

H1 2021 results

H1 2021 gross margin: €40.3 million, up 18% at constant currency rates

H1 2021 EBITDA¹: €9.4 million, 23% of gross margin

H1 2021 adjusted² net income: €8.9 million

Q3 2021 gross margin: €20.3 million, up 32% on a pro forma basis

Commercial and financial targets for 2021 reiterated:

2021 gross margin guidance of around €85 million and EBITDA target of between 22% and 25%

Simplified mandatory takeover bid submitted by Ardian, the new majority shareholder of Artefact following the acquisition of a controlling interest

Artefact's Board of Directors issues a favorable opinion on Ardian's draft offer

Paris, October 25, 2021 – 8.30 am CEST – Artefact (FR0000079683 – ALATF – eligible for PEA-PME equity savings plans), an expert in data transformation for major brands, is today reporting its 2021 interim results and its Q3 2021 gross margin. At its meeting on October 22, 2021, the Board of Directors approved the Group's interim financial statements for the six-month period ended on June 30, 2021.

Guillaume de Roquemaurel and Vincent Luciani, Artefact's Co-CEOs, commented:

"Our sales performance over the first nine months of the year clearly shows execution of our strategy remains on track. The recent strengthening of our international positions has put us in a great position to support major brands, as more and more of them look to accelerate their global data transformation. We are pleased we have been able to establish lasting foundations for our growth model while significantly improving the trajectory of our profitability, as our recent reports have illustrated. These feats, which first and foremost reflect the talents of all our people, also show that the Group has embarked on a fresh cycle of development during which international competition is likely to intensify. Taking these factors into account, we wish to reiterate the Board of Directors' favorable opinion on the draft offer filed by Ardian, given they are perfectly aligned with our strategic vision of the market and the relevance of the project to Artefact's future development."

¹ EBITDA: EBITDA restated for the IFRS 2 impact of free share allocations and preferred share issues, the IFRS 3R impact associated with remuneration for post-acquisition services and the IFRS 16 impact relating to the restatement of lease payments. Artefact has thus decided to present restated EBITDA to better reflect its operating performance, as monitored internally by management, independently of its policy to attract and retain talented staff and of the terms and conditions of its acquisitions policy.

² Net income adjusted for the IFRS 2 impact of free share allocations, BSA equity warrants and preferred share issues, the IFRS 3R impact associated with remuneration for post-acquisition services, the net IFRS 16 impact relating to the restatement of lease payments, amortization of intangible assets arising from PPA, the capitalization of tax loss carryforwards as deferred tax assets, and net income from discontinued operations and from equity associates.

H1 2021 gross margin:

As previously reported, Artefact's first-half 2021 gross margin rose 18% at constant currency rates to €40.3 million. The shift to refocus our solutions mix around Data Consulting and Data Marketing continued to make headway, and these two fast-growing businesses contributed to 70% of gross margin in the first six months of 2021.

Building on an already buoyant first quarter when growth hit 12% at constant currency rates, business momentum gained pace in Q2 2021, with growth reaching 25% and gross margin rising to €20.3 million.

Improved profitability in H1 2021

H1 2021 EBITDAr: €9.4 million (23% of gross margin), versus €6.0 million in H1 2020 (17%)

The H1 2021 improvement in the EBITDAr margin (up 6 points versus the year-earlier period) was powered by the Rest of Europe region:

- In France, EBITDAr totaled €5.2 million, equating to an EBITDAr margin of 26%, stable versus H1 2020.
- The contribution from the Rest of Europe continued to improve in H1 2021, with EBITDAr of €2.8 million (24% of gross margin) up from €0.4 million in H1 2020.
- In the Other Markets, EBITDAr rose to €1.4 million from €1.0 million, reflecting an EBITDAr margin of 16% versus 13% in H1 2020

(€ million)	H1 2021	H1 2020 pro forma ³
Gross margin	40.3	34.6
Employee expenses and external expenses	(30.8)	(28.6)
Restated EBITDA from continuing operations⁴	9.4	6.0
Depreciation, amortization and impairment	(0.2)	(0.3)
Other non-recurring income and expenses	0.0	(0.7)
Adjusted operating income⁵	9.2	5.0
Adjusted net financial income/(expense)⁶	(0.6)	(0.4)
Income before tax	8.7	4.5
Adjusted net income from continuing operations⁷	8.9	3.9
Total adjustments	(10.6)	(1.3)
Net income from discontinued operations, equity associates and non-controlling interest	(0.1)	(0.6)
Attributable net income	(1.7)	2.0

³The 2020 pro forma figures have been restated to exclude the contribution made by the Media Diamond joint venture sold in early 2021.

⁴ EBITDA restated for the IFRS 2 impact of free share allocations and preferred share issues, the IFRS 3R impact associated with remuneration for post-acquisition services and the IFRS 16 impact relating to the restatement of lease payments.

⁵ Operating income adjusted for amortization of intangible assets arising from PPA and the net impact of applying IFRS 16.

⁶ Net financial income/(expense) adjusted to eliminate the impact of BSA equity warrants at fair value through profit or loss and the impact of IFRS 16.

⁷ Net income from continuing operations adjusted for restatements of operating and financial income/(expense).

Adjusted operating income rose to €9.2 million from €5.0 million in the year-earlier period, reflecting the increase in EBITDAr.

After €0.6 million in adjusted net financial expense, predominantly consisting of interest expense, and the recognition of a €0.2 million income tax benefit, adjusted net income from continuing operations totaled €8.9 million in H1 2021, up from €3.9 million in H1 2020.

The adjustments made to arrive at the attributable net loss of €1.7 million came to €10.6 million, of which €9.3 million were non-cash items. These primarily comprise the negative €6.4 million impact of updating the assumptions used to value the BSA equity warrants following announcement of the simplified mandatory takeover bid and the negative €3.7 million impact of applying IFRS 2 on share-based payments to the free share allocations and preferred share issues.

Q3 2021: business trends and balanced geographical performance maintained

Gross margin trends by region in Q3 2021

Gross margin (€ m)	Reported	Pro forma	% Chg. (at constant currency rates)	% Chg. (at current currency rates)
	Q3 2021	Q3 2020		
France	8.7	7.4	17%	17%
Rest of Europe	6.2	4.8	30%	31%
Other Markets ⁸	5.4	3.3	70%	66%
Total	20.3	15.4	32%	32%

Q3 2021 gross margin totaled €20.3 million, up 32% at constant currency rates, an increase driven by Data Consulting and Data Marketing, which contributed a rise of over 38% during the quarter.

In France, gross margin totaled €8.7 million, up 17% on Q3 2020. Business in the Rest of Europe grew 30% as a result of consistently strong performance in the Netherlands and the United Kingdom, with gross margin up 40% in both these countries.

In the Other Markets, the sharp increase in Artefact's business—up 70% to €5.4 million—continued, reflecting a strong and balanced performance across all regions.

Outlook

2021 objectives reiterated: gross margin of around €85 million and EBITDAr margin target of between 22% and 25%

⁸ Other Markets include the Asia-Pacific region - MENA - Brazil - USA.

Given the robust business trends recorded over the first nine months and its 2021 interim results, Artefact is reiterating the full-year targets it has previously announced.

Project of simplified mandatory takeover bid submitted by Ardian

Following the sale by Artefact's main shareholders of a majority shareholding in Artefact to Ardian, representing 52.2% of its capital and voting rights, BidSky⁹ filed a project of simplified mandatory takeover bid offer for the remainder of the share capital of Artefact at a price of €7.8 per ordinary share (the "Offer") with the French Financial Markets Authority (AMF: Autorité des Marchés Financiers) on October 12, 2021.

The Board of Directors of Artefact has unanimously issued a favourable reasoned opinion on this proposed Offer, in particular on the basis of the fairness opinion delivered by the independent expert concerning the price of the Offer, under the terms of which the Board of Directors has recommended to the shareholders of Artefact to tender their shares to the Offer. It should be noted that the independent expert has taken into account the half-yearly results presented today in the context of his valuation of the company and his examination of the Offer price, which led him to confirm the fairness of the financial terms of the Offer for the minority shareholders of Artefact. The reasoned opinion of the Board of Directors of Artefact is fully reproduced in the draft note in reply filed with the AMF on October 12, 2021.

The terms and conditions of the Offer are detailed in the draft offer document prepared by the offeror and the draft note in response prepared by Artefact, which are available on the websites of the AMF (www.amf-france.org) and of Artefact (www.artefact.com).

Following the launch of this draft offer, **Guillaume de Roquemaurel and Vincent Luciani, Artefact's Co-CEOs**, stated: *"We are proud of the progress we have achieved with our employees since Artefact was established in 2014. It has grown from being a French start-up through rapid international expansion from 2017, and we owe our success to all Artefactors and everyone who has invested and believed in us since the very beginning. We are deeply honored to have reached agreement with Ardian on plans to launch this third phase and firmly believe they are the best possible partner for us to achieve our goal of becoming a global data and digital champion."*

Subject to review of the Offer by the AMF, which will publish a notice of opening and schedule, the timetable of the Offer is expected to be as follows:

- November 9, 2021: Decision of conformity of the Offer by the AMF leading to the approval of the initiators' offer document and the approval of Artefact's reply document.
- November 10, 2021:
 - Availability to the public and posting on the AMF and Artefact websites of the offeror's prospectus approved by the AMF and of information relating to the legal, financial and accounting characteristics of the offeror
 - Availability to the public and posting on the AMF and Artefact websites of the note in response prepared by Artefact approved by the AMF and information relating to the legal, financial and accounting characteristics of Artefact
 - Distribution of press releases announcing the availability of the offeror's prospectus approved by the AMF, of Artefact's note in response approved by the AMF and of information relating to the legal, financial and accounting characteristics, in particular, of the offeror and Artefact
- November 11, 2021: Opening of the Offer
- December 3, 2021: Closing of the Offer
- December 6, 2021: Results published by the AMF in a notice

In the event that the threshold for a squeeze-out is crossed by BidSky at the end of the Offer, BidSky intends to ask the AMF to implement a squeeze-out in order to get the Artefact shares that would not have been

⁹ Société par actions simplifiée [Simplified public limited company] indirectly controlled by Ardian

tendered to the Offer by the Artefact shareholders.

In accordance with the rules applicable to the financial communication of listed companies, Artefact will communicate again on the current operation at its next stage.

About Artefact

Artefact is a new generation of end-to-end data services company, specialising in data consulting and data & digital marketing, dedicated to transforming data into business impact and tangible results across the entire value chain of organisations.

At the crossroads of consulting, marketing and data science, Artefact's unique approach allows our clients to reach their business goals in a dedicated and efficient way. Our 800+ employees are focused on accelerating data and digital transformation thanks to a unique mix of company assets: cutting-edge Artificial Intelligence technologies, agile methodologies for fast delivery and efficient scalability, and teams of market-leading experts in data science and data & digital marketing, always working together and focusing on business innovation.

Covering Europe, Asia, North America, LATAM, the Middle East and Africa, thanks to our 16 local offices, we partner with Global Tier 1 brands such as Orange, Samsung, L'Oréal, or Sanofi all over the world.

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