claranova

FY 2022-2023 results

Improved profitability for the full year confirmed

- **Record annual revenue: €507m (+7%)**
- **Strong growth in EBITDA[1]: €33m (+27%)**
- **Significant earnings growth by all businesses in H2**
- **Solid cash flow of €30m and a cash position of €67m**
- **Shareholders' equity reinforced as debt starts to decline in H1 2023-2024[2]**

This press release presents Group consolidated figures prepared on the basis of IFRS.
The consolidated financial statements for FY 2022-2023 are in the process of being audited by the statutory auditors.
The Board of Directors will meet on October 20, 2023 to approve the Group's annual financial statements.

"In just six years since its creation, Claranova has already crossed the half-billion euro milestone for revenue in FY 2022-2023, a truly remarkable accomplishment for a French technology company.

During this period, our efforts were focused primarily on increasing profitability with EBITDA growing 27% to €33m.

These excellent performances, despite continuing inflation, reflect the success of our efforts to optimize our costs and improve our customer acquisition channels, combined with strong subscription based sales from our software publishing division. Even our IoT division reached break-even for EBITDA for the first time since its creation.

The solid foundations laid over the last few years will allow us to continue to grow and prosper in the years to come and we have now entered a new growth cycle that should allow us to achieve an EBITDA margin[3] aiming at 10% in FY 2023-2024[4]."

Pierre Cesarini, Chairman-CEO of Claranova.

Paris, France - October 11, 2023, 6:15 p.m. (CET). Claranova achieved record revenue of €507m for FY 2022-2023 on 7% growth at actual exchange rates, driven by all the Group's divisions. Exceeding this half-billion euro milestone was accompanied, as announced, by a strong improvement in Claranova's profitability.

[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] See Section "Financial position, borrowing conditions and financing structure" and Appendix 3 of this press release.
[3]Defined in terms of EBITDA as a percentage of revenue.
[4] Contingent on the Group's ability to finance acquisitions already identified.

On that basis, Group EBITDA(1) rose 27% to €33m, up from €26m one year earlier. This strong growth was driven by remarkable improvements in profitability by all divisions in the second half. Efforts to reduce PlanetArt's marketing costs, optimize structure costs, and ramp up SaaS sales for our software publishing activities all contributed to EBITDA of €15m for H2 2022-2023, compared with €3m for the same period last year. This in turn improved the EBITDA margin[5] which rose to 6.4% for the full year, compared with 5.4% one year earlier. After net financial expense of €28m reflecting mainly the impact of unfavorable exchange rates and the cost of financial debt, the company reported a net loss for the year of €11m.

However, cash flow remains robust at €30m, and cash and cash equivalents amount to €67m. Financial debt(6) rose to €179m following the loan obtained to acquire pdfforge, bringing pre-IFRS 16 net debt to €112m at June 30, 2023.

In €m	**FY 2023** *(Audit in progress)*	FY 2022 Reported basis
Revenue	507	474
EBITDA	**33**	**26**
EBITDA margin (% of Revenue)	*6.4%*	*5.5%*
Recurring Operating Income	**25**	**19**
Net financial income (expense)	(28)	(22)
Net Income (loss)	(11)	(10)
Net income attributable to owners of the Company	(11)	(11)
Net cash flow from (used in) operating activities	**9**	**16**
Of which Cash flow from operations before changes in working capital	30	24
Closing cash position	**67**	**100**

Earnings forecasts and outlook

As announced, the Group will continue to focus on improving its profitability[7]. Based on the positive trend for the Group's businesses, combined with the cost optimization measures implemented by our teams, the Group has set a target of 10% for the EBITDA margin[8] for FY 2023-2024. After crossing the €500m milestone in revenue, the Group should reach €700m in the next few years, according to the different assumptions mentioned in the amendment to the URD of June 15, 2023 with respect to the Group's ability to finance acquisitions already identified.

[5] EBITDA as a percentage of revenue
[6] Excluding the IFRS 16 impact on the accounting of leases
[7] Defined in terms of EBITDA as a percentage of revenue.
[8] EBITDA as a percentage of revenue.

PlanetArt: profitability improved significantly in H2

PlanetArt, the personalized objects e-commerce subsidiary, returned to growth this year with annual revenue of €383m, up 4% at actual exchange rates from the same period last year.

As announced, PlanetArt teams' focus on improving the division's profitability is clearly illustrated by the H2 results, with EBITDA of €2m (2% of revenue), compared with a loss of €1m (-1% of revenue) for the same period last year.

For FY 2022-2023, EBITDA of €15m, was closely in line with last year's level of €16m. Although we improved our acquisition costs during this fiscal year which enabled us to acquire more customers with less marketing investments, these gains were still impacted by inflation resulting in higher costs for transport (+€4m), raw materials (+1.5%) and salaries (+€3m).

In the last quarter of this fiscal year, to offset the effects of this inflation, PlanetArt focused on reducing its structure costs and is reviewing its pricing policy to better adapt to the current economic environment and improve profitability starting next year, while continuing to grow.

In €m	H1 FY 2023 *(Audit in progress)*	H2 FY 2023 *(Audit in progress)*	**FY 2023** *(Audit in progress)*	H1 FY 2022	H2 FY 2022	**FY 2022 Reported basis**
Revenue	255	128	383	227	139	366
EBITDA	**13**	**2**	**15**	**17**	(1)	**16**
EBITDA %	*5%*	*2%*	*4%*	*8%*	*-1%*	*4%*

Avanquest: EBITDA up 48%

Avanquest, the Group's software publishing division, continued to grow, and achieved record annual revenue of €116m, up 14% at actual exchange rates.

The resulting high rate of recurring revenue fuelled growth in the division's EBITDA to €17m, up from €12m one year earlier (+48% at actual exchange rates). On this basis, the EBITDA margin rose 4 points to 15% , despite the adverse impact of non-core activities on profitability.

As announced, discussions are thus in progress with a view to selling these non-core activities.

Restated to exclude these non-core activities, Avanquest's core businesses (proprietary software for security, PDF and photography) generated annual revenue of €97m, up 21% at actual exchange rates, and an EBITDA margin of more than 20%.

In €m	H1 FY 2023 *(Audit in progress)*	H2 FY 2023 *(Audit in progress)*	**FY 2023** *(Audit in progress)*	H1 FY 2022	H2 FY 2022	**FY 2022 Reported basis**
Revenue	57	59	116	50	52	102
EBITDA	**6**	**11**	**17**	**7**	**5**	**12**
EBITDA %	*11%*	*19%*	*15%*	*13%*	*10%*	*11%*

myDevices: breakeven even for EBITDA reached for the first time since its creation

Annual revenue for myDevices, the IoT (Internet of Things) division ended the full year up 57% at actual exchange rates (+46% at constant exchange rates) at €8m. This trend is driven by the growing number of partnerships (206) and the 34% year-on-year increase in Annual Recurring Revenue (ARR) (at constant exchange rates) to €4m by June 30, 2023.

After a very good second half, myDevices achieved EBITDA of €0.1m for FY 2022-2023, thus breaking even for the first time since its creation.

The division's commercial ramp-upand the deployment of myDevices solutions by major groups will contribute to revenue growth in the years ahead.

In €m	H1 FY 2023 *(Audit in progress)*	H2 FY 2023 *(Audit in progress)*	**FY 2023** *(Audit in progress)*	H1 FY 2022	H2 FY 2022	**FY 2022 Reported basis**
Revenue	3	5	8	2	3.2	5.2
EBITDA	**(1.6)**	**1.7**	**0.1**	**(1.6)**	**(0.8)**	**(2.4)**
EBITDA %	*-55%*	*34%*	*1%*	*-72%*	*-25%*	*-46%*

Group capital resources and cash flow highlights

Claranova ended FY 2022-2023 with a cash position of €67m and cash flow of €30m, showing a marginal improvement on the previous year. After a €10m reduction in working capital, cash flow from operating activities amounted to €9m.

Net cash flow from (used in) investing activities represented an outflow of €32 million at June 30, 2023. This includes in particular the impact of the acquisitions of pdfforge and Scanner App.

Net cash flow from (used in) financing activities represented an outflow of €10m at the end of June 2023 corresponding to payments relating to the Group's debt.

In €m	**FY 2023** *(Audit in progress)*	**FY 2022** Reported basis
Cash flow from operations before changes in working capital	30	24
Change in working capital requirements [9]	(15)	3
Taxes and net interest paid	(6)	(11)
Net cash flow from (used in) operating activities	**9**	**16**
Net cash flow from (used in) investing activities	**(32)**	**(74)**
Net cash flow from (used in) financing activities	**(10)**	**63**
Increase (decrease) in cash[10]	(33)	5
Opening cash position on July 1	**100**	**90**
Effects of exchange rate fluctuations on cash and cash equivalents	(1)	5
Closing cash position on June 30	**67**	**100**

Financial position, borrowing conditions and financing structure

Available unpledged cash and cash equivalents amounted to €67m and financial debt (excluding the impact of IFRS 16 on lease accounting) to €179m, compared with €100m and €172m respectively at the end of June 2022.

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 June 30, 2023 amounted to €112m, up from €71m one year earlier.

The Group is currently in talks to restructure its OCEANE debt, subscribed in August 2021, which includes a prepayment option at the initiative of the investor on the 3rd anniversary date of the issue.

At June 30, 2023, the Group had negative shareholders' equity of €16m.[11] After the end of the financial year, the Group completed a €18.51m capital increase, which included a €15m set-off against Lafayette Investment Holdings debt. On that basis, after this capital increase, shareholders' equity is again positive at €1.3m, and net debt amounted to €97m.

[9] Change in Working Capital Requirements in relation to the opening cash for the fiscal period.
[10] Change in cash in relation to the opening cash position for the fiscal period.
[11] See Appendix 3

In €m	**FY 2023** *(Audit in progress)*	**FY 2022 Reported basis**
Bank debt	41	31
Bonds	119	105
Other financial liabilities[12]	14	31
Accrued interest	4	4
Total financial liabilities	**179**	**172**
Available unpledged cash	67	100
Net debt	**112**	**71**

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

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

Financial calendar:
November 08, 2023: Q1 2023-2024 revenue:
November 29, 2023: Combined Ordinary and Extraordinary Annual General Meeting

Telephone number for individual shareholders available from Tuesday to Thursday between 2 p.m. and 4 p.m. for calls within France: **0805 29 10 00** (local rate).

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

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

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 2023** *(Audit in progress)*	**FY 2022 Reported basis**
Revenue	**507**	**474**
Raw materials and purchases of goods	(152)	(138)
Other purchases and external expenses	(231)	(218)
Taxes, duties and similar payments	2	(1)
Employee expenses	(77)	(71)
Depreciation, amortization and provisions (net of reversals)	(12)	(10)
Other recurring operating income and expenses	(14)	(18)
Recurring Operating Income	**25**	**19**
Other operating income and expenses	(5)	(1)
Operating Profit	**19**	**18**
Net financial income (expense)	**(28)**	**(22)**
Tax expense	(2)	(6)
Net Income	**(11)**	**(10)**
Net income attributable to owners of the Company	**(11)**	**(11)**

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 2023** *(Audit in progress)*	**FY 2022 Reported basis**
Recurring Operating Income	**25**	**19**
Impact of IFRS 16 on leases expenses	(1)	(0)
Share-based payments, including social security expenses	1	1
Depreciation, amortization and provisions	8	6
EBITDA	**33**	**26**

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 assets are comprised mainly of available cash and goodwill, reflecting the Group's external growth strategy. Total assets accordingly decreased from €270m to €264m between the end of June 2022 and the end of June 2023.

Group balance sheet highlights:

In €m	**FY 2023** *(Audit in progress)*	**FY 2022 Reported basis**
Goodwill	97	82
Other non-current assets	42	28
Right-of-use lease assets	13	13
Current assets (excl. cash)	44	47
Cash and cash equivalents	67	100
Assets held for sale	2	
Total assets	**264**	**270**
Equity	(16)	2
Financial liabilities	179	171
Lease liabilities	13	13
Non-current liabilities	5	4
Current liabilities	83	80
Liabilities held for sale	2	
Total equity and liabilities	**264**	**270**

After the end of the financial year, the Group completed a €18.51m capital increase, which included a €15m set-off against Lafayette Investment Holdings debt. On that basis, after this capital increase, shareholders' equity is again positive at €1.3m, and net debt amounted to €97m.