ 0.27**	**€ 0.04**
Net income per share after potential dilution	€ 0.26	€ 0.04
Adjusted net income per share	€ 0.36	€ 0.11
Adjusted net income per share after potential dilution	€ 0.36	€ 0.11

[12] The number of outstanding shares was restated in H1 2018-2019 and H1 2017-2018 to take into account the one-for-ten reverse stock split in H1 2019-2020.

Net income per share attributable to the parent	**€ 0.21**	**€ 0.03**
Net income per share attributable to the parent after potential dilution	€ 0.21	€ 0.03
Adjusted net income per share attributable to the parent	€ 0.31	€ 0.10
Adjusted net income attributable to the parent after dilution	€ 0.30	€ 0.10

Appendix 3: Calculation of EBITDA and Adjusted net income

EBITDA and Adjusted net income are non-GAAP measures and should be viewed as additional information. They do not replace Group IFRS aggregates. Claranova's Management considers these measures to be relevant indicators of the Group's operating and financial performance. It presents them for information purposes, as they enable most non-operating and non-recurring items to be excluded from the measurement of business performance.

The transition from Recurring Operating Income to EBITDA is as follows:

In € million	H1 2020-2021	H1 2019-2020
Recurring Operating Income	**20.8**	**9.7**
Impact of IFRS 16 on leases expenses	(1.8)	(1.6)
Share-based payments, including social security expenses	0.0	0.0
Depreciation, amortization and provisions	4.1	3.0
EBITDA	**23.1**	**11.2**

The reconciliation of Net Income to Adjusted Net income is as follows:

In € million	H1 2020-2021	H1 2019-2020
Net Income	**10.5**	**1.5**
IFRS 16 impact on Net income	0.2	0.2
Share-based payments, including social security expenses	0.0	0.0
Fair value remeasurement of financial instruments	0.1	(0.3)
Other operating income and expenses	3.3	3.0
Adjusted net income	**14.2**	**4.3**

Appendix 4: Simplified Statement of Financial Position

Claranova's total assets increased from €210 million to €244 million between June 30, 2020 and December 31, 2020. This increase reflects mainly the significant growth in cash and cash equivalents of €35 million generated by the Group's operations in the first half in relation to June 30, 2020.

Group balance sheet highlights:

In € million	12/31/2020	06/30/2019
Goodwill	62.5	61.7
Right-of-use lease assets	8.5	9.8
Other non-current assets	23.2	22.2
Current assets (excl. Cash and cash equivalents)	31.5	33.5
Cash and cash equivalents	118.1	82.8
Total assets	**243.7**	**210.0**
Equity	73.2	62.3
Financial liabilities	71.4	68.9
Lease liabilities	9.0	10.1
Other non-current liabilities	3.1	3.1
Other-current liabilities	87.1	65.6
Total equity and liabilities	**243.7**	**210.0**

Appendix 5: IFRS 16 impact on leases

On January 13, 2016, the IASB published IFRS 16 on the recognition of leases, replacing IAS 17. The Group transitioned to IFRS 16 on July 1, 2019, using the simplified retrospective method. The impacts on the Income Statement, the Statement of Financial Position and the Statement of Cash Flows are presented below. Further information on the impacts of application of IFRS 16 on the Group financial statements can be found in Note 16 to the 2020-2021 Half-year Financial Report.

In € million	H1 2020-2021	H1 2019-2020
Cancellation of lease expenses	1.8	1.6
Amortization of right-of-use assets	(1.6)	(1.4)
Interest on lease liabilities	(0.4)	(0.3)
Impact on Net Income	**(0.2)**	**(0.2)**

Non-current lease assets	8.5	9.8
Impact on total assets	**8.5**	**9.8**
Non-current lease liabilities	5.9	7.2
Current lease liabilities	3.2	3.0
Impact on total liabilities	**9.1**	**10.1**
Impact on closing cash	**0.0**	**0.0**