



2019-2020 annual results

Group's strength confirmed: high growth, increased profitability and strengthened operating cash flow generation

- Annual revenue of €409 million, up 56%, including 20% organic growth¹
- EBITDA² of €17 million (+9%)
- Fourfold increase in operating cash flow to €29 million
- Available cash up 10% to €83 million after investment of €33 million

The consolidated financial statements were approved by the Board of Directors on September 30, 2020.
The consolidated financial statements have been audited and the audit report is being prepared.

Paris, France – October 1, 2020. Claranova closes another year of high growth, increasing its profitability in an unprecedented context.

The Group clears the €400 million revenue bar (€409 million), progressing 56%, of which organic growth of 20%. Claranova's three-year average annual growth rate is 46% and the Group has enjoyed as of June 30, 2020, 14 consecutive quarters of growth³. This strong growth was achieved while preserving operating profitability in a complex economic environment: **EBITDA, the main operating performance indicator, is €17 million (+9%)**. The Group chose not to include the reduction in employee costs financed by the US government under the Paycheck Protection Program (PPP), pending final clarification by the US authorities of the conditions governing the definitive vesting of this assistance to two of our subsidiaries. The inclusion of these reductions would have increased the Group's operating profitability by nearly US\$5 million, producing an EBITDA of €22 million.

Cash flow generation was significantly strengthened, with **operating cash flow increased fourfold from €7 million to €29 million**.

This fiscal year confirms the improvement in Claranova's financial profile, reporting **Net income of €1 million**. On this basis and after investment of €33 million during the fiscal year, **available cash stood at €83 million at the end of June 2020**.

¹ Organic growth is equal to the increase in revenue at constant consolidation scope and exchange rates.

² See Appendix 3 at the end of the press release for the definition of this operating performance indicator and a breakdown of the calculation.

³ Compared with the prior year quarter.

Change in the Group's main operating performance indicators:

In € million	2019-2020	2018-2019	Var.
Revenue	409	262	56%
EBITDA	17	16	9%
EBITDA as a % of Revenue	4.3%	6.1%	-184 bp
Recurring Operating Income	13	14	- 7%
Net income/(loss)	1	(41)	
Cash flow from operations	29	7	308%
Closing cash position	83	75	10%

PlanetArt: move toward personalized e-commerce

PlanetArt reports annual revenue of €314 million, up 78% (29% at constant scope). This growth was driven by continued geographic roll-out in Europe, the ramp-up of new mobile offerings (FreePrints Photo Tiles and FreePrints Cards) and a surge in the use of its apps during lockdown. The Personal Creations assets purchased in August 2019 generated revenue of €88 million.

The strong revenue growth was accompanied by a 30% increase in EBITDA to €14 million, translating into a ratio of EBITDA over sales of 4.5% as compared to 6.2% last year. The performance of historical activities supported PlanetArt's profitability during the period. This positive effect was nonetheless offset by the integration of Personal Creations which did not contribute to PlanetArt's overall profitability in this first year. The operating profitability of personalized e-commerce activities was also impacted by the ongoing aggressive marketing investment strategy.

With the integration of Personal Creations in August 2019, completed in September 2020 by the acquisition of CafePress, another leader in the US personalized products market, PlanetArt increased its critical size, expanded its product range, and extended its geographic presence, while accessing a unique platform bringing together hundreds of thousands of designers. Numerous synergies have been identified between PlanetArt's historical businesses and these new activities, at product, customer, regional and technological levels. The US launch in July 2020 of FreePrints Gifts, a new mobile app in the FreePrints family dedicated to the personalized gifts segment, is a first step.

These acquisitions enable PlanetArt to enter the "personalized" e-commerce space. As e-commerce becomes predominant, "personalized" e-commerce allows companies to address growing consumer demand for distinctive products by offering the ability to transform everyday consumer goods into unique objects. In a world where production capacities are increasingly sophisticated and able to produce easily and at low cost personalized objects in small batches and with short cycle s, the Group believes that personalized e-commerce will soon win market share from "standard" e-commerce.

Change in PlanetArt's main operating performance indicators in 2019-2020:

In € million	2019-2020	2018-2019	Var.
PlanetArt (excluding Personal Creations)	227	176	29%
Personal Creations	88		
Revenue	314	176	78%
EBITDA⁴	14	11	30%
EBITDA as a % of Revenue	4.5%	6.2%	-169 bp

Avanquest: a transition year to prepare an upcoming acceleration in profitable growth

Avanquest reports revenue of €90 million, up 9%⁵. This increase reflects the refocus of activities towards proprietary software sold as subscriptions.

This shift in revenue model to subscription sales has limited growth⁶ during this year, but it will strengthen the recurring nature and future profitability of Avanquest. Within a year, the percentage of recurring revenue jumped from 35% to 46%.

EBITDA is €7 million, representing an operating margin of 7.9% compared to 12.4% last year. This decrease reflects again the refocus of activities towards proprietary software sold as subscription.

It also reflects the impact of the pandemic on Avanquest's non-strategic activities and significant marketing investment to support the launch of new products that will fuel Avanquest's growth in the future: launch of InPixio Studio Photo 10 on March 25, 2020, Adaware Antivirus on August 4, 2020, Soda PDF 12 on August 5, 2020 and Adaware Protect.

Efforts made during the fiscal year, reflected by growth in recurring SaaS revenue⁷, will secure revenue generation in the long term and boost profitability, as each subscription renewal is achieved with low additional marketing investment.

⁴ As Personal Creations activities purchased in August 2019 are now fully merged with PlanetArt's traditional businesses in PlanetArt LLC, the Group published consolidated PlanetArt EBITDA for 2019-2020.

⁵ The percentage revenue growth presented for Avanquest in the press release of August 2, 2020 was increased from 8% to 9% after inclusion of a non-material audit adjustment slightly increasing 2019-2020 software business revenue.

⁶ The unitary price of a subscription sale being lower than that of software sold under a perpetual license.

⁷ *Software as a Service*.

Change in Avanquest's main operating performance indicators in 2019-2020:

In € million	2019-2020	2018-2019	Var.
Revenue	90	83	9%
EBITDA	7	10	- 31%
EBITDA as a % of Revenue	7.9%	12.4%	-450 bp

myDevices: ongoing commercial roll-out and strengthening of the partnership with Sprint in the United States

myDevices reports revenue of €5 million, up 51% in the fiscal year. While roll-out slowed in certain sectors (particularly hospitality and catering) due to the pandemic, the division nonetheless reported a strong surge in commercial activity with close to 500 customers and 5,000 sites equipped.

Alongside revenue growth, operating losses reported during the year fell 26%. Despite the uncertainties inherent to the current health situation, the commercial ramp-up during the period is expected to continue, enabling the IoT division to progressively improve its profitability. The merger of our historical partner Sprint, with the telecommunications operator T-Mobile, boosts our US market expansion prospects, as T-Mobile sales teams now propose myDevices IoT solutions to their customers.

While the IoT market is still emerging, the myDevices platform places Claranova in an excellent position to seize major developments in this new market.

Change in myDevices' main operating performance indicators in 2019-2020:

In € million	2019-2020	2018-2019	Var.
Revenue	5	3	51%
EBITDA	(4)	(5)	- 26%
EBITDA as a % of Revenue	(79.1)%	(162.3)%	

Strong acceleration in Group operating cash flow, multiplied by four during the period

Operating cash flows increased fourfold during the year from €7 million to €29 million. This increase reflects strong Group growth (organic and external), the surge in FreePrints activities during lockdown and the specific nature of the business model (B2C⁸ distribution) which naturally operates with negative WCR, including for the Personal Creations business acquired at the beginning of the year.

⁸ Business-to-Consumer, a direct commercial relationship between a company and a private individual.

In € million	6/30/2020	6/30/2019
Cash flow from operations	14	15
Change in working capital requirements	23	(4)
Taxes and net interest paid	(7)	(3)
Cash flow from operating activities	29	7
Cash flow used in investing activities	(33)	(16)
Cash flow from (used in) financing activities	12	18
Increase (decrease) in cash	8	9

Strong and healthy financial position: available cash of €83 million, up 10% after €33 million in investment

Claranova closes fiscal year 2019-2020 with cash of €83 million, up 10% on June 30, 2019. This increase in the Group's cash position includes investments totaling €33 million during the year, with the acquisition of Personal Creations for €17 million and settlement of the remaining €15 million deferred payment for the acquisition of the Adaware, SodaPDF and Upclick businesses.

In € million	6/30/2020	6/30/2019
Opening cash position	75	66
Effect of exchange rate fluctuations on cash	(1)	0
Closing cash position	83	75

With available cash of €83 million and financial liabilities (excluding IFRS 16 impact) of €69 million, Claranova's financial structure remains healthy, with net cash of €14 million. With this level of cash and an improved operating profile, the Group secures its financing capabilities.

In € million	June 30, 2020	June 30, 2019
Bank debt	18 ⁹	3
Bonds	48	48
Other financial liabilities	3	1
Accrued interest	0	0
Total financial liabilities ¹⁰	69	52
Available unpledged cash	83	75
Net debt	(14)	(24)

“This new year of profitable growth in an unprecedented context confirms Claranova’s ability to adapt, develop and be resilient. Our mobile, software and IoT solutions all progressed during the year, enabling us to report growth of 56% and exceed the €400 million revenue bar.

While continuing to invest heavily in marketing and R&D and completing a defining acquisition with the integration of Personal Creations, we successfully maintained our profitability.

This pandemic has turned our economy upside down and accelerated the digitalization of how we live, work and consume. In this changing environment our digital positioning remains a strength. More than ever, Claranova is well placed to respond to these structural changes and maintains its objectives of revenue of €700 million and operating profitability in excess of 10%¹¹ by 2023.”

Pierre Cesarini, CEO of the Claranova group

⁹ This amount includes the €4.5 million reduction in employee costs financed by the US government under the Paycheck Protection Program (PPP), recognized in financial liabilities pending final clarification by the US authorities of the conditions governing the definitive vesting of this assistance to two of our subsidiaries.

¹⁰ Excluding lease liabilities resulting from the adoption of IFRS 16.

¹¹ In terms of EBITDA.

Financial calendar:

November 4, 2020: Publication of 2020-2021 Q1 revenue

About Claranova:

A high-growth technological group, Claranova is an international player that is positioned in the long term, drawing on resilient business models for high-growth potential markets. As the leader in personalized e-commerce (PlanetArt), Claranova also sets itself apart through its technological expertise in software publishing (Avanquest) and the Internet of Things (myDevices). These three business divisions share a common vision: simplify access to new technologies using solutions combining innovation and ease of use. Drawing on this vision, for the past five years Claranova has enjoyed an average annual growth trajectory of more than 30% while improving its profitability, both through organic and external growth.

For more information on the Claranova group:

<https://www.claranova.com> or https://twitter.com/claranova_group

Disclaimer:

This document contains forward-looking information that may only be interpreted at the date of its communication and Claranova refuses any intention or obligation to provide, update or revise any forward-looking statements, as a result of new information, future events or other factors.

Appendix

Appendix 1: Consolidated Income Statement

In € million	2019-2020	2018-2019
Net revenue	409.1	262.3
Raw materials and purchases of goods	(126.2)	(71.2)
Other purchases and external expenses	(191.4)	(122.0)
Taxes, duties and similar payments	(0.7)	(0.4)
Employee expenses	(55.0)	(38.8)
Depreciation and provisions (net of reversals)	(7.2)	(2.0)
Other recurring operating income and expenses	(15.2)	(13.6)
Recurring Operating Income	13.3	14.3
Other operating income and expenses	(5.6)	(2.9)
Operating income	7.8	11.4
Net financial income (expense)	(4.5)	(49.2)
Tax expense	(2.1)	(3.7)
Net income/(loss)	1.2	(41.4)
Net income, Group share	0.5	(40.8)

Appendix 2: Earnings per share

In €	2019-2020	2018-2019
Number of shares outstanding¹² (in units)	39,200,753	39,200,754
Number of shares outstanding after potential dilution (in units)	39,905,818	39,905,823
Net income per share	0.03	(1.06)
Adjusted net income per share	0.17	0.21
Net income, Group share, per share	0.01	(1.04)
Adjusted net income, Group share, per share	0.15	0.23
Net income per share after potential dilution	0.03	(1.04)
Adjusted net income per share after potential dilution	0.16	0.21
Net income per share, Group share, after potential dilution	0.01	(1.02)
Adjusted net income, Group share, per share after potential dilution	0.15	0.23

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 € million	2019-2020	2018-2019
Recurring Operating Income	13.3	14.3
Impact of IFRS 16 on leases expenses	(3.1)	
Share-based payments, including social security expenses	0.0	(0.3)
Depreciation, amortization and provisions ¹³	7.2	2.0
EBITDA	17.4	16.0

¹² The number of outstanding shares was restated in H1 2018-2019 and H1 2017-2018 to take into account the one-for-ten reverse share split in H1 2019-2020.

¹³ In fiscal year 2019-2020, charges to depreciation, amortization and provisions include an IFRS 16 impact of €2.9 million (see Appendix 5 of this press release and Note 21 to the 2019-2020 consolidated financial statements)).

The transition from Net Income to Adjusted Net income is as follows:

In € million	2019-2020	2018-2019
Net income (loss)	1.2	(41.4)
Impact of IFRS 16 on Net income	0.4	
Share-based payments, including social security contributions	0.0	(0.3)
Fair value remeasurement of financial instruments	(0.6)	47.2
Other operating income and expenses	5.6	2.9
Adjusted net income	6.6	8.4
Adjusted net income, Group share	5.9	9.0

Appendix 4: Simplified Statement of Financial Position

Claranova's Statement of Financial Position increased from €176.1 million to €210.0 million between the end of June 2019 and the end of June 2020. This rise reflects the Group's organic growth and the integration of the personalized gifts business Personal Creations® acquired on August 2, 2019.

In € million	6/30/2020	6/30/2019
Goodwill	61.7	63.0
Other non-current assets	32.0	12.1
Current assets (excl. cash)	33.5	25.5
Cash and cash equivalents	82.8	75.4
Total assets	210.0	176.1
Equity	62.3	63.6
Financial liabilities	68.9	51.9
Lease liabilities	10.1	
Non-current liabilities	3.1	2.8
Current liabilities	65.6	57.8
Total equity and liabilities	210.0	176.1

Appendix 5: Impact of IFRS 16 on leases

On January 13, 2016, the IASB published IFRS 16 on the recognition of leases, replacing IAS 17. The Group transitioned to IFRS 16 on July 1, 2019, using the simplified retrospective method. The impacts on the Income Statement, the Statement of Financial Position and the Statement of Cash Flows are presented below. Further information on the impacts of application of IFRS 16 on the Group financial statements can be found in Note 21 to the 2019-2020 consolidated financial statements.

In € million	2019-2020
Cancellation of lease expenses	3.1
Amortization of right-of-use assets	(2.9)
Interest on lease liabilities	(0.6)
Impact on net income	(0.4)
Non-current lease assets	10.1
Impact on total assets	10.1
Non-current lease liabilities	7.2
Current lease liabilities	3.0
Impact on total liabilities	10.1
Impact on closing cash	0.0