H1 2021-2022 results

Stable earnings in the period

- **H1 2021-2022 revenue: €281m (+1%)**
- **EBITDA[1] steady at €23m with an EBITDA margin of 8.2%**
- **Cash flow[2] stable at €22m (vs. €23m for the same period last year)**
- **FY 2022-2023 revenue target moved forward one year to reflect uncertainties related to changes in PlanetArt's customer acquisition methods (with no impact on the EBITDA margin target)**

This press release presents Group consolidated figures prepared on the basis of IFRS that were subject to a limited review.

"*With €281m in revenue and €23m in EBITDA in H1 2021-2022, we were successful in stabilizing earnings despite the unprecedented context, particularly for PlanetArt, impacted by the combined effects of the end of lockdown measures, supply chain constraints that continued during the year-end holiday season and a structural transformation in customer acquisition channels. However, by leveraging its strategic strengths based on a fabless[3], multi-channel and global approach supported by significant expertise in digital marketing, the division was able to overcome these challenges and outperform its competitors in terms of revenue growth, while maintaining its EBITDA margin.*

With revenue of €51m and EBITDA of €8m, up 22% and 56% respectively over the period, Avanquest continues to benefit from its move to a SaaS[4] subscription-based business model. On this basis, the virtuous circle of subscription renewals is now boosting both its growth and profitability.

Finally, our IoT business has taken advantage of the improved COVID-19 situation to accelerate commercial deployments and expand its network of channel partners. World-class leaders like Sodexo are continuing to join our network, highlighting the interest of manufacturers in this maturing sector.

This first half performance offered further confirmation of the value of our diversified approach within a global context that nevertheless calls for considerable caution and has led us to postpone our medium-term revenue target.

Finally, it is not possible for me to speak during this period of renewed armed conflict in Europe, without having a thought for our Ukrainian partners and subcontractors. While Claranova has a limited commercial exposure to Ukraine or Russia, our Avanquest division has maintained close relationships for years with IT development and customer support partners based there. Our efforts are focused on supporting them on a daily basis during this tragic period" declared Pierre Cesarini, CEO of Claranova.

[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 provided in the Appendix to this presentation.
[2] Cash flow from operations before changes in working capital.
[3] A business model that involves outsourcing production to third-party partners
[4] Software as a Service.

Paris, France - March 30, 2022, 6:00 p.m. (CET). Claranova reported revenue for H1 2021-2022 (July-December 2021) of €281m, up 1% at actual exchange rates and down 2% at constant exchange rates (-6% like-for-like[5]).

Despite an unprecedented and challenging environment, Claranova has maintained the level of its H1 2021-2022 operating profit. Group EBITDA amounted to €23m in the period, in line with the level of H1 2020-2021, which had already registered a twofold increase. The Group's EBITDA margin also remained stable at 8.2%, compared with 8.3% in H1 2020-2021.

With €152m in cash and cash equivalents and an increase in financial debt[6] to €150m, the Group’s net debt amounted to -€2m at December 31, 2021 after taking into account the OCEANES bond issue and the buyout of the minority interests in the Avanquest division in respectively August and November 2021.

Claranova is still anticipating a gradual rebound in PlanetArt's growth over the next few quarters, after a phase devoted to restructuring its customer acquisition channels in response to the introduction of Apple's iOS 14.5, along with continuing momentum for Avanquest. However, lower growth in the period by the personalized e-commerce division is expected to delay the achievement of the Group's medium-term objectives. Claranova is thus now expecting to reach the €700m revenue milestone at the end of FY 2023-2024.

The Group maintains its target for an EBITDA margin above 10% in FY 2022-2023[7].

In €m	**H1 2021-2022**	**H1 2020-2021**	*Change*
Revenue	281	278	*+1%*
EBITDA	**23**	**23**	**-**
EBITDA margin (% of Revenue)	*8.2%*	*8.3%*	*-0.1pt*
Recurring Operating Income	20	21	*-4%*
Net Income	**4**	**11**	***-59%***
Net cash flow from (used in) operating activities	**52**	**40**	***+31%***
Of which Cash flow from operations before changes in working capital	22	23	*-3%*
Closing cash and cash equivalents	**152**	**118**	***+29%***

PlanetArt: personalized e-commerce remains resilient in an unprecedented market context

PlanetArt reported revenue of €227m, down 3% at actual exchange rates and 6% at constant exchange rates (-10% like-for-like)

And while this pace of revenue growth is considerably lower than the division’s historical levels, it remains higher than that of its competitors and was achieved during a period of unprecedented market conditions. H1 2021-2022 was clearly impacted by the cumulative effects of post-lockdown impacts on online consumption, additional pressure on supply chains during year-end holiday period, and new constraints on targeted marketing within Apple's iOS ecosystem since the rollout of its App Tracking Transparency feature.

However, by combining its mostly fabless, multi-channel and global approach with the digital marketing expertise of its teams, PlanetArt is continuing to strengthen its market position. The work carried out in the first half to redirect and diversify the division’s marketing investments helped PlanetArt’s revenue return to a level largely back on track in the second quarter (-1%, compared to -8% in the first quarter at actual rates).

[5] Like-for-like (organic) growth equals the increase in revenue at constant consolidation scope and exchange rates.
[6] Excluding the IFRS 16 impact on the accounting of leases
[7] EBITDA as a percentage of revenue.

New marketing initiatives launched in H1 2021-2022 helped contain the overall increase of variable costs (customer acquisition, logistics and raw materials) and partially offset the rise in the division's embedded fixed costs. PlanetArt preserved the profitability of its businesses with €17m in EBITDA, or an EBITDA margin of 7.6% compared to 8.3% for the previous period.

In €m	H1 2021-2022	H1 2020-2021	Change
Revenue	227	234	-3%
EBITDA	**17**	**19**	**-11%**
EBITDA margin (% of Revenue)	*7.6%*	*8.3%*	*-0.7pt*

Avanquest: positive momentum initiated in prior periods remains on track

With €51m in revenue, Avanquest passed the symbolic €50m milestone in H1 2021-2022. The software publishing division thus registered growth in revenue of 22% in actual rates in the first half (+17% like-for-like). Each software segment (PDF, Security, Photo) has contributed to this performance, with growth rates exceeding 20% for all three verticals.

This positive momentum across the entire software portfolio confirms the success of the shift in business model implemented over the last few years. This growth is accompanied by the increasing contribution of recurring revenue, both from the acquisition of new subscribers and the renewal of existing subscriptions acquisition, which now stands at 60%[8] and reinforces visibility for the future growth and margins of these activities.

This increase in recurring revenue also contributes to an improvement in operating profitability. The division achieved EBITDA of €8m, an increase of 56%, with an EBITDA margin of 14.7% compared to 11.5% for the previous period. This virtuous circle, which reinforces both Avanquest's growth and profitability, should help the division gradually raise the level of its standards in line with the best practices of the SaaS industry.

In €m	H1 2021-2022	H1 2020-2021	Change
Revenue	51	42	+22%
EBITDA	**8**	**5**	**+56%**
EBITDA margin (% of Revenue)	*14.7%*	*11.5%*	*+ 3.2 pts*

myDevices: investments ramped up to accelerate commercial deployments

myDevices reported revenue of €2.3m during the period, an increase of 5% at actual exchange rates (3% like-for-like). Adjusted for non-recurring items related to the partnership with the US carrier T-Mobile, recognized in the prior year's first half, revenue in the first half grew 49% (46% like-for-like).

This performance reflects the acceleration of commercial rollouts that benefited from easing of COVID-19 restrictions in the division's main business sectors. In particular, at December 31, 2021, ARR (Annual Recurring Revenue) stood at €1.8m[8], up 82% from one year earlier at constant exchange rates.

[8] Based on management reporting

myDevices has supported the acceleration of its commercial deployments through new investments over H1 2021-2022. In particular, the division has bolstered its sales teams to support this expansion. The IoT division's EBITDA registered a loss of €1.6m, up from a €1.0m loss one year earlier.

In €m	H1 2021-2022	H1 2020-2021	Change
Revenue	2.3	2.2	+5%
EBITDA	**(1.6)**	**(1.0)**	**+63%**
EBITDA margin (% of Revenue)	*-72.2%*	*-46.5%*	*-25,7 pts*

Group capital resources and cash flow amounts

Claranova ended H1 2021-2022 with cash and cash equivalents of €152m, up €62m from June 30, 2021, including €4m from net foreign exchange differences during the period. This increase reflected net inflows from operating activities of €52m, including €22m from operations and €35m from changes in working capital requirements in relation to June 30, 2021.

This increase in working capital reflects the seasonal nature of PlanetArt's businesses (significant activity during year-end festivities generating an exceptional peak in cash flow at the end of December) and its specific business model (B2C[9] distribution with negative working capital requirements).

Net cash flows used in investing activities represented an outflow of €61m at December 31, 2021. This includes the impact of the cash payment for the acquisition of the minority interests in the Avanquest division finalized in early November 2021 representing an outflow of €48m, and to a lesser extent the acquisition of I See Me! by the PlanetArt division in July 2021 as well as a joint investment in myDevices with Semtech.

Net cash flows from financing activities represented an inflow of €66m at December 31, 2021 Financing activities that impacted the Group's cash position included the strategic investment announced in August 2021 that included a €50m convertible bond issue (OCEANES) by the Group, and a reserved capital increase of €15m. Following the acquisition of certain assets of I See Me!, PlanetArt also obtained additional bank financing of US$11m in H1 2021-2022.

In €m	H1 2021-2022	H1 2020-2021
Cash flow from operations before changes in working capital	22	23
Change in working capital requirements (WCR)[10]	35	21
Taxes and net interest paid	(4)	(4)
Net cash flow from (used in) operating activities	**52**	**40**
Net cash flow from (used in) investing activities	**(61)**	**(4)**
Net cash flow from (used in) financing activities	**66**	**3**
Change in cash[11]	58	38
Opening cash position	**90**	**83**

[9] B2C or Business-to-Consumer refers to the process where businesses sell products and services directly to individual consumers.
[10] Change in Working Capital Requirements in relation to the opening cash for the fiscal period.
[11] Change in cash in relation to the opening cash position for the fiscal period.

Effects of exchange rate fluctuations on cash and cash equivalents	4	(3)
Closing cash position	**152**	**118**

Financial position, borrowing conditions and financing structure

Claranova's financial position remains sound with a cash position of €152m and financial debt (excluding IFRS 16 impact on the recognition of leases) of €150m compared to respectively €90m and €65m at June 30, 2021.

The increase in the Group's financial debt includes the €50m OCEANES convertible bond issue, the issuance of €24m in promissory notes related to the buyout of minority interests in the Avanquest division, and US$11m in new bank financing obtained by the PlanetArt division for the acquisition of certain assets of I See Me!

On that basis, the Group's net debt at December 31, 2021 amounted to €2m, down from net debt of €25m at June 30, 2021.

In €m	12/31/2021	06/30/2021
Bank debt	23	14
Bonds	98	49
Other financial liabilities	27	2
Accrued interest	2	0
Total financial liabilities[12]	**150**	**65**
Available unpledged cash	152	90
Net debt	**(2)**	**(25)**

Governance

The Board of Directors duly noted the resignation of Mr. Chahram Becharat as a Director of the Company and, in consequence, from his duties as member of the Appointments and Compensation Committee. The Board would like to thank Mr. Becharat for his constructive participation in the work of the Board and the Committee during term of office.

Availability of the Interim Financial Report

Claranova's Interim Financial Report for the six-month period ended December 31, 2021 was filed with the *French Autorité des Marchés Financiers* (AMF) on March 30, 2022.

Claranova's Interim Financial Report and the presentation on its H1 2021-2022 results are available on the Company's website: https://www.claranova.com/investisseurs/publications-financieres/

Financial calendar:
May 10, 2022: Q3 2021-2022 revenue

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

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 €472m 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 activities operating in all major digital sectors. Claranova stands out for its technological expertise in personalized e-commerce, software publishing and the Internet of Things, through its three business divisions, 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	H1 2021-2022	H1 2020-2021
Net revenue	**280.5**	**277.8**
Raw materials and purchases of goods	(84.4)	(91.0)
Other purchases and external expenses	(127.1)	(119.1)
Taxes, duties and similar payments	(0.4)	(0.4)
Employee expenses	(35.2)	(32.4)
Depreciation, amortization and provisions (net of reversals)	(4.9)	(4.1)
Other recurring operating income and expenses	(8.8)	(10.1)
Recurring Operating Income	**19.9**	**20.8**
Other operating income and expenses	0.3	(3.3)
Operating Profit	**20.2**	**17.5**
Net financial income (expense)	**(10.5)**	**(3.5)**
Tax expense	(5.4)	(3.5)
Net Income	**4.3**	**10.5**
Net income attributable to owners of the Company	**3.0**	**8.5**

Appendix 2: Earnings per share

(In €)	H1 2021-2022	H1 2020-2021
Average number of shares outstanding* (in units)	**42,616,876**	**39,200,753**
Average number shares outstanding after potential dilution (in units)	**46,863,760**	**39,905,818**
Net income per share	**€ 0.10**	**€ 0.27**
Net income per share after potential dilution	€ 0.09	€ 0.26
Adjusted net income per share	€ 0.20	€ 0.36
Adjusted net income per share after potential dilution	€ 0.19	€ 0.36
Net income per share attributable to owners of the Company	**€ 0.07**	**€ 0.22**
Net income per share attributable to owners of the Company after potential dilution	€ 0.06	€ 0.21
Adjusted net income per share attributable to owners of the Company	€ 0.17	€ 0.31

Adjusted net income attributable to owners of the Company after dilution	€ 0.16	€ 0.30

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	H1 2021-2022	H1 2020-2021
Recurring Operating Income	**19.9**	**20.8**
Impact of IFRS 16 on leases expenses	(2.0)	(1.8)
Share-based payments, including social security expenses	0.4	0.0
Depreciation, amortization and provisions	4.9	4.1
EBITDA	**23.1**	**23.1**

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

In €m	H1 2021-2022	H1 2020-2021
Net Income	**4.3**	**10.5**
IFRS 16 impact on Net income	0.0	0.2
Share-based payments, including social security expenses	0.4	0.0
Fair value remeasurement of financial instruments	4.3	0.1
Other operating income and expenses	(0.3)	3.3
Adjusted net income	**8.7**	**14.2**

Appendix 4: Simplified Statement of Financial Position

Claranova's total assets increased from €224.9m to €312.2m between June 30, 2020 and December 31, 2020. This €87.3m increase reflects mainly the significant growth in cash and cash equivalents of €61.7m generated by the Group's operations in the first half in relation to June 30, 2021. The increase in liabilities is largely the result of the increase in financial debt and the seasonal effect of PlanetArt's activities as reflected by a sharp rise in trade payables at the end of the calendar year.

Group balance sheet highlights:

In €m	12/31/2021	06/30/2020
Goodwill	75.2	64.4

Other non-current assets	27.6	25.1
Right-of-use lease assets	14.6	7.0
Current assets (excl. Cash and cash equivalents)	42.8	38.0
Cash and cash equivalents	152.0	90.4
Total assets	**312.2**	**224.9**
Equity	35.6	83.1
Financial liabilities	150.2	65.2
Lease liabilities	15.2	7.5
Other non-current liabilities	5.2	4.5
Other-current liabilities	106.0	64.6
Total equity and liabilities	**312.2**	**224.9**

Shareholders' equity decreased by €47.6m between June 30 and December 31, 2021, mainly in response to the recognition of the buyout of Canadian minority interests during the period.

On the one hand, shareholders' equity was reduced by a total of €99.9m linked to the buyout of Canadian minority shareholders. On the other hand, this negative impact was partly offset by inflows from capital increases during the period totaling €42.6m, with the balance resulting from translation differences and other transactions with shareholders, including the myDevices Inc. capital increase. Shareholders are invited to refer to Paragraph 2.4 of Chapter 2 of the interim Financial Report for further details.