FY 2020-2021 annual results

Revenue continues to grow and operating profit doubles

- **FY 2020-2021 revenue of €472 million, up 21% at constant exchange rates and operating profit doubles as EBITDA[1] reaches €34 million (+96%)**
- **Closing cash position at June 30, 2021 of €90 million, up 9%, including a twofold increase in cash flow from operations to €29 million[2]**
- **Return to growth expected in Q2 FY 2021-2022 following the 5% contraction in Group revenue anticipated for Q1**
- **Implementation of an option conferring a right to the Chairman & CEO to invest in the Group's subsidiaries (PlanetArt, Avanquest, myDevices): cash-out conditional on a threefold increase in the value of Claranova's shareholding by June 30, 2026**

The 2020-2021 audited consolidated financial statements were approved by the Board of Directors on October 20, 2021.

Pierre Cesarini, Chairman & CEO of the Claranova group, commented: "*Today we are announcing another year of profitable growth and it is particularly satisfying to note that all Group divisions contributed in their respective manners to this success. With 21% growth at constant exchange rates and EBITDA nearly doubling, Claranova has again demonstrated its ability to adapt and develop.*

The first few weeks of FY 2021-2022 were marked by a worldwide reversal of online traffic growth in the post-COVID environment, amplified by the impact of technological changes to Apple's app tracking features. For the first time in five years, these two exceptional market developments will have a negative impact on PlanetArt's growth, without however calling into question the relevance of our offerings and our business models over the long term. We thus remain confident in the PlanetArt's ability to very soon get back on its path to growth."

Paris, France - October 20, 2021, 6:00 p.m. (CET). Claranova ended FY 2020-2021 (July 2020-June 2021) with €472 million in revenue and confirmed the growth potential of its business portfolio with a 21% increase

[1] 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.
[2] Before changes in net working capital.

in consolidated revenue (+14% like-for-like)[3]. Group growth remained strong during the last fiscal year within a complex health environment that was overall positive for technology companies.

This growth was accompanied by a significant increase in operating profit which nearly doubled in FY 2020-2021, bolstered by the performances of all the Group's divisions. On that basis, Claranova's main operating performance indicator, EBITDA, rose to €34 million (+96%), or 7.2% as a percentage of revenue, up from 4.3% in the prior period.

As anticipated as soon as September 2020, this positive trend for EBITDA includes the conversion of aid provided by the US government in FY 2019-2020 under the Paycheck Protection Program (PPP) to selected US subsidiaries for an amount totaling nearly US$5 million into grants.

Following the improvement in the operating profit of its businesses, the Claranova's financial profile was strengthened with Net Income of €14 million for the year compared to €1 million in FY 2019-2020, the first year the Group registered a profit since initiating its transformation in 2015.

Finally, the cash position continued to strengthen and stood at €90 million at the end of June 30, 2021 (+9%). Highlighting the good health of Claranova's business portfolio, this increase was driven mainly by cash flow from operations before changes in net working capital, which rose to €29 million, up from €14 million in the prior period.

Change in the Group's main operating performance indicators:

In €m	**FY 2020-2021**	**FY 2019-2020**	Change
Revenue	472	409	+ 15%
EBITDA	**34**	**17**	**+ 96%**
EBITDA margin (% of Revenue)	*7.2%*	*4.3%*	*+ 3.0 pts*
Recurring Operating Income	29	13	+ 119%
Net Income	**14**	**1**	**+ 1,079%**
Net Cash flow from operations	**19**	**29**	**- 36%**
Of which Cash flow from operations before changes in net working capital	29	14	+ 103%
Closing cash position	**90**	**83**	**+ 9%**

PlanetArt: Continuing strong growth and focus on improving profitability

PlanetArt, Claranova's personalized e-commerce division confirmed its capacity for growth with annual revenue of €380 million, a 28% increase at constant exchange rates. Excluding currency effects and after eliminating contributions from the acquisitions of CafePress and Personal Creations, PlanetArt also delivered solid like-for-like growth in the period of 18%.

This performance was accompanied by a significant improvement in EBITDA from €14 million in the prior period to €26 million (+ 84%), which increased PlanetArt's EBITDA margin from 4.5% to 6.8%.

This increase reflects the decision by the Group to focus on the profitability of the personalized e-commerce businesses during the year. This priority led to improved marketing efficiencies across PlanetArt's entire

[3] Like-for-like growth (organic growth) equals the increase in revenue at constant consolidation scope and exchange rates.

product range for both its historical photo printing business (web and mobile) and the more recently acquired Personal Creations personalized gifts business.

Change in PlanetArt's main operating performance indicators:

In €m	FY 2020-2021	FY 2019-2020	Change
Revenue	380	314	+ 21 %
EBITDA	**26**	**14**	**+ 84 %**
EBITDA margin (% of Revenue)	*6.8 %*	*4.5 %*	*+ 2.3 pts*

Avanquest: successful transition of the business model confirmed in terms of profitability

FY 2020-2021 marks the completion of Avanquest's transition to a subscription-based sales model (SaaS[4]). This model now accounts for 78% of revenue provided by the three main products developed and distributed by Avanquest (SodaPDF, inPixio, Adaware), up from 70% in FY 2019-2020 and 50% in FY 2018-2019. The percentage of recurring revenue (including subscription sales) has accordingly continued to grow and at year-end represented 58% of this division's total sales, up from 46% in FY 2019-2020 and 35% in FY 2018-2019.

This increase reflects momentum in Avanquest's proprietary software, notably in the PDF and Photo segments with double-digit growth in the period.

This performance was offset by the decline in the historical physical distribution activities during the health crisis and the transformation of the customer acquisition strategy for Avanquest's Security solutions. This transformation implemented at the beginning of the period paid off with the Security products (Adaware) also registering double-digit gains in the last quarter of the year.

Avanquest thus had revenue in FY 2020-2021 of €88 million, stable in relation to the prior year at constant exchange rates (-3% at actual exchange rates).

While the momentum of Avanquest's SaaS business is not yet reflected in the division's growth, the business portfolio's shift towards higher-margin subscription-based sales is contributing to a significant improvement in operating profitability. This is amplified by increased sales from subscription renewals which require virtually no marketing investments and now account for 48% of revenue from subscriptions, up from 37% in the previous year.

Avanquest's EBITDA thus rose 54% to €11 million or 12.4% as a percentage of revenue, compared with €7 million and 7.9% respectively for the previous year.

Change in Avanquest's main operating performance indicators:

In €m	FY 2020-2021	FY 2019-2020	Change
Revenue	88	90	- 3 %
EBITDA	**11**	**7**	**+ 54 %**
EBITDA margin (% of Revenue)	*12.4 %*	*7.9 %*	*+ 4.5 pts*

[4] Software as a Service, a software licensing and delivery model in which software is licensed on a subscription basis.

myDevices: subscription sales and T-Mobile/Sprint partnership strengthened

myDevices, the Group's IoT division, reported revenue of €3.9 million in FY 2020-2021 compared to €4.8 million in FY 2019-2020, a 14% decline at constant rates (-20% at actual rates). This decrease reflects the slowdown in deployments in the context of the COVID-19 pandemic as well a higher comparison base from the previous year that included non-recurring revenues received under the agreement with its commercial partner Sprint. After adjusting for these non-recurring items, myDevices' revenue was up 24% at constant exchange rates over the year. This increase reflects the growth in revenue from subscriptions: at the end of June 2021, myDevices recorded Annual Recurring Revenue (ARR) of €1.4 million, up 78% at constant rates.

This year also marks the extension of myDevices' main commercial partnership with the American telecom carrier Sprint, now extended to the operator T-Mobile, following the recent merger of these two groups. With twice the sales force, T-Mobile offers the division promising opportunities for growth.

During this fiscal year, myDevices opted in favor of a conservative spending strategy which helped limit operating losses for the year. myDevices' EBITDA represented a loss of €2.7 million[5], down from a loss of €3.8 million one year earlier.

Change in myDevices' main operating performance indicators:

In €m	FY 2020-2021	FY 2019-2020	Change
Revenue	3.9	4.8	- 20 %
EBITDA	**(2.7)**	**(3.8)**	**- 29%**
EBITDA margin (% of Revenue)	*- 70.5 %*	*- 79.1 %*	*+ 8.6 pts*

Cash flow from operations before changes in net working capital doubled and the Group cash position up 9% to €90 million

Claranova ended FY 2020-2021 with a cash position of €90 million, up 9 % from June 30, 2020.

The €11 million decrease in net cash flow from operating activities is directly linked to a change in working capital in the period partially offset by the increase in cash flow from operations. Because the company operates with negative working capital, the level of working capital was exceptionally low at the end of the previous fiscal year in response to PlanetArt's strong growth during the strict lockdown period. The change in working capital has returned to a normal level in line with that of FY 2018-2019 and resulted in a decrease in net cash flow from operations.

Net cash flow used in investing activities in turn declined from outflows of €33 million to €10 million. This includes mainly the acquisition of CafePress and PDFescape businesses, flows prior to the buyout of Avanquest's minority interests and, to a lesser extent, investments in property, plant and equipment made by PlanetArt during the period. The latter remain limited given the fabless business model of PlanetArt's activities, where the vast majority of products sold by the division are manufactured by outside suppliers.

Net cash flow from financing activities consists mainly of interest payments on Group borrowings (ORNANE bonds and Euro PP). The increase in net cash flow from financing activities of the Group also reflected the share capital increase resulting from the exercise of warrants of Claranova SE and a new share capital

[5] EBITDA for FY 2019-2020 and FY 2020-2021 included respectively aid of US$0.6 million and US$0.5 million granted by the US government under the Paycheck Protection Program.

increase at the level of the myDevices division.

Change in the Group's main cash flow aggregates:

In €m	FY 2020-2021	FY 2019-2020
Cash flow from operations before changes in net working capital	29	14
Change in net working capital requirements	(4)	23
Taxes and net interest paid	(6)	(7)
Net cash flow from (used in) operating activities	**19**	**29**
Net cash flow from (used in) investing activities	**(10)**	**(33)**
Net cash flow from (used in) financing activities	**(3)**	**12**
Increase (decrease) in cash	6	8
Opening cash position	**83**	**75**
Effects of exchange rate fluctuations on cash and cash equivalents	2	(1)
Closing cash position	**90**	**83**

A financial position that remains healthy with a positive net cash of €25 million

With cash and cash equivalents of €90 million and financial liabilities (excluding IFRS 16 impact) of €65 million, Claranova's financial structure remains healthy, with net cash of €25 million up from €14 million one year earlier.

Changes in the Group's financing structure:

In €m	06/30/2021	06/30/2020
Bank debt	14	18
Bonds	49	48
Other financial liabilities	2	3
Accrued interest	0	0
Total financial liabilities[6]	**65**	**69**
Available unpledged cash	90	83
Net debt	**(25)**	**(14)**

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

Return to growth for the Group expected in Q2 2021-2022 following the 5% decline anticipated for Q1

As announced on September 30, 2021, activity during the first weeks of FY 2021-2022 (July 1, 2021 - June 30, 2022) pointed to lower sales by the PlanetArt division in relation to the same period in the prior fiscal year. The Group is thus expecting a drop in consolidated revenue of approximately 5% in Q1 2021-2022 (July 1, 2021-September 30, 2021)[7]. At this stage, Claranova it is still expecting a return to growth for these businesses starting in Q2 2021-2022 (October 1, 2021-December 31, 2021).

Implementation of an option conferring a right to the Chairman & CEO to invest in Group subsidiaries (PlanetArt, Avanquest, myDevices): cash-out conditional on a threefold increase in the value of Claranova's shareholding by June 30, 2026

Following the decision of the Company's Supervisory Board on October 18, 2018 to align the interests of its executives with those of the operational management of the Group's subsidiaries by authorizing the principle of access to the capital of one or more thereof subject to compliance with certain limits, this principle was approved on December 17, 2020 by the Annual General Meeting during the ex-ante vote on the compensation policy for corporate officers for FY 2020-2021. On July 2, 2021, the Company's Board of Directors decided to implement this option for the benefit of the Chairman-CEO for the past fiscal year, as follows:

- Except in the event of a liquidity event occurring on or before June 30, 2026, the monetization of any of the three instruments (PlanetArt, Avanquest or myDevices) will occur if and only if the value, on the date of issue of the instrument of the percentage held (indirectly) on said date by the Company in the equity of the subsidiary concerned (after taking into account the group share of debt borne at the Company level) (the "Reference Value") is multiplied by three at any time between the issue date of the instrument and June 30, 2026.
- This investment option will take the form of financial instruments issued as follows:
  - Avanquest Software SAS will issue one preferred share; and
  - Avanquest America Holding LLC will issue two synthetic instruments reflecting the performances of its subsidiaries, myDevices and PlanetArt LLC.
- Each instrument will entitle the CEO to receive, subject to satisfaction of the performance condition described below:
  - 10% of the amount received by the Group in the event of one or more liquidity events (a total or partial sale involving at least 50% of the subsidiary's capital, the qualified asset sale, a qualified IPO) occurring between now and June 30, 2026; or
  - in the absence of total liquidity by that date, 10% of the value of the percentage held (indirectly) by the Company in the equity of the subsidiary concerned as of June 30, 2026, if and only if certain conditions are met, including the delivery of an independent valuation attesting to the satisfaction of the performance condition described above.
- The three instruments which have identical characteristics, are independent of each other, and for that reason the performance condition described above may be satisfied in one subsidiary and not in another.
- At the request of the Board of Directors, the subscription price of each instrument was determined by an independent expert appraisal carried out by Accuracy, represented by Mr. Christophe Leclerc, on October 18, 2021. The latter concluded the subscription price of each instrument to be fair from the point of view of the Company's shareholders.

[7] Change in revenue at actual rates and including the consolidation scope effect. Forecast made on the basis of provisional and unaudited financial data. Definitive revenue figures for Q1 2021-2022 will be published on November 9, 2021, as scheduled in the financial calendar published on the Group's website.

The sum of the Reference Values amounts to €255.6 million (taking into account the buyout of Avanquest's minority interests scheduled for the end of October 2021), in line with the Company's current market capitalization of €253.7 million[8]. On this basis and taking into account the above-mentioned performance condition, the sum of the subscription prices of the instruments determined by an expert comes to €176.2 thousands.

As the finalized conditions of this option to invest in subsidiaries are presented as exceptional compensation in the form of a share-based payment, it must consequence be approved by the Company's shareholders at the next General Meeting to be held on December 1, 2021, in connection with the ex-post vote on all fixed and variable components of total compensation and benefits of any kind paid in or granted for the period ending June 30, 2021 to Pierre Cesarini as the Chairman & CEO, in accordance with the provisions of Article L. 22-10-34 of the French Commercial Code.

These conditions are described in Chapter 3 of the Universal Registration Document for the fiscal year ending June 30, 2021.

Appointment of Ms. Viviane Chaine-Ribeiro as Vice-Chair of the Board of Directors

Ms. Viviane Chaine-Ribeiro, a member of the Board of Directors, was appointed by all the other members as Vice-Chair of the Board of Directors, to continue the efforts to structure the Company's governance.

Availability of the FY 2020-2021 Universal Registration Document

Claranova's FY 2020-2021 Universal Registration Document was filed with the *French Autorité des Marchés Financiers* (AMF) on October 20, 2021.

The Universal Registration Document includes, in particular:

- The Annual Financial Report;
- The Board of Directors' report on corporate governance
- Claranova's consolidated financial statements as of June 30, 2021, as approved by the Board of Directors on October 20, 2021, and the statutory auditors' report thereon, and
- The management report including the Non-financial Statement.

The presentation of the annual results will be held today at 7.30 pm by video conference.

Claranova's Universal Registration Document and the presentation on its FY 2020-2021 are available on the Company's website: https://www.claranova.com/en/investors/financial-publications/financial-reports/

Financial calendar:
November 9, 2021: Q1 2021-2022 revenue

[8] Based on a 1-month volume-weighted average price as of October 14, 2021 and a number of shares outstanding of 41,629,386.

About Claranova:

As a diversified global technology company, Claranova manages and coordinates a portfolio of majority interests in digital companies with strong growth potential. Supported by a team combining several decades of experience in the world of technology, Claranova has acquired a unique know-how in successfully turning around, creating and developing innovative companies.

With average annual growth of more than 40% over the last three years and revenue of €472 million in FY 2020-2021, Claranova has proven its capacity to turn a simple idea into a worldwide success in just a few short years. Present in 15 countries and leveraging the technology expertise of nearly 800 employees across North America and Europe, Claranova is a truly international company, with 95% of its revenue derived from international markets.

Claranova's portfolio of companies is organized into three unique technology platforms operating in all major digital sectors. As a leader in personalized e-commerce, Claranova also stands out for its technological expertise in software publishing and the Internet of Things, through its businesses PlanetArt, Avanquest and myDevices. These three technology platforms share a common vision: empowering people through innovation by providing simple and intuitive digital solutions that facilitate everyday access to the very best of technology.

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 €m	FY 2020-2021	2019-2020
Net revenue	**471.9**	**409.1**
Raw materials and purchases of goods	(149.6)	(126.2)
Other purchases and external expenses	(205.8)	(191.4)
Taxes, duties and similar payments	(0.8)	(0.7)
Employee expenses	(62.8)	(55.0)
Depreciation, amortization and provisions (net of reversals)	(8.6)	(7.2)
Other recurring operating income and expenses	(15.1)	(15.2)
Recurring Operating Income	**29.2**	**13.3**
Other operating income and expenses	(4.4)	(5.6)
Operating income	**24.8**	**7.8**
Net financial income (expense)	**(6.8)**	**(4.5)**
Tax expense	(3.8)	(2.1)
Net Income	**14.2**	**1.2**
Net income attributable to owners of the Company	**10.4**	**0.5**

Appendix 2: Earnings per share

(In €)	FY 2020-2021	2019-2020
Average number of shares outstanding in the period	39,343,641	39,200,753
Theoretical average number of shares outstanding in the period after dilution	39,762,930	39,905,818
Net income per share	**€ 0.36**	**€ 0.03**
Net income per share after potential dilution	€ 0.35	€ 0.03
Adjusted net income per share	€ 0.49	€ 0.17
Adjusted net income per share after potential dilution	€ 0.48	€ 0.16
Net income per share attributable to owners of the Company	**€ 0.27**	**€ 0.01**

Net income per share attributable to owners of the Company after potential dilution	€ 0.26	€ 0.01
Adjusted net income per share attributable to owners of the Company	€ 0.39	€ 0.15
Adjusted net income attributable to owners of the Company after dilution	€ 0.39	€ 0.15

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 €m	FY 2020-2021	2019-2020
Recurring Operating Income	**29.2**	**13.3**
Impact of IFRS 16 on leases expenses	(3.6)	(3.1)
Share-based payments, including social security expenses	0.0	0.0
Depreciation, amortization and provisions[9]	8.6	7.2
EBITDA	**34.2**	**17.4**

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

In €m	FY 2020-2021	2019-2020
Net Income	**14.2**	**1.2**
IFRS 16 impact on Net income	0.2	0.4
Share-based payments, including social security expenses	0.0	0.0
Fair value remeasurement of financial instruments	4.4	5.6
Other operating income and expenses	0.3	(0.6)
Adjusted net income	**19.2**	**6.6**

[9] Of which an IFRS 16 impact of €3.3 million on allowances for depreciation and amortization in FY 2020-2021 and €2.9 million in FY 2019-2020. FY 2019-2020 was the year of IFRS 16's first-time adoption by the Group. For more details, see Chapter 2 of the FY 2020-2021 Universal Registration Document

Appendix 4: Simplified Statement of Financial Position

The size of Claranova's balance sheet remains limited given the technological profile and mainly fabless nature of the Group's operations. Claranova's assets are comprised mainly of available cash and goodwill, reflecting the Group's external growth strategy. Total assets accordingly increased from €210 million to €225 million between the end of June 2020 and the end of June 2021. This limited increase mainly reflects the Group's organic growth.

Group balance sheet highlights:

In €m	06/30/2021	06/30/2020
Goodwill	64.4	61.7
Right-of-use lease assets	7.0	9.8
Other non-current assets	25.1	22.2
Current assets (excl. Cash and cash equivalents)	38.0	33.5
Cash and cash equivalents	90.4	82.8
Total assets	**224.9**	**210.0**
Equity	83.1	62.3
Financial liabilities	65.1	68.9
Lease liabilities	7.5	10.1
Other non-current liabilities	4.5	3.1
Other-current liabilities	64.6	65.6
Total equity and liabilities	**224.9**	**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 21 to the 2019-2020 consolidated financial statements.

In €m	FY 2020-2021	2019-2020
Cancellation of lease expenses	3.6	3.1
Amortization of right-of-use assets	(3.3)	(2.9)
Interest on lease liabilities	(0.6)	(0.6)

Impact on Net Income	(0.2)	**(0.4)**
Non-current lease assets	7.0	9.8
Impact on total assets	**7.0**	**9.8**
Non-current lease liabilities	4.4	7.2
Current lease liabilities	3.2	3.0
Impact on total liabilities	**7.5**	**10.1**
Impact on closing cash	**0.0**	**0.0**