

claranova

FY 2021-2022 annual results

- **FY 2021-2022 revenue: €474m**
- **EBITDA¹: €26m in a period of exceptional economic conditions**
- **Solid cash flow: €26m**
- **Appointment of Xavier Rojo as Deputy Chief Executive Officer**
- **Management's intention to increase its equity stake in the Group**

The consolidated financial statements for FY 2021-2022 are currently being audited by the statutory auditors.

“During FY 2021-2022, our Group remained on track as revenue reached record levels in a particularly complex economic environment. Each of our businesses is performing well and is demonstrating its resilience. PlanetArt's teams are continuing to explore new customer acquisition channels and we are already starting to see the first benefits of these efforts. And although these measures temporarily weighed on the division's margins, they have already contributed to revenue growth higher than that of our competitors and reinforce our confidence in PlanetArt's outlook for renewed growth.

Like all companies, we have not escaped the impact of inflation on production costs. However, the Group has reaped the benefits of Avanquest's successful transformation to subscription-based software sales business model offering recurring revenue streams and longer-term visibility. On this basis, the division's revenue exceeded €100m for the year, while EBITDA rose 20% over the last 12 months. This division contributed for 45% of Group EBITDA, confirming the relevance of Claranova's multi-sector offer.

Similarly, the IoT business has continued to build momentum as new commercial deployments confirm the growing interest in this technology of the future, which remains a growth driver for the Group.

I continue to be firmly convinced in the fundamental strengths and potential of each of our subsidiaries. That is why I believe that today's share price does not reflect Claranova Group's fundamentals and growth prospects and for that reason I intend, together with other managers of the Group, to increase our stake in Claranova's capital.”

Pierre Cesarini, Chairman-CEO of Claranova.

Paris, France - October 12, 2022, 10:30 p.m. (CET). Claranova reported today revenue for FY 2021-2022 (July 2021-June 2022) of €474m, up 1% at actual exchange rates and down 5% at constant exchange rates (-7% like-for-like²).

In an unprecedented economic context that worsened in the second half, like other companies, the Group was impacted by a rise in cost prices caused by increased marketing investments reflecting higher customer acquisition costs as well as the effects of inflation on transport costs and raw materials.

¹EBITDA (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.

²Like-for-like (organic) growth equals the increase in revenue at constant consolidation scope and exchange rates.

However, EBITDA⁽¹⁾ remains solid at €26m for the year, compared to €29m last year, after restating the €4.3m COVID-19 relief aid received by the US divisions during the pandemic period (*Paycheck Protection Program*³). The latter also benefited from the growth of the Avanquest and myDevices divisions, whose revenues rose by 20% and 33% over the year to €102m and €5m respectively.

Higher financial expenses (+€15m), reflecting mainly the accounting amortization of the OCEANES convertible bonds issued in connection with the buyout of minority interests in the Avanquest division, weighed on net income, which mechanically registered a loss of €10m for the year. However, this €10m accounting amortization will not result in any cash outflow for the Group.

As a result, cash and cash equivalents amounted to €100.3m on June 30, 2022, with a solid cash flow from operations of €26m and net cash flow from operating activities at the same level as last year, i.e. €18m. With financial debt⁴ of €172m, net debt on June 30, 2022 came to €71m.

This year of transition has confirmed the relevance of the Group's diversified approach dating from Claranova's creation, whereby a weaker performance by one of its activities (PlanetArt) can be offset by the growth of another division (Avanquest).

Claranova's top priority continues to be PlanetArt's return to growth by rebuilding its customer acquisition channels and optimizing its cost base, while leveraging the positive momentum of the Avanquest and myDevices divisions to put the Group back on track for sustainable growth and increased profitability.

In €m	FY 2022 (Audit in progress)	FY 2021 Reported basis	FY 2021 Restated basis ⁵
Revenue	474	472	471
EBITDA	26	34	33
<i>EBITDA margin (% of Revenue)</i>	<i>5.5%</i>	<i>7.2%</i>	<i>7.0%</i>
EBITDA (excluding PPP³)	26	30	29
<i>EBITDA margin excl. PPP (% of Revenue)</i>	<i>5.5%</i>	<i>6.3%</i>	<i>6.2%</i>
Recurring Operating Income	19	29	28
Net financial income (expense)	(22)	(7)	(7)
Net Income	(10)	14	13
Net cash flow from (used in) operating activities	18	19	19
Of which Cash flow from operations before changes in working capital	26	29	28
Closing cash position	100	90	90

PlanetArt: E-commerce business for personalized objects adversely affected by the exceptional economic context

PlanetArt reported annual revenue of €366m, down 4% at actual exchange rates and 9% at constant exchange rates (-12% like-for-like) compared to a particularly dynamic FY 2020-2021 performance during the COVID-19 lockdown periods, which generated a significant influx of new customers characterized by low acquisition rates.

During the year, the PlanetArt division focused on introducing new and more efficient customer acquisition channels after the release of Apple's iOS 14.5 operating system, which restricts marketing targeting. These

³ *Paycheck Protection Program*: U.S. government aid in response to the COVID-19 relief aid provided to certain Group subsidiaries in the amount of €4.3m (US\$5.1m).

⁴ Excluding the IFRS 16 impact on the accounting of leases

⁵ Restatement of an accounting adjustment for the Avanquest Software division's revenue arising from the application of IFRS 15 on the recognition of revenue over time from Soda PDF subscriptions transferred to a cloud-based model in August 2020.

latest efforts have already started to pay off with Q4 revenue registering a marginal increase (+1% at actual exchange rates).

The division recorded an 11% increase in these expenses from €92.1m in FY 2020-2021 to €102.6m in FY 2021-2022. As a result, flat revenue combined with higher variable costs (marketing, transport) and reinforced R&D teams to support future growth (R&D and *I See Me!* integration), mechanically weighed on EBITDA which amounted to €16.3m end June 30, 2022, compared to €21.7m last year after restating U.S. government aid.

PlanetArt's weaker performance this year does not call into question its underlying growth potential. Customer demand is steadily growing, and PlanetArt's business model remains unmatched to date as the division continues to capture market share from direct competitors who have been significantly more impacted by this exceptional economic environment. Based on these factors, the Group remains confident in the division's outlook for a return to growth.

In €m	FY 2022 (Audit in progress)	FY 2021 Reported basis	FY 2021 (excluding PPP ³)	Change FY22 vs FY 21 (excl. PPP)
Revenue	366.2	380.3	380.3	-4%
EBITDA	16.3	26.0	21.7	-25%
EBITDA %	4.5%	6.8%	5.7%	-1.2pt

Avanquest: €102m in revenue (+20%) and 20% growth in EBITDA

Maintaining its growth momentum, the Group's software publishing division exceeded the €100m revenue milestone for FY 2021-2022 with 20% growth in revenue at actual rates compared to the previous year.

Driven by the growth of proprietary SaaS⁶ software sales, particularly in the Security and PDF segments, which registered growth of more than 20%, the division's share of recurring revenues (new subscribers and subscription renewals) now stands at 62%⁷, contributing to the improvement in Avanquest's profitability. This performance highlights the division's successful transformation to a higher-margin recurring revenue business model.

As a result, the division's EBITDA grew 21% to €11.6m. In addition, new products launched during the year along with recent acquisitions like PDFforge⁸ and Scanner App⁹, will also contribute to revenue growth in the coming year, while strengthening Avanquest's market positions in its growth segments and its adoption of a new distribution channel through high value-added mobile applications.

In FY 2022-2023, Avanquest intends to accelerate its strategic development by leveraging its multiple growth drivers combining strong revenue growth, improving profitability and targeted acquisitions.

In €m	FY 2022 (Audit in progress)	FY 2021 Restated basis ⁽⁵⁾	FY 2021 Reported basis	Change FY 22 vs FY 21 restated
Revenue	102.2	85.5	87.7	+20%
EBITDA	11.6	9.6	10.9	+21%
EBITDA %	11.4%	11.2%	12.4%	+0.2pt

⁶ Software as a Service.

⁷ Based on management reporting

⁸ [Press release of July 4, 2022](#)

⁹ [Press release of October 10, 2022](#)

myDevices: growth in recurring revenue drives improving profitability

For the full fiscal year, myDevices had revenue of €5m, representing growth of 33% at actual exchange rates (29% at constant exchange rates). Continuing its expansion by multiplying its commercial deployments, the division's Annual Recurring Revenue (ARR) rose 75% in relation to the prior year, to €2.4m at actual exchange rates.

This installed base is helping to improve the division's profitability, with EBITDA of -€2.4m at June 30, 2022, compared with -€2.7m last year, despite the expansion of sales teams to support growth and develop its network of channel partners and distributors.

In €m	FY 2022 <i>(Audit in progress)</i>	FY 2021	Change
Revenue	5.2	3.9	+33%
EBITDA	(2.4)	(2.7)	+11%
EBITDA %	-46.2%	-70.5%	+24.3pts

Group capital resources and cash flow amounts

Claranova ended FY 2021-2022 with cash and cash equivalents of €100m, up €10m from June 30, 2021, including €5m from net foreign exchange differences during the period. This increase reflects the €18m rise in net cash flows from operating activities, including €26m in cash flow from operations and €3m related to changes in working capital.

Net cash flows used in investing activities represented an outflow of €75m on June 30, 2022. The latter item includes mainly the impact of the cash outflow for the acquisition of the minority interests in the Avanquest division finalized at the beginning of November 2021 of €48m, the acquisition of I See Me! by the PlanetArt division in July 2021, the acquisition of the minority interests in the PlanetArt division in January 2022 (€13.5m) and a joint investment with Semtech in myDevices.

Net cash flows from financing activities represented an inflow of €63m on June 30, 2022. 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. After acquiring selected assets of I See Me!, PlanetArt also obtained US\$11m in additional bank financing and the Avanquest division obtained €10m in financing from BPI France for the acquisition of PDFforge on July 1, 2022.

In €m	FY 2022 (Audit in progress)	FY 2021 Restated basis ⁽⁵⁾
Cash flow from operations before changes in working capital (CF)	26	28
Change in working capital requirements ¹⁰	3	(3)
Taxes and net interest paid	(11)	(6)
Net cash flow from (used in) operating activities	18	19
Net cash flow from (used in) investing activities	(75)	(10)
Net cash flow from (used in) financing activities	63	(3)
Change in cash ¹¹	5	6
Opening cash position on July 1	90	83
Effects of exchange rate fluctuations on cash and cash equivalents	5	2
Closing cash position on June 30	100	90

Financial position, borrowing conditions and financing structure

Claranova's financial position remains sound with a cash position of €100m and financial debt (excluding IFRS 16 impact on the recognition of leases) of €172m compared to respectively €90m and €65m at June 30, 2021.

The increase in the Group's financial debt includes the €56m OCEANES convertible bond issue, the issuance of €18m 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! and €10m in financing from BPI France for the acquisition of PDFforge carried out after the fiscal year-end (1 July 2022).

On that basis, the Group's net debt on June 30, 2022 amounted to €71m, compared to a net debt of €2m on December 31, 2021 and a net debt of €25m on June 30, 2021.

In €m	FY 2022 (Audit in progress)	FY 2021
Bank debt	31	14
Bonds	105	49
Other financial liabilities	31	2
Accrued interest	4	0
Total financial liabilities¹²	172	65
Available unpledged cash	100	90
Net debt	71	(25)

Appointment of Xavier Rojo as Deputy Chief Executive Officer

Claranova announces the appointment of Xavier Rojo, who joined the Group in May 2022, as Deputy Chief Executive Officer to assist Pierre Cesarini in structuring and supporting Claranova's development and growth.

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.

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

He brings over 20 years of experience in the banking and financial sector where he occupied various strategic and financial management positions.

After obtaining a Master's degree in Financial Engineering, he began his career with the Dexia group where over a period of 17 years he served as successively Sales Manager, Chief Innovation Officer and Chief Strategy and Business Development Officer. He will spearhead numerous commercial and strategic development projects, particularly in international markets, and will support the Group in restructuring and developing its new strategy.

After obtaining degrees in management from Insead and HEC, he began his career as an entrepreneur by investing in the healthcare sector in France and other countries in 2011. In 2015, he founded Keystone Conseil, a business development consulting firm where he assists private banks and small and medium-sized companies with their strategic positioning and development. In 2016, he joined Banque Hottinguer to implement the strategic growth plan, manage the administrative and finance division and lead numerous transformation and digitalization projects.

The presentation of Claranova's FY 2021-2022 annual results presentation will be available on the Company's website: <https://www.claranova.com/publications>

Financial calendar:

November 08, 2022: Q1 2022-2023 revenue:

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 and 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 its 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 an e-commerce leader in personalized objects, 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 -2022 (Audit in progress)	FY 2021 Restated basis ⁽⁵⁾	FY 2021 Reported basis
Revenue	473.7	470.7	471.9
Raw materials and purchases of goods	(137.9)	(149.6)	(149.6)
Other purchases and external expenses	(218.2)	(205.8)	(205.8)
Taxes, duties and similar payments	(0.8)	(0.8)	(0.8)
Employee expenses	(70.8)	(62.8)	(62.8)
Depreciation, amortization and provisions (net of reversals)	(9.6)	(8.6)	(8.6)
Other recurring operating income and expenses	(17.6)	(15.1)	(15.1)
Recurring Operating Income	18.7	28.0	29.2
Other operating income and expenses	(0.7)	(4.4)	(4.4)
Operating Profit	18.0	23.5	24.8
Net financial income (expense)	(22.2)	(6.8)	(6.8)
Tax expense	(5.7)	(3.5)	(3.8)
Net Income	(10.0)	13.2	14.2
Net income attributable to owners of the Company	(10.6)	9.5	10.4

Appendix 2: 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 2022 (Audit in progress)	FY 2021 Restated basis ⁽⁵⁾	FY 2021 Reported basis
Recurring Operating Income	18.7	28.0	29.2
Impact of IFRS 16 on leases expenses	(0.4)	(0.4)	(0.4)
Share-based payments, including social security expenses	1.2	0.0	0.0
Depreciation, amortization and provisions	6.0	5.3	5.3
EBITDA	25.5	32.9	34.2

Appendix 3: Simplified Statement of Financial Position

The size of Claranova's balance sheet remains limited given the technological profile and mainly fables 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 €225m to €270m between the end of June 2021 and the end of June 2022.

Group balance sheet highlights:

In €m	FY 2022 <i>(Audit in progress)</i>	FY 2021 Restated basis ⁽⁵⁾	FY 2021 Reported basis
Goodwill	82.3	64.4	64.4
Other property, plant and equipment and intangible assets	19.9	18.3	18.3
Right-of-use lease assets	12.6	7.0	7.0
Other non-current assets	8.5	6.9	6.7
Current assets (excl. cash)	46.5	38.0	38.0
Cash and cash equivalents	100.3	90.4	90.4
Total assets	270.1	225.1	224.9
Equity	1.9	82.2	83.1
Financial liabilities	171.5	65.1	65.1
Lease liabilities	13.2	7.6	7.6
Other non-current liabilities	3.5	4.3	4.5
Other-current liabilities	80.0	65.9	64.6
Total equity and liabilities	270.1	225.1	224.9

Shareholders' equity decreased by €80.3m in relation to June 30, 2021, and mainly reflecting recognition of the buyout of Canadian minority interests during the period.

On the one hand, shareholders' equity was reduced by a total of €123m linked to the buyout of Canadian minority shareholders and PlanetArt. On the other hand, this negative impact was partly offset by the capital increases in the period totaling €42.6m, with the balance arising from the €10m loss for the year (€8,9m) and from translation adjustments and other transactions with shareholders, including the capital increase of myDevices Inc.