claranova

H1 2022-2023 results:

Profitability expected to improve significantly for the full year

- **H1 2022-2023 revenue up 12% to €315m**
- **H1 EBITDA[1] remains solid at €17m**
- **Net cash flow from operating activities of €48m and €121m in cash and cash equivalents**
- **FY 2022-2023[2] guidance: growth in revenue of 10% and an improvement in EBITDA of between 25% and 30%**

This press release presents Group consolidated figures prepared on the basis of IFRS.
The limited review procedures for the interim financial statements have been completed, and the limited review report is in the process of being issued.

"Our Group succeeded in returning to growth in H1 2022-2023 by delivering record sales despite adverse market conditions for the sector as a whole caused by pressure on raw material prices, increased transport costs and inflation, particularly in the United States.

These record sales were made by rebuilding our customer acquisition channels for PlanetArt and the strength of the SaaS business model, whose development is continuing for Avanquest.

Over the period, our profitability remained at a good level, reflecting marketing investments made in the first half in order to offset the seasonality effect of our businesses and to lay the foundations for a more profitable second half.

On this basis, we are expecting growth in annual revenue of 10% and an improvement in EBITDA of between 25% and 30% for FY 2022-2023[2].

In light of this renewed momentum, our prospects for the coming years remain very promising for the development of the entire Group. "

Pierre Cesarini, Chairman-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.
[2] Based on the average daily EUR/USD exchange rate from July 1, 2022 to March 27, 2023, i.e. 1.03

Paris, France - March 29, 2023, 11:00 p.m. (CET). Claranova reported revenue for H1 2022-2023 (July 2022-December 2022) of €315m, up 12% at actual exchange rates. This performance was driven by double-digit growth by all our businesses.

As announced, this H1 performance was temporarily impacted by marketing investments during the year-end holiday season to support growth in H2 and increased production costs. However, EBITDA(1) remains strong with €17m at December 31, 2022, compared to €22m one year earlier. Based on the above and a net financial expense of €12m, Claranova reported a net loss for the first half of €4.5m.

The Group's financial position remains solid, with cash and cash equivalents of €121m, supported by a very robust cash flow of €15m and following the holiday season, net cash flow from operating activities at a very good level of €48m. Financial debt(3) amounted to €186m, reflecting the loan obtained to acquire pdfforge, resulting in pre-IFRS 16 net debt at December 31, 2022 of €65m.

The Group will reap the full benefits in H2 of the marketing investments destined to drive growth in business in the coming months accompanied by a significant improvement in margins.

Confident in its ability to return to its normative margin, Claranova is expecting growth of 10% in revenue and an improvement in EBITDA by 25%-30% for FY 2022-2023.

In this context, the Group confirms its target for revenue of €700m and an EBITDA margin of 10% for FY 2023-2024 based on its ability to finance acquisitions already identified and with negotiations in progress;

In €m	**H1 FY 2023**	**H1 FY 2022 Restated basis[4]**	H1 FY 2022 Reported basis
Revenue	315	280	281
EBITDA	17	22	23
EBITDA margin (% of Revenue)	*5.5%*	*8.0%*	*8.2%*
Recurring Operating Income	14	19	20
Net financial income (expense)	**(12)**	**(11)**	**(11)**
Net Income	**(4.5)**	**3.7**	**4.3**
Net cash flow from (used in) operating activities	**48**	**52**	**52**
Of which Cash flow from operations before changes in working capital	15	21	22
Closing cash position	**121**	**152**	**152**

PlanetArt: starting in H2 renewed growth and an improvement in profitability is expected

In H1 2022-2023, PlanetArt's personalized objects e-commerce division confirmed its return to growth with €255m in revenue, up 12% at actual exchange rates.

This increase validates the new customer acquisition strategy adopted by PlanetArt's teams in a sector where marketing restrictions linked to Apple's deployment of ATT (App Tracking Transparency) are continuing to have an impact.

[3] Excluding the IFRS 16 impact on the accounting of leases
[4] Restatement of 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.

Indeed, the positive impact of alternative marketing channels introduced several months ago (TikTok, Instagram, YouTube, etc.) by PlanetArt's teams is good news for the Group's prospects for a return to growth. This redirection and diversification of the division's marketing investments have made it possible to address the challenges posed by the ATT with customer acquisition costs now under control, particularly on the mobile side.

EBITDA in H1 2022-2023 amounted to €13m while also illustrating the impact on the division's fixed costs and the significant pressure on prices (raw materials, transport) and the inflationary trends in the United States.

However, these different developments should help the division return to a path of sustainable revenue growth. Similarly, the stabilization of customer acquisition costs combined with increased marketing investments in H1 will mitigate the seasonality effect of the business and significantly improve the division's profitability starting in H2 2022-2023.

In €m	**H1 FY 2023**	H1 FY 2022	**Change** H1 FY23 vs. H2 FY22
Revenue	255	227	+ 12%
EBITDA	**13**	**17**	**- 26%**
EBITDA %	*5%*	*8%*	*- 3 pts*

Avanquest: €57m in revenues, 62% of which are recurring

Avanquest's revenue for H1 2022-2023 amounted to €57m, up 13% at actual rates year-on-year. This growth benefited from the recent acquisitions (pdfforge and Scanner App) and the good performance of the proprietary software publishing activities (Security, PDF and Photo).

In effect, the division is continuing to benefit from its transformation to a SaaS subscription-based software business model. The system of subscription renewals today makes it possible to drive the growth but also the profitability of its software publishing activities.

The division made substantial marketing investments over the period in order to support growth in the second half. As a result, EBITDA amounted to €6m, but as with PlanetArt, and while lower than last year, this reflected measures to develop growth and profitability in H2 (and subsequent years). On this basis, the division is also expecting growth and profitability for the full year.

Recurring revenue now accounts for 62% of the total, providing strong visibility on the future growth and margins of these activities.

In €m	**H1 FY 2023**	**H1 FY 2022 Restated basis**(4)	H1 FY 2022 Reported basis	**Change** H1 FY23 vs. H1 FY22
Revenue	57	50	51	+13.5%
EBITDA	**6**	**7**	**8**	**-6%**
EBITDA %	*11%*	*13%*	*15%*	*- 2 pts*

myDevices: Continuing growth in recurring revenue

myDevices reported H1 revenue of €3m, up 27% at actual exchange rates from the same period last year.

This growth was largely driven by an increase in subscription revenues. At December 31, 2022, ARR (Annual Recurring Revenue) stood at €2.6m, up 36% from one year earlier at actual exchange rates.

This growth was driven by a reinforced distribution network, which now includes 190 partners compared to 143 last year, as well as accelerated deployments in the key accounts segment which includes Sodexo, T-Mobile, Engie, and other large international groups in the hotel, healthcare and industrial sectors.

Despite these efforts, myDevices' EBITDA remained steady in relation to the previous year at -€1.6m.

In €m	**H1 FY 2023**	**Change** H1 FY23 vs. H1 FY22	H1 FY 2022
Revenue	3	+ 27%	2
EBITDA	**(1.6)**	**0%**	**(1.6)**
EBITDA %	*-55%*	*+ 17 pts*	*-72%*

Group capital resources and cash flow amounts

Claranova ended H1 2022-2023 with €121.2m in cash and cash equivalents, up €20.9m from June 30, 2022. This increase was bolstered by net inflows from operating activities of €48m, including €15m from operations and €37m from changes in working capital requirements in relation to June 30, 2022.

This increase in working capital reflects on the one hand the seasonal nature of PlanetArt's businesses subject to strong demand during the year-end holiday season and generating an exceptional peak in cash flow at the end of December, and on the other hand, the specific business model of the Group's BtoC distribution activities, which mechanically generates negative working capital.

Net cash flows used in investing activities represented an outflow of €25m at 31 December 2022. The latter includes the impact of the acquisitions of pdfforge and Scanner App.

Net cash flows from financing activities represented an inflow of €2.8m at 31 December 2022

In €m	H1 FY 2023	H1 FY 2022 Restated basis(4)
Cash flow from operations before changes in working capital (CF)	14.9	21.0
Change in working capital requirements [5]	37.1	35.4
Taxes and net interest paid	(4.2)	(4.4)
Net cash flow from (used in) operating activities	**47.8**	**52.0**
Net cash flow from (used in) investing activities	**(25.0)**	**(60.7)**
Net cash flow from (used in) financing activities	**2.8**	**66.3**
Change in cash[6]	25.6	57.6
Opening cash position on July 1	**100.3**	**90.3**
Effects of exchange rate fluctuations on cash and cash equivalents	(4.8)	4.1
Closing cash position	**121.2**	**151.9**

Financial position, borrowing conditions and financing structure

Claranova has a sound financial position with unpledged cash and cash equivalents of €121.2m and financial debt (excluding IFRS 16 impact on the recognition of leases) of €186m compared to respectively €100.3m and €171.5m at June 30, 2021.

The increase in the Group's financial debt mainly includes the new €20m bank financing obtained by Claranova SE to support the acquisition of pdfforge.

On that basis, the Group's net debt at 31 December 2022 amounted to €64.8m, down from €71.2m at June 30, 2022.

In €m	**H1 FY 2023** *(6 months)*	**FY 2022** *12 months*
Bank debt	45.6	31.0
Bonds	111.8	105.2
Other financial liabilities	26.0	31.2
Accrued interest	2.7	4.2
Total financial liabilities[7]	**186**	**171.5**
Available unpledged cash	121.2	100.3
Net debt	**64.8**	**71.2**

[5] Change in Working Capital Requirements in relation to the opening cash for the fiscal period.
[6] Change in cash in relation to the opening cash position for the fiscal period.
[7] Excluding lease liabilities resulting from the adoption of IFRS 16.

Availability of the Interim Financial Report

Claranova's Interim Financial Report for the six-month period ended December 31, 2022 was filed with the *French Autorité des Marchés Financiers* (AMF) on March 30, 2023.

The Interim Financial Report will be available on the Company's website on the same date: https://www.claranova.com/publications.

H1 results will be presented today at 6:30 p.m. by videoconference.

Claranova's H1 2022-2023 results presentation is available on the Company's website: https://www.claranova.com/publications

Financial calendar:
May 10, 2023: Q3 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.

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 its 800+ employees across North America and Europe, Claranova is a truly international group, 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	H1 FY 2023	H1 FY 2022 Restated basis(4)	H1 FY 2022 Reported basis
Revenue	**314.6**	**279.7**	**280.5**
Raw materials and purchases of goods	(98.2)	(84.4)	(84.4)
Other purchases and external expenses	(146.2)	(127.1)	(127.1)
Taxes, duties and similar payments	(0.1)	(0.4)	(0.4)
Employee expenses	(40.6)	(35.2)	(35.2)
Depreciation, amortization and provisions (net of reversals)	(5.3)	(4.9)	(4.9)
Other recurring operating income and expenses	(10.5)	(8.8)	(8.8)
Recurring Operating Income	**13.8**	**19.1**	**19.9**
Other operating income and expenses	(2.2)	0.3	0.3
Operating Profit	**11.6**	**19.4**	**20.2**
Net financial income (expense)	**(12.4)**	**(10.5)**	**(10.5)**
Tax expense	(3.6)	(5.2)	(5.4)
Net Income	**(4.5)**	**3.7**	**(4.5)**
Net income attributable to owners of the Company	**(3.9)**	**2.4**	**3.0**

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	H1 FY 2023	H1 FY 2022 Restated basis(4)	H1 FY 2022 Reported basis
Recurring Operating Income	**13.8**	**19.1**	**19.9**
Impact of IFRS 16 on leases expenses	(2.1)	(2.0)	(2.0)
Share-based payments, including social security expenses	0.5	0.4	0.4
Depreciation, amortization and provisions	5.3	4.9	4.9
EBITDA	**17.4**	**22.4**	**23.1**

Appendix 3: 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 total assets increased from €270.1m to €314.3m between June 30, 2021 and 31 December 2022. This increase of €44.2m reflects mainly the significant growth in cash and cash equivalents of €20.9m generated by the Group’s operations in the first half in relation to June 30, 2022 and €24.2m in goodwill arising from the acquisitions of pdfforge and Scanner App.

The increase in liabilities is largely the result of the increase in financial debt arising from the financing of pdfforge 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	H1 FY 2023	FY 2022 Reported basis
Goodwill	101.2	82.3
Other non-current assets	28.3	28.4
Right-of-use lease assets	14.4	12.6
Current assets (excl. cash)	49.1	46.5
Cash and cash equivalents	121.2	100.3
Total assets	**314.3**	**270.1**
Equity	(10.3)	1.9
Financial liabilities	186	171.5
Lease liabilities	14.9	13.2
Other non-current liabilities	3.2	3.5
Other-current liabilities	120.4	80.0
Total equity and liabilities	**314.3**	**270.1**