# UNIVERSAL REGISTRATION DOCUMENT

AS OF JUNE 30, 2020
including the Annual Financial Report

## 2019-2020

claranova™

# SUMMARY

claranova™

# UNIVERSAL REGISTRATION DOCUMENT

## AS OF JUNE 30, 2020

including the Annual Financial Report

# 2019-2020

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The original French version of this Universal Registration Document was filed with the Autorite des marches financiers (AMF, French Financial Markets Authority) on October 21, 2020 under number D. 20-0890 in accordance with Article 212-13 of the AMF General Regulations. It may be used in connection with a financial transaction if it is supplemented by a prospectus (note d'operation) approved by the AMF. This document has been prepared by the issuer and is binding on its signatories.

This Universal Registration Document constitutes the annual financial report for the fiscal year ended June 30, 2019, as required by Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations.

Pursuant to Regulation (EU) no. 2017/1129, the following information is incorporated by reference in the Universal Registration Document:

- the Claranova Consolidated Financial Statements for fiscal year 2018-2019, prepared in accordance with IFRS, and the Group Auditors' report thereon, presented in Sections 2.1 to 2.6 of the Universal Registration Document filed with the AMF on October 21, 2019 under the number D. 19-0905;
- the Claranova Consolidated Financial Statements for fiscal year 2017-2018, prepared in accordance with IFRS, and the Group Auditors' report thereon, presented in Sections 2.1 to 2.6 of the Registration Document filed with the AMF on October 2, 2018 under the number D. 18-0856.

Copies of this Document are available free of charge from Claranova (89-91, boulevard National, 92257 La Garenne-Colombes Cedex, France) and on its website (**http://www.claranova.com**), as well as on the AMF's website (**http://www.amf-france.org**).

In this Document, the term "Group" refers to Claranova and its subsidiaries, while the terms "**Claranova**" and the "**Company**" refer to Claranova as an entity.

This Document contains information about the Company's objectives and development strategy. Such information may be identified by the use of the future and conditional tenses and by forward-looking terms such as "consider", "envisage", "think", "target", "expect", "intend", "should", "aim", "estimate", "believe", "wish" and "may" or, in certain cases, the negative form of these terms, or similar expressions.

The reader's attention is drawn to the fact that these objectives and development strategy depend on circumstances and events which may or may not occur.

These objectives and development strategy are not historical data and should not be considered to give any assurance that the stated events and data will occur, the assumptions confirmed, or the objectives attained. By their nature, these objectives may not be achieved and the statements and information presented in this Document may prove incorrect, without the Company being required in any way to provide an update, subject to applicable regulations and, particularly, the AMF General Regulations.

This Document also contains information about the Company's business and the market and industry in which it operates. This information notably stems from studies conducted by internal and external sources (analysts' reports, specialized studies, sector publications, and any other information published by market research firms, companies and government agencies). The Company considers that this information presents a true and fair view of the market and industry in which it operates and accurately reflects its competitive position. However, while this information is considered reliable, it has not been independently verified by the Company.

*This document is a free translation of the original "document d'enregistrement universel." or universal registration document issued in French for the fiscal year ended June 30, 2020 filed with the AMF on October 21, 2020. As such, the English version has not been registered by this Authority. The English version of this document has not been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. In the event of any ambiguity or conflict between corresponding statements or other items contained in these documents and the original French version, the relevant statement or item of the French version shall prevail and only the original version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Claranova expressly disclaims all liability for any inaccuracy herein.*

# CHAIRMAN'S MESSAGE

> "This new year of profitable growth, achieved during unprecedented conditions, confirms Claranova's ability to adapt, develop and be resilient."

This new year of profitable growth, achieved during unprecedented conditions, confirms Claranova's ability to adapt, develop and be resilient. With our mobile, software and IoT solutions all progressing during the year, annual revenue grew 56%, exceeding the €400 million milestone, while EBITDA reached €17 million.

While continuing to build our future by investing heavily in marketing and R&D and completing a strategic acquisition with Personal Creations®, we successfully maintained our profitability. This good performance demonstrates the resilience of our business model, the solidity of our Group and its capacity to grow and consolidate its profitability in a complex environment.

This pandemic has turned our economy upside down and accelerated the digital transformation of the way we live, work and consume. In this unprecedented environment, our market positioning in the digital universe represents a force that will continue to drive our Group's development. Claranova is more than ever ideally positioned to meet the challenges of these technological and sociological transformations. In this world of perpetual change, marked by the rapid development of new technologies, our creativity, disruptive strategic vision and skills in execution are a source of competitive differentiation.

This has allowed us to become the world leader in mobile printing in just a few years. The acquisition of Personal Creations®, and more recently CafePress, have strengthened PlanetArt's market positioning in personalized e-commerce. In a world of standardized objects, our goal is to offer to our millions of customers the ability to personalize and make each object unique.

Our proprietary software business has completed its transition to the SaaS model and we are continuing to invest and develop in three key sectors, safety, PDF and photo.

Within the emerging IoT market, Claranova is ideally positioned through its myDevices platform to seize major development opportunities. While the pandemic has slowed roll-out in certain sectors (particularly hospitality and catering), the division nonetheless reported a strong surge in commercial activity with close to 500 customers and 5,000 sites equipped.

Our ability to address evolving consumer expectations, our innovative products, the quality of the user experience we offer our customers and the talent and commitment of our teams give us a competitive edge that will make the difference for building the future.

For fiscal year 2022-2023 we accordingly maintain our target for €700 million in annual revenue and an EBITDA margin of 10%.

**PIERRE CESARINI**
CEO

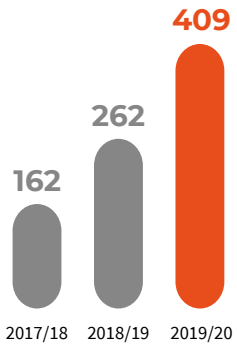
# KEY FIGURES

**€409M**
Revenue

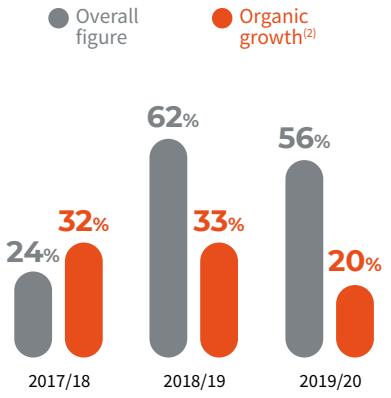
**56%**
Annual growth

**€17M**
EBITDA[1]

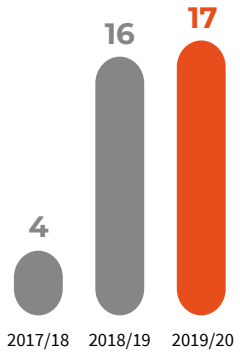
## REVENUE
(In € million)



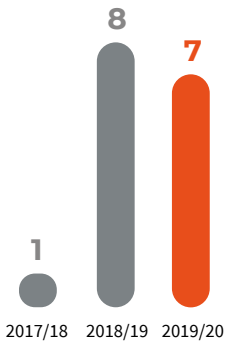

## GROWTH
(%)



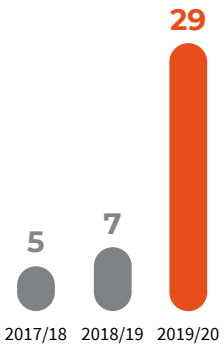

## EBITDA[1]
(In € million)



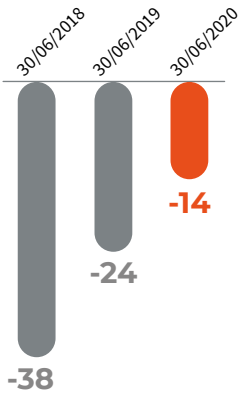

## ADJUSTED NET INCOME[3]
(In € million)




## CASH FLOW FROM OPERATIONS
(In € million)




## NET DEBT
(In € million)




(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 earnings before depreciation, amortization and share-based payments, including related social security contributions, and the IFRS 16 impact on the recognition of leases.*

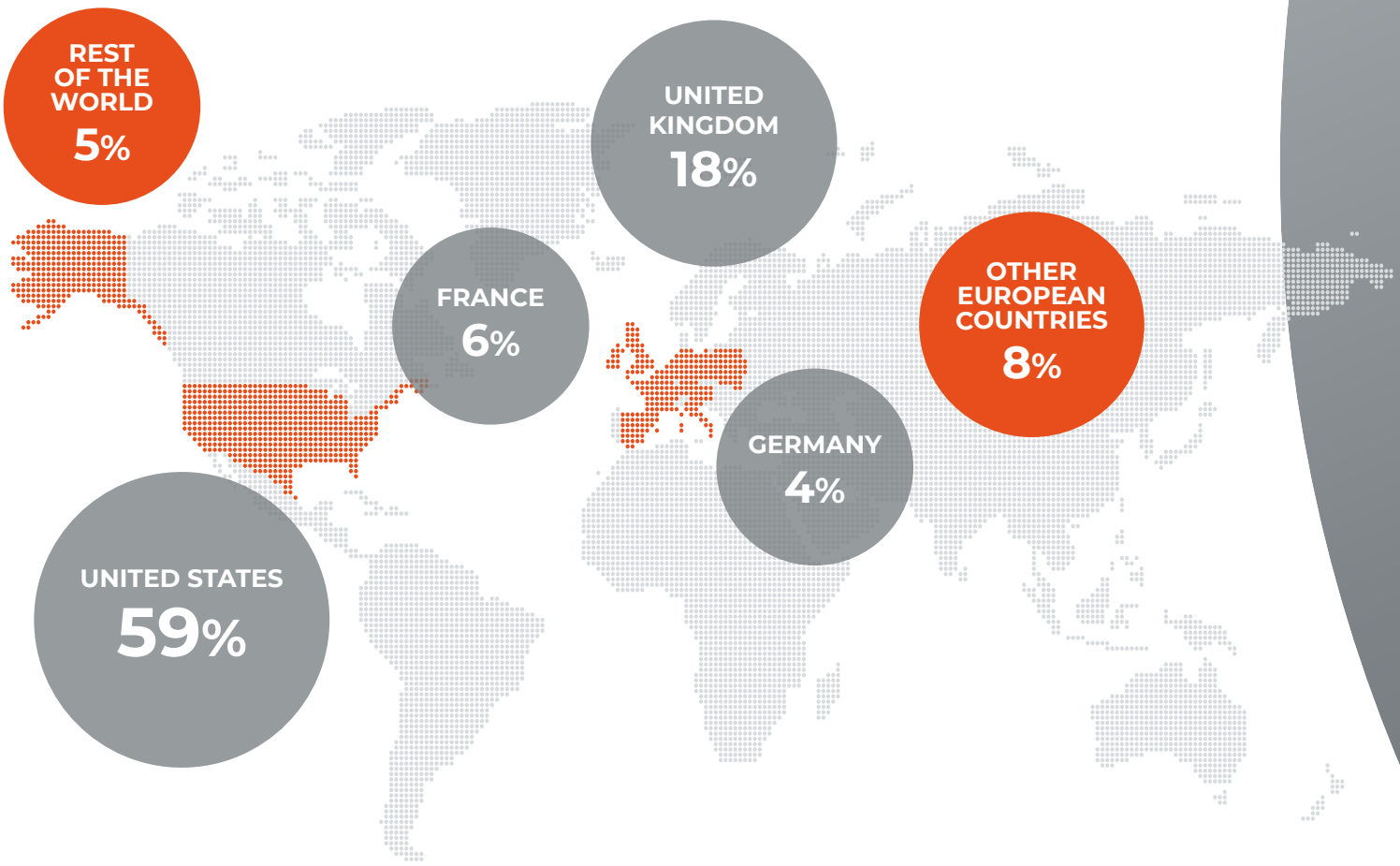
(2) *Organic growth is equal to the increase in revenue at constant consolidation scope and exchange rates.*

(3) *Adjusted net income is equal to Net income before the impact of share-based payments, including the related social security contributions, other operating income and expenses and fair value remeasurement of financial instruments and excluding the IFRS 16 impact on the recognition of leases.*

# claranova™

A high-growth technological group, Claranova is an international player with a long-term vision and resilient business models for high-growth potential markets

**94%**
revenue generated outside France




Breakdown of revenue by geographic area

# Innovation within everyone's reach

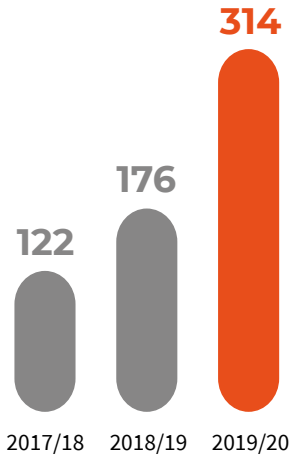
A leader in personalized e-commerce (PlanetArt), Claranova also stands out for its technological expertise in software publishing (Avanquest) and the Internet of Things (myDevices). These three business divisions share a common vision: to simplify access to new technologies using solutions combining innovation and ease of use. Boosted by this concept, Claranova has delivered average annual growth of more than 45% for the past three years, through both organic and external growth.

# PLANETART

Personalized e-commerce

- Leader in mobile personalized digital printing
- Tenfold increase in revenue in 5 years
- Fresh prospects in personalized e-commerce

**REVENUE**
(In € million)




**PlanetArt embodies Claranova's vision in the personalized e-commerce sector: to offer the easiest and most affordable solutions to transform everyday items into personalized objects.**

PlanetArt brings together the range of FreePrints mobile printing apps and e-commerce sites selling personalized products (SimplytoImpress.com, PhotoAffections.com, CanvasWorld.com, MyCustomCase.com, PersonalCreations.com and Gifts.com).

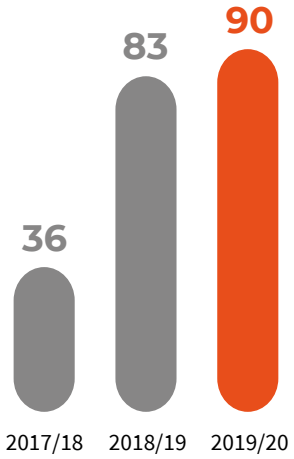
Available in 12 countries across three continents, the PlanetArt offerings have already won over more than 25 million customers worldwide. The high level of customer loyalty speaks to the success of its offerings and guarantees the sustainability of the division's activities and its potential for long-term growth and profitability.

Driven by the success of its various sites and mobile apps, personalized e-commerce activities continue to report strong growth year-after-year, with revenue increasing tenfold in five years.

## AVANQUEST
B2C software publishing

- **Leading player in B2C proprietary software publishing**
- **Subscription-based business model with strong recurring revenue**
- **Positioned in three high-potential segments**

**REVENUE**
(In € million)




**By offering simple and innovative software solutions which provide easy daily access to new technologies, Claranova is now a leader in B2C software publishing in three high-potential segments:**

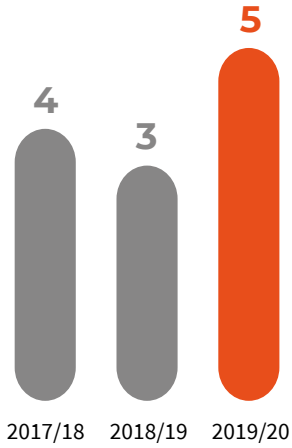
- **Security:** antivirus, ad blocker, cleaning and optimization tools sold under the Adaware brand
- **PDF:** document management tools sold under the SodaPDF brand
- **Photo:** photo editor software and apps developed under the InPixio brand

The subscription sale of these proprietary software provides Claranova with good revenue and profit visibility, with nearly 50% of revenue coming from repeat sales.

## MYDEVICES
Connected devices management platform

- **One platform, infinite IoT solutions**
- **Technology recognized by IoT leaders**
- **Step-up in deployment: 500 customers, 5,000 sites**

**REVENUE**
(In € million)




**With its IoT platform, myDevices, Claranova uses its technological expertise to manage connected devices for professionals. With its unique application platform, myDevices offers companies of all sizes an infinite range of IoT plug & play solutions to simplify and optimize the management of their assets, whatever the type of connected device and network, business sector or application field.**

myDevices has developed for its customers and resell partners, seven vertical applications in the cold management (SimplySense.com), security (PushandProtect.com, PushandCall.com, LockdownAlert.com), space utilization and comfort optimization (Countario.com), predictive maintenance (PredictAlert.com) and water preservation (WaterSaveSensor.com) sectors.

To scale-up the deployment of its technology, Claranova distributes white label turnkey solutions through its network of commercial partners. Major players such as Sprint and Ingram Micro have selected the myDevices solution to distribute their IoT offering to their own customers.

1

# Comments on the fiscal year

Information is expressed in millions of euros, unless otherwise stated.

## 1.1 Selected financial information and other data on the fiscal year ended on June 30, 2020

| *(in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| **Revenue** | **409.1** | **262.3** | **161.5** |
| *% growth* | *56%* | *62%* | *+24%* |
| **EBITDA[(1)(3)]** | **17.4** | **16.0** | **3.9** |
| *EBITDA as a % of revenue* | *4.3%* | *6.1%* | *2.4%* |
| Recurring operating income | 13.3 | 14.3 | (3.7) |
| **Net income (loss)** | **1.2** | **(41.4)** | **(8.2)** |
| Adjusted net income(2)(3) | 6.6 | 8.4 | 1.3 |
| **Net income, Group share** | **0.5** | **(40.8)** | **(7.9)** |
| Adjusted net income, Group share | 5.9 | 9.0 | 1.6 |
| **Adjusted net income, Group share, per share (in €)(4)** | **0.15** | **0.23** | **0.04** |
| | | | |
| **Equity, Group share** | **50.6** | **52.6** | **12.5** |
| Borrowings and other financial liabilities | 68.9 | 51.9 | 28.2 |
| Cash and cash equivalents | 82.8 | 75.4 | 65.7 |
| **Net debt** | **(13.9)** | **(23.5)** | **(37.5)** |
| Net debt/Equity ratio (gearing) | (0.3) | (0.4) | (3.0) |
| | | | |
| **Net cash flow from operating activities** | **14.2** | **14.8** | **(1.5)** |
| Cash flow from operations | 29.5 | 7.2 | 5.2 |
| Cash flow from (used in) investing activities | (33.1) | (15.8) | 14.0 |
| Cash flow from (used in) financing activities | 12.0 | 17.9 | 29.6 |

*(1) EBITDA is equal to Recurring Operating Income before the impairment of share-based payments, including related social security contributions, and the IFRS 16 impact on the recognition of leases. A reconciliation of Recurring Operating Income and EBITDA is presented in Chapter 1, Section 1.1 of this document. The IFRS 16 impact is presented in Chapter 2, Note 21, of this document.*

*(2) Adjusted net income is equal to Net income before the impact of share-based payments, including the related social security contributions, other operating income and expenses and fair value remeasurement of financial instruments and excluding the IFRS 16 impact on the recognition of leases. A reconciliation of Net Income and Adjusted net income is presented in Chapter 1, Section 1.1 of this document. The IFRS 16 impact is presented in Chapter 2, Note 21, of this document.*

*(3) 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.*

*(4) The number of outstanding shares used to calculate Adjusted net income, Group share, per share was restated in fiscal years 2018-2019 and 2017-2018 to take into account the one-for-ten reverse stock split in H1 2019 (see Chapter 2, Note 1).*

# 1.2 Economic data and financial performance



## Revenue for fiscal year 2019-2020

### Claranova tops €400 million in revenue and pursues its strong growth trajectory

Claranova group reported consolidated revenue of €409 million in fiscal year 2019-2020 (July 2019-June 2020), up 56% year-on-year, including 20% organic growth. With nearly €150 million in additional revenue, including €88 million from Personal Creations® acquired in August 2019, growth momentum remained on track in the period to top €400 million.

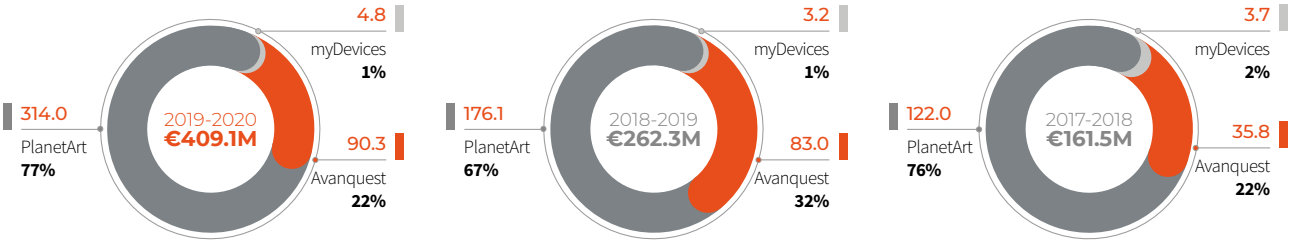
| *(in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| **Revenue** | **409.1** | **262.3** | **161.5** |
| **% growth** | **+56%** | **+62%** | **+24%** |
| % organic growth[1] | +20% | +33% | +32% |
| % forex impact | +4% | +4% | -8% |
| % scope impact[2] | +32% | +25% | 0% |

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

*(2) The scope impact in fiscal year 2019-2020 reflects the acquisition of Personal Creations® by PlanetArt in August 2019. The scope impact in fiscal year 2018-2019 reflects the acquisition of the Adaware, SodaPDF and Upclick businesses by Avanquest in July 2018.*

By business, the revenue mix shifted towards PlanetArt's personalized e-commerce activities, with the integration of the new Personal Creations® business purchased in August 2019. PlanetArt now represents 77% of total revenue, up from 67% in fiscal year 2018-2019. Software publishing (Avanquest) and Internet of Things (myDevices) activities generated 22% and 1% of Group revenue, respectively, compared to 32% and 1% in fiscal year 2018-2019.

*Revenue breaks down by business as follows:*

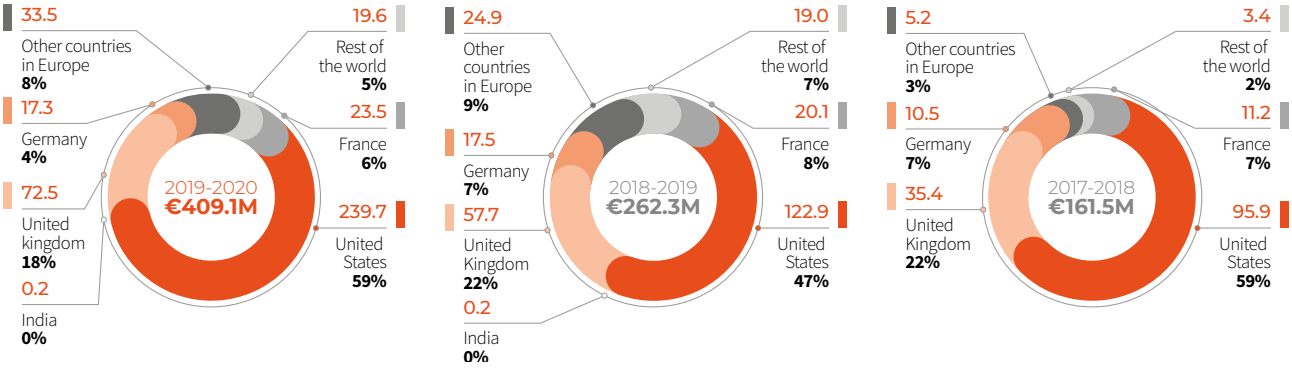



| *(in € million)* | 2019-2020 | Change | 2018-2019 | Change | 2017-2018 |
|---|---|---|---|---|---|
| **PlanetArt** | **314.0** | **78%** | **176.1** | **44%** | **122.0** |
| PlanetArt (excluding Personal Creations®) | 226.5 | 29% | 176.1 | 44% | 122.0 |
| Personal Creations® | 87.5 | | | | |
| **Avanquest** | **90.3** | **9%*** | **83.0** | **132%** | **35.8** |
| **myDevices** | **4.8** | **51%** | **3.2** | **-14%** | **3.7** |
| **Revenue** | **409.1** | **56%** | **262.3** | **62%** | **161.5** |

* *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.*

Claranova has a unique international profile with 94% of revenue originating from outside France. This position was further bolstered by the integration of the Personal Creations® personalized gifts business generating revenue solely in the United States and accounting for 59% of revenue in fiscal year 2019-2020, compared to 47% last year.

*Revenue by region:*




# 2019-2020 results

## Preserved profitability and strengthened operating cash flow generation in an unprecedented environment

Despite the particularly complex economic and health environment, growth remained robust and profitability was preserved: EBITDA, the Group's main operating performance indicator, rose to €17 million (+9%), or 4.3% as a percentage of revenue compared to 6.1% in fiscal year 2018-2019.

The decrease in the operating margin reflects the acquisition of the Personal Creations® business which did not contribute to the Group's profitability in its first year of integration. Avanquest's shift from perpetual licenses to a subscription-based model also limited the increase in EBITDA. Adopting a prudent approach, the Group also 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 €4.5 million, producing an EBITDA of €22 million.

EBITDA by business:

| *(in € million)* | 2019-2020 | Change | 2018-2019 | Change | 2017-2018 |
|---|---|---|---|---|---|
| PlanetArt* | 14.1 | +30% | 10.9 | +71% | 6.4 |
| Avanquest | 7.1 | -31% | 10.3 | +1,348% | 0.7 |
| myDevices | (3.8) | -26% | (5.2) | 65% | (3.1) |
| **EBITDA** | **17.4** | **+9%** | **16.0** | **+70%** | **3.9** |

* *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.*

EBITDA margin by business:

| *(in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| PlanetArt | 4.5% | 6.2% | 5.2% |
| Avanquest | 7.9% | 12.4% | 2.0% |
| myDevices | -79.1% | -162.3% | -85.3% |
| **EBITDA margin** | **4.3%** | **6.1%** | **2.4%** |

Claranova's financial profile improved in the period by achieving net income of €1 million. This represented the Group's first profit-making year since the transformation launched in 2015. Excluding the IFRS 16 impact of the recognition of leases plus non-operating and non-recurring items. Adjusted net income totaled €7 million, compared to €8 million in 2018-2019.

| *(in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| **EBITDA** | **17.4** | **16.0** | **3.9** |
| *EBITDA as a % of revenue* | *4.3%* | *6.1%* | *2.4%* |
| Recurring operating income | 13.3 | 14.3 | (3.7) |
| Operating income | 7.8 | 11.4 | (6.1) |
| **Net income (loss)** | **1.2** | **(41.4)** | **(8.2)** |
| Adjusted net income | 6.6 | 8.4 | 1.3 |
| Adjusted net income per share *(in €)* | 0.17 | 0.21 | 0.03 |

The transition from Recurring Operating Income to EBITDA is as follows:

| *(in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| **Recurring operating income** | **13.3** | **14.3** | **(3.7)** |
| Impact of IFRS 16 on lease expenses | (3.1) | | |
| Share-based payments, including social security contributions | 0.0 | (0.3) | 7.1 |
| Depreciation and amortization* | 7.2 | 2.0 | 0.5 |
| **EBITDA** | **17.4** | **16.0** | **3.9** |

* *Including an IFRS 16 impact of €2.9 million on depreciation and amortization. See Chapter 2, Note 21, of this document.*

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

| *(in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| **Net income (loss)** | **1.2** | **(41.4)** | **(8.2)** |
| IFRS 16 impact on net income* | 0.4 | | |
| Share-based payments, including social security contributions | 0.0 | (0.3) | 7.1 |
| Other operating income and expenses | 5.6 | 2.9 | - |
| Fair value remeasurement of financial instruments | (0.6) | 47.2 | 0.0 |
| **Adjusted net income** | **6.6** | **8.4** | **1.3** |

* *A breakdown of the IFRS 16 impact on the Income Statement is presented in Chapter 2, Note 21, of this document.*

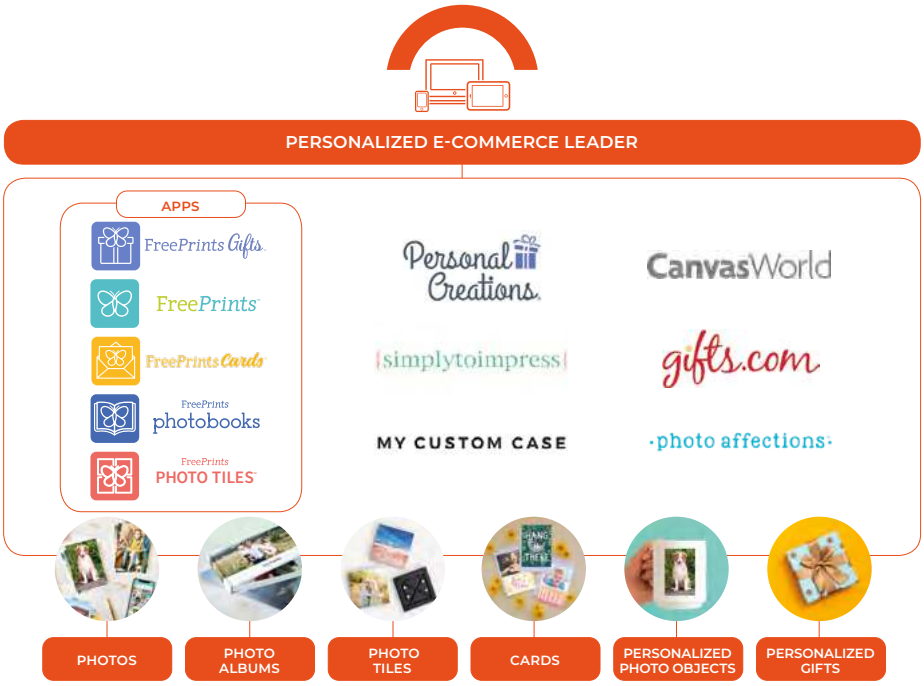
# Revenue and results by business

## PlanetArt

### Personalized e-commerce leader

PlanetArt embodies Claranova's vision in the personalized e-commerce sector: to offer the easiest and most affordable solutions to transform an everyday item into a personalized object. The PlanetArt division brings together a range of FreePrints mobile apps and e-commerce sites selling personalized gifts and photo products (CanvasWorld, SimplyToImpress, myCustomCase, PhotoAffections, PersonalCreations and Gifts.com).

### AN E-COMMERCE OFFERING (WEB AND APP) COVERING ALL PHOTO PRODUCT AND PERSONALIZED OBJECTS SEGMENTS




### Shift to personalized e-commerce

PlanetArt reported annual revenue of €314 million, up 78% (+29% at constant scope). This growth was driven by the 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® activities purchased in August 2019 generated revenue of €88 million.

This strong revenue growth was accompanied by a 30% increase in EBITDA to €14 million, representing an operating margin of 4.5% 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 ongoing aggressive marketing investment strategy in an environment marked by a historic drop in customer acquisition costs during lockdown. The operating profitability of personalized e-commerce activities was also impacted by the integration of Personal Creations®, which did not contribute to PlanetArt's overall profitability in this first year.

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 universe. As e-commerce becomes predominant, e-commerce personalization allows companies to address growing consumer demand for distinctive products by transforming 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 with short cycles, the Group believes that personalized e-commerce will soon win significant market share from "standard" e-commerce.

PlanetArt reported the following results for 2019-2020:

| *(in € million)* | 2019-2020 | 2018-2019 | Change |
|---|---|---|---|
| PlanetArt (excluding Personal Creations®) | 226.5 | 176.1 | +29% |
| Personal Creations® | 87.5 | | |
| Revenue | 314.0 | 176.1 | +78% |
| **EBITDA*** | **14.1** | **10.9** | **+30%** |
| *As a % of revenue* | *4.5%* | *6.2%* | *-169 bp* |

* *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.*

# Avanquest

## Leading player in B2C software publishing

By offering simple and innovative software solutions which provide easy daily access to new technologies, Claranova is a leader in B2C software publishing in three high-potential segments:

- **Security:** antivirus, ad blocker, cleaning and optimization tools sold under the Adaware brand;
- **PDF:** document management tools grouped under the SodaPDF brand;
- **Photo:** photo editor software and apps developed under the InPixio brand.

### PROPRIETARY BRANDS IN THREE HIGH POTENTIAL SEGMENTS

Adaware

**Security**

Secure, repair and optimize your IT tools and Internet searches

Soda PDF

**PDF**

Convert, edit and securely sign your PDF documents

InPixio

**Photo**

Transform your best memories into perfect photo

### A year of transition preparing for an acceleration in profitable growth

Avanquest reported revenue of €90 million, up 9%[1]. This increase reflects the shift towards proprietary software publishing and subscription sales accelerated by the COVID-19 epidemic. Lockdown generated a significant increase in e-commerce and the use of our productivity, electronic signature and photo editing software sold as subscriptions.

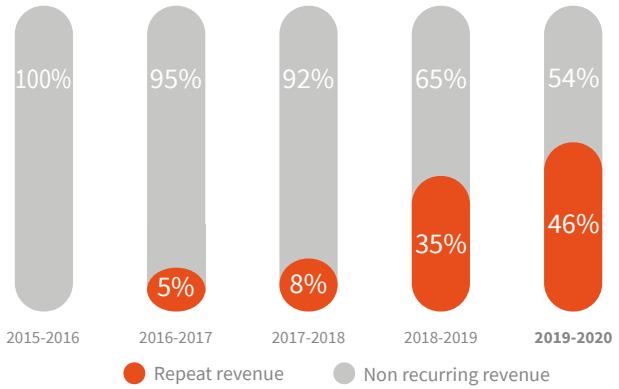
The reduction in non-strategic activities (remaining physical sales and the indirect sale of security software) and the unfavorable price effect temporarily tied to the business model shift to subscription sales[2] limited growth during the year, but will strengthen the recurring nature and future profitability of activities. Within a year, the percentage of recurring revenue jumped from 35% to 46%.

(1) *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.*

(2) *The unitary price of a subscription sale being lower than that of software sold under a perpetual license.*

### RECURRING REVENUE

*(as % of revenue)*




*(1) Excluding businesses sold. (2) Indicative figures.*

EBITDA is €7 million, representing an operating margin of 7.9% compared to 12.4% last year. This decrease reflects the impact of the pandemic on Avanquest's non-strategic activities and marketing investments to accelerate the business model shift (19% surge during the year). These investments supported the launch of new products that will fuel Avanquest's growth next year: launch of InPixio Studio Photo 10 on March 25, 2020, Adaware Antivirus on August 4, 2020, SodaPDF 12 on August 5, 2020 and Adaware Protect, a new tool designed to protect users, their identity and online habits, that will be launched during the first semester of fiscal year 2020-2021.

Efforts made during the fiscal year, reflected by growth in recurring SaaS[1] revenue, will secure revenue generation in the long term and boost profitability, as each subscription renewal is achieved with low additional marketing investment.

Avanquest reported the following results for 2019-2020:

| *(in € million)* | 2019-2020 | 2018-2019 | Change |
|---|---|---|---|
| Revenue | 89.7 | 83.0 | +9% |
| **EBITDA** | **7.1** | **10.3** | **-31%** |
| *As a % of revenue* | *7.9%* | *12.4%* | *450 bp* |

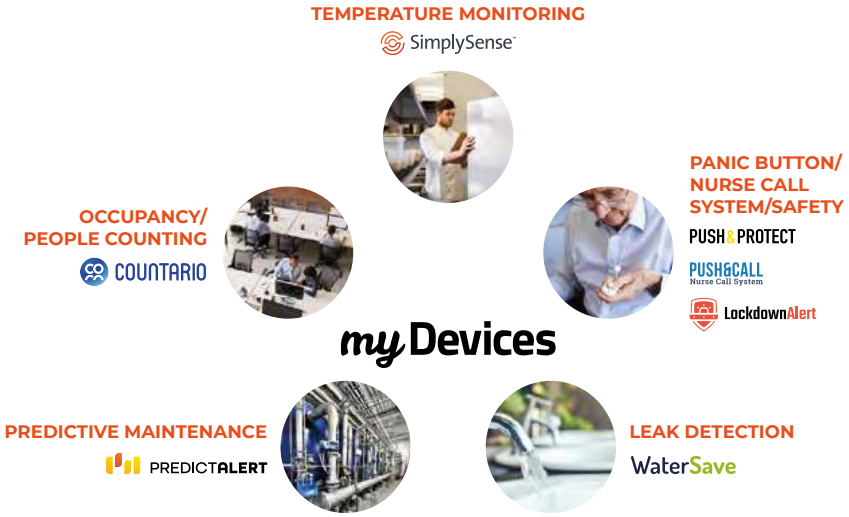
## myDevices

### Simplifying connected device management for professionals

With its IoT platform, myDevices, Claranova provides its technological expertise to connected devices management for professionals. With its unique application platform, myDevices offers companies of all sizes an infinite range of IoT plug & play solutions to simplify and optimize the management of their assets, whatever the type of connected device and network, business sector or application field. myDevices has therefore developed, for its customers and resell partners, seven vertical applications in cold management (SimplySense.com), security (PushandProtect.com, PushandCall.com, LockdownAlert.com), space utilization and comfort optimization (Countario.com), predictive maintenance (PredictAlert.com) and leak detection (WaterSaveSensor.com) sectors.

(1) *Software as a Service.*

ONE PLATFORM, INFINITE IOT SOLUTIONS




### Ongoing commercial roll-out and strengthening of the Sprint partnership in the United States

myDevices reported 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, myDevices nonetheless reported a strong surge in commercial activity with close to 500 customers and over 5,000 sites equipped.

Alongside revenue growth, operating losses reported during the year fell 27%. Despite the uncertainties linked to the current health situation, commercial ramp-up during the period is expected to continue and contribute to a gradual improvement in profitability. Our US market expansion prospects were boosted by the merger of our historical partner Sprint, with the operator T-Mobile, as the 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 development opportunities in this new market.

myDevices reported the following results for 2019-2020:

| *(in € million)* | 2019-2020 | 2018-2019 | Change |
|---|---|---|---|
| Revenue | 4.8 | 3.2 | +51% |
| **EBITDA** | **(3.8)** | **(5.2)** | **-26%** |
| *As a % of revenue* | *-79.1%* | *-162.3%* | |

## Seasonality

### PlanetArt

PlanetArt websites generate the majority of their personalized product sales during the year-end holiday season, in November and December. The EBITDA generated by these activities is almost entirely realized during this period. Seasonality does not materially impact the results of FreePrints mobile app sales of personalized products.

### Avanquest

Certain Avanquest activities (physical distribution of software in the United States and sale of documentary management products and PDF apps) record a sales peak during the back-to-school period, on Black Friday and in the year-end holiday season, covering the months of September to December.

### myDevices

Seasonality does not have a significant impact on the myDevices' results.

## Business model

**Claranova is a global technology player** delivering digital solutions acclaimed by millions of customers worldwide across three major sectors. A leader in personalized e-commerce (PlanetArt), Claranova also stands out for its technological expertise in software publishing (Avanquest) and the Internet of Things (myDevices). These three divisions share a common vision: to simplify access to new technologies using solutions combining innovation and ease of use.

claranova™ A GLOBAL TECHNOLOGY PLAYER

### Our strengths

#### Innovative teams with unique expertise

- Strong international and entrepreneurial culture
- Innovation and performance capacity
- Unique expertise in online customer acquisition

#### Resilient business models focused on growth

- Recurring revenue models with high predictability
- Based on freemium B2C offerings
- Distributed to millions of customers worldwide

#### A strong and profitable growth trajectory

- Scalable[1] businesses generating significant cash
- Supporting a sound growth trajectory
- And enabling investment in new innovative technology products

### Our businesses

PlanetART® YOUR WORLD. PERSONALIZED.

PERSONALIZED E-COMMERCE

Avanquest

SOFTWARE PUBLISHING

myDevices

IOT MANAGEMENT PLATFORM

(1) *An activity's ability to change scale.*

## Our growth factors

- **Extension of the product range**
- **Personalization of offerings**
- **Geographic deployment**

- **Transition to a subscription sales model**
- **Development of proprietary software solutions**
- **Optimization of customer acquisition and retention**

- **Extension of plug & play IoT solutions**
- **Development of the resell partner network**
- **Increased recurring revenue**

## Our value creation

### For growth

- **€400 million milestone** crossed in 2019-2020
- **56%** growth in 2019-2020
- **46%** average growth over three years
- Operating cash flow of **€29 million** generated in 2019-2020 and available cash of **€83 million**

### For our employees

- **672** employees, **42% women**
- Over **40% female Board members**
- **€55 million** of value shared with our employees (payroll)

### For our customers

- **Nearly 50 million** downloads of the FreePrints app and an **average review rating of 4.8**
- **2.5 billion** photos printed
- **Tens of millions** of users of our software
- **5,000 sites equipped** with our IoT solutions

# Market and competitive position

## PlanetArt

While PlanetArt operates in dynamic and competitive markets, the Group's early shift to mobile nonetheless gave it a strong competitive edge in the digital printing ecosystem. In the United States, PlanetArt's main competitors are groups traditionally specialized in Web-to-Print[1]. In Europe, the market is far more fragmented with a larger number of niche players, from local start-ups to larger Web-to-Print specialists without a dominant mobile position.

PlanetArt's strength comes, above all, from its original business model. Its product range shares a unique vision: offering the simplest and most affordable solution for ordering personalized items in a few clicks. The FreePrints product range stands out for its "free" component and attractive prices that have enabled the brand's apps to carve out a dominant position in all its local markets. This offering is unique for its quality/price and ease of use, enabling it to attract new customers and encourage first-time orders. The free prints concept encourages consumers to order more regularly and naturally promotes customer loyalty. The majority of PlanetArt's sales are therefore realized with existing customers. Marketing investments during the year fuel the segment's future growth and margin, with a customer life cycle of several years.

While this approach generates a lower average basket than that of competitors providing a premium offering, it secures access to a larger customer base, providing significant visibility on app platforms through ratings and comments left by customers. FreePrints apps also regularly appear in the top 5 photo printing solutions in mobile app stores. This visibility strengthens the virtuous growth cycle of the customer base and enables the division to roll-out higher margin products through additional personalization options and new products (photo albums, photo frames, personalized cards).

| | TOP 5 MOBILE PRINTING APPS[1] | | | | | POSITION OF THE OTHER FREEPRINTS BRAND APPS | | |
|---|---|---|---|---|---|---|---|---|
| | #1 | #2 | #3 | #4 | #5 | | | |
| United Kingdom | ★ 4.8[2] | ★ 4.8 | ★ 4.8 | SNAPFISH ★ 4.7 | ★ 4.8 | | | |
| Ireland | ★ 4.8 | ★ 4.8 | ★ 4.8 | SNAPFISH ★ 4.7 | PHOTOBOX FREE PRINTS ★ 4.8 | | | |
| France | ★ 4.7 | LALALAB ★ 4.8 | CHEERZ ★ 4.6 | FIZZER ★ 4.8 | POPSA ★ 4.6 | #6 ★ 4.7 | #7 ★ 4.7 | |
| Italy | PHOTOSI ★ 4.7 | ★ 4.7 | LALALAB ★ 4.8 | CHEERZ ★ 4.7 | POPSA ★ 4.6 | #6 ★ 4.7 | #7 ★ 4.6 | |
| United States | ★ 4.8 | SHUTTERFLY ★ 4.7 | GROOVEBOOK ★ 3.3 | SNAPFISH ★ 4.7 | CHATBOOKS ★ 4.8 | #6 ★ 4.8 | #7 ★ 4.8 | #8 ★ 4.8 |

*FreePrints* *FreePrints Photobooks* *FreePrints Photo Tiles* *FreePrints Cards*

*(1) Ranking as of 08/31/2020 within the Apple Store mobile printing app category, source: App Figures.*

*(2) Average rating out of 5 obtained since the app's launch.*

The brand has enjoyed a meteoric rise across the globe since its US launch in 2013, confirming the relevance of its business model. In just a few years, PlanetArt has become the leader in mobile printing solutions in the United States and Europe, with one of the largest installed bases in the Mobile-To-Print[2] market in both continents. This global success is founded on tailoring the offering to specific local features, competitor offerings and consumer habits. This commercial know-how, combined with the adoption of a fabless model[3], strengthens the scalability of activities. New markets can be developed without recruiting local commercial teams or adding other resources, naturally strengthening the profitability of activities as the segment develops.

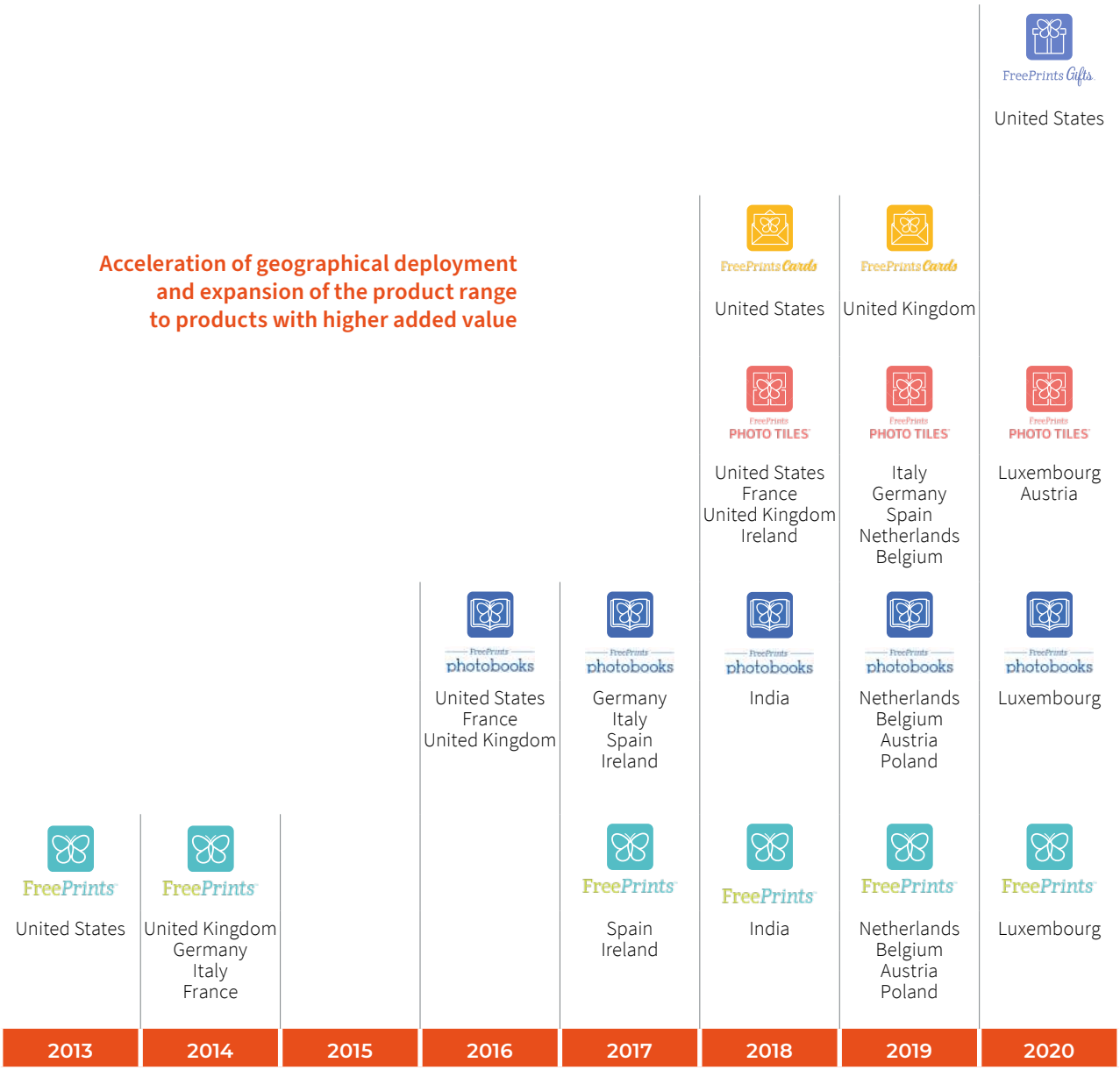
*(1) Generic term encompassing all web broker apps linking printers and buyers of printed products.*

*(2) Generic term encompassing all mobile broker apps linking printers and buyers of printed products.*

*(3) Outsourcing of production to third-party partners.*

With the launch of its FreePrints app in India in September 2018, PlanetArt is now the only photo printing player present on three continents. This targeted geographic coverage strategy offers new reservoirs of growth and limits increases in customer acquisition costs. This in turn reinforces PlanetArt's growth cycle over the long-term and consolidates its position as global leader.






The August 2019 acquisition of Personal Creations® in the United States marked a new step in the development of PlanetArt's activities. This acquisition provided access to the personalized products market worth over US$26 billion[1], twice as large as the photo market and with an expected average annual growth rate in excess of 10% for the period to 2024[2]. This initial transaction was followed in September 2020 by the acquisition of CafePress in the United States, a leader in the personalized products market. With this additional transaction, PlanetArt completes its product range, extends its geographic presence in new high-potential markets (Canada, Australia) and benefits from a unique platform bringing together hundreds of thousands of designers worldwide.

These two transactions have established the Group as a leader in personalized e-commerce in less than one year. In this market, PlanetArt will be able to capitalize on its unique know-how acquired in developing mobile commercial offerings with its range of FreePrints photo product printing apps. This strategy, exemplified by the July 2020 launch of the FreePrints Gifts app in the United States, should provide continuing momentum for strong and profitable growth.

(1) *Technavio, "Global Personalized Gifts Market 2017-2021", February 16, 2017.*
(2) *Technavio, "Global No-Personalized Gifts Market 2020-2024", June 23, 2020.*

## Avanquest

Avanquest's strategic repositioning in 2014, led to the remarkable turnaround of its activities. This transition period was accompanied by a gradual change in its business model focusing on three pillars: a shift away from physical sales to online sales of software and the monetization of traffic, the strengthening of proprietary software solutions within its product portfolio and the transition from the sale of software under license to subscription sale. Efforts in recent years have structurally improved the growth and profitability profile of software activities.

This marked improvement in Avanquest's operating profile also reflects the success of the initial focused build-up phase launched by the Group, which led to the acquisition of the Adaware, SodaPDF and Upclick businesses. These acquisitions accelerated Avanquest's transformation and strengthened its position within the software ecosystem, where size plays a major role in the commercial success of activities.

Avanquest is currently positioned in high-potential Internet sectors: Security, PDF and Photo. Major players in these sectors, such as Avast, Adobe or IAC, report double-digit growth and margins that can exceed 40%. To attain these performance levels, the Group has accelerated its shift towards a software subscription-based invoicing model. While impacting the division's growth and margin in the short term, this new business model will provide greater visibility in terms of growth prospects and future earnings. The Group also increased investments for the development of proprietary software products, which offer margins considerably higher than from the sale of third-party products.

The Group will continue to concentrate efforts on its proprietary products portfolio and shifting towards a subscription-based model. This strategic focus, backed by its ability to develop new innovative products, should strengthen Avanquest's competitive position in the coming years.

## myDevices

The Internet of Things (IoT) market is an emerging market characterized by a techno push[1] phase, where demand is not yet fully formalized by end users and remains driven by the offer. The IoT value chain is complex, with a rich and diversified ecosystem of players. The market structure can, nonetheless, be broken down schematically, into four main types of player: players specializing in the design and manufacture of physical equipment (connected devices, sensors, memory cards, embedded software, *etc.*), operators of networks used to connect devices to the Internet, cloud operators storing and processing raw data on the Internet and finally suppliers of software interfaces enabling different devices to communicate and processing data to meet the specific needs of end users.

With the development of its myDevices platform, the Group's IoT segment falls into the software interface supplier for B2B markets category. Massive investment in recent years upstream of the value chain by IoT equipment manufacturers and network suppliers, today offers an environment conducive to the development of the software layer. The value perceived by companies is also founded less and less on the connected devices themselves in favor of application platforms, which embody the added value provided by the Internet of Things.

Within this category of players, the IoT segment stands out for its open approach and the level of interoperability offered by its platform. These two strategic characteristics seek to establish the myDevices platform as the benchmark IoT software for companies, by removing barriers to the development and mass adoption of IoT solutions (control of proprietary solutions, migration costs, inability to satisfy the wide range of business requirements, *etc.*). The myDevices platform brings together one of the most extensive catalogs of recognized and inter-operable connected devices on the market, irrespective of the communication network used (LoRa, Sigfox, 5G, *etc.*) and the largest community of IoT developers in the world. myDevices' strength lies in its ability to bring together, on a single and unique platform, a simple and rapid development tool offering its customers an infinite range of business applications (cold chain management, water and electricity consumption monitoring, space utilization, leak detection, *etc.*).

myDevices' segment business model is based on a service approach. This consists in extracting the value of services and products offered through use of the platform rather than the device itself. Its service-based model comprises a "PaaS" (Platform as a service) component, where myDevices is not in direct contact with the end user and supplies the infrastructure under a white label to solution providers (IT service companies, Telecom operators, *etc.*), acting as intermediaries between the end user and myDevices. This service-based model involves monthly invoicing based on the number of connected devices installed by the end customer, providing significant visibility of revenue generation.

To establish its technology as the benchmark IoT software for companies, myDevices has entered into several distinguished partnerships in the IoT ecosystem, notably in the United States and China, currently the two most dynamic IoT markets. These technology, commercial and strategic partnerships with international groups such as Sprint, Ingram Micro, Arm, Microsoft *etc.* validate the relevance of its technology and strengthen daily its position and visibility in the IoT industry. myDevices currently remains one of the few market players to have successfully partnered at global level with distinguished companies across the entire IoT value chain.

Bolstered by these partnerships and expertise acquired over the past five years, Claranova is more than ever ideally positioned to exploit the potential of the connected devices market. After an initial test and proof-of-concept phase with its first customers, myDevices' commercial development experienced an upturn in 2019-2020. This was highlighted notably by the acceleration of new commercial signatures with major US and European companies in the healthcare, food service and hospitality sectors.

*(1) Under the "techno push" concept, innovation drives demand, compared to the "demand pull" concept where innovation is driven by demand expressed by the market.*

# 1.3 Significant events impacting the Group's activities during the fiscal year

## Acquisition of the personalized gifts business, Personal Creations®

On August 2, 2019, the Group subsidiary, PlanetArt, announced it had completed the acquisition of the assets of Personal Creations®, the personalized gifts business of the US group, FTD Companies, Inc.

This business was acquired for US$18 million and integrated into the PlanetArt division. Over the first eleven months of integration, the personalized gifts business generated revenue of €88 million.

## Launch of FreePrints apps in Poland and Austria

The Group continued its targeted geographical coverage strategy with the November 2019 launch of its FreePrints and FreePrints Photobooks mobile apps in Poland and Austria, the 11th and 12th countries to deploy the PlanetArt apps. While these new markets are relatively small at this stage, they constitute growth vectors for the Group. This penetration into new geographical markets illustrates the Group's desire to boost its development in Europe, despite the draw on short-term resources (initial marketing investments required to convince, build loyalty and establish brand reputation among new customers).

## Closure of the Personal Creations® plant at the height of the COVID-19 pandemic

In March 2020, the Group announced the closure of the Personal Creations® plant in the United States. This measure was taken to protect Group employees at the height of the COVID-19 pandemic.

The plant, located in Illinois, was closed for a number of weeks during a slack business period. Orders continued to be taken throughout the period and production started again from May.

# 1.4 Debt and cash

## 1.4.1 Sources and amount of cash flows

Claranova closed fiscal year 2019-2020 with cash of €83 million, up 10% on June 30, 2019. This increase in the Group's cash position is after 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. Operating cash flows increased fourfold during the year from €7 million to €29 million, reflecting strong Group growth (organic and external) and the surge in FreePrints activities during lockdown. It also reflects the specific nature of the business model (B2C distribution) which operates naturally with negative WCR, including for the Personal Creations® business acquired at the beginning of the year.

| *(in € million)* | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---|---|---|
| **Net cash flow from operating activities** | **14.2** | **14.8** | **(1.5)** |
| Changes in working capital requirements | 22.5 | (4.1) | 7.9 |
| Taxes and net interest paid | (7.3) | (3.5) | (1.2) |
| **Cash flow from operations** | **29.5** | **7.2** | **5.2** |
| **Cash flow from (used in) investing activities** | **(33.1)** | **(15.8)** | **14.0** |
| **Cash flow from (used in) financing activities** | **12.0** | **17.9** | **29.6** |
| *Increase (decrease) in cash* | *8.3* | *9.3* | *48.8* |
| **Opening cash position** | **75.4** | **65.7** | **16.6** |
| Effect of exchange rate fluctuations on cash | (0.8) | 0.3 | 0.3 |
| **Closing cash position** | **82.8** | **75.4** | **65.7** |

## 1.4.2 Financial position, borrowing requirements and funding structure

With cash and cash equivalents of €83 million and financial liabilities (excluding IFRS 16 impact) of €69 million[1], Claranova's financial structure remains healthy, with net cash of €14 million. Based on this level of cash and improved operating profile, the Group's financing capacity remains intact.

The Group's funding structure is as follows:

| *(in € million)* | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---|---|---|
| Bank debt | 18.5 | 2.7 | 0.1 |
| Bonds | 47.8 | 48.4 | 27.8 |
| Other financial liabilities | 2.5 | 0.8 | 0.3 |
| Accrued interest | 0.1 | 0.0 | 0.0 |
| **Total financial liabilities*** | **68.9** | **51.9** | **28.2** |
| Available unpledged cash | 82.8 | 75.4 | 65.7 |
| **Net debt** | **(13.9)** | **(23.5)** | **(37.5)** |

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

Claranova's total assets 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.

The Group's simplified Statement of Financial Position is as follows:

| *(in € million)* | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---|---|---|
| Goodwill | 61.7 | 63.0 | 0.0 |
| Other non-current assets | 22.2 | 12.1 | 1.3 |
| Right-of-use assets - Leases | 9,8 | | |
| Current assets (excl. cash) | 33.5 | 25.5 | 13.4 |
| Cash and cash equivalents | 82.8 | 75.4 | 65.7 |
| **Total assets** | **210.0** | **176.1** | **80.5** |

| *(in € million)* | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---|---|---|
| Equity | 62.3 | 63.6 | 14.3 |
| Financial liabilities | 68.9 | 51.9 | 28.2 |
| Lease liabilities | 10.1 | | |
| Non-current liabilities | 3.1 | 2.8 | 0.9 |
| Current liabilities | 65.6 | 57.8 | 37.1 |
| **Total equity and liabilities** | **210.0** | **176.1** | **80.5** |

## 1.4.3 Restrictions on the use of capital resources

No restrictions on the use of the Claranova group's capital resources had have or could have a direct or indirect material impact on the Group's operations.

## 1.4.4 Anticipated sources of funds

The Group currently considers it is in a position to finance its investment in organic growth. However, the Group does not rule out the option of calling on external financing sources for one or more specific transactions in the future.

(1) *The increase in financial liabilities primarily reflects the financing of the Personal Creations® acquisition through a US$3 million revolving credit facility and a US$12 million loan secured on July 24, 2019. As of June 30, 2020, the outstanding balances were €8.7 million for the loan and €1.3 million for the revolving credit facility. Other financial liabilities secured in 2019-2020 comprise COVID assistance provided by the French and US governments of €4.0 million and €4.5 million, respectively, and a loan of €2.0 million secured by myDevices from one of its commercial partners (including €1.7 million secured during the fiscal year). For further information on non-current and current financial liabilities, see Chapter 2, Note 28 of this document.*

# 1.5 Trends and objectives



## Main trends affecting the Group's business since the end of the fiscal year

### PlanetArt

In July 2020, PlanetArt announced the US launch of FreePrints Gifts, a new mobile app for the personalized gifts sector. This app is designed around Personal Creations®' personalized product range and was rolled-out to the FreePrints customer base. Initial figures are highly promising and confirm the relevance of this new offering. In September 2020, PlanetArt also announced another strategic acquisition for CafePress, a leader in the US personalized products market. Through this latest acquisition, PlanetArt increases its critical size, completes its product range (notably clothing), extends its geographic presence (Canada, Australia) and benefits from a unique platform bringing together hundreds of thousands of designers. The Group intends to capitalize on the numerous cross synergies, focusing notably on CafePress' unique marketplace expertise and PlanetArt's proven ability to roll-out web offerings on mobile devices.

### Avanquest

Avanquest continued its efforts to transition towards a subscription-based sales model to provide greater revenue visibility and improve the long-term margin. For certain products such as SodaPDF subscription-based sales already account for nearly 90% of revenue (first subscription or renewal). To accelerate this transition across its entire proprietary product range, Avanquest announced the launch of new products: launch of InPixio Studio Photo 10 on March 25, 2020, Adaware Antivirus on August 4, 2020, SodaPDF 12 on August 5, 2020 and Adaware Protect, a new tool designed to protect users, their identity and online habits, that was launched during the first semester of fiscal year 2020-2021.

### myDevices

myDevices continues its commercial roll-out, concentrating efforts on strengthening its network of resell partners. Due to the continued uncertainties tied to the COVID-19 pandemic, deployment of IoT solutions in those sectors most heavily affected by the pandemic were temporarily delayed. As the pandemic slows, myDevices should consolidate the commercial ramp-up observed prior to the crisis in the hospitality and catering sectors in particular, where it is positioned with its panic button and temperature management solutions. Our US market expansion prospects were boosted by the merger of our historical partner Sprint, with the operator T-Mobile, as the T-Mobile sales teams now propose myDevices IoT solutions to their customers.

## COVID-19 pandemic: health and economic situation under control[1]

The health and economic situation created by the COVID-19 pandemic has highlighted the strength of the Group and the resilience of its businesses and teams. Its international footprint, strong sector diversification and recurring revenue business models based on online offerings acclaimed by millions of customers worldwide have enabled Claranova to adapt to this unprecedented situation. The health crisis has accelerated trends by boosting the widespread adoption of new technology by the general public. Having anticipated these market changes, Claranova was able to benefit from these trends and the crisis had an overall favorable impact on its businesses:

- **PlanetArt:** the prolonged lockdown period freed up time to sort and print photos taken on our smartphones. Millions of new users discovered the services proposed by the FreePrints apps to immortalize their memories and share them with friends and family. These new users will fuel business growth in the coming years, with three-quarters of revenue generated by customers who have already placed an order. The crisis has therefore highlighted the relevance of the Group's personalized e-commerce approach and confirmed PlanetArt's ability to rapidly scale-up without reducing service quality or customer satisfaction.
- **Avanquest:** the COVID-19 pandemic has accelerated the shift to proprietary software publishing and subscription sales. Lockdown led to a sharp increase in e-commerce, encouraging sales of our SaaS software to the detriment of the division's non-strategic activities (residual physical sales and indirect utility software sales by partner networks). While restricting growth and profitability in the short-term, this change will secure future revenue generation and mechanically increase Avanquest's profitability.
- **myDevices:** although the health crisis reduced on-site deployment for certain activities (particularly in the hospitality and catering sectors), it also enabled myDevices to demonstrate the relevance and rapid roll-out of its IoT solutions. myDevices joined forces with four leading companies in the IoT ecosystem (Everynet, Redexia, Abeeway, Semtech) to equip Spanish hospitals with an emergency call button solution for patients. It also rolled-out its predictive maintenance solution, BOB Assistant, developed in partnership with éolane, the European leader in electronic industrial services and connected solutions, to limit the risk of blockages in wastewater treatment systems during lockdown.

*(1) For further information on the risks associated with the COVID-19 pandemic, please refer to Chapter 4 of this document, Section 4.2.6.*

## Trends identified for the current fiscal year and outlook

Faced with a health situation that that remains a cause for concern and given the difficulties in assessing all the economic repercussions of the current crisis, Claranova remains mobilized to guarantee the safety of its employees and ensure the Group remains on track for profitable growth. The strength of the financial position, the resilience of business models and the accelerated use of digital offerings will help the Group hold this growth course in the coming years. The Group remains confident in the future and maintains its objectives for €700 million in revenue and an EBITDA margin above 10%[1] by 2023.

# 1.6 Economic information and Company financial performance

### KEY FIGURES

| *(parent company data in € million)* | 2019-2020 | 2018-2019 | 2017-2018 |
|---|---|---|---|
| Revenue | 1.7 | 1.8 | 1.2 |
| Net income (loss) from operations | (5.4) | (3.2) | (5.9) |
| Net income (loss) from ordinary activities before tax | (6.8) | (4.9) | (4.0) |
| Net exceptional items | | | (0.6) |
| **Net income (loss)** | **(7.5)** | **(5.3)** | **(4.6)** |
| **Equity** | **67.1** | **74.6** | **79.4** |
| Bank debt and other financial liabilities | 6.7 | | |
| Bond debt | 48.7 | 48.7 | 29.1 |
| Cash and cash equivalents | 5.1 | 9.7 | 19.4 |

## Activity during fiscal year 2019-2020

### Revenue

Claranova SE reported revenue of €1.7 million for the fiscal year ended June 30, 2020, compared to €1.8 million the previous fiscal year.

### Net income from ordinary activities before tax

Net income from ordinary activities before tax for fiscal year 2019-2020 is a loss of €6.8 million, compared to a loss of €4.9 million for the previous fiscal year. This downturn is due to an increase in the net loss from operations.

### Bank debt and other financial liabilities

Claranova secured a €4 million State guaranteed loan as part of COVID-19 pandemic measures.

In addition, Claranova has a draw-down loan from its subsidiary PlanetArt Ltd. As of June 30, 2020, Claranova had drawn €2.4 million.

### Bond debt

Bond debt comprises the 29.0 million ORNANE bond issue and the €19.7 million Euro PP bond issue.

### Research and development costs

Claranova SE did not incur any research and development expenditure.

(1) *EBITDA as a % of revenue.*

## Activities of subsidiaries and equity interests

**Claranova SE, France,** is the parent company of the Group. It operates as a lead holding company for the entire Group (executive management, finance, communication, strategy, disposals and acquisitions, *etc.*).

Various Group entities are responsible for research & development.

More generally, software is owned by the entity that develops it, with the other subsidiaries paying royalties according to sales volumes.

Subsidiary figures represent their contribution to consolidated data.

**Claranova Development, Luxembourg,** is a structure created in January 2019, dedicated to the international development of the Group. The main purpose of this company is to seek financing, acquire and manage investments in all types of companies, create companies and acquire and manage a portfolio of patents and other intellectual property rights, *etc.* It closed the fiscal year with nil revenue and reported a net loss of €0.05 million.

**Avanquest America Inc., United States,** holds the shares in Avanquest America Holdings. It closed the fiscal year with nil revenue and reported net income for the year of €2.5 million, compared to a net loss of €0.4 million the previous year.

**Avanquest America Holdings LLC, United States,** was created on July 1, 2017 as part of the legal restructuring in the United States. It holds the shares in PlanetArt LLC and myDevices Inc. It closed the fiscal year with nil revenue and net income, as in the previous year.

### PlanetArt

**PlanetArt International Holdings Inc., United States,** was created on June 18, 2020. This company acts an intermediary between PlanetArt LLC and PlanetArt Ltd.

It was dormant during the fiscal year.

**PlanetArt LLC, United States,** hosts the PlanetArt activity in the United States and holds the shares in PlanetArt International Holdings Inc., Avanquest China Ltd and FreePrints India Private Ltd. It is 92% indirectly owned by Claranova SE. It closed the fiscal year with revenue of €207.8 million, compared to €99.4 million the previous year and reported a net loss of €8.5 million, compared to net income of €3.8 million the previous year.

**PlanetArt Ltd, United Kingdom,** hosts PlanetArt's commercial operations in Europe. As of June 30, 2020, this company was 92% indirectly owned by Claranova SE. It closed the fiscal year with revenue of €106.1 million, compared to €76.5 million the previous year and reported net income of €15.5 million, compared to €8.8 million the previous year.

**Avanquest China Ltd, China,** located in Shanghai, is one of the Claranova group's R&D divisions for PlanetArt's business. It closed the year with nil revenue, unchanged on the previous year and reported slightly positive net income of €0.1 million, compared to €0.03 million the previous year.

**FreePrints India Private Ltd, India,** was created in April 2018 to host FreePrints' operations in India. Activity was launched in September 2018. It closed the fiscal year with revenue of €0.1 million, compared to €0.1 million the previous year and reported a net loss of €0.2 million, compared a net loss of €0.9 million the previous year.

### Avanquest

**Avanquest Software SAS, France,** is the French entity created on June 1, 2017 to manage Avanquest operations in Europe. It is 35.91% owned by Claranova SE (see Chapter 2, Note 26.4 of this document) and holds the shares in the Avanquest subsidiaries. It closed the fiscal year with revenue of €21.9 million, compared to €17.4 million the previous year and reported a net loss of €3.1 million, compared to a net loss of €0.2 million the previous year.

**Avanquest North America Inc., United States,** was formed by the merger of eight companies acquired or created in the United States since 2000. Avanquest North America Inc. is based in California and manages Avanquest operations in the United States. It closed the fiscal year with revenue of €16.1 million, compared to €15.2 million the previous year and reported net income of €1.8 million, compared to €1.7 million the previous year.

**Avanquest Deutschland GmbH, Germany,** groups together software physical distribution activities in Germany. It closed the fiscal year with revenue of €5.0 million, compared to €5.2 million the previous year and reported a net loss of €0.05 million, compared to a net loss of €0.3 million the previous year.

**EMME Deutschland GmbH, Germany,** was dormant during the fiscal year.

**Avanquest UK Ltd, United Kingdom,** manages the technical aspects of Avanquest's e-commerce platform in Europe. The company has been wound up on October 13, 2020. It closed the fiscal year with revenue of €0.2 million, compared to €1.9 million the previous year and reported net income of €2.2 million, compared to a net loss of €0.3 million the previous year. Indeed, Avanquest Software SAS waived Avanquest UK Ltd debt of €2.2 million.

**PC Helpsoft Labs Inc., Canada,** was acquired in 2011 and hosts part of the Avanquest operations in North America. It mainly manages an online sales site for security software. It closed the fiscal year with revenue of €2.0 million, compared to €1.5 million the previous year and reported net income of €0.2 million, compared to a net loss of €0.02 million the previous year.

**Avanquest Iberica SL, Spain,** was dormant during the fiscal year.

**Avanquest Canada Holding Inc., Canada,** holds the shares in Avanquest Canada Inc. It closed the fiscal year with nil revenue and net income of €0.1 million, compared to nil net income the previous year.

**Avanquest Canada Inc., Canada,** holds shares in Avanquest Canada Management (formerly 9026851 Canada Inc.), 7104171 Canada Inc., Adaware Holdings (7095040 Canada Inc.), 6700845 Canada Inc. and Lulu Software Holdings (7104189 Canada Inc.). It closed the fiscal year with nil revenue, unchanged on the previous year. It reported a net loss of €0.7 million, compared to a net loss of €49.1 million the previous year, following the recognition in net financial income of the fair value remeasurement of financial instruments issued to sellers on the acquisition of the Adaware, SodaPDF and Upclick businesses on July 1, 2018 (see Chapter 2, Note 4, of the 2018-2019 Universal Registration Document).

**Avanquest Canada Management (formerly 9026851 Canada Inc.), Canada,** is a cost center and rebills the majority of personnel costs to the Adaware, SodaPDF and Upclick operating entities. It closed the fiscal year with nil revenue and reported a slight net loss of €0.08 million, unchanged on the previous year.

**Upclick (6785719 Canada Inc.), Canada,** holds the shares in UC Distribution, LLC, Upclick Holdings Ltd and UC Distribution Canada (9213015 Canada Inc.). It closed the fiscal year with revenue of €2.8 million, compared to €2.9 million the previous year and reported a net loss of €0.9 million, compared to net income of €0.06 million the previous year.

**Upclick Malta, Malta** closed the fiscal year with nil revenue, compared to €0.1 million the previous year and reported a net loss of €0.2 million, compared to slightly positive net income the previous year.

**C.S. Support Network Ltd, Canada** closed the fiscal year with revenue of €3.6 million, compared to €5.4 million the previous year and reported net income of €0.4 million, compared to €1.0 million the previous year.

**UPC Distribution Malta Ltd, Malta** closed the fiscal year with nil revenue and reported net income of €0.1 million as the previous year.

**UC Distribution (9213015 Canada Inc.), Canada** closed the fiscal year with nil revenue, as in the previous year and reported slightly positive net income, also unchanged on the previous year.

**Adaware Software Canada (7095058 Canada Inc.), Canada,** hosts Adaware's Internet security and antivirus solution activities. It closed the fiscal year with revenue of €22.8 million, compared to €22.0 million the previous year and reported net income of €1.0 million, compared to €3.9 million the previous year.

**Lavasoft Software Ltd, Malta** closed the fiscal year with revenue of €0.1 million, unchanged on the previous year and reported net income of €0.1 million, compared to a net loss of €0.5 million the previous year.

**Lulu Software (7270356 Canada Inc.), Canada,** hosts SodaPDF's documentary management and PDF apps activities. It closed the fiscal year with revenue of €16.0 million, compared to €11.7 million the previous year and reported net income of €1.6 million, compared to €1.1 million the previous year.

**Simple Link Network, Malta** closed the fiscal year with nil revenue as in the previous year and reported a slight net loss, also unchanged on the previous year.

**7104171 Canada Inc., Canada,** holds the shares in Upclick 6785719 Canada Inc. It merged with Avanquest Canada Inc. on June 30, 2020 and reported revenue and net income of close to nil.

**Upclick Holdings Ltd, Malta,** holds the shares in C.S. Support Network Ltd, Upclick Malta, UPC Distribution Malta Ltd and Simple Link Network. It closed the fiscal year with nil revenue as in the previous year and reported net income of €0.1 million, also unchanged on the previous year.

**Adaware Holdings (7095040 Canada Inc.), Canada,** holds the shares in Adaware Software Canada (7095058 Canada Inc.) and Proreach Software Holdings. It merged with Avanquest Canada Inc. on June 30, 2020 and reported nil revenue and a net loss of €0.04 million.

**Proreach Software Holdings, Canada,** holds the shares in Lavasoft Software Ltd. It closed the fiscal year with nil revenue and net income, unchanged on the previous year.

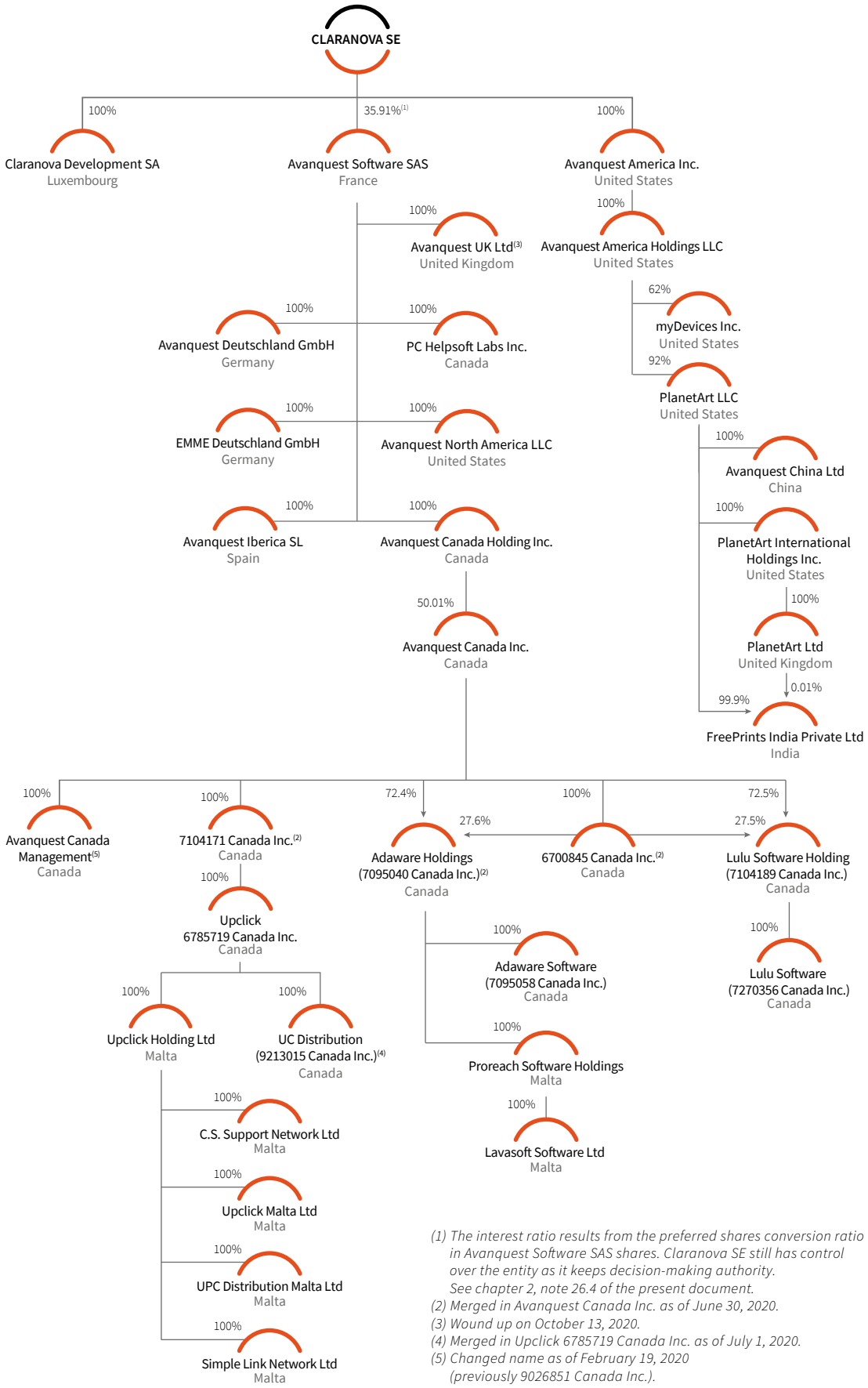
**Lulu Software Holdings (7104189 Canada Inc.), Canada,** holds the shares in Lulu Software (7270356 Canada Inc.). It closed the fiscal year with nil revenue and net income, unchanged on the previous year.

**6700845 Canada Inc., Canada,** holds the shares in Adaware Holdings (7095040 Canada Inc.) and Lulu Software Holdings (7104189 Canada Inc.). It merged with Avanquest Canada Inc. on June 30, 2020 and reported nil revenue as in the previous year. It reported nil net income, compared to a net loss of €0.1 million the previous year.

## myDevices

**myDevices Inc., United States,** hosts the Group's Internet of Things business. As of June 30, 2020, this company was 61.93% indirectly owned by Claranova SE. It closed the fiscal year with revenue of €4.4 million, compared to €2.8 million the previous year and reported a net loss of €3.0 million, compared to a net loss of €2.6 million the previous year.

## GROUP STRUCTURE AS OF JUNE 30, 2020




*(1) The interest ratio results from the preferred shares conversion ratio in Avanquest Software SAS shares. Claranova SE still has control over the entity as it keeps decision-making authority. See chapter 2, note 26.4 of the present document.*
*(2) Merged in Avanquest Canada Inc. as of June 30, 2020.*
*(3) Wound up on October 13, 2020.*
*(4) Merged in Upclick 6785719 Canada Inc. as of July 1, 2020.*
*(5) Changed name as of February 19, 2020 (previously 9026851 Canada Inc.).*

# 2 Consolidated financial statements

## 2.1 Statement of comprehensive income

| *(in € million)* | Notes | 2019-2020[1] | 2018-2019 |
|---|---|---|---|
| **Net revenue** | **Note 6** | **409.1** | **262.3** |
| Raw materials and purchases of goods | Note 7 | (126.2) | (71.2) |
| Other purchases and external expenses | Note 8 | (191.4) | (122.0) |
| Taxes, fees and similar payments | | (0.7) | (0.4) |
| Employee expenses | Note 9 | (55.0) | (38.8) |
| Depreciation, amortization and provisions (net of reversals) | | (7.2) | (2.0) |
| Other recurring operating income and expenses | Note 10 | (15.2) | (13.6) |
| **Recurring operating income** | | **13.3** | **14.3** |
| Other operating income and expenses | Note 11 | (5.6) | (2.9) |
| **Operating income** | | **7.8** | **11.4** |
| Net borrowing costs | | (3.8) | (1.1) |
| Fair value remeasurement of financial instruments | | 0.6 | (47.2) |
| Other financial expenses | | (1.4) | (0.8) |
| Other financial income | | 0.1 | 0 |
| **Financial income** | **Note 13** | **(4.5)** | **(49.2)** |
| Tax expenses | Notes 14 & 15 | (2.1) | (3.7) |
| Share of profit or loss of associates | | - | - |
| **Net income (loss) from continued operations** | | **1.2** | **(41.4)** |
| **Net income (loss) from discontinued operations** | | **-** | **-** |
| **Net income** | | **1.2** | **(41.4)** |
| Attributable to owners of the Company | | 0.5 | (40.8) |
| Attributable to non-controlling interests | | 0.7 | (0.6) |
| **Earnings per share** | **Note 16** | - | - |
| Earnings per share, Group share *(in €)* | | 0.01 | (0.10) |
| Earnings per share, Group share, after potential dilution *(in €)* | | 0.01 | (0.10) |
| **Net income** | | **1.2** | **(41.4)** |
| Other items of comprehensive income | | - | - |
| Translation adjustments on foreign operations | | (2.4) | 1.8 |
| Translation adjustments on net investments in foreign operations | | - | - |
| Actuarial gains and losses on post-employment obligations | **Note 12** | (0.1) | (0.1) |
| **Total other comprehensive income** | | **(2.5)** | **1.8** |
| **Comprehensive income** | | **(1.3)** | **(39.6)** |
| Attributable to owners of the Company | | (2.0) | (39.0) |
| Attributable to non-controlling interests | | 0.7 | (0.6) |

*All items of comprehensive income may be reclassified to profit or loss, except for actuarial gains and losses on post-employment obligations.*

*(1) The impacts of the adoption of IFRS 16 are described in Note 21.*

## 2.2 Statement of financial position

| *(in € million)* | Notes | 6/30/2020[1] | 6/30/2019 |
|---|---|---|---|
| Goodwill | Note 17 | 61.7 | 63.0 |
| Intangible assets | Note 18 | 8.8 | 6.9 |
| Property, plant and equipment | Note 19 | 5.9 | 1.4 |
| Right of Use of Property, Plant and Equipment | Note 21 | 9.8 | - |
| Financial assets | | 0.7 | 0.6 |
| Equity interests in associates | | - | - |
| Other non-current receivables | Note 24 | 2.4 | 2.4 |
| Deferred tax assets | Note 15 | 4.5 | 0.9 |
| **Non-current assets** | | **93.7** | **75.1** |
| Financial assets-Less than one year | | - | - |
| Work-in-progress | Note 22 | 14.4 | 4.8 |
| Trade receivables | Note 23 | 9.9 | 11.6 |
| Current tax assets | Note 14 | 0.7 | 1.1 |
| Other current receivables | Note 24 | 8.5 | 8.0 |
| Cash and cash equivalents | Note 25 | 82.8 | 75.4 |
| **Current assets** | | **116.3** | **100.9** |
| **Total assets** | | **210.0** | **176.1** |

| *(in € million)* | Notes | 6/30/2020[1] | 6/30/2019 |
|---|---|---|---|
| Share capital | Note 26 | 39.4 | 39.4 |
| Share premium and consolidated reserves | | 10.7 | 54.0 |
| Net income (Group share) | | 0.5 | (40.8) |
| **Equity – Share of Equity Owners of the Parent Company** | | **50.6** | **52.6** |
| Non-controlling interests | | 11.7 | 11.0 |
| **Total Equity** | | **62.3** | **63.6** |
| Non current lease liabilities | Note 21 | 7.2 | - |
| Non-current financial liabilities | Note 28 | 62.8 | 49.1 |
| Deferred tax liabilities | Note 15 | 1.6 | 1.2 |
| Non-current provisions | Note 27 | 0.3 | 0.5 |
| Other non-current liabilities | Note 29 | 1.2 | 1.2 |
| **Total Non Current Liabilities** | | **73.1** | **52.0** |
| Current provisions | Note 27 | 0.4 | 0.1 |
| Current lease liabilities | Note 21 | 3.0 | - |
| Current financial liabilities | Note 28 | 6.1 | 2.7 |
| Trade payables | Note 31 | 48.0 | 28.0 |
| Current tax liabilities | | 1.2 | 3.0 |
| Other current liabilities | Note 30 | 15.9 | 26.7 |
| **Current liabilities** | | **74.6** | **60.5** |
| **Total liabilities** | | **210.0** | **176.1** |

*(1) The impacts of the adoption of IFRS 16 are described in Note 21.*

## 2.3 Consolidated statement of cash flows

| *(in € million)* | Notes | 2019-2020[1] | 2018-2019 |
|---|---|---|---|
| **Operating activities** | | - | |
| Consolidated net income | | 1.2 | (41.4) |
| Share of profit or loss of associates | | - | - |
| *Elimination of items with no impact on the cash position or not related to operations:* | | - | - |
| • Net depreciation, amortization and provisions (excluding current provisions) | | 7.3 | 2.3 |
| • Share-based payments (IFRS 2) and other restatements | | 0.0 | (0.1) |
| • Net borrowing costs recognized | Note 33.1 | 3.8 | 1.1 |
| • Change in fair value of financial instruments | Note 33.2 | (0.6) | 47.2 |
| • Gains/(losses) on disposal | | 0.0 | 0.0 |
| • Tax expense (including deferred taxes) recognized | Notes 14 & 15 | 2.1 | 3.7 |
| • Other items | | 0.4 | 1.9 |
| **Net cash flow from operating activities** | | **14.2** | **14.8** |
| Changes in working capital requirements | Note 33.5 | 22.5 | (4.1) |
| Taxes paid | Notes 14 & 15 | (6.8) | (3.8) |
| Net interest paid | | (0.5) | 0.3 |
| **Cash flow from operations** | | **29.5** | **7.2** |
| **Investment activities** | | - | - |
| Acquisitions of intangible assets | | (0.0) | (2.0) |
| Acquisitions of property, plant and equipment | Note 33.6 | (1.2) | (0.5) |
| Disposals of property, plant and equipment and intangible assets | | 0.0 | 0.0 |
| Acquisitions of financial assets | | 0.0 | (0.0) |
| Disposals of financial assets | | 0.0 | 0.0 |
| Impact of changes in scope | | (31.9) | (13.3) |
| **Net cash flow from (used in) investing activities** | | **(33.1)** | **(15.8)** |
| **Financing activities** | | - | - |
| Capital increase | | 0.0 | 0.5 |
| Dividends received from companies accounted for using the equity method | | - | - |
| Share buyback | | 0.0 | (1.9) |
| Proceeds from borrowings | Note 33.7 | 21.1 | 21.1 |
| Principal payments on borrowings | Note 33.9 | (9.7) | (1.7) |
| Other flows related to financing | | 0.5 | - |
| **Net cash flow from (used in) financing activities** | | **12.0** | **17.9** |
| Net cash from discontinued operations | | - | - |
| **Net increase (decrease) in cash** | | **8.3** | **9.3** |
| Opening cash position | | 75.4 | 65.7 |
| Effects of exchange rate fluctuations on cash and cash equivalents | | (0.8) | 0.3 |
| Closing cash position | | 82.8 | 75.4 |

*(1) The impacts of the adoption of IFRS 16 are described in Note 21.*

## 2.4 Statement of changes in consolidated equity

| *(in € million)* | Share Capital | Share premium | Translation reserves | Consolidated reserves | Net income | Group share | Non controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| **As of June 30, 2018** | **39.4** | **120.9** | **(2.7)** | **(137.1)** | **(7.9)** | **12.5** | **1.8** | **14.3** |
| Actuarial gains and losses on post-employment obligations | | | | (0.1) | | (0.1) | | (0.1) |
| Translation adjustments | | | 1.8 | (0.1) | | 1.7 | 0.0 | 1.7 |
| **Other items of comprehensive income** | | | **1.8** | **(0.1)** | | **1.6** | **0.0** | **1.7** |
| Income for the period | | | | | (40.8) | (40.8) | (0.6) | (41.4) |
| **Comprehensive income** | | | **1.8** | **(0.1)** | **(40.8)** | **(39.2)** | **(0.6)** | **(39.8)** |
| Treasury shares | | | | (1.9) | | (1.9) | | (1.9) |
| Share capital increase | 0.1 | 0.4 | | - | | 0.5 | | 0.5 |
| Appropriation of retained earnings | | | | (7.9) | 7.9 | | | |
| Share-based payments | | | | 2.7 | | 2.7 | 0.0 | 2.8 |
| Financial instruments for acquisition | | | | 85.3 | | 85.3 | | 85.3 |
| Changes in scope | | | | (7.7) | | (7.7) | 7.7 | |
| Distribution of dividends | | | | | | | | |
| Transaction between shareholders | | | | 0.5 | | 0.5 | 2.0 | 2.5 |
| **As of June 30, 2019** | **39.4** | **121.3** | **(0.9)** | **(66.4)** | **(40.8)** | **52.6** | **11.0** | **63.6** |
| Actuarial gains and losses on post-employment obligations | | | | (0.1) | | (0.1) | | (0.1) |
| Translation adjustments | | | (4.2) | 1.8 | | (2.4) | 0.0 | (2.4) |
| **Other items of comprehensive income** | | | 0.0 | 0.0 | | **(2.5)** | **0.0** | **(2.5)** |
| Income for the period | | | | | 0.5 | 0.5 | 0.7 | 1.2 |
| **Comprehensive income** | | | | | | **(2.0)** | **0.7** | **(1.3)** |
| Appropriation of retained earnings | | | | (40.8) | 40.8 | 0.0 | | 0.0 |
| **As of June 30, 2020** | **39.4** | **121.3** | **(5.1)** | **(105.5)** | **0.5** | **50.6** | **11.7** | **62.3** |

*(1) The impacts of the adoption of IFRS 16 are described in Note 21.*

# 2.5 Notes to the consolidated financial statements

## Contents



Claranova's securities are listed on Euronext Paris – Eurolist Compartment B.

The 2019-2020 consolidated financial statements were approved by the Board of Directors on September 30, 2020.

## Note 1 Major events of the fiscal year

The major events of the fiscal year impacting the activities of the Group and its subsidiaries are presented in Chapter 1 of the Universal Registration Document, scheduled for publication on October 21, 2020.

Other major events, presented in chronological order, include:

### 1.1 Claranova reverse stock split

Claranova performed a reverse stock split of one new share for 10 existing shares following its approval by shareholders at the Extraordinary General Shareholders' Meeting of June 11, 2019. The par value of the Claranova share was increased in proportion to the exchange parity from €0.10 to €1.

The former Claranova shares (ISIN code: FR0004026714) were delisted from the Euronext market on July 31, 2019 and replaced by the new Claranova shares (ISIN code: FR0013426004) on August 1, 2019.

Following the reverse stock split, the Company's share capital comprises 39,442,878 ordinary shares, including 242,125 treasury shares.

## 1.2 Acquisition of FTD Companies Inc.'s personalized gifts business

On August 2, 2019, Claranova announced the acquisition of the assets of Personal Creations®, the personalized gifts business of the US group, FTD Companies, Inc.

This business was integrated into the PlanetArt segment and enabled the Group to extend its activity to the buoyant personalized gifts market.

The purchase consideration totaled €16.7 million of which US$18.1 million, plus certain additional costs relating to the Chapter 11 bankruptcy proceedings filed by FTD Companies, Inc. and was financed by a US$3 million revolving credit facility up to September 30, 2020 and a US$12 million 4-year loan secured on July 24, 2019.

The Group classified this acquisition as a Business Combination as defined by IFRS 3. The analysis of the fair value of the assets acquired and liabilities assumed, and the purchase price allocation are presented in paragraph 17.

As of June 30, 2020, over 11 months of activity since the date of purchase, the Personal Creations® business generated revenue of €87.5 million.



## 1.3 Settlement of the remaining deferred payment for the acquisition of the Adaware, SodaPDF and Upclick businesses

The remaining deferred payment for the acquisition of the Adaware, SodaPDF and Upclick business was settled in early July 2019 for €14.9 million (see Note 30).

## 1.4 Quorum not reached at the Extraordinary General Shareholders' Meeting of December 23, 2019

As the Extraordinary General Shareholders' Meeting of December 23, 2019 did not reach quorum, the Company decided, in agreement with the relevant managers and minority interests, to terminate all agreements entered into pursuant to the proposed integration of the Canadian subsidiaries by contributing and/or redeeming preference shares.

## 1.5 Merger and dissolution of companies

In order to simplify the Group's legal structure:

- two Group companies, Avanquest Canada Inc. and 1169260 BC. Ltd were merged on September 19, 2019;
- three Group companies, 7104171 Canada Inc., Adaware Holdings (7095040 Canada Inc.), 6700845 Canada Inc. were dissolved on June 30, 2020.

These transactions have no impact on the conduct of operations, and no financial impact.

## 1.6 Strong resilience of Group businesses during the COVID-19 period

The COVID-19 epidemic that began in China in December 2019 caused a major slowdown in the global economy. In an economic and health environment disrupted by the COVID-19 pandemic, the Group's businesses showed strong resistance, driven by the FreePrints apps and online software sales.

- PlanetArt: the second semester of 2019-2020 was marked by a significant increase in the use of FreePrints apps, particularly during lockdown. The Personal Creations® plant in Illinois (United States) was closed for a number of weeks. While this closure took place in a slack business period, the business continued to bear all fixed overheads (salaries, rent, *etc.*) as the manufacture and delivery of orders suffered delays;
- Avanquest: the COVID-19 pandemic had a limited impact on Avanquest's non-strategic business: the remaining physical sales (as a result of the closure of specialty stores in France and Germany) and distribution of security software through networks of resellers partners. The online business (majority) and in particular the sale of proprietary software by subscription of PDF solutions (SodaPDF brand) and photo editing (InPixio) has benefited from the sharp increase in online commerce during the period of confinement;
- myDevices: the deployment of myDevices IoT solutions has slowed in some sectors that have been heavily impacted by the COVID-19 pandemic (hospitality, catering, etc.). The myDevices business remains marginal in terms of its contribution to the Group's turnover, and the impacts of this slowdown remain small.

During this unprecedented health crisis period, Claranova has taken all necessary measures to guarantee the health and safety of its teams. Home working was systematically favored, by providing employees with access to collaborative tools, enabling them to work remotely while maintaining team cohesion under the best conditions. Group employees numbers were unchanged. Use of furlough was marginal and only concerned around 10 people overall. In addition, the Group continued to pay all rental charges (offices, plants and logistic hubs for Personal Creations® businesses).

## 1.7 State assistance for the COVID-19 health crisis

- France: In the context of the COVID-19 pandemic, Claranova SE secured a €4 million State Guaranteed Loan on May 22, 2020, bearing interest at 0.50% and repayable on maturity in 12 months. The State Guaranteed Loan is accompanied by an addditional amortization option allowing Claranova SE to extend the maturity of the loan over an additional period of one (1), two (2), three (3) four (4) or five (5) year(s) on a desired repayment frequency (monthly, quarterly, semi-annual or, where appropriate, annual) at an interest rate corresponding to the cost of financing the bank and the State guarantee premium. The additional amortization option can only be exercised at the earliest four months before the due date, and no later than two months after the due date.
- United States: In May 2020, certain US subsidiaries benefited from the Paycheck Protection Program as part of State aid to American SMEs, receiving US$5.7 million (€5 million). These two-year loans bearing interest at 1% are guaranteed by the US government. They may potentially be converted to subsidies under certain conditions, and notably job retention and cash flow requirements. As of June 30, 2020, conditions for transformation into grants are still being analyzed. Therefore only 0.5 million dollars has been accounted for in grants.

## 1.8 Group company name change

On February 19, 2020, the Group company, 9026851 Canada Inc., changed its name to Avanquest Canada Management.

## 1.9 Creation of PlanetArt International Holdings Inc.

On June 18, 2020, the Group created PlanetArt International Holdings Inc. This company acts an intermediary between PlanetArt LLC and PlanetArt Ltd. It was dormant during the fiscal year.

# Note 2 Scope of consolidation as of June 30, 2020

| Company | Country | % control | % interest | Consolidation method |
|---|---|---|---|---|
| **Claranova SE**<br>89/91, boulevard National<br>92257 La Garenne-Colombes Cedex<br>SIRET 329 764 625 00078 | France | | | Parent company |
| **Adaware Holdings (7095040 Canada Inc.)**[1]<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **Adaware Software (7095058 Canada Inc.)**<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **Avanquest America Inc.**<br>7031 Koll Center Parkway 150<br>Pleasanton, CA 94566 | United States | 100.00% | 100.00% | Full consolidation |
| **Avanquest America Holdings LLC**<br>23801 Calabasas Road, Suite 2005<br>Calabasas CA 91302-1547 | United States | 100.00% | 100.00% | Full consolidation |
| **Avanquest Canada Holding Inc.**<br>1750-1055 West Georgia Street<br>Vancouver, BC V6E 3P3 | Canada | 100.00% | 35.91%* | Full consolidation |
| **Avanquest Canada Inc.**<br>1750-1055 West Georgia Street<br>Vancouver, BC V6E 3P3 | Canada | 100.00% | 35.91%* | Full consolidation |

| Company | Country | % control | % interest | Consolidation method |
|---|---|---|---|---|
| **Avanquest Canada Management**[2]<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent. QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **Avanquest China Ltd**<br>19 F No.1208 South XiZand Road<br>Shanghai 200021 | China | 100.00% | 92.27% | Full consolidation |
| **Avanquest Deutschland GmbH**<br>Moosacher Str.79<br>80809 München | Germany | 100.00% | 35.91%* | Full consolidation |
| **Avanquest Iberica SL**<br>Calle Peru 6. Edificios Twin Golf<br>28290 Las Matas, Madrid | Spain | 100.00% | 35.91%* | Full consolidation |
| **Avanquest North America LLC**<br>23801 Calabasas Road, Suite 2005<br>Calabasas CA 91302-1547 | United States | 100.00% | 35.91%* | Full consolidation |
| **Avanquest Software SAS**<br>89/91, boulevard National<br>92257 La Garenne-Colombes Cedex | France | 35.91%* | 35.91%* | Full consolidation |
| **Avanquest UK Ltd**[3]<br>International House, George Curl Way<br>Southampton – Hampshire SO18 2RZ | United Kingdom | 100.00% | 35.91%* | Full consolidation |
| **Claranova Development SA**<br>47 Côte d'Eich<br>L-1450 Luxembourg | Luxembourg | 100.00% | 100.00% | Full consolidation |
| **EMME Deutschland GmbH**<br>Moosacher Str.79<br>80809 München | Germany | 100.00% | 35.91%* | Full consolidation |
| **FreePrints India Private Ltd**<br>h-23A, Office No.204 S/F, Kamal Tower Near Sai Baba Mandir<br>Laxmi Nagar, DELHI Esta Delhi DL 110092 | Inde | 100.00% | 92.27% | Full consolidation |
| **Lavasoft Software Ltd (C 45996)**<br>48/4 Amery Street,<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **Lulu Software (7270356 Canada Inc.)**<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **Lulu Software Holding (7104189 Canada Inc.)**<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **myDevices Inc.**<br>3900 W Alameda Ave Suite 1200<br>Burbank, CA 91505 | United States | 61.93% | 61.93% | Full consolidation |
| **PC Helpsoft Labs Inc.**<br>300 – 848 Courtney Street<br>Victoria BC V8W 1C4 | Canada | 100.00% | 35.91%* | Full consolidation |

| Company | Country | % control | % interest | Consolidation method |
|---|---|---|---|---|
| **Upclick 6785719 Canada Inc.**<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **Upclick Holding Ltd (C 46064)**<br>48/4 Amery Street,<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **Upclick Malta Ltd (C 42231)**<br>48/4 Amery Street,<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **UC Distribution (9213015 Canada Inc)**[4]<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **UPC Distribution Malta Ltd (C 69518)**<br>48/4 Amery Street,<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **C.S. Support Network Ltd (C 42815)**<br>48/4 Amery Street,<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **PlanetArt LLC**<br>23801 Calabasas Road, Suite 2005<br>Calabasas CA 91302-1547 | United States | 92.27% | 92.27% | Full consolidation |
| **PlanetArt International Holdings Inc.**<br>251 Little Falls Drive<br>Wilmington, county of New Castle, Delaware 19808 | United States | 100.00% | 92.27% | Full consolidation |
| **PlanetArt Ltd**<br>Gateway House, Tollgate Tollgate, Chandler's Ford, Eastleigh<br>Southampton – Hampshire SO53 3GT | United Kingdom | 100.00% | 92.27% | Full consolidation |
| **Proreach Software Holdings (C 45983)**<br>48/4 Amery Street, Sliema, SLM 1701<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **Simple Link Network Ltd (C 81177)**<br>48/4 Amery Street,<br>Sliema, SLM 1701 | Malta | 100.00% | 35.91%* | Full consolidation |
| **6700845 Canada Inc.**[1]<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |
| **7104171 Canada Inc.**[1]<br>7075 Place Robert-Joncas, Suite 142<br>Saint-Laurent, QC H4M 2Z2 | Canada | 100.00% | 35.91%* | Full consolidation |

*(1) Merger into Avanquest Canada Inc. as of June 30, 2020.*

*(2) Name change on February 19, 2020. Former name: 9026851 Canada Inc.*

*(3) Being dissolved.*

*(4) Merger in Upclick 6785719 Canada Inc. as of July 1, 2020..*

* *See Note 26.4: % interest after setting the conversion ratio. The percentage interest takes account of the preference share/Avanquest Software SAS share conversion ratio, with control retained by Claranova SE due to its continued decision-making power.*

## Note 3 Accounting principles, rules and methods

The Claranova group consolidated financial statements for the year ended June 30, 2020 include Claranova SE and its subsidiaries (referred to collectively as "the Group") and the Group's share of associates and jointly-controlled companies.

Claranova is a French company listed on Euronext Paris. Its registered office is located at 89/91, boulevard National, 92250 La Garenne-Colombes.

The accounting principles used for the preparation of the consolidated financial statements are consistent with IFRS and their interpretations as adopted by the European Union on June 30, 2020 and available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R1126-20160101. These accounting policies are consistent with those used to prepare the annual consolidated financial statements for the year ended June 30, 2019, excluding the application of new standards and interpretations that are mandatory for periods beginning on or after January 1, 2019:

- IFRS 16, "Leases"

  On January 13, 2016, the IASB published a new standard on the recognition of leases. This standard replaces IAS 17 and its interpretations. It results in most leases being recognized on the lessee's balance sheet in accordance with a single lessee accounting model, comprising a "right-of-use asset" and a "lease liability" (the distinction between operating and finance leases is eliminated for lessees).

  As a lessee, the Group primarily leases real estate, vehicles and computer hardware.

  The Group transitioned to IFRS 16 using the modified retrospective method. As of July 1, 2019, the lease liability was calculated by discounting future lease payments at rates reflecting the estimated residual lease terms. The corresponding right-of-use asset was recognized in the same amount as the lease liability. The first-time application of IFRS 16 did not therefore impact Group equity as of July 1, 2019.

  In accordance with the options offered by IFRS 16, the Group applies the following exemptions and practical expedients:

  - short-term leases and leases of low-value assets are not restated,
  - analyses performed pursuant to IAS 17 and IFRIC 4 to determine whether a contract is a lease are maintained,
  - leases with a residual term of less than 12 months are considered equivalent to short-term leases and are not restated,
  - the onerous nature of a lease is assessed in accordance with IAS 37.

  Pursuant to the provisions of IFRS 16 on the modified retrospective approach, comparative information for fiscal year 2018-2019 is not restated.

  The impacts and analyses are set out in Note 21;

- IFRIC 23, "Uncertainty over income tax treatments": this standard had no impact on the measurement of corporate income tax liabilities or their presentation in the Group financial statements;
- amendments to IAS 19-b, "Plan amendment, curtailment or settlement";
- IFRS annual improvements, 2015-2017 cycle;
- amendments to IFRS 9, "Financial Instruments – Prepayment Features with Negative Compensation";
- amendments to IAS 28, "Long-term Interests in Associates and Joint Ventures".

These new standards did not have a material impact on the annual financial statements, with the exception of IFRS 16 (see Note 21).

The following published standards, interpretations and amendments of mandatory application after June 30, 2020 could impact the Group financial statements:

- amendment to IFRS 3, "Definition of a business";
- amendments to IAS 1 and IAS 8, "Definition of material";
- amendments to references to the conceptual framework in IFRS standards;
- amendments to IAS 1, "Classification of liabilities as current or non-current";
- amendments to IFRS 3, "Reference to the conceptual framework";
- amendments to IFRS 4, "Extension of the temporary exemption from applying IFRS 9";
- amendments to IAS 37, "Onerous contracts – Cost of fulfilling a contract";
- amendments to IAS 16, "Property, plant and equipment – Proceeds before intended use";
- IFRS annual improvements, 2018-2020 cycle.

The Group is currently analyzing the impact and practical consequences of applying these standards.

The Group's consolidated financial statements for the year ended June 30, 2020 were approved by the Board of Directors on September 30, 2020.

Information is expressed in millions of euros, with one decimal place. Rounding off to the closest tenth of a million euros can, in certain cases, result in immaterial differences in the totals and sub-totals shown in the tables.

## 3.1 Scope of consolidation

All subsidiaries included in the scope of consolidation close their statutory accounts on June 30 of each year. Subsidiaries are consolidated from the time the Group takes control, until the date on which such control is transferred outside the Group.

The consolidated financial statements reflect the financial position of the Company and its subsidiaries as well as the Group's interests in any associates and joint ventures.

Companies in which the Group directly or indirectly holds the majority of voting rights (subsidiaries) are fully consolidated. Companies in which the Group has a stake of less than 50% but over which it exercises significant influence (associates) are consolidated by the equity method.

The full list of companies included in the scope of consolidation as of June 30, 2020 and the related consolidation methods are presented in Note 2 to the consolidated financial statements.

## 3.2 Internal transactions within the Group

Inter-company transactions between consolidated companies are eliminated, as are any gains resulting from those transactions.

## 3.3 Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate. The Group does not use cryptocurrencies.

Exchange gains and losses, realized or unrealized, arising on these transactions are recognized in financial income.

Non-monetary assets and liabilities denominated in foreign currencies are recognized and maintained at the historical exchange rate prevailing at the transaction date.

## 3.4 Translation of the financial statements of foreign companies

The consolidated financial statements are prepared in euros.

The assets and liabilities of consolidated companies whose functional currency is not the euro are translated into euros at the year-end exchange rate.

The income, expenses and cash flows of these companies are translated into euros at the average exchange rate for the period.

All resulting translation differences are recognized as a separate component of equity (see Note 2.4, Statement of changes in consolidated equity). When a foreign entity leaves the Group, the accumulated translation differences are recognized in the income statement as a component of the gain or loss on disposal.

Any goodwill and fair value adjustment resulting from the acquisition of a foreign entity are recognized as an asset or liability of the acquiree. They are therefore denominated in the currency of the foreign operation and translated at the year-end exchange rate.

## 3.5 Net investment in a foreign operation

Receivables due from or payables due to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the entity's net investment in that foreign operation; the related translation differences are recorded initially in a separate component of equity and taken to profit or loss on disposal of the net investment.

## 3.6 Intangible assets and goodwill

### 3.6.1 Goodwill

Business combinations since July 1, 2011 are accounted for using the acquisition method. The acquisition cost is determined as the fair value of the consideration transferred at the acquisition date, plus non-controlling interests in the acquiree. For each acquisition, the Group measures non-controlling interests either at fair value or as a share of net identifiable assets. Acquisition-related costs are expensed.

Contingent consideration is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration, classified as assets or liabilities, are recognized in income.

At the acquisition date, the excess of the consideration transferred plus non-controlling interests over the fair value of the net assets acquired is recognized in goodwill.

Goodwill is subsequently measured at cost less any accumulated impairment losses. It is allocated to cash-generating units and not amortized, but is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired.

If the goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill disposed of is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### 3.6.2 Research and development costs

Expenses related to research activities aimed at developing scientific knowledge and new techniques are expensed in the period they are incurred. Product development costs are capitalized when the following conditions are simultaneously met:

- the technical feasibility necessary for completing the intangible asset with a view to its commissioning or sale is established;
- the Group intends to complete the intangible asset and has the intent and the ability to use or sell it;
- it is probable that the intangible asset will generate future economic benefits. In the case of an asset to be used internally, its utility must be recognized;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is guaranteed;
- the expenses attributable to the intangible asset during its development are measured reliably and separately.

Development costs that do not meet all of the above criteria are expensed in the period they are incurred.

Development costs are amortized over a period based on their useful life, or a maximum of five years from their effective commercialization.

Claranova and its subsidiaries periodically assess the commercial prospects and useful life of each development. Should these estimates be called into question, the residual value of capitalized development costs is subjected to an impairment charge.

As of June 30, 2020, Claranova has not identified any development costs that meet the above criteria.

### 3.6.3 Other intangible assets

Purchased software packages and technologies are measured at acquisition cost and amortized on a straight-line basis over their useful lives, not exceeding five years.

### 3.6.4 Trademarks

Trademarks are amortized on a straight-line basis over their estimated service life and up to 10 years.

## 3.7 Property, plant and equipment without impact of IFRS 16 standard

### Measurement

Property, plant and equipment are measured at acquisition cost (purchase price plus related costs).

### Depreciation

Economically justified depreciation is determined based on the estimated useful life. Depreciation starts when the asset is brought into service. When property, plant and equipment have significant components with different useful lives, these are recognized separately.

Maintenance and repair costs are expensed in the period they are incurred.

Depreciation periods are as follows:

| | Depreciation | |
|---|---|---|
| **Asset** | **Method** | **Period** |
| Fixtures and fittings | Straight-line | 10 years |
| Office furniture | Straight-line | 10 years |
| Computer hardware | Straight-line | 3, 4 and 5 years |
| Vehicles | Straight-line | 4 years |

Additional impairment is booked in the event of a loss in value or a change in the useful life. In the event of a change in the estimated useful life, the depreciation period is also adjusted and the annual depreciation changed as a result.

## 3.8 Financial assets

Financial assets are initially recognized at cost, which corresponds to the fair value of the consideration paid, including acquisition costs.

## 3.9 Impairment of assets

The carrying amounts of assets (finite life or indefinite life), other than inventories, deferred tax assets, assets arising from employee benefits and financial assets within the scope of IAS 32, are tested for impairment at each reporting date. When there is evidence of impairment, and at least once a year for goodwill and non-amortized assets, the recoverable amount of the asset is estimated.

In accordance with IAS 36, impairment is recognized when the carrying amount of the asset or the cash-generating unit to which it belongs exceeds its recoverable amount.

The recoverable amount of a cash-generating unit is the higher of its fair value (usually the market price), less costs of disposal, and its value in use.

This process requires key assumptions and judgments to be used to identify trends in the markets where the Group operates such as future cash flows and the discount and long-term growth rates used for the projections of these flows.

Impairment losses reduce the net income of the period in which they are recorded. Except for goodwill, impairment losses recorded in previous years are reversed when there is a change in the estimates used.

The carrying amount of an asset increased by a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation, amortization or impairment) had no impairment loss been recognized for this asset in prior periods.

## 3.10 Inventory and work-in-progress

Inventories of raw materials and supplies are measured at their purchase price, plus procurement costs. Raw materials and supplies are measured at the lower of purchase cost (according to the weighted average price method) and net realizable value.

Goods in inventory are measured at their weighted average price. A provision for impairment is booked when this cost price is higher than the estimated net realizable value.

Finished products and work-in-progress are measured at the lower of their production cost and net realizable value. Production costs include the direct costs of raw materials, labor, and a proportion of direct overheads, excluding general administrative expenses.

The net realizable value of raw materials and other inventories takes into account impairment for the obsolescence of inventory with a low rate of turnover.

## 3.11 Trade and other operating receivables

Trade and other operating receivables are current assets recognized at nominal value. Where relevant, a provision for impairment is recognized to take account of collection difficulties that may arise.

## 3.12 Prepaid royalties

Where an advance on royalties is paid under a publishing or co-publishing contract, the amount is recorded in assets in the statement of financial position. The amount corresponding to royalties due on completed sales is then deducted from the prepaid royalties account and expensed in the year.

If sales forecasts suggest that prepaid royalties will not be fully utilized, a risk provision is recorded in liabilities.

## 3.13 Cash and cash equivalents

Cash comprises cash at bank and in hand.

Cash equivalents include money market securities and bonds and mutual fund units invested with a short-term investment horizon. They are recognized at fair value, with changes in fair value recognized in profit or loss.

For quoted instruments, the Company uses the closing price and the net asset value for cash assets invested in mutual funds.

## 3.14 Treasury shares

When treasury shares are purchased, irrespective of the reasons, the amount paid and the directly attributable transaction costs are recorded as a change in equity.

The shares acquired are deducted from total equity until their subsequent sale or cancellation.

The impact of any disposals is not taken into account in consolidated profit or loss but in changes in equity.

## 3.15 Revenue

IFRS 15, "Revenue from Contracts with Customers", is applicable to the Claranova group starting from July 1, 2018. IFRS 15 is the frame of reference used to determine whether revenue must be recognized, in what amount and at what date.

The main issues identified and analyzed concerned the following topics:

### Free products or services

In some of its activities, the Group can offer products or services free of charge to its customers.

### Sales with right of return

Under certain contracts, the Group transfers control of a product to its customers, while giving them a right to return the product and receive a partial or total repayment of the amount paid. IFRS 15 specifies that to account for products transferred with a right of return, the entity must recognize:

- revenue for the transferred products in the amount of consideration to which the entity expects to be entitled;
- a refund liability;
- an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

### Agreements containing multiple performance obligations

The agreements managed within the myDevices business may include multiple performance obligations whose specific price cannot be directly observed.

### Principal or Agent

The Group analyzes the nature of its relations with customers in order to determine whether it is acting as principal or as agent. In application of IFRS 15, the Group will act as principal if it controls the goods or services before transferring them to the customer.

When another party is involved in providing goods or services, the Group determines whether the nature of its obligation is to provide the specified goods or services itself (*i.e.* it is acting as a principal) or to arrange for the other party to provide those goods or services (*i.e.* it is acting as an agent). The Group is acting as a principal if it controls the promised goods or services before they are provided to the customer. The revenue is therefore recognized in full by the Group, with the services provided by the other party recorded in operating expenses.

Avanquest contracts are concerned by this standard.

### Grant of equity instruments

The Group and its subsidiaries can grant equity instruments to commercial partners. Under IFRS 15, these instruments will be identified in the accounts as sales discounts and deducted from revenue for the period. As of June 30, 2020, only the myDevices segment is concerned for non-material amounts.

Revenue recognition methods are as follows:

- **Sales of software licenses**

  Software license fee revenue is recognized in revenue when control is transferred to the customer. Control is transferred on the date the product is shipped or downloaded from the Internet.

  When the software license includes a warranty period, the portion of revenue allocated to the warranty is recognized pro rata over the warranty period;

  For Adaware activities, when the contract is invoiced in the form of a subscription, revenue is:

  - spread over the subscription period if the software is supplied in the cloud[1];
  - spread over the subscription period if the software is supplied simultaneously (and with the same features) in the cloud and on-premises[2];
  - spread over the subscription period if the software is supplied on-premises and material[3] and regular[4] updates are provided;
  - recognized on the sale of the software if the software is supplied on-premises and material and regular updates are not provided.

  Commission paid to business providers for certain customer support activities is recognized based on monthly activity statements presented by the partner.

- **Monetizing traffic**

  Traffic monetization services are recognized on a right-to-invoice basis, in accordance with IFRS 15, paragraph B16, *i.e.* revenue is recognized on each click or installation.

- **Digital printing activities and customized products**

  Revenue from digital printing activities and customized products is recognized on product delivery.

- **Connected devices management activities**

  The agreements managed within the myDevices business may include multiple performance obligations whose specific price cannot be directly observed.

  To estimate the specific sales price, the Group takes into account all reasonably available information, including market conditions, specific factors and information on the customer or customer category. The agreement amount is then generally split between each of the performance obligations identified in the contract pro rata to the specific sales prices.

*(1) Software hosted and available for use by the user online.*
*(2) Software hosted on the user's servers and available for use locally.*
*(3) Features providing a significant improvement to the value perceived by the customer.*
*(4) The frequency of updates to software supplied on-premises is considered with regard to the longest subscription period that a customer can subscribe.*

## 3.16 Other financial income and expenses

Other financial income and expenses mainly include exchange gains and losses and investment income, as well as the change in fair value of financial instruments.

## 3.17 Income taxes

The Group computes its income taxes in accordance with tax legislation in force in the countries where the income is taxable.

## 3.18 Deferred taxes

In accordance with IAS 12, deferred tax is recognized for each reporting entity on temporary differences between the carrying amount of the assets and liabilities recorded and their corresponding tax base, depending on prevailing tax legislation in each of the countries concerned.

Deferred tax assets are only recognized when it is likely that the Group will have future taxable profits against which these unused tax losses may be offset.

Deferred taxes are calculated using the liability method based on tax rates known at the reporting date, on all timing differences between the carrying amount of Group assets and liabilities recorded in the consolidated financial statements and their tax base. A deferred tax asset is only recognized in respect of tax losses carried forward if there is reasonable assurance of future deduction. Deferred taxes assets and liabilities are offset by tax entity or tax consolidation group. Deferred taxes are recorded at their nominal amount, with no discounting.

## 3.19 Research tax credit

The research tax credit is considered to be within the scope of IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance". The portion of the research tax credit that can be allocated to development costs recognized as intangible assets is deducted from the asset and the amortization schedule is amended.

Income from the research tax credit relating to research costs and any development costs that do not meet the capitalization criteria are recognized as a deduction from employee expenses as and when the expenses are incurred.

## 3.20 Regional economic contribution

Corporate property tax (*cotisation foncière des entreprises* – CFE) is recorded in operating expenses.

The value-added contribution for businesses (*cotisation sur la valeur ajoutée des entreprises* – CVAE) is recognized in income tax.

## 3.21 Earnings per share

Basic earnings per share is equal to the Group share of net income divided by the average number of ordinary shares outstanding during the period, excluding the number of ordinary treasury shares held.

To calculate diluted earnings per share, the number of shares outstanding is adjusted to take into account the dilutive effect of equity instruments issued by the Company, such as stock options, subscription warrants or free shares.

## 3.22 Provisions

Provisions are recognized when the Group has a present obligation, as a result of a past event, which will probably require an outflow of resources, the amount of which can be reliably estimated. The amount recognized as a provision should be the best estimate of the outflow necessary to settle the present obligation at the reporting date. It is discounted when the effect is material and the maturity is more than one year.

Current provisions are provisions that are directly related to the operating cycle of each business line, irrespective of their estimated term.

Non-current provisions are provisions not directly related to the operating cycle and whose term is greater than one year. They include provisions for litigation.

## 3.23 Off-balance sheet commitments

Claranova has reviewed all of its subsidiaries with regard to warranty commitments given and received (see Note 34).

## 3.24 Stock options, free shares and subscription warrants

The fair value of options and free shares granted to employees and corporate officers of the Company or its affiliates is recognized in employee expenses over the vesting period, in accordance with IFRS 2. The fair value of options and free shares granted to third parties is recognized in operating expenses.

The Black & Scholes options pricing model is used to estimate the fair value of the options and free shares granted. The instruments are valued by outside experts. The estimates and profit/loss evaluated by this third party are reviewed by the Group Finance Department. When these equity instruments have a mandatory holding period, their fair value takes into account the cost of the holding period. Where appropriate, the inability to collect dividends is also taken into account in the fair value calculation.



## 3.25 Borrowings

Borrowings are initially recorded at cost, which corresponds to the fair value of the amount received net of issuance costs. For convertible bonds, in accordance with IAS 32, the Company measures the "liability" component and the "equity" component of these borrowings.

After initial recognition, borrowings are measured at amortized cost using the effective interest rate method. This takes into account all issuance costs and any haircut or redemption premium.

## 3.26 Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (ORNANE)

In accordance with IFRS, the ORNANE bonds are viewed as a bond debt comprising two components:

- a bond component accounted for at amortized cost;
- an equity component (derivative) accounted for as "mark-to-market" debt.

The financial costs related to the issuance of the bonds were deducted from the debt in Liabilities. The split between the bond and derivative components was calculated by an outside expert. The debt component was valued using a multicriteria analysis enabling the calculation of the credit spread (average "Banque de France" rate and credit analysis specific to Claranova).

The bond component is calculated by discounting future cash flows using the effective interest rate (risk-free rate plus credit spread). Changes in the bond component are recognized in financial income.

Changes in the fair value of the derivative are accounted for in a separate line in financial income "Fair value remeasurement of financial instruments". This accounting method has no cash impact. The fair value of the embedded derivative is calculated by the outside expert using the Cox, Ross and Rubinstein method.

Moreover, the ORNANE bonds allow the Company to limit the number of shares to be issued on the conversion date.

## 3.27 Hedging instruments

The Group may use financial derivatives such as currency hedges. These financial derivatives are measured at fair value.

As of June 30, 2020, no hedging instruments had been set up by the Group.

## Note 4 Main judgments and estimates used in preparing the annual financial statements

The financial statements were prepared on a going concern basis. The conditions underlying this principle are detailed in Note 28.4 to the consolidated financial statements, mainly concerning liquidity risk.

The preparation of the Group's financial statements requires management to use judgments, estimates, and assumptions which have an impact on the amounts recognized in the financial statements as assets, liabilities, income and expenses, as well as disclosures concerning contingent liabilities.

The Group's Management regularly reviews its estimates and assessments based on past experience, as well as other factors it considers reasonable, which form the basis for its assessments of the carrying amount of assets and liabilities. These estimates are prepared using information available at the time of preparation. The estimates can be revised if new information becomes available. Actual results may differ from these estimates if actual experience or conditions are different from the assumptions made.

The main assumptions and estimates that had an impact on the financial statements for the 2019-2020 fiscal year are the following:

- revenue recognition on certain IoT contracts. Pursuant to IFRS 15, the Group in conjunction with the managers responsible for the contracts allocated the contract price to various performance obligations: platform delivery and revenue sharing. The revenue corresponding to the delivery of various platform versions is recognized on the date of delivery to the customer (date on which control is obtained), in accordance with the principles adopted in previous contracts of this type, and pursuant to IFRS 15, Appendix B, sections B83 and B86. The shared revenue is recognized on a straight-line basis over the period covered by the services and limited to the minimum guaranteed amount, in accordance with the principles adopted in previous contracts of this type, and pursuant to IFRS 15, sections 56-58, and section B18;
- the measurement of rebates to be obtained from certain suppliers of the PlanetArt segment. Rebate rates are negotiated annually in February for the previous calendar year. The Group renewed the previous year's assumptions;
- measurement of certain managers' bonuses based on the attainment of annual objectives;
- application of IFRS 16: management has adopted terms consistent with the expected use of the leased assets, taking into account IFRS IC interpretations of November 2019. The Group adopted incremental borrowing rates when the interest rate implicit in the lease could not be identified, based on the lease's residual term, the lease currency and the Group's various borrowing rates;
- in connection with the acquisition of the Personal Creations® business by PlanetArt LLC, the analysis of the PPA (Purchase Price Allocation) by an independent expert led to the recognition of brands, technologies and residual goodwill. The Group adopted valuations and amortization periods consistent with sector practice and Group standards;
- the measurement of the recoverable amount of intangible assets, particularly for impairment testing of the Avanquest segment. The acquisition on July 1, 2018 of the Adaware, SodaPDF and Upclick businesses led to the recognition of goodwill;
- the accounting treatment of loans (Paycheck Protection Program) as part of State aid to US SMEs in the context of the Covid-19 pandemic;
- the measurement and accounting treatment of myDevices share subscription warrants granted under an agreement with a commercial partner;
- the fair value of the ORNANE;
- as of June 30, 2020, the Group capitalized only a portion of deferred taxes notably relating to loss carryforwards, based on a reasonable time horizon for the offset of these losses (5 years). These judgments also concern the integration of the Personal Creations® business acquired in August 2019 by the PlanetArt segment in the United States;
- in France, after the partial transfer of assets in 2017-2018, Claranova filed an application to transfer valued €56.1 million in tax losses carried forward to its then new subsidiary, Avanquest Software SAS. The French tax authorities have not yet ruled on this request. As a prudent measure, the Group did not capitalize the deferred taxes relating to these losses as of June 30, 2020.

## Note 5 Operating segments

Pursuant to IFRS 8, "Operating Segments", the information presented is based on internal reporting used by Group Management to assess the performance of the various segments. The benchmark segment aggregate is EBITDA[1]. This aggregate is calculated by allocating corporate expenses to the various operating segments.

The Group's three operating segments as of June 30, 2020 were:

- PlanetArt: PlanetArt embodies Claranova's vision in the personalized e-commerce sector. It combines the FreePrints mobile apps range and e-commerce sites selling personalized gifts;
- Avanquest: by offering simple and innovative software solutions which provide easy daily access to new technologies, Claranova is now a reference in B2C software publishing in three high-potential segments:
  - Security: antivirus, ad blocker, cleaning and optimization tools sold under the Adaware brand,
  - PDF: document management tools sold under the SodaPDF brand,
  - Photo: photo editor software and apps developed under the inPixio brand;
- myDevices: with its unique application platform, myDevices offers its customers an infinite range of IoT solutions to simplify the management of their assets, whatever the type of connected device and network, business sector or application field.

The breakdown by segment is as follows:

| | PlanetArt | | Avanquest | | myDevices | |
|---|---|---|---|---|---|---|
| *(in € million)* | 6/30/2020 | 6/30/2019 | 6/30/2020 | 6/30/2019 | 6/30/2020 | 6/30/2019 |
| Revenue | 314.0 | 176.1 | 90.3 | 83.0 | 4.8 | 3.2 |
| **EBITDA[1]** | **14.1** | **10.9** | **7.2** | **10.3** | **(3.7)** | **(5.2)** |
| EBITDA/Revenue | 4% | 6% | 8% | 12% | -79% | -162% |
| Goodwill | 0.5 | - | 61.3 | 63.0 | - | - |
| Intangible assets | 4.9 | 1.9 | 3.9 | 5.0 | - | - |
| **Total intangible assets** | **5.4** | **1.9** | **65.1** | **68.0** | **-** | **-** |

Data for the entire Group:

| | Claranova | |
|---|---|---|
| *(in € million)* | 6/30/2020 | 6/30/2019 |
| Revenue | 409.1 | 262.3 |
| **EBITDA[1]** | **17.4** | **16.0** |
| Depreciation. amortisation and provision excluding IFRS 16 standard | (4.3) | (2.0) |
| Share based payments and related social charges | (0.0) | 0.3 |
| Net rental charges on the right of use | 0.3 | - |
| **Recurring operating income** | **13.3** | **14.3** |

*(1) EBITDA: earnings before the deduction of interest, taxes and duties, depreciation, amortization and share-based payments, including related social security contributions, and excluding the impact of IFRS 16.*

*(1) EBITDA: earnings before the deduction of interest, taxes and duties, depreciation, amortization and share-based payments, including related social security contributions, and excluding the impact of IFRS 16.*

The Group ended its 2019-2020 fiscal year with consolidated revenue of €409 million, up 56% year on year, including 20% organic growth. With nearly €150 million in additional revenue over the year, including €88 million from the acquisition of Personal Creations® in August 2019, the Group has reached the milestone of €400 million and is continuing its strong growth path.

The strong growth in activities is accompanied by a sustained profitability in a complex health and economic situation: EBITDA, the main indicator for monitoring the Group's operational performance, reached €17.4 million, an increase of +9% over the fiscal year 2019-2020. The change in the level of profitability of the Group's activities reflects the investments made during the year at the level of each of the three divisions: the integration of Personal Creations® personalized gift activities, the acceleration of the transition of the Avanquest business to a subscription-based proprietary software sales model and the increase of the commercial burden of IoT activities.

This year also confirms the improvement of Claranova's financial profile with a positive Net Income of €1.2 million marking the first profit since the beginning of the reversal period started in 2015.

# Notes to the Income Statement

## Note 6 Revenue

Revenue measurement and recognition methods depend on the nature of the services sold to customers and the way in which control is transferred.

Group consolidated revenue manly comprises revenue generated by the operating segments:

- PlanetArt (personalized e-commerce);
- Avanquest (B2C software publishing in the Security, PDF and photo sectors);
- myDevices (connected devices management platform).

### BREAKDOWN OF REVENUE BY SEGMENT

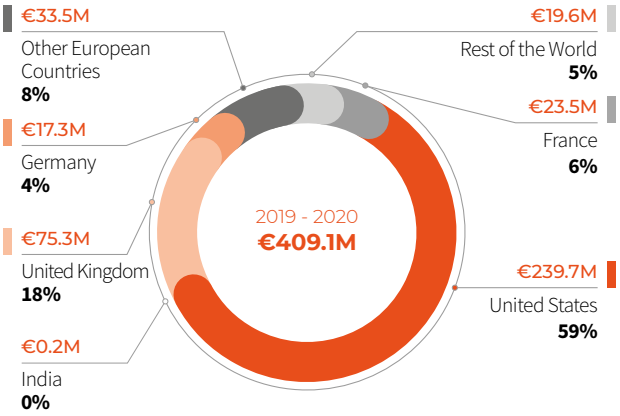
| *(in € million)* | 2019-2020 | 2018-2019 | Var |
|---|---|---|---|
| PlanetArt | 314.0 | 176.1 | 78% |
| Avanquest | 90.3 | 83.0 | 9% |
| myDevices | 4.8 | 3.2 | 50% |
| **Revenue** | **409.1** | **262.3** | **56%** |

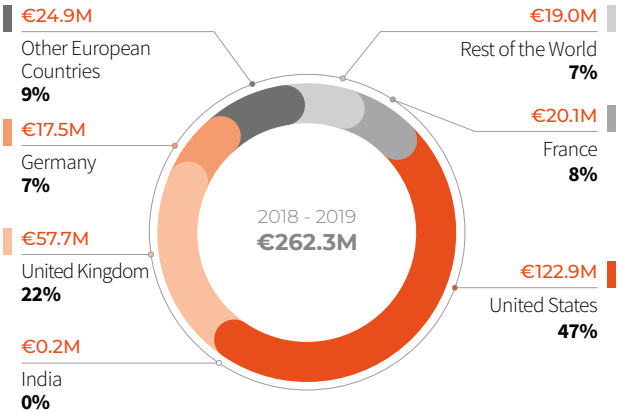
Claranova Group generated consolidated revenue of €409.1 million in fiscal year 2019-2020, up 56% year-on-year, including 20% organic growth. With additional revenue of nearly €150 million during the period, including €88 million from the acquisition of Personal Creations® in August 2019, the Group topped €400 million and pursued its strong growth trajectory.

The revenue breakdown by business shifted towards PlanetArt's personalized e-commerce activities, with the integration of the Personal Creations® business. PlanetArt now represents 77% of total revenue compared to 67% in fiscal year 2018-2019. Software publishing (Avanquest) and Internet of Things (myDevices) activities generated 22% and 1% of revenue, respectively, compared to 32% and 1% in fiscal year 2018-2019.

### BREAKDOWN OF REVENUE BY GEOGRAPHIC REGION

*(in € million)*




The Group confirmed its international positioning, generating 94% of its revenue outside France. The integration of the Personal Creations® personalized gifts business, which generates revenue solely in the United States, strengthened the Group's position in this country which represented 59% of revenue in fiscal year 2019-2020, compared to 47% last year.

2018-2019 figures were restated for certain Avanquest contracts to take account of the location of the final customer. Account was solely taken of the location of the partner in the 2018-2019 Universal Registration Document.

## Contract assets and liabilities

Contract assets represent the right to receive consideration in exchange for goods or services transferred to a customer. They mainly comprise sales invoice accruals. The €0.3 million increase in contract assets concerns the restatement of deferred subscriptions for Upclick activities in the Avanquest segment for a total of €0.8 million as of June 30, 2020.

Contract liabilities represent the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. They mainly include deferred income in respect of maintenance and hosting services, where revenue is recognized on a time-apportioned basis over the contract term.

The change in Deferred income (contract liabilities) during the period is not material.

## Order backlog

The Group applies the two optional exceptions provided in IFRS 15 in determining its order backlog. It excludes from the backlog contracts with an initial term of less than one year and contracts where revenue is recognized on a "right-to-invoice" basis.

As of June 30, 2020, taking account of these exceptions, the Group's order backlog is not material.

## Note 7 Raw materials and purchases of goods

This heading naturally increased in line with activity growth during the period and the acquisition of Personal Creations®. The PlanetArt segment is the main contributor to this heading, accounting for 92%.

## Note 8 Other purchases and external expenses

The increase in the PlanetArt segment (advertising and transport costs) is in line with the activity's steady growth and the acquisition of Personal Creations®. In the Avanquest segment, advertising and traffic acquisition costs also rose in line with activity growth.

The IFRS 16 impact is €3.1 million (see Note 21): mainly the cancellation of lease payments for real estate leases.

## Note 9 Employee expenses

The increase in this heading is directly linked to growth across all Group activities, and particularly in the PlanetArt segment with the acquisition of Personal Creations®. Claranova also strengthened its head office teams to support the Group's development.

## Note 10 Other recurring operating income and expenses

Other recurring operating income and expenses represent a net expense of €15.2 million and primarily comprise royalties of €10 million paid by the Avanquest segment.

In addition, a US subsidiary received a €0.5 million subsidy from the US government under the Paycheck Protection Program for American SMEs in the context of the COVID-19 pandemic (see Note 1.6).

The application of IFRS 15 on the concepts of principal and agent led the Group to record additional revenue of €3.5 million, and an identical additional amount in expenses.

## Note 11 Other operating income and expenses

Other operating income and expenses represent a net expense of €5.6 million and primarily comprise:

- expenses and fees of €2.2 million relating to the acquisition of Personal Creations®;
- one-off fees relating to the planned acquisition of Software segment minority interests for €1.1 million;
- compensation of €0.9 million in respect of a commercial dispute;
- a provision for departures and employee disputes for subsidiaries in the amount of €0.7 million;
- a provision for a Urssaf dispute for €0.2 million.

## Note 12 Retirement termination benefits

Post-employment obligations, calculated using the retrospective method (projected unit credit method), amounted to €0.8 million for French employees (€0.02 million for Claranova SE and €0.8 million for Avanquest Software SAS) as of June 30, 2020. They are fully provided in the accounts. The impact on the period is an expense of €0.15 million, consisting of a current service cost of €0.05 million and an expense of €0.1 million relating to a change in assumptions. The underlying actuarial assumptions are:

- discount rate: 0.80%;
- retirement age: 65 years;
- rate of salary increase: 2%-5%, depending on age.

There is no specific pension plan for employees of non-French subsidiaries.

A discount rate of 0.85% was applied as of June 30, 2019. The other assumptions are unchanged.

## Note 13 Analysis of net financial income (expense)

The net financial expense is -€4.5 million and is mainly due to borrowing costs.

Net borrowing costs (-€3.8 million) in fiscal year 2019-2020 comprise the interest on ORNANE and Euro PP bonds for -€1.5 million and -€1.2 million, respectively, as well as interest on the loan taken out to purchase Personal Creations® for -€0.6 million and the IFRS 16 financial expense on the restatement of lease expenses for -€0.6 million.

The fair value remeasurement of financial instruments (€0.6 million) in fiscal year 2019-2020 concerns the ORNANE bonds. The ORNANE bonds comprise a debt component at amortized cost and a derivative component in accordance with IFRS 9. Fair value gains and losses on the derivative component and the change in the amortized debt are recognized in financial expenses. The derivate value is based on pricing models (Cox Ross Rubinstein method). Fiscal year 2018-2019 was representative of the half-year change in the fair value of financial instruments issued in connection with the acquisition of Adaware, SodaPDF and Upclick for -€44.5 million.

Other financial expenses (-€1.4 million) and financial income (€0.1 million) in fiscal year 2019-2020 comprise net foreign exchange losses of -€0.9 million and the amortization of costs relating to the issue of ORNANE and Euro PP bonds for -€0.4 million.

## Note 14 Income taxes

The net income tax expense for the period amounted to €2.1 million, compared to €3.7 million for the previous year and mainly concerns the PlanetArt and Avanquest segments. Deferred tax assets total €4.5 million and €1.6 million as of June 30.

| *(in € million)* | 2019-2020 | 2018-2019 |
|---|---|---|
| **Taxable profit** | **3.3** | **(37.8)** |
| Theoritical tax | (1.0) | 12.6 |
| **Actual income tax expense** | **(2.1)** | **(3.7)** |
| Effective tax rate | -63.1% | 9.8% |
| Difference | (1.0) | (16.3) |
| *Of which* | | |
| • Non-recognition of deferred tax assets on temporary differences | (0.7) | 2.7 |
| • tax losses generated during the period not capitalized | (3.7) | (3.0) |
| • Capitalization of Deferred taxes from previous periods | 1.6 | - |
| • Capitalization of prior tax losses | 1.1 | (1.0) |
| • Change in fair value of preferred shares | - | (13.3) |
| • Impact of US Tax reform (Tax Cuts and Jobs Act) | - | (1.6) |
| • Other permanent differences | (0.5) | 0.1 |
| • Differences between local rates and parent company rate | 1.7 | (0.6) |
| • Other differences | (0.6) | 0.4 |
| **Total** | **(1.0)** | **(16.3)** |

On the balance sheet, tax assets payable are €0.7 million.

The tax liability of €1.2 million mainly comprises the income tax provision for PlanetArt Ltd (€0.5 million), the income tax provision for the Adaware, SodaPDF and Upclick businesses (€0.9 million).

## Note 15 Deferred tax

Deferred tax assets and liabilities total €4.5 million and €1.6 million as of June 30, 2020.

Given the tax losses incurred by the Group entities in their operating countries, and following tax reforms in the United States, Claranova investigated the precise amount of tax losses that could be used in the future to offset tax payments. This study primarily focused on the US entities.

As of June 30, 2020, US entity deferred tax assets total US$19.2 million, including:

- US$11.0 million in respect of tax losses carried forward. The carry-forward losses total US$40.3 million of which US$18.3 million must be used before 2035. The use of these carry-forward losses is limited to an annual cap of US$1 million until 2035. Following the 2017 tax reform in the United States, there is no limit on the use, amount or duration of the remaining losses carried forward;
- US$1.9 million in respect of Research and Development tax credits which can only be used from 2035;
- US$3.6 million for the tax recognition of intangible assets following the legal reorganization of 2017, amortized for tax purposes over a period of 15 years until 2032;
- temporary differences of US$2.7 million, of which US$1.8 million can be used in the short term, in the amount of tax profits realized, after offset of the tax loss carry forward cap and the tax amortization of intangible assets..

The Group has prepared tax profit projections based on a 5-year business plan drawn up by management. As of June 30, 2020, the Group has only capitalized a portion of deferred taxes, relating in particular to tax losses carried forward and various short-term timing differences, based on a reasonable five-year utilization period. The capitalization of deferred taxes was also limited by the annual cap on the use of tax losses carried forward.

Thus the Group has capitalized US$4.3 million of deferred tax assets on US entities, or €3.8 million.

In France, after the partial transfer of assets in 2017-2018, Claranova filed an application to transfer €56.1 million in tax losses carried forward to its then new subsidiary, Avanquest Software SAS. The French tax authorities have not yet ruled on this request. Residual tax losses in Claranova SE total €18.8 million and correspond to losses realized by the Company alone since fiscal year 2016-2017. Only Claranova SE, whose activities as a holding company are not intended to generate taxable profit, will be able to use these tax losses.

Deferred tax liabilities as of June 30, 2020 concern the Adaware, SodaPDF and Upclick businesses.

## Note 16 Earnings per share

| | 2020-2019<br>12 months | 2019-2018<br>12 months |
|---|---|---|
| **Numerator** *(in € million)* | | |
| Net Group Income (a) | 0.5 | (40.80) |
| **Denominator** | | |
| Number of shares outstanding (b) | 39,200,753 | 392,007,537 |
| Dilutive effect of stock options, bonus shares and subscription warrants | 705,065 | 7,050,694 |
| Theoritical weighted average number of shares (c) | 39,905,818 | 399,058,231 |
| Basic earnings per share *(in €)* (a/b) | 0.01 | (0.10) |
| Diluted earnings per share *(in €)* (a/c) | 0.01 | (0.10) |

It should be noted that the dilutive effect does not take into account the ORNANE bond issue performed in June 2018 (see Note 26.3 to the consolidated financial statements) since, at the date of this Document, the Company had not decided the bond redemption method. ORNANE bond holders can request the conversion of their ORNANE bonds at any time. Depending on the date of this request and the share price, Claranova may be required to redeem the ORNANE bonds in cash.

# Notes to balance sheet assets

## Note 17 Goodwill

Goodwill totals €61.7 million as of June 30, 2020, including goodwill of €61.3 million for the Adaware, SodaPDF and Upclick businesses acquired in July 2018 and goodwill of €0.5 million for the Personal Creations® business acquired in August 2019.

### Avanquest segment

As of June 30, 2020, the Group performed impairment tests on the Avanquest segment, which carries the goodwill for the Adaware, SodaPDF and Upclick businesses, based on discounted cash flows and the value of equity. The Group did not identify any indication of impairment.

The business plan was prepared by division managers. The Discounted Cash Flow calculation assumptions were reviewed by the auditors. The WACC used is 11% and the perpetual growth rate is 2%, comprising an inflation rate of 1% and a perpetual growth rate of 1%. A sensitivity analysis was carried out on the WACC and the perpetual growth rate. A 1% change in these criteria, namely a WACC of 12% and a nil perpetual growth, rate would not lead to an impairment.

### Personal Creations®

As stated in Note 1, the Group analyzed the acquisition of Personal Creations® as a Business Combination under IFRS 3. In accordance with IFRS 3R, the Group measured the fair value of this business at the acquisition date and valued its technologies at €2.5 million and the Personal Creations® brand at €1.8 million. The fair value of the identified assets and liabilities is €16.2 million and the residual goodwill is €0.5 million. Identified net assets included in this amount are as follows:

#### NET ASSETS ACQUIRED

| *(in € million)* | Initial value | Fair value adjustment | Fair value recognized |
|---|---|---|---|
| Intangible assets | 4.8 | (0.5) | 4.3 |
| Property, plant and equipment | 5.2 | 0.0 | 5.2 |
| Inventories | 7.2 | 0.0 | 7.2 |
| Trade receivables | 0.3 | 0.0 | 0.3 |
| Other current receivables | 3.5 | 0.0 | 3.5 |
| **Total Assets** | **21.0** | **(0.5)** | **20.6** |
| Trade payables | 2.4 | 0.0 | 2.4 |
| Other current liabilities | 1.9 | 0.0 | 1.9 |
| **Total Liabilities** | **4.3** | **0.0** | **4.3** |
| **Net assets acquired** | **16.7** | **(0.5)** | **16.2** |
| **GW on acquisition date** | | | **0.5** |
| Translation difference between acquisition date and June 30, 2020 | | | 0.0 |
| **GW as of June 30, 2020** | | | **0.5** |

#### CONSIDERATION

The acquisition price comprises €16.3 million paid on August 2, 2019 and an additional consideration of €0.5 million in respect of an adjustment to working capital requirements.

| *(in € million)* | |
|---|---|
| Cash | 16.3 |
| WC adjustment | 0.5 |
| **Total consideration** | **16.7** |

Residual goodwill as of June 30, 2020 is €0.5 million.

## Note 18 Intangible assets

The impact of the acquisition of Personal Creations® is €4.3 million (see Note 17). The Personal Creations® brand was valued at €1.8 million for the fair value measurement of the business, using the royalties method. It is amortized over 10 years in the amount of €0.2 million for the fiscal year. Internally-developed software was valued at €2.5 million for the fair value measurement of the business, based on replacement costs. It is amortized over 5 years in the amount of €0.5 million for the fiscal year.

No R&D project development costs were capitalized in fiscal year 2019-2020.

Changes in intangible assets were as follows:

| *(in € million)* | Gross 6/30/2019 | Acquisitions | Disposals/ Transfer between items | Scope changes/ Changes in foreign exchange rates | Gross 6/30/2020 | Amort., depr. and provisions 6/30/2020 | Net June 2020 |
|---|---|---|---|---|---|---|---|
| Development and software costs | 9.9 | 0.0 | - | (0.0) | 9.9 | (9.7) | 0.2 |
| Customer portfolios | 0.5 | - | - | 0.0 | 0.5 | (0.2) | 0.3 |
| Deposits | 0.0 | - | - | - | (0.0) | (0.0) | (0.0) |
| Other | 8.9 | - | - | 4.3 | 13.2 | (4.9) | 8.3 |
| **Total** | **19.4** | **0.0** | **-** | **4.3** | **23.6** | **(14.8)** | **8.8** |

## Note 19 Property, plant and equipment excluding IFRS 16 standard

The impact of the acquisition of Personal Creations® is €5.3 million on acquisition (see Note 17) and mainly concerns installations and industrial equipment. Additions of the period mainly concern this acquisition.

Changes in property, plant and equipment were as follows:

| *(in € million)* | Gross 6/30/2019 | Diminution (Cess, Remb.) | Disposals/ Transfer between items | Scope changes/ Changes in foreign exchange rates | Gross 6/30/2020 | Amort., depr. and provisions 6/30/2020 | Net June 2020 |
|---|---|---|---|---|---|---|---|
| Fixtures, improvements to land and facilities | 2.0 | 0.9 | (0.1) | 5.3 | 8.0 | (2.7) | 5.3 |
| Transportation equipment | 0.1 | 0.1 | - | (0.0) | 0.1 | (0.1) | 0.1 |
| Office and IT furniture and equipement | 2.5 | 0.3 | (0.0) | (0.0) | 2.7 | (2.3) | 0.5 |
| **Total** | **4.6** | **1.2** | **(0.1)** | **5.2** | **10.9** | **(5.0)** | **5.9** |

## Note 20 Depreciation and amortization excluding IFRS 16 standard

Changes in depreciation and amortization were as follows:

| *(in € million)* | Cum. amort. at 6/30/2019 | Depreciation and amortization for the fiscal period | Disposals/ Transfer between items | Scope changes/ Changes in foreign exchange rates | Cumul. amort. at 6/30/2020 |
|---|---|---|---|---|---|
| Development and Software costs | 9.6 | 0.0 | - | (0.0) | 9.7 |
| Customer portfolios | 0.2 | - | - | - | 0.2 |
| Other | 2.6 | 2.4 | - | (0.1) | 4.9 |
| Total Intangible Assets | 12.4 | 2.4 | - | (0.1) | 14.8 |
| Total Property, plant and equipment | 3.2 | 1.9 | (0.0) | (0.1) | 5.0 |
| **Total** | **15.6** | **4.3** | **(0.0)** | **(0.2)** | **19.7** |

## Note 21 Leases

IFRS 16, "Leases" is applicable to fiscal years beginning on or after January 1, 2019. It consists in recognizing a right-of-use asset, and a lease liability corresponding to the sum of discounted future lease payments. In the income statement, the operating expense (lease expenses) is replaced by a depreciation charge and an interest expense. In the cash flow statement, interest impacts cash flows from operating activities, cash flows from investing activities are not impacted and the repayment of the principal portion of the lease liability impacts cash flows from financing activities.

The Group has identified three main lease categories:

- buildings for office and industrial use: office leases concern the Group's three segments. Plant and storage facility leases mostly concern the PlanetArt segment;
- vehicles;
- miscellaneous and IT equipment.

These last two categories do not have material rental contracts for the Group.

The Group transitioned to IFRS 16 using the modified retrospective method and the comparative period to June 30, 2019 was not therefore restated.

As of July 1, 2019, the lease liability was calculated by discounting future lease payments at rates reflecting the estimated residual lease terms. The corresponding right-of-use asset was recognized in the same amount as the lease liability. The first-time application of IFRS 16 does not therefore impact Group equity as of July 1, 2019.

In accordance with the options offered by IFRS 16, the Group applies the following exemptions and practical expedients:

- short-term leases and leases of low-value assets are not restated;
- analyses performed pursuant to IAS 17 and IFRIC 4 to determine whether a contract is a lease are maintained;
- leases with a residual term of less than 12 months are considered equivalent to short-term leases and are not restated;
- the onerous nature of a lease is assessed in accordance with IAS 37.

In November 2019, the IFRS IC clarified certain points of the standard, including the assessment of lease terms and the useful lives of non-removable leasehold improvements. This committee clarified the term of a lease, by rejecting the legal approach consisting in only taking into account the terms and conditions of the lease between the lessor and the lessee to determine the period during which the lease is enforceable. The lease's reasonably certain term should be assessed to determine the lease liability and the value of the right-of-use asset.

This clarification partly explains the difference between the off-balance sheet commitments as stated in the 2018-2019 URD, and the transition-date lease liability, as shown below.

On the date of preparation of these annual consolidated financial statements, the accounting positions and implementation conditions for these matters were as follows:

- In a certain number of cases, the Group adopted the legal approach in assessing the lease term, considering that it corresponded to the reasonably certain term of the lease in the absence of other information indicating a different term. The term adopted was defined individually for each lease and also took into account the laws and practices specific to each country.
- IFRS 16 restatements mainly concern US and French subsidiaries. An IFRS 16 restatement and the related deferred tax are recorded locally in the United States. No deferred tax is recognized in respect of IFRS 16 restatements for French subsidiaries due to tax losses carried forward.

As of June 30, 2020:

- the recognition of right-of-use assets increased non-current assets by €9.8 million;
- the recognition of lease liabilities increased total liabilities by €10.1 million, including €7.1 million maturing in over one year and €3.0 million maturing in less than one year;
- income statement impacts were as follows:

| *(in € million)* | **2019-2020** |
|---|---|
| Cancellation of lease expense | 3.1 |
| Amortization of right-of-use asset | (2.9) |
| Interest on the lease liability | (0.6) |
| **Total impact on net income** | **(0.4)** |

## Impacts on the Statement of financial position

| *(in € million)* | Historical data 6/30/2019 | Impact IFRS 16 application | Retraited data 7/01/2019 |
|---|---|---|---|
| Property, plant and equipment | 1.4 | - | 1.4 |
| Right of use | - | 7.1 | 7.1 |
| Deferred tax assets | 0.9 | - | 0.9 |
| **Non-current assets** | **75.1** | **7.1** | **82.2** |
| **Current assets** | **100.9** | **-** | **100.9** |
| **Total assets** | **176.1** | **7.1** | **183.1** |
| | | | |
| **Total equity** | **63.6** | **-** | **63.6** |
| Non-current financial liabilities | 49.1 | - | 49.1 |
| Non-current lease debt | - | 5.6 | 5.6 |
| Deferred Tax Liabilitiies | 1.2 | - | 1.2 |
| **Total non-current liabilities** | **52.0** | **5.6** | **57.5** |
| Current Provisions | 0.1 | - | 0.1 |
| Current financial liabilities | 2.7 | - | 2.7 |
| Current lease debt | - | 1.5 | 1.5 |
| Current tax liabilities | 3.0 | - | 3.0 |
| **Current liabilities** | **60.5** | **1.5** | **62.0** |
| **Total liabilities** | **176.1** | **7.1** | **183.1** |

## Reconciliation of operating lease off-balance sheet commitments presented under IAS 17 in the 2018-2019 URD and lease liabilities recognized under IFRS 16 as of July 1, 2019

| *(in € million)* | |
|---|---|
| **Off-balance sheet financial debts as of June 30, 2019 (URD 2018-2019)** | **6.5** |
| Lease terminated as of July 1. 2019 | (0.0) |
| Leases of low value and less than 12 months | (0.0) |
| Difference in lease payments | 0.0 |
| Difference in lease term | 1.4 |
| Discounting impact | (0.9) |
| Currency translation impact | 0.1 |
| **Total lease debts on the date of transition** | **7.1** |

The difference in lease term is due to the renewal of an office premises lease by a US subsidiary in April 2020, with a three-year extension.

## Lease liabilities

As of June 30, 2020, lease liabilities total €10.1 million, including €7.1 million in non-current lease liabilities and €3.0 million in current lease liabilities.

The following table presents the payment schedule for lease liabilities:

| *(in € million)* | Less than one year | From one to five years | More than five years | As of 6/30/2020 |
|---|---|---|---|---|
| Lease liabilitiy maturity | 3.0 | 7.1 | 0.0 | 10.1 |



Lease liabilities increased as follows during the fiscal year:

| *(in € million)* | |
|---|---|
| Lease liabilities at the transition date (July 1, 2019) | 7.1 |
| Increase in Lease liabilities | 5.6 |
| Decrease in Lease liabilities | (2.5) |
| Currency transaltion impact | (0.0) |
| **Lease liabilities as of June 30, 2020** | **10.1** |

The lease liabilities correspond to the present value of the remaining lease payments. The Group only takes into account the lease component in the lease liability measurement. For certain classes of assets which have leases including service and lease components, the Group may be required to recognize a single lease component (no distinction between the service and the lease component). This is particularly the case for vehicle leases, which are only marginal for the Group.

For each lease, the discount rate used is determined using the government bond yield in the lessee's country, according to the lease's maturity and currency as well as the local borrowing rates that the subsidiary has obtained for its financing.

The weighted average incremental borrowing rate as of July 1, 2019 for all lease liabilities is 6.44% based on the residual term of the leases on the transition date. It was impacted by the ORNANE (annual nominal rate of 5%) and Euro PP (annual rate of 6%) bond rates.

The lease liability is excluded from the net financial debt definition.

Personal Creations®® lease liabilities total €4.4 million as of June 30, 2020.

Financial expenses relating to leases totaled €0.6 million as of June 30, 2020.

## Right-of-use assets

| *(in € million)* | Net book value of right of use on the transition date (7/01/2019) | Acquisitions of right of use | Amortization of right of use | Currency translation impact | Net as of 6/30/2020 |
|---|---|---|---|---|---|
| Building | 6.9 | 5.6 | (2.8) | 0.0 | 9.7 |
| Vehicles | 0.1 | 0.1 | (0.1) | (0.0) | 0.1 |
| Other assets | 0.0 | - | (0.0) | - | 0.0 |
| **Total leases restated for IFRS 16** | **7.1** | **5.6** | **(2.9)** | **0.0** | **9.8** |

The increase in the right-of-use assets mainly concerns Personal Creations®®.

### Lease expenses

As of July 1, 2019, lease expenses comprise payments for leases with a term of 12 months or less, leases of assets with a value when new of less than US$5,000 (as recommended by the standard) and lease payments not taken into account in the lease liability measurement (*e.g.* co-working offices not specific to the Group's entities).

| *(in € million)* | **6/30/2020** |
|---|---|
| Leases of less than 12 months | (0.2) |
| Low value leases | - |
| Services | (0.2) |
| Co-working offices | (0.3) |
| Others | (0.1) |
| **Total lease payments not restated for IFRS 16** | **(0.9)** |

### Impact on the Statement of cash flows

| *(in € million)* | **2019-2020** |
|---|---|
| **Operating activities** | - |
| Consolidated net income | (0.4) |
| Elimination of items with no impact on the cash position or not related to operations: | - |
| • Net depreciation, amortization and provisions (excluding current provisions) | 2.9 |
| • Net borrowing costs recognized | 0.6 |
| **Cash flow from operations** | **3.1** |
| Changes in working capital requirements | 0.0 |
| Net interest paid | (0.6) |
| **Net cash flow from (used in) operating activities** | **2.5** |
| **Investing activities** | - |
| **Net cash flow from (used in) investing activities** | **-** |
| **Financing activities** | - |
| Principal payments on borrowings | (2.5) |
| **Net cash flow from (used in) financing activities** | **(2.5)** |
| **Net increase (decrease) in cash** | **(0.0)** |

## Note 22 Inventories and work-in-progress

Inventories increased €9.6 million in line with PlanetArt business growth, and especially due to the acquisition of Personal Creations®.

## Note 23 Trade receivables and related receivables

The acquisition of Personal Creations® had only a marginal impact on trade receivables as of June 30, 2020. Personal Creations® website customers pay at the time of order, in the same way as PlanetArt customers. Avanquest trade receivables increased in line with activity growth.

### Trade receivables maturity schedule

All trade receivables are recognized as current assets.

| *(in € million)* | Trade receivables *(gross value)* | Not past due | Less than 90 days past due | More than 90 days past due | Impairment of past-due receivables | Net value |
|---|---|---|---|---|---|---|
| 6/30/2020 | 10.1 | 8.7 | 0.6 | 0.8 | 0.2 | 9.9 |
| 6/30/2019 | 11.8 | 3.9 | 6.6 | 1.2 | 0.2 | 11.6 |

The US subsidiary, Avanquest North America, has trade receivables past due more than 90 days totaling €0.7 million. They do not however present any risks not covered by a provision. Avanquest North America has an excellent commercial relationship with the customers in question and grants them longer payment periods.

## Note 24 Other non-current and current receivables

Other non-current receivables reflect prepaid expenses (at more than one year) of €2.4 million relating to the Adaware business, stable over the year.

The main amounts in current receivables are:

| *(in € million)* | 6/30/2020 | 6/30/2019 |
|---|---|---|
| Prepaid expenses | 1.8 | 2.1 |
| Tax receivables | 2.4 | 1.8 |
| Lease payments | 0.1 | 0.1 |
| Contract assets | 0.8 | 0.5 |
| Other | 3.4 | 3.4 |
| **Total** | **8.5** | **8.0** |

Other current receivables are stable year-on-year:

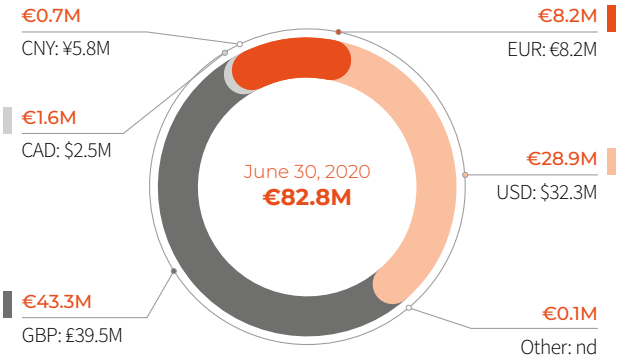
- Prepaid expenses consist of traffic acquisition expenses in the Avanquest segment.
- Contract assets relating to the restatement of deferred subscriptions for Upclick and Adaware activities total €0.8 million, up slightly on the prior year.
- Tax receivables are mainly VAT receivables, including VAT credit repayment requests submitted to the tax authorities of approximately €1.2 million for the French subsidiaries, Avanquest SAS and Claranova SE.
- Other current receivables mainly comprise prepaid expenses of the PlanetArt segment (primarily advertising costs) of €2.9 million.

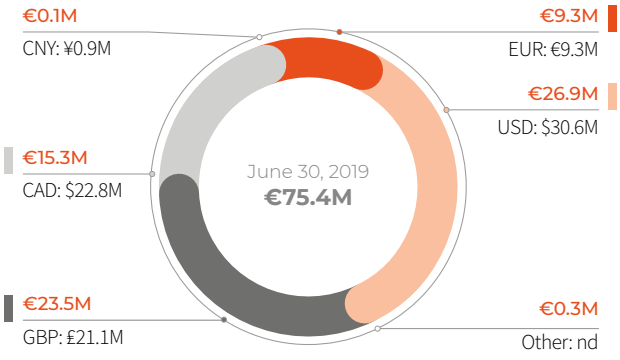
## Note 25 Cash and cash equivalents

Cash (€82.8 million as of June 30, 2020 compared to €75.4 million as of June 30, 2019) is made up of bank accounts and cash investments, the liquidation value of which is identical to the book value.

### CASH AND CASH EQUIVALENTS

*(in € million)*




Figures as of June 30, 2019 were restated to take account of the currency of local bank accounts. Figures were previously presented in the currency of the subsidiaries.

The significant decrease in Canadian dollar cash is related to the settlement of the deferred payment related to the acquisition of the Adaware, SodaPDF and Upclick businesses (see Note 1.3).

The increase in cash in British Pound is related to the growth in PlanetArt activity in Europe.

# Notes to balance sheet liabilities

## Note 26 Equity

### 26.1 Share capital

As of June 30, 2020, the share capital of Claranova SE was made up of 39,442,878 shares with a par value of €1 each, all of the same class. The Extraordinary General Shareholders' Meeting of June 7, 2017 decided, in accordance with Article L. 225-123 of the French Commercial Code, to grant double voting rights (i) to fully paid-up Company shares which can be proved to have been registered in the name of the same shareholder for at least two years, (ii) as well as to registered shares allocated as bonus shares to a shareholder, in the event of a capital increase by capitalizing reserves, profits or issue premiums. The Group's main capital management objective is to ensure the maintenance of sound capital ratios, in such a way as to facilitate its activity and development.

### 26.2 Changes in the number of shares and share capital

During the period, the number of shares changed as follows:

| | Units | Amount *(in €)* |
|---|---|---|
| **As of June 30, 2019** | **394,428,788** | **39,442,879** |
| Reverse stock split[1] | | |
| **As of June 30, 2020** | **39,442,878** | **39,442,878** |

*(1) Reverse stock split (see Note 1). Following the reverse stock split, 8 shares were cancelled for €0.80.*

As of June 30, 2020, the Company held 242,125 treasury shares, unchanged on June 30, 2019 (after the reverse stock split. See Note 1).

| | Units |
|---|---|
| **As of June 30, 2019** | **2,421,251** |
| Reverse stock split[1] | 0 |
| **As of June 30, 2020** | **242,125** |

*(1) Reverse stock split (see Note 1).*



## 26.3 Other securities granting access to the share capital and stock options

The following information is valid as of June 30, 2020, after the reverse stock split on August 1, 2019 (see Note 1).

### Exercise of Claranova SE stock options

The General Shareholders' Meeting of November 30, 2015 authorized the issue of 18,765,927 stock options. 440,694 of these stock options have not been exercised, with no movements during the period.

| Beneficiaries | Claranova group employees |
|---|---|
| Date of the Shareholder's Meeting | 11/30/2015 |
| Number of authorized securities | 18,765,927 |
| Date of Management Board meeting[1] | 11/25/2016 & 5/03/2017 |
| Number of securities attributed as of 6/30/2020 | 18,765,927 |
| Number of beneficiaries | 52 |
| Subscription price for 10 options[3] | €1.120 |
| Exercise period | 109 months |
| Exercise conditions | already fulfilled |
| Securities lost or cancelled | 30,000 |
| Rights vested as of 6/30/2020[2] | 18,735,927 |
| Securities subscribed as of 6/30/2020 | 18,295,233 |
| Maximum Potential Ordinary Shares[2][3] | 44,069 |

*(1) The Management Board meeting of May 3, 2017, decided to modify the conditions governing the objectives to achieve as well as the duration of the vesting period.*

*(2) Taking into account lost or cancelled shares.*

*(3) Following the reverse stock split on June 14, 2019, 10 subscription options granted by the Company gives the right to subscribe to 1 Claranova share.*

## Claranova SE share subscription warrants plan of June 7, 2017

On June 7, 2017, Claranova SE announced the grant of 3,752,224 Claranova SE share subscription warrants.

As of June 30, 2020, 3,752,224 subscription warrants had vested. No warrants have been exercised. There have been no movements since June 30, 2019.

The following table, prepared as of June 30, 2020, summarizes the main features of Claranova SE's current share subscription warrants.

| Beneficiaries | Claranova Group Management Board and Supervisory Board |
|---|---|
| Date of the Shareholders' Meeting | 6/07/2017 |
| Number of authorized securities | 3,752,224 |
| Date of Management Board meeting | 13/11/2017 |
| Number of securities attributed as of 6/30/2019 | 3,752,224 |
| Number of beneficiaries | 6 |
| Subscription price | €0.36 |
| Exercise price | €0.61 |
| Subscription period | until 11/13/2027 |
| Exercise period | until 11/13/2027 |
| Securities lost or cancelled | 0 |
| Rights vested as of 6/30/2019[1] | 3,752,224 |
| Securities subscribed as of 6/30/2019 | 0 |
| Securities converted to ordinary shares | 0 |
| Maximum potential ordinary shares[1] | 375,220 |

*(1) Taking into account lost or cancelled shares*

*(2) Following the reverse stock split on June 14, 2019, 10 BSA 2017 would give the right to subscribe to 1 Claranova share at a price of €6.10 per share.*

## Claranova SE share subscription warrants plan of December 24, 2018

On December 13, 2018, Claranova announced the grant of a maximum of 3,936,138 Claranova share subscription warrants, conferring entitlement to 3,936,138 new ordinary shares to members of the Board of Directors, certain consultants and the management team. As of June 30, 2020, 3,097,776 share subscription warrants were subscribed and 240,000 warrants were converted into new ordinary shares.

There have been no movements since June 30, 2019.

The following table, prepared as of June 30, 2020, summarizes the main features of Claranova's current share subscription warrants.

| Beneficiaries | Management Board, other advisory bodies, other directors |
|---|---|
| Date of the Shareholders' Meeting | 12/13/2018 |
| Number of authorized securities | 3,936,138 |
| Date of Management Board meeting | 12/24/2018 |
| Number of securities attributed as of 6/30/2020 | 3,936,138 |
| Number of beneficiaries | 6 |
| Subscription price | €0.114 |
| Exercise price for 10 warrants[1] | €5,300 |
| Subscription period | until 2/11/2019 |
| Exercise period | until 12/24/2020 |
| Securities lost or cancelled | 838,362 |
| Rights vested as of 6/30/2020[2] | 3,097,776 |
| Securities subscribed as of 6/30/2020 | 3,097,776 |
| Securities converted to ordinary shares | 240,000 |
| Maximum Potential Common Shares[1][2] | 285,776 |

*(1) Following the reverse stock split on June 14, 2019, 10 BSA 2018 would give the right to subscribe to 1 Claranova share at a price of €5.30 per share.*

*(2) Taking into account lost or cancelled shares.*

## Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares of Claranova SE

On June 19, 2018, Claranova issued 26,363,636 Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (ORNANE) (see Note 23.1 to the 2017-2018 consolidated financial statements for more information on these bonds). As of June 30, 2020, no ORNANE bonds had been converted early. As of the date of this document, the Company has not decided the bond redemption method.

As of June 30, 2020, Claranova held 455,000 ORNANE bonds. There have been no movements since June 30, 2019.

Assuming all the rights attached to stock options and share subscription warrants become exercisable and are exercised, Claranova's share capital would increase by €705,069.

This number does not take into account the June 2018 ORNANE bond issue, as the Company had not yet decided the method of redeeming these bonds at the date of this document. These ORNANE bonds mature on July 1, 2023. Moreover, as of June 30, 2020, in view of the share price, if the early conversion of the ORNANE bonds had been requested by the subscribers, Claranova would have been required to redeem them in cash.

The share capital would therefore increase from €39,442,878 to €40,147,943, an increase of 1.8%, spread over time as follows:

- stock-options: may be exercised by beneficiaries until November 2026;
- June 7, 2017 share subscription warrants: must be subscribed and may be exercised by beneficiaries until November 2027;
- December 24, 2018 share subscription warrants: may be exercised by beneficiaries until December 2020.

| | 6/30/2020 |
|---|---|
| Number of shares existing as of June 30, 2020 | 39,442,878 |
| Treasury shares | 242,125 |
| **Number of shares oustanding** | **39,200,753** |
| Dilutive effect of stock options | 44,069 |
| Dilutive effect of warrants (2017 and 2018) | 660,996 |
| **Theorical weighted average number of shares** | **39,905,818** |

Other securities granting access to the share capital of subsidiaries are presented below:

## Exercise of myDevices stock options

The following tables summarize the features of the current myDevices stock option plans.

| Beneficiaries | myDevices Inc. Employees |
|---|---|
| Number of authorized securities | 1,900,000 |
| Date of Board of Directors meeting | 2/05/2017 |
| Number of securities attributed as of 6/30/2020 | 1,511,000 |
| Number of beneficiaries | 23 |
| • Of which Directors and officers | 1 |
| Subscription price for 1,236,000 securities | USD 0.07 |
| Subscription price for 275,000 securities | USD 0.39 |
| Vesting Period | spread over 4 years |
| Vesting Conditions | Vesting is subject to the employees' continued employment during the vesting period |
| Rights lost or cancelled as of 6/30/2020(2) | 54,500 |
| Rights vested as of 6/30/2020[1] | 926,500 |
| Securities subscribed as of 6/30/2020 | 530,000 |
| Maximum potential securities[1] | 926,500 |

*(1) Taking into account lost or cancelled shares.*

### myDevices share subscription warrants plan

The following table, prepared as of June 30, 2020, summarizes the main features of myDevices' current share subscription warrants.

| Beneficiaries | Commercial partners |
|---|---|
| Number of authorized securities | 1,010,000 |
| Number of securities attributed as of 6/30/2020 | 0 |
| Number of beneficiaries | 1 |
| Conditions for Obtaining | Revenue levels |
| Subscription price | USD 3.125 |
| Date of end of fiscal year | 3/31/2021 |
| Exercise conditions | None |
| Securitiess lost or cancelled | 0 |
| Rights vested as of 6/30/2020[1] | 0 |
| Securities subscribed as of 6/30/2020 | 0 |
| Maximum potential securities[1] | 1,010,000 |

*(1) Taking into account lost or cancelled shares.*

myDevices signed a capital agreement with a commercial partner specifying the grant of share subscription warrants depending on revenue payments made. Each subscription warrant confers entitlement to buy one share at US$3.125.

It should be noted that if the value of the myDevices share rises above US$3.125, the partner could also choose to exercise its subscription warrants by converting them, and the ratio would then be based on the fair value of the share.

## 26.4 Non controlling interest

### Avanquest segment

On July 1, 2018, Claranova completed the acquisition of the companies forming the Adaware, SodaPDF and Upclick businesses. The securities of these companies are held by Avanquest Canada Inc., a company incorporated for the transaction and owned by Avanquest Software SAS (parent company of the Avanquest division). All entities are consolidated by global integration.

As part of the transaction, preference shares were issued to the profits of the sellers and the financial intermediary that facilitated the transaction. As a reminder, the conversion ratio of preference shares into Avanquest Software SAS shares was frozen by amendment as of June 30, 2019. These preference shares are convertible at any time. They entitle 64.09% of the income of the entities of the Avanquest group (see Note 4 Chapter 2 URD 2018-2019).

The Group retains control over the Avanquest division.

### PlanetArt segment

Minority shareholders own 7.73% of PlanetArt LLC, parent company of PlanetArt. In addition, as indicated in the off-balance sheet commitments, since 11/08/2012, the managers of the US subsidiary have been granted an option to acquire 20% of the PlanetArt activity as part of a potential liquidity event of this activity or a departure of these managers under certain terms and conditions (Note 34).

All PlanetArt entities are consolidated by global integration.

### myDevices segment

myDevices' minorities, mainly myDevices' business partners, own 38.07% of myDevices. myDevices is consolidated by global integration.

## Note 27 Provisions

Provisions changed as follows during fiscal year 2019-2020:

| *(in € million)* | Provisions 6/30/2019 | Change in scope | Additions | Decrease (Disp., Repay.) | Other additions | Reversals | Other reclassification | Provisions 6/30/2020 |
|---|---|---|---|---|---|---|---|---|
| Other prov. for contingent liabilities – share at > 1 year | 0.1 | - | - | - | - | (0.0) | (0.1) | (0.0) |
| Other prov. for contingent liabilities – share at < 1 year | 0.1 | - | - | - | - | - | 0.1 | 0.2 |
| Other prov. for expenses – share at > 1 year | 0.4 | - | - | - | 0.3 | (0.1) | (0.3) | 0.3 |
| Other prov. for expenses – share at – part < 1 year | - | - | - | - | - | - | 0.2 | 0.2 |
| Provisions | 0.5 | - | - | - | 0.3 | (0.1) | - | 0.7 |

As of June 30, 2020, the main provisions for contingent liabilities concern:

- provisions of €0.2 million for unoccupied offices in France, including non-current provisions of €0.1 million;
- an Urssaf dispute for €0.2 million.

## Note 28 Non-current and current financial liabilities

As of June 30, 2020, total Group debt amounts to €68.9 million, compared to €51.9 million as of June 30, 2019. As of June 30, 2020, Group debt comprises the following borrowings:

- bond issues existing as of June 30, 2019: ORNANE bonds (€29.3 million) and Euro PP bonds (€19.0 million);
- loans contracted by the subsidiary, PlanetArt LLC, to finance the acquisition of the Personal Creations® business, with balances at June 30, 2020 of €8.7 million for borrowing and €1.3 million for revolving credit;
- a €2.0 million loan contracted by myDevices with a commercial partner (including €1.7 million contracted during the fiscal year);
- a new €4.0 million loan guaranteed by the French State contracted by Claranova SE as part of State assistance provided by the French government under its COVID-19 economic support plan. The State guaranteed loan includes an additional amortization option enabling Claranova SE to extend the loan maturity for an additional period of one (1), two (2), three (3), four (4) or five (5) year(s), with the desired repayment period (monthly, quarterly, half-yearly or annually) and an interest rate equal to the bank financing rate plus the State guarantee premium. The additional amortization option cannot be exercised earlier than 4 months before the due date, and at the latest 2 months after the due date. This loan is recorded as a non-current financial debt;
- new loans totaling €4.5 million contracted by US subsidiaries as part of State assistance provided by the US government under its COVID-19 economic support plan (Paycheck Protection Program). These two-year loans bearing interest at 1% are guaranteed by the US government. They may potentially be converted to subsidies under certain conditions, and notably job retention (see Note 1).

During the period, financial liabilities changed as follows:

| *(in € million)* | 6/30/2019 | Increases | Repayments | Scope changes/ Changes in foreign exchange rates | Other changes | 6/30/2020 |
|---|---|---|---|---|---|---|
| Bonds | 47.3 | 0.4 | (1.0) | - | (0.2) | 47.0 |
| Derivative component of Convertible bonds | 1.1 | - | - | - | (0.3) | 0.8 |
| Borrowings | 0.4 | 18.8 | (4.0) | (0.2) | 3.5 | 18.5 |
| Credit facilities | - | | | | | |
| Other financial liabilities | 3.1 | 1.5 | (0.0) | 0.0 | (2.2) | 2.5 |
| Bank account overdrafts | 0.0 | 0.0 | - | 0.0 | - | 0.0 |
| Financial instruments – Liabilities | - | - | - | - | - | - |
| Accrued interest not yet due | 0.0 | 0.1 | (0.0) | (0.0) | - | 0.1 |
| **Total** | **51.9** | **20.9** | **(5.0)** | **(0.1)** | **0.8** | **68.9** |

Financial liabilities fall due as follows:

| *(in € million)* | Total | Less than one year | From one to five years | More than five years |
|---|---|---|---|---|
| Bonds | 47.0 | - | 47.0 | - |
| Derivative component of Convertible bonds | 0.8 | - | 0.8 | - |
| Borrowings | 18.5 | 3.9 | 14.5 | - |
| Credit facilities | - | - | - | - |
| Other financial liabilities | 2.5 | 2.1 | 0.4 | - |
| Bank account overdrafts | 0.0 | 0.0 | - | - |
| Financial instruments – Liabilities | - | - | - | - |
| Accrued interest not yet due | 0.1 | 0.1 | - | - |
| **Total** | **68.9** | **6.1** | **62.8** | **-** |

## 28.1 ORNANE bond issues

On June 14, 2018, Claranova launched an issue of Net Share-Settled Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (ORNANE) maturing on July 1, 2023, of a nominal amount of €28,999,999.60. See the 2017-2018 Registration Document, Notes 1.5 and 23.1.

The bonds have a nominal value of €1.10 and bear interest at a nominal annual rate of 5.0%.

As of June 30, 2020, no ORNANE bonds had been converted or redeemed. The total amount corresponding to these bonds are recorded in the consolidated financial statements for a total amount of €29.0 million, comprising debt at amortized cost of €28.2 million and a derivative of €0.8 million, in accordance with IAS 39. The derivate value is based on pricing models (Cox Ross Rubinstein method).

## 28.2 Euro PP bond issue

On June 27, 2019, Claranova group completed a Euro PP private bond placement with European institutional investors for a total amount of €19.7 million, comprising 19,655 bonds with a nominal value of €1,000 each.

The 5-year bonds bearing 6% annual interest will be redeemed on maturity on June 27, 2024. They have been admitted for trading, as of today, on the Euronext Access market under the ISIN code FR0013430725.

Interest is payable annually on maturity on July 1, of each year.

As of June 30, 2020, the balance of this loan is €18.8 million.

This loan is accompanied by the following financial commitments:

- annual consolidated net financial debt/EBITDA ratio strictly below 3.5;
- strictly positive annual EBIDTA.

The bonds are not guaranteed by any collateral.

## 28.3 Other financial liabilities

### Financing of the Personal Creations® acquisition

On August 2, 2019, Claranova announced the acquisition of the assets of Personal Creations®®, the personalized gifts business of the US group, FTD Companies, Inc. This business was integrated into the PlanetArt segment. It was financed by a US$12 million 4-year loan contracted by PlanetArt LLC on July 24, 2019 and a €3 million revolving credit facility up to September 30, 2020. As of June 30, 2020, the outstanding balance on these loans was €11.1 million.

The loan will be repaid on a straight-line basis over its term. The interest rate is the higher of 5.25% and the Prime Rate -0.25%. The Prime Rate is defined as the higher of 0% and the annual rate as reported by the *Wall Street Journal*.

### State guaranteed loan

In the context of the COVID-19 pandemic, on May 22, 2020, Claranova SE secured a €4 million State Guaranteed Loan, bearing interest at 0.50% and repayable on maturity in 12 months. The State guaranteed loan includes an additional amortization option enabling Claranova SE to extend the loan maturity for an additional period of one (1), two (2), three (3), four (4) or five (5) year(s), with the desired repayment period (monthly, quarterly, half-yearly or annually) and an interest rate equal to the bank financing rate plus the State guarantee premium. To date, Claranova SE has not exercised the additional amortization option.

### Paycheck Protection Program loans (US government guaranteed loans)

On April 6, 2020, the US subsidiaries contracted new loans totaling €4.5 million as part of State assistance provided by the US government under its COVID-19 economic support plan (Paycheck Protection Program). These two-year loans bearing interest at 1% are guaranteed by the US government. They may potentially be converted to subsidies under certain conditions, and notably job retention (see Note 1).

As of June 30, 2020, the conditions for conversion into a subsidy are under analysis.

### Loan contracted by the Internet of Things segment

As of June 30, 2020, myDevices has a €2.0 million loan from one of its commercial partners (including €1.7 million contracted during the fiscal year) in the form of an advance called by myDevices from its partner. The advance is repayable on March 30, 2021.



## 28.4 Financial risks and market risks

### Liquidity risk

Prudent management of liquidity risk involves maintaining sufficient liquidity and financial resources through appropriate credit facilities.

The Group's cash position as of June 30, 2020 was €82.8 million. Borrowings and other financial liabilities total €68.9 million, representing an excess cash position of €13.9 million.

Amounts available immediately or almost immediately are largely sufficient to cover borrowing repayments and operating requirements during the next 12 months. Operating flows are generally sufficient to internally finance operating activities and organic growth.

The General Shareholders' Meetings of November 29, 2018 and July 29, 2020 authorized the Board of Directors, in a number of delegations, to issue Claranova shares and/or certain securities, in line with market opportunities and financing requirements.

The Group therefore considers its liquidity risk to be low.

### Foreign exchange risk on main currencies

The Group mainly carries on its business outside the euro zone. However, since revenues and costs are denominated in the same currency, exposure to currency risk is limited to earnings, and no systematic policy of hedging currency risk has been implemented within the Group.

An estimate of the impact of currency movements on earnings for the year ended June 30, 2020 is given below:

| Fiscal year ended June 30, 2020 | Impact on revenue | | | Impact on recurring operating income | | | Impact on equity | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in € million)* | real rate | -10% | +10% | real rate | -10% | +10% | real rate | -10% | +10% |
| USD | 409.1 | (23.2) | 23.2 | 13.3 | 0.5 | (0.5) | 62.3 | 6.6 | (6.6) |
| GBP | 409.1 | (10.6) | 10.6 | 13.3 | (1.8) | 1.8 | 62.3 | (2.5) | 2.5 |
| CAD | 409.1 | (4.4) | 4.4 | 13.3 | (0.3) | 0.3 | 62.3 | (4.3) | 4.3 |

### Interest rate risk

As of June 30, 2020, the Group has fixed rate borrowings for €58.9 million and 10.0 million floating rate borrowings (highest rate between 5.25% and the Prime Rate -0.25%. The Prime Rate is defined as the largest between 0% and the annual rate published by the Wall Street Journal). The Prime Rate at June 30, 2020 was 3.25% A 5% increase in the Prime Rate would have an impact of €0.3 million on the accumulated interest until the maturity of the loan. A decrease in the Prime Rate would have no impact.

### Equity risk

The Company's cash is mainly invested in risk-free money market investments and in ORNANE.

The Group only holds 242,125 treasury shares as of June 30, 2020, and therefore has only low exposure to equity risk.

## Note 29 Other non-current liabilities

Other non-current liabilities total €1.2 million and mainly comprise:

- retirement termination benefits provided €0.8 million in the balance sheet (see Note 12);
- a debt of €0.4 million representing the fair value of subscription warrants granted to a commercial partner of myDevices (see Note 26.3).

## Note 30 Other current liabilities

Other current liabilities total €15.9 million, down €10.8 million on June 30, 2019. This decrease is mainly due to the settlement of the €14.9 million deferred payment for the acquisition of the Adaware, SodaPDF and Upclick businesses (see Note 4 of the 2018-2019 URD).

As of June 30 2020, other current liabilities comprise:

- employee-related liabilities of €10.1 million, compared to €7.6 million as of June 30, 2019. The bonus provision for US entities is up €2.0 million, in line with growth in the PlanetArt segment;
- tax liabilities of €1.0 million, stable on June 30, 2019;
- deferred income of €3.0 million, compared to €1.6 million as of June 30, 2019. The €1.4 million increase is mainly linked to PlanetArt activity growth in the fiscal year;
- current liabilities of €1.9 million, compared to €16.4 million as of June 30, 2019, following the settlement of the remaining deferred payment for the acquisition of the Adaware, SodaPDF and Upclick businesses of €14.9 million.

## Note 31 Trade payables

Trade payables have increased from €28.0 million to €48.0 million.

The increase in trade payables is mainly due to the marked rise in the PlanetArt segment for €21.9 million in line with the steady strong growth of this business.

## Note 32 Summary of financial and operating assets and liabilities

| (in € million) | 6/30/2019 Carrying amount | 6/30/2019 Fair value | Breakdown by category of instrument: Fair value through profit or loss | Loans, receivables and other debts | Debt at amortized cost | Derivative instruments |
|---|---|---|---|---|---|---|
| Available-for-sale assets | | | | | | |
| Other financial assets | 0.6 | 0.6 | | 0.6 | | |
| Other non-current assets | 2.4 | 2.4 | | 2.4 | | |
| Trade receivables | 11.6 | 11.6 | | 11.6 | | |
| Other current assets | 9.1 | 9.1 | | 9.1 | | |
| Cash and cash equivalents | 75.4 | 75.4 | 75.4 | - | | |
| **Total assets** | **99.0** | **99.0** | **75.4** | **23.7** | | |
| Borrowings and financial liabilities (>1 year) | 49.1 | 49.1 | 1.1 | | 48.1 | |
| Other non-current liabilities | 1.2 | 1.2 | 1.2 | | | |
| Borrowings and financial liabilities (<1 year) | 2.7 | 2.7 | | | 2.7 | |
| Trade payables | 28.0 | 28.0 | | 28.0 | | |
| Other current liabilities | 26.7 | 26.7 | | 26.7 | | |
| **Total liabilities** | **107.7** | **107.7** | **2.3** | **54.7** | **50.8** | |

| (in € million) | 6/30/2020 Carrying amount | 6/30/2020 Fair value | Breakdown by category of instrument: Fair value through profit or loss | Loans, receivables and other debts | Debt at amortized cost | Derivative instruments |
|---|---|---|---|---|---|---|
| Available-for-sale assets | | | | | | |
| Other financial assets | 0.7 | 0.7 | | 0.7 | | |
| Other non-current assets | 2.4 | 2.4 | | 2.4 | | |
| Trade receivables | 9.9 | 9.9 | | 9.9 | | |
| Other current assets | 9.2 | 9.2 | | 9.2 | | |
| Cash and cash equivalents | 82.8 | 82.8 | 82.8 | | | |
| **Total assets** | **105.0** | **105.0** | **82.8** | **22.2** | | |
| Borrowings and financial liabilities (>1 year) | 62.8 | 62.8 | 0.8 | | 62.0 | |
| Other non-current liabilities | 1.2 | 1.2 | 1.2 | | | |
| Borrowings and financial liabilities (<1 year) | 6.1 | 6.1 | | | 6.1 | |
| Trade payables | 48.0 | 48.0 | | 48.0 | | |
| Other current liabilities | 15.9 | 15.9 | | 15.9 | | |
| **Total liabilities** | **134.1** | **134.1** | **2.0** | **63.9** | **68.1** | |

# Notes to the Statement of cash flows

## Note 33 Notes to the Statement of cash flows

### 33.1 Net borrowings cost

Net borrowing costs total €3.8 million and comprise loan interest (ORNANE, Euro PP, Personal Creations® acquisition financing, myDevices loan from a commercial partner of €1.5 million, €1.2 million, €0.6 million and €0.1 million, respectively) and the IFRS 16 expense of €0.6 million, reclassified in financial flows, as well as financial investment income of €0.1 million relating to operations.

### 33.2 Fair value of financial instruments

The change in the fair value of financial instruments concerns ORNANE bonds for €0.6 million.

### 33.3 Other items with no impact on the cash position or not related to operations

Other items with no impact on the cash position or not related to operations break down as follows:

| *(in € million)* | 2019-2020 12 months | 2018-2019 12 months |
|---|---|---|
| Convertible bonds (amortisation of borrowing fees, variation of fair value of the debt and derivative component) | 0.3 | 0.3 |
| Amortisation of borrowing fees for the debts | | 0.4 |
| US Government Support for COVID-19 | (0.5) | |
| Others | 0.1 | |
| Items not related to operating activities: | | |
| • Personal Creations® acquisitions fees | 0.6 | 0.3 |
| • Adaware, SodaPDF and Upclick acquisition fees | | 0.9 |
| **Impact of other items with no impact on the cash position or not related to operations** | **0.4** | **1.9** |

### 33.4 Changes in working capital requirements

The €22.5 million change in working capital requirements is mainly due to PlanetArt activity growth for €13 million.

In fiscal year 2018-2019, the change in working capital requirements was impacted by the Avanquest segment debt to sellers in settlement of the remaining deferred payment for the acquisition of the Adaware, SodaPDF and Upclick businesses of €14.9 million (see Note 4 of the 2018-2019 URD).

### 33.5 Acquisition of property, plant and equipment

Acquisitions of property, plant and equipment mainly concern the PlanetArt segment for €0.9 million and the Chinese development subsidiary in the Avanquest segment for €0.2 million.

## 33.6 Impact of changes in scope

The impact of changes in scope breaks down as follows:

| *(in € million)* | 2019-2020 12 months | 2018-2019 12 months |
|---|---|---|
| Net cash flow from the sale of Avanquest Publishing Ltd | 0.2 | 0.2 |
| Net cash flow from the entry of external investors in the capital of PlanetArt in 2017-2018 | | 0.4 |
| Net cash flow from the acquisition of Personal Creation by PlanetArt LLC | (17.2) | (1.7) |
| Net cash flow from the entry of external investors in the capital of myDevices | | 2.6 |
| Net cash flow from the acquisition of Adaware, SodaPDF and Upclick businesses[1] | (14.9) | (14.7) |
| **Impact of changes in scope** | **(31.9)** | **(13.3)** |

*(1) The remaining deferred payment for the acquisition of the Adaware, SodaPDF and Upclick businesses was settled in early July 2019 for €14.9 million (see Note 1).*

## 33.7 Proceeds from borrowings

Proceeds from borrowings in the consolidated statement of cash flows total €21.1 million and mainly reflect the following:

- the €4.0 million loan guaranteed by the French State (see Note 1);
- the loans to finance the acquisition of Personal Creations® for €10.7 million;
- loans pursuant to the State assistance program provided by the US government under its COVID-19 economic support plan (Paycheck Protection Program) totaling €4.5 million (see Note 1);
- the €1.7 million loan by the myDevices segment from one of its commercial partners;
- the net change in the ORNANE bonds for €0.2 million.

## 33.8 Cash outflows relating to borrowings

Cash outflows consist of:

- the net impact of IFRS 16 (lease payments, repayment of the debt and interest) for €2.5 million;
- repayment of a portion of the Personal Creations® acquisition loan for €3.4 million;
- accrued interest on the Personal Creations® acquisition loan for €0.6 million;
- interest on the ORNANE and Euro PP bond issues for €2.6 million;
- additional expenses on the Euro PP bond issue for €0.4 million.

# Other information

## Note 34 Off-balance sheet commitments

### 34.1 Off-balance sheet commitments on acquisitions and equity interests and loans

#### COMMITMENTS AND GUARANTEES GIVEN

| Subsidiary | Date | Type | Amount | Limits | Period |
|---|---|---|---|---|---|
| ProcessFlows Ltd | 5/29/2015 | Share transfer agreement | • Minimum: €4,000,000.<br>• Maximum: €5,350,000 + interest on a maximum of €350,000. | Price paid to the seller, except in the event of a claim relating to tax or employee-related receivables or insolvency (in the absence of compulsory administration or liquidation proceedings or an application to appoint a liquidator).<br>In the latter case, the maximum amount is £2,500,000.<br>Floor: £50,000 (except in the event of fraud). | Tax receivable: 7 years from the transaction completion date, i.e. until 5/29/2022. |
| Avanquest Software Publishing Ltd | 4/30/2016 | Share transfer agreement | Guarantee granted for the amount of losses, guarantees, costs and expenses provided for in some cases by the transfer agreement. | £750,000, plus the amount of the earn-out clause.<br>Floor:<br>• £2,500 if called for a single claim;<br>• £25,000 if called for several clams. | Tax receivable: 7 years from the transaction completion date, i.e. until 4/30/2023. |
| PlanetArt LLC | 11/08/2012 | Share purchase options | 10% of shares for each beneficiary | Since November 8, 2012, the Directors of the US subsidiary, Roger Bloxberg and Todd Helfstein, have held an option to acquire 20% of PlanetArt in the context of a potential liquidity event or the departure of these managers subject to certain terms. This agreement was reviewed on September 4, 2017 in order to lay down the implementation conditions and transfer the rights to their respective trusts. | |
| Holders of EuroPP bonds | 6/25/2019 | Claranova commitments to maintain the annual consolidated net financial debt/ EBITDA ratio strictly below 3.5 and annual EBITDA above zero[1]. | In the event of non-compliance with its financial commitments, bond holders could demand early redemption | Bond issue of €19,655,000 | For as long as the bonds are outstanding. |

| Subsidiary | Date | Type | Amount | Limits | Period |
|---|---|---|---|---|---|
| Cathay Bank | 7/24/2019 | Covenant on the Cathay loan put in place to finance the acquisition of Personal Creations®: Cash/ Loan Balance > 1.25; Net Asset Value (PA LLC + PA Ltd) > US$10 million; average EBITDA over the last four quarters (PA LLC + PA Ltd)/ Repayment of the loan over the quarter > 1.5[1]. | If financial commitments are not met, the bank may request early repayment. | Bank loan US$9,750,000 and Revolving US$1,400,000 | Until the expiry of the loan on 9/30/2023 |
| Upclick 6785719 Canada Inc.<br>Upclick Malta Ltd (C 42231) | 5/27/2020 | Parent company guarantee with Paysafe Group, the payment partner of these subsidiaries | Should the subsidiaries fail to reimburse the sums paid by their customers in the event of a refund/ chargeback request | Customer Application Opportunity Legally Limited to 180 Days in Canada | As long as the underlying contracts between the subsidiaries and Paysafe are in force |

*(1) Covenants respected as of June 30, 2020.*

### Earn-out clauses

There are no applicable earn-out clauses payable by the Group as of June 30, 2020.

## 34.2 Pledges granted

PlanetArt LLC granted a pledge over 65% of the shares held in its subsidiary, PlanetArt UK LTD, to guarantee the US$3 million revolving credit facility up to September 30, 2020 and the US$12 million 4-year loan secured on July 24, 2019, for the acquisition of the Personal Creations®® assets.

PlanetArt LLC and Avanquest North America LLC also granted a pledge over all their tangible assets (plant, inventory, cash, *etc.*) for the purposes of this financing.

## 34.3 Commitments and guarantees received

The shareholders of Micro Application Europe provided Claranova SE with a warranty covering the assets and liabilities in the financial statements of the company and its subsidiaries as of February 11, 2011. This warranty is still valid for tax and social claims where the statutory limitation period is more than five years and for claims still pending and submitted in accordance with the warranty terms.

As part of the disposal of Mediaclip securities in March 2017, the buyer agreed to pay an earn-out to Claranova if all Mediaclip shares are sold within three years. This earn-out cannot, in any event, exceed CAN$98,536.

# Note 35 Events after the reporting period

## 35.1 Appointment of new directors and an Executive Vice-President – Renewal of the Board of Directors' Committees

On June 23, 2020, Claranova group announced the strengthening of Group management and governance, with the promotion of Sébastien Martin to Executive Vice-President and the appointment of Jean-Yves Quentel as Group Chief Financial Officer. Jean-Yves Quentel was also appointed Executive Vice-President by the Board of Directors' meeting of August 10, 2020.

The General Shareholders' Meeting of July 29, 2020 appointed three new independent directors, Joanna Gordon, Francis Meston and Jérôme Bichut, to accompany the Company in its new development phase.

The Board of Directors' meeting of July 29, 2020 also renewed the appointment of the members of the Audit and Appointments and Compensation Committee and created a Strategic Committee.

These governance changes are presented in detail in Chapter 3 (Corporate Governance) of the Universal Registration Document, due to be published on October 21, 2020.

## 35.2 Acquisition by PlanetArt of CafePress' personalized gifts business

PlanetArt announced on September 1, 2020 the acquisition of CafePress' assets from Snapfish® (the Shutterfly® Group), On September 1, 2020, the Group's PlanetArt division announced it had completed the acquisition of the assets of CafePress, the personalized gifts business of the US group, Shutterfly.

CafePress is a leading player in the custom product market. This new structuring acquisition allows PlanetArt to increase its critical size, complete its product range, expand its geographical presence in new markets with high potential (Canada, Australia) and access to a unique intermediation platform connecting hundreds of thousands of designers worldwide. The Group intends to capitalize on the many potential cross-synergies, based in particular on CafePress' unique marketplace know-how and PlanetArt's proven ability to deploy its Web offerings on Mobile.

The acquisition of the CafePress business was financed by PlanetArt division cash assets.

## 35.3 Strike-off of Avanquest UK Ltd

To simplify the Group's legal structure, it was decided to close Avanquest UK Ltd as of June 30, 2020 through a strike-off procedure. This subsidiary was wholly owned by Avanquest Software SAS and no longer had any operating activity.

The company is in the process of being wound up.

## 35.4 myDevices Inc. share capital increase

To continue its support of its subsidiary, myDevices Inc., Avanquest America Holdings LLC, and the minority shareholder Semtech Corporation, both subscribed to a share capital increase by myDevices Inc. on July 1, 2020 for a confidential amount.

## 35.5 Reorganization of the Canadian subsidiary, Upclick

As part of further measures to simplify the Group's legal structure, Upclick 6785719 Canada Inc. performed the amalgamation of its subsidiary, UC Distribution (9213015 Canada Inc.) on July 1, 2020.

# Note 36 Other information

## 36.1 Group headcount

As of June 30, 2020, Claranova had 672 employees (*versus* 452 as of June 30, 2019). The significant increase in employee numbers follows the acquisition of the Personal Creations®' business and general activity growth within the Group.

### HEADCOUNT BY COUNTRY

| Headcount by country | France | United States | Germany | China | Canada | Other European countries | Total |
|---|---|---|---|---|---|---|---|
| 6/2019 | 50 | 207 | 6 | 56 | 130 | 9 | 452 |
| 6/2020 | 49 | 407 | 5 | 73 | 135 | 8 | 672 |

## 36.2 Significant change in the issuer's financial or trading position

Since the approval of the consolidated financial statements for the year ended June 30, 2020, apart from the events disclosed in Note 35 to the consolidated financial statements, there have been no significant changes in the financial or trading position.

## 36.3 Investment and Research and Development

### Main investments

The main investments made over the past three fiscal years relate to research and development, marketing expenditure and external acquisitions.

The Claranova group has continued its development efforts over the past few years. In 2019-2020, research and development expenditure increased significantly to €21.4 million: + 34.8% on 2018-2019, including €5.1 million for Avanquest, up slightly year-on-year (€4.7 million). The IoT segment incurred €2.2 million in research and development expenditure, similar to 2018-2019. None of these expenses were capitalized.

These investments were financed by the Group's available cash and by financing contributed to myDevices by various external investors.

### Main current investments

The above investments will continue in fiscal year 2020-2021. The PlanetArt segment continues to develop through the acquisition of new customers, expansion into new geographic regions, and the buyout of existing businesses, such as CafePress (see Note 35). Claranova continues to invest in myDevices, both to roll-out its turnkey solutions to its network of partners and their customers, but also to develop tailored platforms for its major current and prospective customers. Finally, Claranova continues to invest in research and development in the Avanquest division, mainly for the in-house development of new software and innovative solutions.

### Main planned investments

The main planned investments will continue the development trajectory of the Group's activities in recent years. The Group will continue to invest significantly in marketing and research across all its businesses. Note that planned investments do not constitute firm commitments and that they are assessed on a daily basis in light of acquisition costs observed in the market and their estimated future profitability based on internal indicators.

The Company continues to study opportunities for external growth.

## 36.4 Real estate

### Property, plant and equipment

The only property, plant and equipment owned by the Group are various fittings, facilities, office equipment and hardware.

The Company and its subsidiaries rent all their premises. The only significant expenses incurred are rent and service charges. Rental commitments are presented in the note on leases (see Note 21).

### Environmental issues

Claranova's business operations are by their nature not subject to environmental constraints. Environmental constraints therefore do not affect the use of the Company's property, plant and equipment, which are not significant enough to warrant environmental concerns.

# 2.6 Statutory Auditors' report on the consolidated financial statements

**Year ended June 30, 2020**

To the Claranova SE General Shareholders' Meeting,

## Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meetings we have audited the accompanying consolidated financial statements of Claranova for the year ended June 30, 2020. These financial statements were approved by the Board of Directors on September 30, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis and difficulties in understanding its implications and future prospects.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of June 30, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for Opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *"Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report.

### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from July 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

## Emphasis of matter

We draw attention to the following matter described in Note 21 "Leases" to the consolidated financial statements relating to the impacts of first-time application of IFRS 16, "Leases". Our opinion is not modified in respect of this matter.

## Justification of our assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## Purchase price determination and allocation for the Personal Creations® business

| Risk identified | Our response |
|---|---|
| On August 2, 2019, the Group acquired the assets of Personal Creations®, the personalized gifts business of the US group, FTD Companies, Inc. This acquisition is reflected in the consolidated financial statements by the recognition of assets acquired and liabilities assumed as well as goodwill of €0.5 million as of June 30, 2020.<br>As indicated in Note 1.2 "Acquisition of FTD Companies Inc.'s personalized gifts business" to the consolidated financial statements, this acquisition totaled €18.1 million, plus certain additional costs relating to the Chapter 11 bankruptcy proceedings filed by FTD Companies, Inc. and was financed by a €3 million revolving credit facility to September 30, 2020 and a US$12 million 4-year loan secured on June 24, 2019.<br>In addition, as disclosed in Note 17 "Goodwill", the Group measured the fair value of the identified net assets of this business at the acquisition date and valued the Personal Creations® brand at €1.8 million and its technologies at €2.5 million.<br>We considered the purchase price determination and allocation for the Personal Creations® business to be a key audit matter due to the level of judgment required to identify and value the assets acquired and liabilities assumed and the material nature of these estimates. | Our procedures consisted in:<br>• analyzing whether the application of IFRS 3 revised is appropriate for the recognition of this grouping;<br>• conducting specific audit procedures on the opening balance sheet of the business acquired;<br>• reviewing the valuation and supporting documents for the key assumptions used by management to determine the fair value of the assets identified and the liabilities assumed;<br>• analyzing, with the assistance of our audit team valuation experts, the report prepared by an independent firm;<br>• analyzing the measurement methods used and verifying the arithmetical accuracy of the calculations;<br>• assessing the appropriateness of the disclosures provided in the consolidated financial statements. |

## Measurement of goodwill for the Adaware, SodaPDF and Upclick businesses

| Risk identified | Our response |
|---|---|
| On July 1, 2018, the Group acquired the Adaware, SodaPDF and Upclick businesses. This acquisition is reflected by the recognition in the consolidated financial statements of goodwill of €63 million as of June 30, 2019 and €61.3 million as of June 30, 2020. The decease during the fiscal year is attributable to translation differences.<br>Note 3.6.1 "Goodwill" to the consolidated financial statements presents the goodwill measurement method and indicates that goodwill is tested for impairment annually and whenever there is indication that the cash-generating unit has suffered a loss in value.<br>In addition, as disclosed in Note 3.9 "Asset impairment", the assessment of the recoverable amount of goodwill is based on significant judgment and assumptions concerning notably:<br>• future cash flows;<br>• discount rates and long-term growth rates adopted for cash flow projections.<br>A change in these assumptions could modify the recoverable amount of goodwill. Given its materiality in the consolidated financial statements, we considered the measurement of goodwill for the Adaware, SodaPDF and Upclick businesses to be a key audit matter. | We obtained from management the impairment test performed on the Avanquest division cash generating unit which carries the goodwill for the Adaware, SodaPDF and Upclick businesses. With the assistance of our audit team valuation experts, we familiarized ourselves with the assumptions adopted and focused our procedures on the following matters:<br>• The key assumptions used to determine cash flows and long-term growth rates underlying these flows: we assessed the consistency of these assumptions with the Group's historical performance and operating budgets approved by management for the coming year, integrating growth forecast for subsequent years ;<br>• Discount rates: we assessed the relevance of discount rates adopted with respect to market benchmarks;<br>• Sensitivity analyses performed by management: we examined the sensitivity calculations performed by management to assess whether a change in assumptions could lead to the recognition of a material impairment of goodwill. |

## Recoverable nature of deferred tax assets

| Risk identified | Our response |
|---|---|
| As of June 30, 2020, deferred tax assets are capitalized in the Statement of financial position in the net carrying amount of €3.8 million.<br>These deferred tax assets are recognized on future tax profit projections, based on the 5-year business plan prepared by management, as disclosed in Note 15 "Deferred tax" to the consolidated financial statements.<br>The correct measurement of these deferred tax assets depends on the ability of Group entities to attain the tax profit forecasts prepared by management.<br>We considered the recoverable nature of deferred tax assets to be a key audit matter due to (i) the importance of management judgment in determining growth assumptions, and (ii) their sensitivity to the relevant legal entities being able to use these deferred tax assets within a reasonable time period. | We assessed the ability of your Group to benefit from a future reduction in income tax through the use of these deferred tax assets.<br>Our procedures were based on tax profit forecasts for the relevant Group subsidiaries underlying the recognition and measurement of the deferred tax assets and consisted in:<br>• analyzing, with the assistance of our audit team tax experts, the appropriateness of the model and assumptions used with regard to applicable local tax rules and local tax reforms;<br>• reconciling forecast used by management to assess the recoverable nature of deferred tax with forecasts used to assess the value of equity interests.<br>We also assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements in this respect. |

# Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors approved on September 30, 2020. With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, management indicated to us that they will be communicated to the Shareholders' Meeting called to approve the financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

# Report on Other Legal and Regulatory Requirements

## Appointment of the Statutory Auditors

We were appointed as statutory auditors of Claranova by the Annual General Meeting held on February 12, 1998 for APLITEC and on November 29, 2018 for ERNST & YOUNG Audit.

As of June 30, 2020, APLITEC and ERNST & YOUNG Audit were in the 22sd year and 2nd year of total uninterrupted engagement, respectively.

ERNST & YOUNG Audit previously served as statutory auditor from 2006 to 2012 and ERNST & YOUNG et Autres previously served as statutory auditor from 2013 to 2018.

# Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

# Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

## Objectives and audit approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of any material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As specified in Article L. 823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events such that they give a true and fair view;
- concerning the financial information of the persons or entities included in the scope of consolidation, collects items that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and execution of the audit of the consolidated financial statements as well as the opinion expressed on those financial statements.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La-Défense, September 30, 2020

The Statutory Auditors

| APLITEC | ERNST & YOUNG Audit |
|---|---|
| Stéphane LAMBERT | Jean Christophe PERNET |

# 3

# Corporate Governance

Since December 2018, the Company has adopted a Board of Directors' governance structure, subject to the provisions of Articles L. 225-17 to L. 225-56 of the French Commercial Code.

Claranova SE was initially incorporated as a public limited company *(société anonyme).* It was converted to a European Company *(Societas Europaea)* by decision of the Extraordinary General Shareholders' Meeting of June 11, 2019.

This new legal form is recognized in all European Union countries and has already been adopted by numerous major groups. It better reflects Claranova Group's true position and its strong European and international roots where it generates the majority of its revenue. It also strengthens Claranova's international image and its attractiveness for all stakeholders.

In compliance with Article L. 225-37 of the French Commercial Code, this Corporate Governance chapter includes the Board of Directors' corporate governance report, the composition of the Board of Directors and the conditions of preparation and organization of its work.

# 3.1 Governance bodies

This document presents the current composition of the Board of Directors and the committees on the date of its preparation, *i.e.* following the General Shareholders' Meeting, which appointed three new directors, and the Board of Directors' meeting, both held on July 29, 2020.

## 3.1.1 Board of Directors

### Composition and organization of the Board of Directors

| Name | Nationality | Age | Governance bodies: Board | Governance bodies: AC | Governance bodies: ACC | Governance bodies: SC | Number of shares[1] | Directorship: Start | Directorship: End[4] |
|---|---|---|---|---|---|---|---|---|---|
| Pierre Cesarini | | 58 | ✓ | | | | 2,495,687 | 6/23/2015[2]<br>12/13/2018[2] | 6/30/2024 |
| Caroline Bouraine Le Bigot | | 59 | ✓ | | | | 0 | 4/1/2016 | 6/30/2024 |
| Tech-IA Impactinvest, represented by Luisa Munaretto | | 53 | ✓ | | | | 0 | 7/22/2015[3]<br>12/13/2018[3] | 6/30/2024 |
| Jean-Loup Rousseau | | 63 | ✓ | | | ✓ | 0 | 06/03/2016 | 6/30/2024 |
| Joanna Gordon | | 44 | ✓ | ✓ | ✓ | | 0 | 7/29/2020 | 6/30/2026 |
| Francis Meston | | 59 | ✓ | | | ✓ | 236,090 | 7/29/2020 | 6/30/2026 |
| Jérôme Bichut | | 57 | ✓ | ✓ | ✓ | | 0 | 7/29/2020 | 6/30/2026 |

*(1) Number of Company shares held directly or indirectly in the Company.*

*(2) CEO: June 23, 2015, Chairman of the Board of Directors: December 13, 2018.*

*(3) Luisa Munaretto: July 22, 2018 Representative of Tech-IA Impactinvest: December 13, 2018.*

*(4) Directorships expire at the end of the General Shareholders' Meeting called to approve the financial statements for the previous fiscal year and held in the year in which the director's term of office ends in accordance with French law.*

*Contact address for Directors: c/o Claranova SE, 89/91, boulevard National, 92257 La Garenne-Colombes Cedex.*

**Qualifications**

- Leadership
- Management
- Investment
- International experience
- Technology
- Marketing
- Risk Management
- Governance of public companies
- M&A

**Governance bodies**

| | |
|---|---|
| **Board** | Board of Directors |
| **AC** | Audit Committee |
| **ACC** | Appointments and Compensation Committee |
| **SC** | Strategic Committee |

✓ Independent member as defined by MiddleNext

✓ Non-independent member

## Conflicts of interest at governance body level

To the Company's knowledge, there are no potential conflicts of interest between the duties of the individuals presented in Section 3.1.2 with regard to Claranova and their private interests other than those that may arise in connection with any regulated agreements entered into with the Company.

## Disclosures concerning members of the Board of Directors

During the past five years, no member of the Company's Board of Directors has:

- been convicted of fraud, officially charged with an offense or sanctioned by a legal or regulatory authority;
- been involved in any bankruptcy, receivership or liquidation proceedings as an executive or corporate officer, other than the liquidation proceedings referred to in Section 3.1.2 of the report of the Chairman of the Board of Directors;
- been barred from acting as a member of an administrative or management body, or from participating in the management of an issuer;
- been officially charged with an offense and/or sanctioned by a statutory or regulatory authority (including designated professional bodies).

## Disclosures concerning the nature of family ties between members of the management bodies

None.

## Service contracts granting future benefits

To the Company's knowledge, the agreements described in Section 3.4 are the only agreements currently in effect.

## 3.1.2 Terms of office of members of the Board of Directors and the Observer

### Board of Directors

### Pierre Cesarini

**Chairman of the Board of Directors, Chief Executive Officer**

#### Experience and expertise

On joining Claranova in May 2013, Pierre Cesarini's background as a serial entrepreneur and his solid experience in Internet and Digital businesses proved perfectly suited to the Company's entrepreneurial spirit and ambition. He began his career at Apple's Cupertino headquarters in California, where he worked for 10 years and played a key role in the development of the PowerMac. In 1998, he founded TempoSoft, a supplier of Intranet applications for human resources management and planning – the company was purchased by Oracle in 2005. In 2007, Pierre Cesarini became CEO of Atego, a world leader in embedded software. He has also been a professor of management at the École des Mines ParisTech engineering school.

#### Other offices and positions held in French companies

**Chairman:**
- Avanquest Software SAS[1]
- LCT Technologies SAS[2]

**Manager:**
- Elendil SARL
- Fangorn SCI

#### Offices and positions held in non-French companies

**Chairman / Vice-Chairman /Executive Officer:**
- Avanquest America Inc.[1]
- PC Helpsoft Labs Inc.[1]
- Avanquest Deutschland GmbH[1]
- EMME Deutschland GmbH[1]
- Avanquest Canada Inc. (*via* Avanquest Software SAS)[1]
- Avanquest Canada Holding Inc. (*via* Avanquest Software SAS)[1]
- Avanquest Canada Management (9026851) Inc.[1]
- 7104171 Canada Inc.[1][3]
- Upclick 6785719 Canada Inc.[1]
- UC Distribution 9213015 Canada Inc.[1]
- Adaware Holdings 7095040 Canada Inc.[1][3]
- Adaware Software 7095058 Canada Inc.[1]
- 6700845 Canada Inc.[1][3]
- Lulu Software Holding 7104189 Canada Inc.[1]
- Lulu Software 7270356 Canada Inc.[1]
- PlanetArt LLC[1]
- PlanetArt Ltd[1]

**Director:**
- Avanquest America Inc.[1]
- Avanquest America Holdings LLC[1]
- Avanquest North America LLC[1]
- Avanquest UK Ltd[1][2]
- Claranova Development SA[1]
- myDevices Inc.[1]
- PlanetArt LLC[1]

#### Other offices and positions held in other companies in the past five years but not held at the date of this document

**Manager:**
- Anarion

*(1) Group companies.*
*(2) Companies in the process of being wound up or wound up.*
*(3) Company merged on June 30, 2020 into Avanquest Canada Inc.*

## Caroline Bouraine Le Bigot

Vice-Chairwoman of the Board of Directors

### Experience and expertise

A graduate of Sciences Po Paris, with an Executive MBA from Stanford, Caroline Bouraine Le Bigot has decades of international experience in high tech. She is currently assisting large French, US and Israeli companies in their development. Her passion for high tech and user interface design, her knowledge of software and hardware environments, and her expertise in international and complex business projects have benefited Claranova's accelerated development.

### Other offices and positions held in French companies

- Agora Software

### Offices and positions held in non-French companies

None

### Other offices and positions held in other companies in the past five years but not held at the date of this document

None

## Luisa Munaretto

Vice-Chairwoman of the Board of Directors

### Experience and expertise

With decades of experience in private equity, Luisa Munaretto is a co-founder of IndEU Capital, an investment fund that specializes in luxury brands with a strong focus on digital branding and innovation. Her experience in private equity also includes numerous investments in France and Italy through her position as Director of Strategy at 21 Partners, an investment company owned by the Benetton family.

### Other offices and positions held in French companies

**Chairwoman:**

- Tech-IA Impactinvest SAS

### Offices and positions held in non-French companies

**Director:**

- Tata Fund (India)
- TruCup (India)

### Other offices and positions held in other companies in the past five years but not held at the date of this document

**Chairwoman:**

- IndEU Capital SAS

**Director:**

- IndEU India Luxury Holding Pte (Singapore)
- RockNShop.com (India)
- The LabelLife.com (India)
- MyBataz (India)

## Jean-Loup Rousseau

Member of the Board of Directors,
Chairman of the Strategic Committee

### Experience and expertise

In 2002, Jean-Loup Rousseau founded the independent consulting company, Proveho Advisory, dedicated to industrial and technology companies. He previously worked at the KTH consulting firm (Marsh & McLennan group), Amkor Technology and Schlumberger Technologies. He has more than 30 years' experience in the technology industry, assisting a large number of companies in their development.

### Other offices and positions held in French companies

**Chairman:**

- Proveho SAS

**Director:**

- Porcher
- Industries SAS
- Presto Engineering

### Offices and positions held in non-French companies

None

### Other offices and positions held in other companies in the past five years but not held at the date of this document

**Chief Executive Officer:**

- Ascometal SAS

## Joanna Gordon

**Member of the Board of Directors, Chairwoman of the Appointments and Compensation Committee, Member of the Audit Committee**

### Experience and expertise

Joanna Gordon specializes in strategic marketing issues and has considerable experience in technology and its ecosystem. She served as Director of Enterprise Strategy at Salesforce and was Head of the Information Technology Industry at the World Economic Forum where she mixed with leaders of the world's largest groups. She founded Transform.AI, the first conference in Europe focused on artificial intelligence, and manages JG Consulting.

### Other offices and positions held in French companies

**Chairman:**

- JG Consulting

### Offices and positions held in non-French companies

None

### Other offices and positions held in other companies in the past five years but not held at the date of this document

None



## Francis Meston

**Member of the Board of Directors, Member of the Strategic Committee**

### Experience and expertise

Francis Meston has held key positions in major international technological groups where he developed his expertise, particularly in telecommunications. At Atos Group (CAC 40 listed company), he served as Executive Vice-President and member of the Executive Committee, Director of the IMEA *(India, Middle East, Africa)* division and Group *Digital Transformation Officer.* He was also head of the global "Consulting & Systems Integration" division. With experience in the technology sector spanning several decades, he was also Vice-President at AT Kearney and Gemini Consulting and CEO of EDS France.

### Other offices and positions held in French companies

None

### Offices and positions held in non-French companies

None

### Other offices and positions held in other companies in the past five years but not held at the date of this document

**Chief Executive Officer:**

- System Integration & Consulting
- Atos IMEA

## Jérôme Bichut

**Member of the Board of Directors, Chairman of the Audit Committee, Member of the Appointments and Compensation Committee**

### Experience and expertise

Jérôme Bichut was for nearly 20 years Managing Director of PSP, one of the largest Canadian pension funds with investments of C$168 billion. He is a seasoned financial investment professional with unique expertise in international stock markets. He was also a director of the Euronext listed company Korian (market cap of €2.8 billion – SBF 120). He is currently CEO of the Canadian firm Sélect Consultation, specializing in strategic and asset management consulting.

### Other offices and positions held in French companies

None

### Offices and positions held in non-French companies

**Chairman:**
- Select Consultation

### Other offices and positions held in other companies in the past five years but not held at the date of this document

**Chief Executive Officer:**
- PSP Investments

# Observer

## Marc Goldberg

**Observer**

### Experience and expertise

Marc Goldberg is a founding partner of Maslow Capital Partners, and has over 20 years' experience in the media and communications technology sector in Europe and the United States as an advisor or investor. He is a graduate of the University of Paris VI and has attended the IHEDN (French Institute of Advanced Studies in National Defense).

### Other offices and positions held in French companies

**Director:**
- Youmiam
- Avanquest Software SAS[1]

**Manager:**
- Maslow Capital Partners

### Offices and positions held in non-French companies

**Director:**
- PlanetArt LLC[1]

**Manager:**
- Maslow Capital Holding (Luxemburg)
- Maslow Capital Partners (Luxemburg)

### Other offices and positions held in other companies in the past five years but not held at the date of this document

None

*(1) Group companies.*

## 3.1.3 Corporate governance and internal control

### 3.1.3.1 Executive Management

The Company's executive management is exercised, under its responsibility, by either the Chair of the Board of Directors or another natural person appointed by the Board of Directors, with the title of Chief Executive Officer *(Directeur Général).*

The Board of Directors decides which of these two corporate governance models is appropriate and informs shareholders and third parties in accordance with prevailing regulatory provisions.

On December 13, 2018, the Board of Directors unanimously decided that the Chairman of the Board of Directors would also assume the executive management of the Company.

The Chief Executive Officer represents the Company in its dealings with third parties. The Company is bound by the actions of the Chief Executive Officer even if they do not fall within the scope of the corporate purpose, unless it can prove that the third party in question knew that the action fell outside this purpose or could not be unaware of this fact given the circumstances. The publication of the Articles of Association *(statuts)* alone does not constitute sufficient proof.

Unless renewed, the term of office of Pierre Cesarini as Chairman-CEO will expire following the General Shareholders' Meeting held to approve the financial statements for the year ending June 30, 2024. The Board of Directors may terminate the term of office of Chairman of the Board of Directors and of Chief Executive Officer at any time *(ad nutum).* Pierre Cesarini's duties of director may be terminated at any time by the ordinary General Meeting of the Shareholders.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more physical persons, with the title of Deputy Chief Executive Officer *(Directeur Général Délégué)* to assist the Chief Executive Officer.

Provisions of the Articles of Association and Board of Directors' decisions restricting the powers of the Chief Executive Officer or Deputy CEO are not binding on third parties.

At its meeting of August 10, 2020, the Board of Directors decided to appoint Jean-Yves Quentel as Deputy CEO to assist the Chief Executive Officer. He is bound by the internal restrictions defined by the Board of Directors.



**Jean-Yves Quentel**

Chief Financial Officer

#### Experience and expertise

Jean-Yves Quentel has over 25 years' experience, gained on both sides of the Atlantic, in creating, managing and financing growth and technology companies. He combines a long career in France and the US in venture capital investment with prestigious funds such as Atlas Venture or Europatweb. He also has extensive operational expertise acquired as Chief Financial Officer of private and listed innovative companies, as well as entrepreneurial experience having founded and helmed Mensia Technologies, among other start-ups.

#### Other offices and positions held in French companies

None

#### Offices and positions held in non-French companies

None

#### Other offices and positions held in other companies in the past five years but not held at the date of this document

**Chairman:**

- Mensia Technologies SA
- Mensia Technologies Inc.

**Manager:**

- Elmore Conseil SARL

He may be revoked from his functions by the Board of Directors at any time (ad nutum). This revocation, as well as his resignation, as the case may be, shall be subject to a notice period of three months.

## 3.1.3.2 Board of Directors

**12**
**meetings in 2019-2020**

**96%**
**attendance**

**50%**
**women**

**75%**
**independent directors**

**4.5 years**
**average seniority**

**58**
**average age of directors**

*Figures as of June 30, 2020.*

At June 30, the members of the Board of Directors included Pierre Cesarini, the company Tech-IA Impactinvest, represented by Luisa Munaretto, Caroline Bouraine Le Bigot and Jean-Loup Rousseau.

The Board of Directors satisfies the provisions of Law No. 2011-103 of January 27, 2011 concerning the balanced representation of women and men on corporate governance bodies.

In the interest of increased transparency and public disclosure requirements and in order to comply with the provisions of Article L. 225-37-4 of the French Commercial Code, the Company has adopted the MiddleNext Corporate Governance Code for small and mid-cap stocks as updated in September 2016 (the MiddleNext Code) and approved as a reference code by the AMF. This Code can be consulted on the MiddleNext website (www.middlenext.com).

Claranova has chosen to follow several recommendations of the Code, in particular by forming an Audit Committee, an Appointments and Compensation Committee and a Strategic Committee within the Board of Directors, establishing rules of procedure and internal rules for each of the three committees, and, since its stock market listing, ensuring the permanent presence of independent Board members as defined by recommendation No. 3 of the MiddleNext Code.

The Board of Directors has also noted the MiddleNext Code watch-points and considers that it adheres to all the recommendations specified therein, with the exception of recommendation No. 14, "Succession planning for managers". This issue will be covered by the Appointments and Compensation Committee during fiscal year 2020-2021.

Members of the Board of Directors are appointed, reappointed or dismissed by the Ordinary General Shareholders' Meeting and are always eligible for re-appointment. Members of the Board of Directors are appointed for a term of six years, ending at the close of the Ordinary General Shareholders' Meeting called to approve the financial statements for the previous fiscal year and held in the year their term ends.

Members of the Board of Directors are appointed and replaced in accordance with prevailing legislation, with which the Company's Articles of Association and the Board's rules of procedure are aligned.

All correspondence for members of the Board of Directors may be addressed to the Company's head office at: Immeuble Vision Defense – 89/91, boulevard National – 92250 La Garenne-Colombes, France.

Claranova's internal regulations seek to define, as part of good governance, the role and duties of members of the Board of Directors, including the obligation of confidentiality, duties of independence and loyalty, the obligation of diligence, the duty of transparency and disclosure of information concerning the Company, and finally the obligation to comply with stock market regulations, specifically that of abstaining from participating in the market when in possession of inside information.

Pierre Cesarini has chaired the Board of Directors since December 13, 2018.

The Board of Directors determines the Company's business direction and ensures its implementation. Subject to the powers expressly reserved for Shareholders' Meetings and within the limits of the corporate purpose, the Board deals with all matters affecting the proper running of the Company and settles by its decisions all matters concerning it.

Members of the Board of Directors, even after leaving office, must not disclose information they hold concerning the Company, where disclosure of this information may be prejudicial to the Company's interests, unless this disclosure is required or permitted by Law or is in the public interest.

The Chairman of the Board of Directors represents the Board of Directors. He organizes and manages its activities and reports thereon to the Shareholders' Meeting. He ensures the proper functioning of the Company's bodies and, in particular, that Directors are able to carry out their duties.

### Restrictions imposed by the Board of Directors on Executive Management powers

In general, the Board of Directors takes all decisions and exercises all rights that, pursuant to legal provisions, delegations granted by Shareholders' Meetings or the Articles of Association, fall under its authority.

The prior approval of the Board of Directors is notably required, without limit, for:

- regulated agreements, under the conditions set out in Article 20 of the Articles of Association;
- collateral, sureties and guarantees given by the Company, under the conditions determined by Article L. 225-35, paragraph 4, of the French Commercial Code; and
- any major strategic decisions or decisions likely to impact the financial position of the Company or its subsidiaries.

The Board of Directors conducts the checks and verifications it deems necessary. Each Director receives all the information necessary to performing their duties and may request any documents they deem necessary.

## Summary of the Board of Directors' activities during the fiscal year

### From July 1, 2019 to June 30, 2020

The Board of Directors dealt with various items of business. These included approving respectively the reverse stock split, the individual and consolidated financial statements, the half-yearly financial statements, regulated agreements, the Universal Registration Document including the annual financial report, the draft text of the resolutions presented to the Extraordinary General Shareholders' Meeting in addition to considering the Group's development and strategy, acquisition projects and the Group's financial activity and the general monitoring of activities during the COVID-19 pandemic.

The Board of Directors also discussed the conduct of the Company's business at every meeting.

Twelve Board of Directors' meetings were held during the period from July 1, 2019 to June 30, 2020.

Since the end of the fiscal year, the Board of Directors has met five times on July 29, 2020, August 10, 2020, September 30, 2020, October 15, 2020 and October 20, 2020. In particular, it approved the corporate governance report included in this document as well as of the entire Universal Registration Document.

## Application of the MiddleNext "comply or explain" rule

The Company regularly reviews its governance with regard to the recommendations set out in the MiddleNext Code. The following table summarizes the Company's position on each of the recommendations set out in the MiddleNext Code at the date of this report.

The MiddleNext Corporate Governance Code to which the Company refers may be consulted on the MiddleNext website (http://www.middlenext.com).



| MiddleNext Code recommendation | Adopted | Will be adopted/ Under consideration | Not adopted |
|---|---|---|---|
| **Supervisory powers** | | | |
| R1: Director ethics | ✓ | | |
| R2: Conflict of interest | ✓ | | |
| R3: Composition of the Board of Directors – Presence of independent directors | ✓ | | |
| R4: Board member information | ✓ | | |
| R5: Organization of Board and Committee meetings | ✓ | | |
| R6: Creation of committees | ✓ | | |
| R7: Introduction of Board rules of procedure | ✓ | | |
| R8: Choice of directors | ✓ | | |
| R9: Directors' term of office | ✓ | | |
| R10: Directors' compensation | | | ✓ (1) |
| R11: Implementation of an assessment of the Board's work | ✓ | | |
| R12: Relations with shareholders | ✓ | | |
| **Executive powers** | | | |
| R13: Definition and transparency of the compensation of executive officers | ✓ | | |
| R14: Succession planning for managers | | ✓ (2) | |
| R15: Combination of employment contract and term of office as Director | ✓ | | |
| R16: Severance package | ✓ | | |
| R17: Supplementary retirement schemes | ✓ | | |
| R18: Stock options and restricted share grants | | ✓ (3) | |
| R19: Review of points to be watched | ✓ | | |

*(1) Given the fact that FY 2020-2021 will be a transition year with three new Board members, and that a renewal of the various committees members took place, previous members assisting new members in their role with their experience and qualifications, the Board wanted to collectively reflect a balanced repartition of the compensation envelop attributed to the Board members, only for this financial year. Members of the Board will continue to grant importance to their attendance to Board and committees meetings, all members having participated to all meetings to this date.*

*(2) The Company began discussions on management succession planning in 2019 and will endeavor to ensure that the Appointments and Compensation Committee works on a plan during FY 2020-2021.*

*(3) Stock option and restricted share unit (actions gratuites or "free shares") grants were made under very particular circumstances, in that they were largely awarded to executive in compensation for their work in connection with the Group's restructuring. The Company will be particularly attentive to ensuring that executives are not awarded this type of instrument in the future. It is confirmed that no award of this type was granted in FY 2019-2020.*

### 3.1.3.3 Appointments and Compensation Committee

**3** meetings in 2019-2020

**100%** attendance

**100%** women

**100%** independent directors

**4.5 years** average seniority

**56** average age of directors

*Figures as of June 30, 2020.*

At the reporting date, the Appointments and Compensation Committee consisted of the company Tech-IA Impactinvest, represented by Luisa Munaretto (Committee Chairwoman) and Caroline Bouraine Le Bigot, appointed for the entire duration of their terms of office on the Board of Directors or until the Board decides otherwise.

Following the appointment of new directors by the General Shareholders' Meeting of July 29, 2020, and to enable the renewal of the Committee and ensure good governance, the Board of Directors' meeting of July 29, 2020 decided to terminate the terms of office of the existing members of the Appointments and Compensation Committee and appoint Joanna Gordon (Committee Chairwoman) and Jérôme Bichut to this Committee for their term of office on the Board of Directors or until the Board decides otherwise.

The Committee is responsible for examining and expressing its opinion on all compensation of corporate officers and senior executives as well as on the executive compensation and incentive policy, in particular the definition of criteria used to calculate variable compensation and the grant of profit-sharing instruments. It also reviewed proposed Company share purchase and/or subscription plans to be granted to employees and executives. It assessed the amount of director compensation submitted to the approval of the General Shareholders' Meeting as well as the methods of allocating this compensation among Board members.

The Appointments and Compensation Committee is a purely consultative body; it reports regularly to the Board of Directors on its activities and informs it immediately of any issues that may arise with regard to its duties.

More broadly, the Committee will provide any advice and make any appropriate recommendations in the above-mentioned areas.

The role and activities of the Committee are governed by internal regulations.

The Appointments and Compensation Committee held its most recent meetings on September 26 and October 18, 2019 and February 13, 2020.

### 3.1.3.4 Audit Committee

**3** meetings in 2019-2020

**100%** attendance

**100%** women

**100%** independent directors

**4.5 years** average seniority

**56** average age of directors

*Figures as of June 30, 2020.*

At the reporting date, the Audit Committee consisted of Caroline Bouraine Le Bigot (Committee Chairwoman) and the company Tech-IA Impactinvest, represented by Luisa Munaretto, appointed for the entire duration of their terms of office on the Board of Directors or until the Board decides otherwise.

Following the appointment of new directors by the General Shareholders' Meeting of July 29, 2020, and to enable the renewal of the Committee and ensure good governance, the Board of Directors' meeting of July 29, 2020 decided to terminate the terms of office of the existing members of the Audit Committee and appoint Jérôme Bichut (Committee Chairman) and Joanna Gordon to this Committee for their term of office on the Board of Directors or until the Board decides otherwise.

Under the exclusive and collective responsibility of the members of the Board of Directors, the Audit Committee ensures full monitoring of all matters related to the preparation and control of accounting and financial information. In particular, the Audit Committee is responsible for:

- overseeing the procedures for the preparation of the financial information;
- overseeing the effectiveness of the internal control and risk management systems;
- overseeing the statutory audit of the annual financial statements and, as necessary, the consolidated financial statements by the Statutory Auditors;
- issuing a recommendation on the Statutory Auditors put forward for appointment by the General Shareholders' Meeting and reviewing their payment terms and conditions;

- monitoring the independence of the Statutory Auditors;
- in general, providing any advice and making any appropriate recommendation in the above-mentioned areas.

The Audit Committee is a purely consultative body; it reports regularly to the Board of Directors on its activities and informs it immediately of any issues that may arise with regard to its duties.

At present, the Audit Committee has verified the independence of the Statutory Auditors. It should be noted that the Statutory Auditors did not provide any services to the Company during the fiscal year that are not directly related to their Statutory Auditor duties.

The Audit Committee held three meetings during the fiscal year on September 26, 2019 and March 22 and 23, 2020.

### 3.1.3.5 Strategic Committee

Following the appointment of new directors by the General Shareholders' Meeting of July 29, 2020, and to support the Company's development and ensure good governance, the Board of Directors' meeting of July 29, 2020 decided to set up a Strategic Committee and appoint Jean-Loup Rousseau (Committee Chairman) and Francis Meston to this Committee for their term of office on the Board of Directors or until the Board decides otherwise.

The Strategic Committee is responsible for examining strategy, financial and commercial performance and risk issues:

- assessing the Company's strategic position, given the changes in the Company's business environment and its markets as well as its mid- and long-term growth strategies;
- studying development projects involving internal and external growth and, in particular, equity and debt transactions and investments;
- examining international development projects;
- examining communication strategies;
- examining major financing transactions or transactions that could substantially modify the Company's financial structure;
- assessing the risks involved in the aforementioned transactions.

### 3.1.3.6 Observer

As of the date of this document, the only Observer *(censeur)* on the Claranova Board of Directors is Marc Goldberg. He has held this position since November 30, 2016 and his current term of office will expire at the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ending June 30, 2022.

The mission of the Observer is to provide advice to the Board of Directors, in particular on the business environment and strategy and activity growth, corporate governance and risk management. The Observer has access to the same information as the members of the Board of Directors, and is subject to the same confidentiality obligations. The Observer is invited to the meetings of the Board of Directors, and takes part in such meetings in an advisory capacity.

## 3.2 Internal control measures

There is no legal definition of internal control, but many professional bodies and auditing firms have issued their own definitions. As in the previous year, Claranova drew on the internal control reference framework for small and mid-cap stocks defined by the AMF in its recommendation of January 22, 2007 while adapting it to its structure and situation, as well as the revised AFED-MEDEF Code of June 2018.

The internal control measures put in place by Claranova are a process aimed at providing reasonable assurance – not certainty – of fulfilling the Company's basic objectives, namely: to apply the instructions and guidance set by the Board of Directors, carry out and optimize these instructions and guidance, and ensure that the Company's internal processes function properly, in particular those contributing to safeguarding its assets, the reliability of financial information, compliance with prevailing laws and regulations to which the firm is subject, and managing or preventing the risk of fraud or errors. Nonetheless, the internal control measures cannot be viewed as an absolute guarantee of fulfilling the Company's objectives.

In view of its size and structure, Claranova has no dedicated internal control department. Internal control is carried out by the Group's Administration and Finance Department in conjunction with the managers of each subsidiary.

## 3.2.1 Performance and optimization of operations

### Procedures at Group level

Claranova is organized in a decentralized manner into divisions covering several regions with one or more subsidiaries in each region. This decentralized structure enables it to be responsive and close to its customers, thereby enhancing its effectiveness and their satisfaction.

The Group has implemented a certain number of procedures that apply uniformly to all subsidiaries and segments.

The Group Administration and Finance Department, assisted by the Group Legal Department, created in FY 2019-2020 to support the Company's development, secures all the legal aspects of the Group, whether concerning contractual, corporate, intellectual properties or disputes. It works mainly at head office level but also at local level. Transactions considered non-material in financial and/or regional terms are handled locally because the Finance Department does not have sufficient resources to deal with them directly. However, the Administration and Finance Department sets up legal "liaisons" with the local subsidiaries as well as partnerships with law firms.

All internal control measures related to transactions are first implemented by the relevant segment manager. The Group Administration and Finance Department then monitors the implementation and proper working of these measures. Each month, segment managers send the Administration and Finance Department a report on the monthly performance of their operations which includes financial analyses, significant aspects of the marketing and sales policy, product development and human resources. This monthly report is followed by discussions between Management and the segment in question.

For an in-depth analysis of the risk factors impacting Claranova, please refer to the "Risk Factors" section of Chapter 4 of this document.

Prior to the start of each fiscal year, Group Management consults with the segment managers on the strategy of the Group, the segments and each of the entities, as well as on the budgets.

### Procedures at local level

Locally, internal control is within the remit of each subsidiary or segment manager. They are responsible not only for implementing the procedures specified by the parent company and ensuring they work properly, but also for implementing appropriate procedures covering locally identified risks. Therefore, all managers must follow the procedures specified by the Group as well as define and put in place their own procedures for signing off on bank transactions, validating and signing contracts, validating purchases, authorizing new hires, managing human resources, and so on, in their region and under their responsibility and oversight.

## 3.2.2 Reliability of financial and accounting information

As with operations, Claranova has a decentralized structure for financial information.

The financial statements of each subsidiary are drawn up under the responsibility of their managers by local accounting and financial teams. Local auditors carry out due diligence on local financial statements if necessary, and in the case of material subsidiaries, in conjunction with the auditors of the parent company.

The Audit Committee assists the Board of Directors in following up on matters relating to compiling and auditing accounting and financial information. It also monitors the processes used to prepare the financial statements.

As with operations, subsidiary managers draw up a monthly financial report. This report is sent to the Administration and Finance Department which analyzes both the financial reports and the accounting positions of the subsidiaries every month. The Group Administration and Finance Department also conducts specific analyses and audits at the request of the Board of Directors, to which it submits its findings.

The consolidated financial statements are drawn up by the Group Administration and Finance Department on the basis of data gathered by its information systems and the financial statements drawn up by the subsidiaries.

Claranova's consolidated financial statements and the individual financial statements are approved by the Board of Directors.

More broadly, all Group financial information is compiled by the Group Administration and Finance Department under the oversight of the Board of Directors.

The Group Administration and Finance Department also monitors off-balance sheet commitments and assets under the oversight of the Board of Directors.

### 3.2.3 Compliance with prevailing laws and regulations

The Company was initially incorporated as a public limited company *(société anonyme).* It was converted to a European Company *(Societas Europaea)* by a decision of the Extraordinary General Shareholders' Meeting of June 11, 2019. Claranova is listed on Euronext Paris (formally Eurolist) and must comply with applicable regulations.

The Group's Administration and Finance Department and Executive Management are responsible for managing problems of compliance with prevailing laws and regulations. They work closely with subsidiary and segment managers and coordinate corporate actions outside France with the help of the Company's external consultants.

The Group's main businesses, personalized e-commerce (PlanetArt), software publishing (Avanquest) and the Internet of Things (myDevices), are, for the most part, governed by intellectual and industrial property rights.

### 3.2.4 Risk management and prevention

Apart from market risks (foreign currency risk, interest rate risk, equity risk and liquidity risk – Chapter 2, Note 28.4) inherent to any international listed company, Claranova and its subsidiaries' main risk factors are described in Chapter 4 of this document.

Risk prevention is the duty and personal responsibility of every Claranova employee. Nevertheless, the subsidiary and segment managers are first and foremost responsible for managing and preventing risk within their units.

Because risks to the Company's finances are the most prominent, they are mitigated by procedures for signing off on banking transactions, verifying and validating financial information, and securing electronic data.

Moreover, Claranova has put appropriate insurance policies in place that are regularly reviewed by the Group Administration and Finance Department and the Board of Directors.

Claranova's development has endowed it with a very flexible structure. The procedures described above are therefore designed to constantly adapt to changes in the Group's structure. The Board of Directors seeks to establish an adequate level and structure of internal control within the Group, while enabling it to retain the flexibility and responsiveness that are key to Claranova's success in a fast-changing economic and technological environment.



## 3.3 Compensation policy and report on compensation for fiscal year 2019-2020

The Company presents to shareholders (I) the compensation policy for executive corporate officers for fiscal year 2020-2021, and (II) the components of compensation paid to corporate officers for fiscal year 2019-2020.

Pursuant to the new "Say on Pay" legislation, the General Shareholders Meetings must hold annually:

- an *ex-ante* vote on the corporate officer compensation policy for the current fiscal year (*i.e.* for the Chairman-CEO, the Deputy CEO and the directors) presented in the corporate governance report.

  If this policy is not approved, the last approved compensation policy continues to apply and a revised compensation policy is presented to the next Ordinary General Shareholders' Meeting of the Company. In the absence of a previously approved compensation policy, compensation is determined in accordance with compensation granted in the previous fiscal year or, if no compensation was granted in the previous fiscal year, in accordance with existing practice in the Company;

- a second *ex-post* vote on the breakdown of compensation paid or granted to corporate officers during the past fiscal year presented in the corporate governance report. Several resolutions must be presented:
  - a resolution on the information on all compensation paid or granted to corporate officers in respect of the past fiscal year (*i.e.* for fiscal year 2019-2020 to the Chairman-CEO and directors).

    If this policy is not approved, a revised compensation policy will be presented to the next Ordinary General Shareholders' Meeting of the Company. The payment of directors' compensation for the current fiscal year (formerly "Directors' fees") is suspended until the approval of a revised compensation policy,
  - a separate resolution for the duties of Chairman of the Board of Directors and Chief Executive Officer, covering total compensation and benefits of all kinds paid or granted in respect of the past fiscal year.

    Payment of variable and exceptional components of compensation is contingent on the prior approval of this resolution.

# 3.3.1 Executive corporate officer compensation policy for the current fiscal year

## 3.3.1.1 Company compensation policy: general principles

### 3.3.1.1.1 Presentation of the compensation policy

The executive compensation policy presented below and determined in accordance with Article L. 225-37-2 of the French Commercial Code describes all components of compensation granted to corporate officers of the Company in respect of their duties and sets out the process for determining, revising and implementing this policy.

The compensation policy approved in a given year applies to all corporate officers holding a corporate office during this year. The compensation policy described below will therefore be presented for approval to the General Shareholders' Meeting called to approve the financial statements for the year ended June 30, 2020.

This policy seeks to ensure the sustainability of the Company by ensuring the implementation of compensation structures consistent with prior practice in the Company and enabling the retention of high level management profiles whose experience and expertise in the Company's business sectors reinforce and support its strategy and development.

It is in the Company's interest in that it helps attract and retain competent corporate officers, while being tailored to their corresponding duties and responsibilities and in line with practice in comparable companies. It is also consistent with the Company's commercial strategy as there is a significant variable compensation component tied to the Company's activity and earnings.

This policy is based on the following principles:

#### Compliance

The compensation policy was established based on the recommendations of the MiddleNext Code and in accordance with the legislative and regulatory requirements of the new "Say on Pay" measures.

#### Comprehensiveness

All compensation and benefits are reviewed both globally and by component in order to maintain proper balance between fixed and variable components. This is done for each corporate officer.

#### Transparency

The compensation policy is a management tool designed to attract and retain talent in the Company and also satisfy the expectations of shareholders and other stakeholders regarding transparency and correlation with the Group's overall performance.

### 3.3.1.1.2 Process for determining, reviewing and implementing the compensation policy

In accordance with the Board of Directors' internal regulations, and those of the Appointments and Compensation Committee (which includes two independent Board members within the meaning of the MiddleNext Code), the corporate officer compensation policy is set by the Board of Directors after review and the issue of recommendations by the Appointments and Compensation Committee, which also reviews the policy annually, in accordance with the internal regulations of the Board of Directors and its committees. It is then approved by the General Shareholders' Meeting under the conditions provided for by regulation.

In this respect, the Appointments and Compensation Committee and the Board of Directors ensure compliance with the following principles in particular:

- consistency of the executive corporate office compensation structure with the employment and compensation conditions of Company employees and notably the appropriateness of this compensation policy in light of employee profit-sharing mechanisms in the Company and Group subsidiaries, which comply with local market practice;
- the completeness of executive variable compensation components described.

In this context, the prevention of conflicts of interest is ensured in accordance with the provisions of the Board of Directors' internal regulations. In the event of an actual or potential conflict of interest, each director must inform the Board of Directors of the situation and assume the consequences, notably by not taking part in the relevant deliberations or vote or by not attending the Board of Directors' meetings during which he or she would be in a position of conflict of interest.

### 3.3.1.1.3 Assessment of the performance criteria triggering variable compensation

Attainment of performance criteria for executive corporate officer variable compensation (and, where applicable, share-based payments) is assessed by the Board of Directors, based on the recommendations of the Appointments and Compensation Committee.

- For the Chairman-CEO, the receipt of variable compensation is subject to objective and quantified performance criteria approved by the Board of Directors on October 15, 2020. The attainment of these criteria is therefore assessed based on an objective review of the financial results, as presented in Section 3.3.1.2.2.

The potential attainment of these objectives is analyzed and included on the agenda at the end of the fiscal year by the Appointments and Compensation Committee and the Board of Directors, before being presented to shareholders for *ex-post* vote. Payment of the variable and exceptional components of the Chairman-CEO's compensation is contingent on the prior approval of this resolution.

- For the Deputy CEO, the receipt of his variable compensation is subject to objective and quantified performance criteria approved by the Board of Directors on October 15, 2020. The attainment of these criteria is therefore assessed based on an objective review of the financial results, as presented in Section 3.3.1.3.1.
- For members of the Board of Directors, their compensation is allocated among them up to the overall compensation amount set for members of the Board of Directors (formerly "Directors' fees"), as set by the Ordinary General Shareholders' Meeting at the proposal of the Board of Directors.

  This internal allocation is also determined in accordance with objective criteria, such as meeting attendance and duties performed on the Board of Directors and its committees, as presented in Section 3.3.1.4.

#### 3.3.1.1.4 Changes to the compensation policy

Subject to updates to the allocation criteria for the overall compensation amount set for members of the Board of Directors detailed in Section 3.3.1.4, as well as the structure of the Chairman-CEO's compensation presented in section 3.3.1.2, there have been no substantial changes to the Company compensation policy for fiscal year 2020-2021. It is recalled that during the General Shareholders' Meeting on December 23, 2019, the Company's shareholders approved the compensation policy for fiscal year 2019-2020 (*ex-ante* vote) and the information relating to the total compensation and benefits of all kinds paid by the Company to corporate officers in fiscal year 2018-2019 (*ex-post* vote).

#### 3.3.1.1.5 Application of the compensation policy to newly appointed corporate officers or corporate officers whose term of office is renewed

Since the beginning of the current fiscal year:

- Joanna Gordon, Jérôme Bichut and Francis Meston were appointed as members of the Board of Directors by the Ordinary General Meeting of the Shareholders of July 29, 2020. For these new members, the new compensation policy was applied involving the allocation of the total amount of directors' compensation described in section 3.3.1.4;
- Jean-Yves Quentel was appointed Deputy CEO by a decision of the Board of Directors on August 10, 2020: his compensation was reviewed by the Appointments and Compensation Committee and complies with the principles of this compensation policy.

Should any new executive corporate officers be appointed following the approval of this compensation policy by the Board of Directors, their compensation structure would be determined in accordance with this compensation policy and the Board of Directors would conduct an overall analysis of the executive's position to ensure:

- the compensation amount and criteria are set in accordance with existing practices within the Company by reference to compensation practices for similar positions within the Company; and
- the experience, expertise and individual compensation of the executive(s) concerned are also taken into consideration.

Finally, where the executive is recruited from outside the Company, the Board of Directors reserves the right to grant the newly appointed executive a fixed amount (in cash and/or shares) which cannot exceed the amount of benefits that the new executive waived on leaving his/her previous position.

#### 3.3.1.1.6 Exceptional derogations to the compensation policy

In exceptional circumstances, the Board of Directors reserves the right to use its discretionary powers to derogate temporarily from the executive corporate officer compensation policy, in compliance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, and after consulting the Appointments and Compensation Committee and, where appropriate, the Audit Committee and the Strategic Committee. Any changes must be temporary, in the Company's interest and necessary to guarantee the sustainability and viability of Claranova and the successful implementation of its strategy.

The derogations may concern the annual fixed compensation and/or the annual variable compensation and could represent an increase or a decrease in the compensation concerned. The Board of Directors must justify these decisions. Events that could result in a derogation from the executive corporate officer compensation policy include, but are not limited to, exceptional external growth transactions, a major change in strategy or a particularly serious economic event or event relating to the Company's position.

## 3.3.1.2 Chairman-CEO compensation policy

The components of compensation and benefits of all kinds that may be granted to the Chairman of the Board of Directors and Chief Executive Officer mainly take into account the level of responsibility associated with his duties and his level of expertise for the organization and management of the work of the Company's administrative body.

This compensation is made up of annual fixed compensation and annual variable compensation, both paid in cash, and potentially multi-annual variable compensation in the form of share-based payments (such as stock options), if voted by the General Shareholders' Meeting.

The Chairman-CEO may also receive exceptional compensation if the Company completes a major strategic project. It is recalled that the payment of such compensation is subject to an *ex-post* vote by the General Shareholders' Meeting.

Pursuant to the provisions of Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the components of exceptional compensation granted to the Chairman-CEO in respect of a given fiscal year Y will not be paid until the following fiscal year Y+1, after approval by the Ordinary General Meeting of the shareholders of the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or granted to the Chairman-CEO in respect of fiscal year Y (*ex-post* vote).

### 3.3.1.2.1 Components of total compensation and benefits of all kinds granted to the Chairman-CEO for his duties

The following table presents the fixed, variable and exceptional components of total compensation and benefits of all kinds granted to the Chairman-CEO for his duties during the current FY 2020-2021:

| **Compensation and benefits of all kinds granted to the Chairman-CEO for his duties** | |
|---|---|
| Compensation components | |
| Fixed compensation | Fixed annual compensation of €130,000 for the period. |
| Variable compensation | No |
| Exceptional compensation | No, subject to the Board of Directors' right to derogate presented in Section 3.3.1.1.6. |
| Compensation as a member of the Board of Directors | Compensation is determined in the same way as for the other members of the Board of Directors in accordance with the allocation principles for the overall compensation amount set for the Board of Directors detailed in the compensation policy presented in Section 3.3.1.4. |
| Procedures related to termination of duties | No |
| Supplementary pension plan | No supplementary pension plan other than mandatory complementary pension plans |
| Benefits in kind | Usual benefits in kind related to his functions in the Company (company vehicle, etc.). |
| Share-based payments | No<br>Pierre Cesarini currently benefits from option plans, share subscription warrants and restricted stock units (actions gratuites) which are detailed in Section 3.3.5. |
| Other features and components of compensation | |
| Possibility to refund or defer variable compensation | Variable compensation in respect of a given fiscal year Y will not be paid until the following fiscal year Y+1, after approval of this compensation by the Ordinary General Shareholders' Meeting. |

### 3.3.1.2.2 Additional information on the compensation of the Chairman-CEO

#### Investment opportunity in the Company's subsidiaries

In order to align the interests of the Chairman-CEO with those of shareholders, the Chairman-CEO can invest in one or more of the Company's subsidiaries and, in particular, Avanquest Software SAS and Avanquest America Holding LLC, under the oversight of the Board of Directors, provided:

- his investments in the share capital of the subsidiaries do not exceed, immediately or in the future, more than 10% of the share capital;
- the securities issued to him, that may be options or preferred shares (or equivalent securities in the case of foreign subsidiaries), are subscribed under market terms and conditions and at market values;
- the securities issued and subscribed by him are subject to strict administration and provision rules to ensure the absence of any conflicts of interest between the Company and the Chairman-CEO and that the Company may continue to freely manage and make use of its investments.

#### Components of compensation and benefits of all kinds relating to the subsidiary Claranova Development

It is recalled that in January 2019, Claranova SE entered into a service agreement with its Luxembourg subsidiary, Claranova Development, the Group's international development company. Given his involvement in the Group's international development, the Chairman-CEO, Pierre Cesarini, may receive as compensation for FY 2020-2021 the following components of compensation and benefits in-kind:

- fixed compensation in the amount of €253,206 per 12-month rolling-period and €150,000 per 12-month rolling-period as from October 1, 2020, which may be adjusted by local authorities in accordance with prevailing legislation according to the applicable wage index, leading to a subsequent adjustment to the fixed compensation amount;
- variable compensation in the amount of €350,000, and up to €413,000 in the event of targets overperformance, providing an incentive to meet the annual objectives set by the Board of Directors of Claranova SE. The criteria underpinning the grant of this variable compensation align Pierre Cesarini's interests with those of the Group as they are based on the following financial objectives, the attainment of which attests to growth performances and an improvement in the Group's financial position, thereby contributing to the objectives of the compensation policy:
  - 20% based on revenue,
  - 20% based on EBITDA,
  - 20% based on the Net Operating Cash Flow.

  The amounts are confidential due to the strategic nature of this information for the Group, but were approved by the Board of Directors.

  Variable compensation will also be determined at 40% in reference to qualitative criteria relating notably to the development of the shareholder base, the rationalization of the Group's legal organization chart and selected corporate development objectives. These criteria are precisely defined though their details remain confidential due to the strategic nature of this information. Performance for this purpose is assessed by the Appointments and Compensation Committee and by the Board of Directors.

  Variable compensation in respect of a given fiscal year Y will not be paid until the following fiscal year Y+1, after approval of this compensation by the Ordinary General Meeting of the Shareholders of Claranova SE;
- Claranova Development will cover, on presentation of supporting invoices, certain expenses not to exceed of €80,000 per year;
- a fixed allowance of €3,000 per month linked to his status as a highly qualified corporate officer;
- a fixed gross annual travel allowance for the exercise of his duties of €15,000;
- severance pay amounting to 100% of the gross, fixed and variable compensation and any other financial advantage received in the 12 months prior to the termination of his employment contract, not including paid leave in the event of termination of his employment contract by the Company. Severance pay is not payable in the event of serious or gross misconduct by Pierre Cesarini, or if he resigns or breaches his employment contract or changes jobs within the Group. Severance pay is subject to a condition of performance linked to be Group's rate of growth; and
- a non-compete indemnity over the duration of his collaboration with the Company, as well as for a 12-month period after the termination of his employment contract, during which Pierre Cesarini is prohibited from accepting any job or activity, in any form whatsoever, likely to compete with the Group's businesses, on whatever basis this may be. In exchange for complying with the non-compete clause, once his employment contract ends, Pierre Cesarini will receive a monthly allowance during the period to which the non-compete clause applies, equal to 100% of the gross, fixed and variable compensation as well as any other financial benefit that he received in the 12 months prior to the termination of his employment contract, not including paid leave.

The current structure of Pierre Cesarini's compensation from the subsidiary Claranova Development may be adjusted in FY 2020-2021, whereby it is understood that the new structure must represent an equivalent cost for the Group.

## 3.3.1.3 Deputy CEO compensation policy

The components of compensation and benefits of all kinds that may be granted to the office of Deputy CEO *(Directeur Général Délégué)* mainly take into account the level of responsibility associated with his duties and his level of expertise for the organization and management of the work of the Company's administrative body.

This compensation is made up of annual fixed compensation and annual variable compensation, both paid in cash, and potentially multi-annual variable compensation in the form of share-based payments (such as stock options), if voted by the General Shareholders' Meeting.

The Executive Vice-President may also receive exceptional compensation if the Company completes a major strategic project. It is recalled that the payment of such compensation is subject to an *ex-post* vote by the General Shareholders' Meeting.

Pursuant to the provisions of Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the components of exceptional compensation granted to the Deputy CEO in respect of a given fiscal year Y will not be paid until the following fiscal year Y+1, after approval by the Ordinary General Shareholders' Meeting of the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or granted to the Deputy CEO in respect of fiscal year Y (*ex-post* vote).

### 3.3.1.3.1 Components of total compensation and benefits of all kinds granted to the Deputy CEO for his duties

The following table presents the fixed, variable and exceptional components of total compensation and benefits of all kinds granted to the Deputy CEO *(Directeur Général Délégué)* for his duties during the current fiscal year:

| **Compensation and benefits of all kinds granted to the Deputy CEO for his duties** | |
|---|---|
| Compensation components | |
| Fixed compensation | €200,000 gross per year. |
| Variable compensation | Variable compensation of €100,000, up to €114,400 in the event of targets overperformance, providing an incentive to meet the annual objectives set by the Board of Directors.<br>The criteria underpinning the grant of this variable compensation align Jean-Yves Quentel's interests with those of the Company as they are based on the following financial objectives, the attainment of which attests to growth performance and an improvement in the Company's financial position, thereby contributing to the objectives of the compensation policy: This will be determined, at the rate of 48%, based on achievement of a certain level of the following criteria:<br>• revenue;<br>• EBITDA;<br>• the Net Operating Cash Flow.<br>The amounts are confidential due to the strategic nature of this information for the Group, but were approved by the Board of Directors.<br>Variable compensation will also be determine at 52% in reference to qualitative criteria relating notably to the development of the shareholder base, the rationalization of the Group's legal organization chart and selected corporate development objectives and the Group's financial organization. These criteria are precisely defined though their details remain confidential due to the strategic nature of this information. Performance for this purpose is assessed by the Appointments and Compensation Committee and by the Board of Directors. |
| Exceptional compensation | No, subject to the Board of Directors' right to derogate presented in Section 3.3.1.1.6. |

| Compensation and benefits of all kinds granted to the Deputy CEO for his duties | |
|---|---|
| Compensation components | |
| Procedures related to termination of duties | Unemployment insurance policy for entrepreneurs and company executives (GSC), with the following main terms and conditions:<br>Replacement income equal to 70% of net annual revenue for tax purposes and a compensation period increased to 24 months at the end of the first effective year of subscription.<br>As this guarantee only takes effect at the end of a minimum subscription period of 12 months, in the event of termination of the corporate office during the first year of subscription, the Company will pay Jean-Yves Quentel substitution income calculated as follows:<br>The substitution income is equal to gross average monthly compensation, calculated over the period in respect of which the income is paid as follows:<br>• termination during the three months following subscription: payment equal to three months of substitution income;<br>• termination between the third and the sixth month following subscription: payment equal to six months of substitution income;<br>• termination between the sixth and the twelfth month following subscription: payment equal to twelve months of substitution income. |
| Supplementary pension plan | No supplementary pension plan other than mandatory complementary pension plans. |
| Benefits in kind | Usual benefits in kind related to his functions in the Company (company vehicle, etc.). |
| Share-based payments | No |
| Other features and components of compensation | |
| Possibility to refund or defer variable compensation | Variable compensation in respect of a given fiscal year Y will not be paid until the following fiscal year Y+1, after approval of this compensation by the Ordinary General Shareholders' Meeting. |

#### 3.3.1.3.2 Additional information on the compensation of the Deputy CEO

None.

### 3.3.1.4 Compensation policy applicable to each member of the Board of Directors

#### 3.3.1.4.1 Fixed, variable and exceptional components of total compensation and benefits of all kinds in respect of duties

The current maximum annual compensation amount for members of the Board of Directors of €200,000 was set by the Combined General Shareholders' Meeting of November 29, 2018.

Following the appointment of three new directors to support the Company's development, shareholders will be asked at the General Meeting called to approve the financial statements for FY 2019-2020 to approve a new amount for directors' compensation totaling €260,000.

Each member of the Board of Directors will receive compensation based on the allocation of the overall compensation amount among members of the Board of Directors in accordance with the following principles.

Given the fact that FY 2020-2021 will be a transition year with three new Board members, and that a renewal of the various committees members took place, previous members assisting new members in their role with their experience and qualifications, the Board wanted to collectively reflect a balanced repartition of the compensation envelop attributed to the Board members, only for this financial year. Members of the Board will continue to grant importance to their attendance to Board and committees meetings, all members having participated to all meetings to this date.

Accordingly, the members of the Board of Directors could receive the following maximum compensation:

- Pierre Cesarini: €20,000;
- Caroline Bouraine Le Bigot: €40,000;
- Tech-IA Impactinvest SAS (represented by Luisa Munaretto): €40,000;
- Jean-Loup Rousseau: €40,000;
- Jérôme Bichut: €40,000;
- Joanna Gordon: €40,000;
- Francis Meston: €40,000.

Should be General Meeting of the shareholders called to approve the financial statements for FY 2019-2020 fail to approve the amount allocated, the current amount of €200,000 will remain in force and may be allocated among directors based on the same criteria as those presented above by decision of the Board of Directors.

No other compensation, permanent or otherwise, may be paid to Directors, with the exception of directors with executive management duties or holding an employment contract with the Company under conditions authorized by the law.

Finally, the possibility to request repayment or deferral of part of the compensation received by members of the Board of Directors is not planned.

In addition, it is recalled that a regulated agreement exists with the company Cloudy Bay, in which Caroline Bouraine Le Bigot is a related-party, as described in Section 3.5 of this document.

## 3.3.2 Other profit-sharing and employee share ownership agreements

### Employee share ownership agreements

Claranova SE employees benefit from statutory provisions with regard to profit-sharing. No provisions or payments were made in respect of incentive or profit-sharing plans in FY 2019-2020.

### Employee share ownership agreements

Other than the stock option and share subscription warrant plans detailed in Chapter 2, Note 26.3, there are no employee share ownership plans concerning Claranova SE shares currently in operation.

## 3.3.3 Report on the components of compensation paid to corporate officers in respect of fiscal year 2019-2020

This Section 3.3.3 recalls first and foremost compliance with the gender equality rules set out in Article L. 225-18-1 of the French Commercial Code and then describes, for each corporate officer, the components of compensation paid or granted in respect of the past fiscal year, in accordance with the compensation policy approved by the Ordinary General Shareholders' Meeting of December 23, 2019. This information is an integral part of the Board of Directors' corporate governance report and is prepared in accordance with Article L. 225-37-3 of the French Commercial Code.

In accordance with the provisions of Article L. 225-100-II and III of the French Commercial Code, Shareholders will be asked to approve (i) the following corporate officer compensation and (ii) the components of compensation paid or granted to the Chairman-CEO in respect of the past fiscal year.

### 3.3.3.1 Compliance with gender equality rules

Claranova SE's Board of Directors comprises seven members, including four men and three women, at the date of publication of this document.

As Claranova SE is a European company with its securities listed on a regulated market, its Board of Directors must seek balanced representation of men and women and the proportion of directors of each gender must be at least 40%. This principle is applied in two ways: when the Board of Directors has up to eight members, the difference between the number of directors of each gender must not exceed two.

As the Board of Directors currently has four men and three women, the principle applicable to Boards of Directors with less than eight members is satisfied and the composition of the Board of Directors complies with the provisions of the French Commercial Code.

### 3.3.3.2 Changes in and comparison of compensation received by each executive

The following tables and additional information present changes in and compare compensation received by Company executives in accordance with Article L. 225-37-3-I-1 *et seq.* of the French Commercial Code.

#### 3.3.3.2.1 Total compensation and benefits of all kinds paid or granted during the past fiscal year in respect of duties

The following tables present total compensation and benefits of all kinds, distinguishing fixed, variable and exceptional components, paid or granted during the past fiscal year in respect of duties, in accordance with the provisions of Article L. 225-37-3-I-1 of the French Commercial Code, as well as the components of compensation linked to its employment contract with the subsidiary, Claranova Development.

The components of total compensation and benefits of all kinds paid or granted to the Chairman-CEO during the previous fiscal year are covered by resolutions 5 and 6 presented to the General Shareholders' Meeting called to approve the financial statements for the year ended June 30, 2020, pursuant to Article L. 225-100-III of the French Commercial Code.

### PERFORMANCE-BASED VARIABLE COMPENSATION: PIERRE CESARINI

| Percentage of variable compensation | Criteria | Achieved |
|---|---|---|
| **25%** | Revenue | ✓ |
| **25%** | EBITDA* | ✓ |
| **25%** | Cash position | ✓ |
| **25%** | Reinforcement of management teams | ✓ |

* *With revenue adjusted to eliminate the negative impacts of the COVID-19 on the Group's financial results.*

### CHAIRMAN-CEO

| | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|
| *(in €)* | Amount due | Amount paid | Amount due | Amount paid |
| Pierre Cesarini | | | | |
| Fixed compensation | 253,206 | 253,206 | 277,196 | 277,196 |
| Other bonuses and payments[1] | 116,701 | 137,530 | 125,012 | 125,012 |
| Variable compensation[2] | 350,000 | 349,997 | 350,000 | 0 |
| Fees[3] | 50,000 | 50,000 | 260,000 | 260,000 |
| Exceptional compensation | 0 | 0 | 1,700,000 | 1,700,000 |
| Directors' fees[4] | 40,000 | 40,000 | 20,000 | 20,000 |
| Benefits in kind | 0 | 0 | 0 | 0 |
| **Total Compensation** | **809,907** | **830,734** | **2,732,208** | **2,382,208** |

*(1) Including compensation related to activities outside France, expenses associated with his duties and a travel allowance. The difference between amounts due and paid concern an expense due in respect of fiscal year 2018-2019, the amount of which was not known at the date of publication of the previous document. It was not included in fiscal year 2018-2019 and is not expected to be repeated.*

*(2) The amount paid corresponds to variable compensation for FY 2018-2019 approved by the AGM of December 23, 2019 and paid in the form of a synthetic instrument which does not include Claranova securities. Fiscal year 2019-2020 variable compensation, approved in principle by the Board of Directors based on the attainment of objective criteria determined at the beginning of the fiscal year, will be paid during fiscal year 2020-2021 and is conditional on approval by the General Shareholders' Meeting called to approve the 2019-2020 financial statements.*

*(3) The "Fees" line comprises services invoiced by Elendil to Claranova SE.*

*(4) Directors' fees received and paid for duties as Chairman and member of the Board of Directors.*

### OTHER MEMBERS OF THE BOARD OF DIRECTORS

| | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|
| *(in €)* | Directors' fees | Other compensation | Directors' fees | Other compensation |
| Caroline Bouraine Le Bigot | 48,000 | 0 | 44,000 | 0 |
| Luisa Munaretto | 0 | 0 | 20,000 | 0 |
| Tech-IA Impactinvest SASU* | 48,000 | 0 | 24,000 | 0 |
| Jean-Loup Rousseau | 40,000 | 0 | 36,000 | 0 |
| **Total** | **136,000** | **0** | **124,000** | **0** |

* *Company represented by its permanent representative, Luisa Munaretto.*

Claranova SE did not exercise the option to request repayment or deferral of part of the annual variable compensation of the Chairman and Chief Executive Officer or other members of the Board of Directors during the past year.

The components of Board compensation meetings are paid in advance on a quarterly basis.

## 3.3.3.2.2 Commitments of any kind that may become due as a result of commencement, termination or changes of duties or after the completion thereof

### CHAIRMAN-CEO

Under his employment contract with Claranova Development, in the event of departure Pierre Cesarini will receive the compensation described in Section 3.5 of this document.

| | Employment contract | | Supplementary pension plan | | Indemnities or benefits due, or likely to fall due, as a result of termination or change of duties | | Indemnities related to a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Pierre Cesarini | ✓ | | | ✓ | ✓ | | ✓ | |

### OTHER MEMBERS OF THE BOARD OF DIRECTORS

N/A

## 3.3.3.2.3 Annual changes

### COMPARISON OF COMPENSATION LEVELS OF EXECUTIVE CORPORATE OFFICERS AND COMPANY EMPLOYEES

Pursuant to the provisions of Article L. 225-37-3-I-6° and 7° of the French Commercial Code, the following table presents for the past five fiscal years:

- for the Chairman-CEO, the ratio of his compensation to the full-time equivalent average and median compensation of Company employees, excluding corporate officers;
- changes in the Company's performance, using standard financial aggregates.

| **Change/Y-1** *(in %)* | FY 2019-2020 | FY 2018-2019 | FY 2017-2018 | FY 2016-2017 | FY 2015-2016 |
|---|---|---|---|---|---|
| Ratio Chairman-CEO / Average | 7[1] | 10 | 7 | 7 | 4 |
| Ratio Chairman-CEO / Median | 11[1] | 11 | 8 | 8 | 4 |

*(1) Calculation excluding fees and exceptional compensation, see Section 3.3.3.2.1 for further details.*

| **Change/Y-1** *(in € million)* | FY 2019-2020 | FY 2018-2019 | FY 2017-2018 | FY 2016-2017 | FY 2015-2016 |
|---|---|---|---|---|---|
| **Company performance** | | | | | |
| Revenue | 409.1 | 262.3 | 161.5 | 130.2 | 99.8 |
| EBITDA (adjusted where appropriate) | 17.4 | 16 | 3.9 | (5) | (14.6) |

## 3.3.3.2.4 Appropriateness of total compensation given the compensation policy adopted

The total compensation of the Claranova SE's executive corporate officers was paid or granted in accordance with the compensation principles approved by the Ordinary General Shareholders' Meeting of December 23, 2019 in an *ex-ante* vote. This compensation, whose variable components were based on quantifiable criteria and/or objectives, was structured to align the interests of executive corporate officers and the Group, thereby contributing to the Company's improved performance, including in the long-term. As executive corporate officer performance criteria are quantitative, they were applied objectively without any risk of subjective assessment.

## 3.3.3.2.5 Consideration of the prior year shareholder *ex-post* vote

All resolutions relating to the executive compensation policy proposed for vote to the Ordinary General Shareholders' Meeting of December 23, 2019 were approved. In addition, the components of compensation paid during the past fiscal year were paid in compliance with these compensation principles, it being stipulated that the Chairman-CEO did not use the opportunity to invest in subsidiaries of the Company authorized by the Ordinary General Shareholders' Meeting of December 23, 2019 (11th and 12th resolutions).

### "Say on Pay" resolutions presented to the General Shareholders' Meeting held to approve the financial statements for the year ended June 30, 2020

#### Fifth resolution

*(Approval of fixed and variable components of total compensation and benefits of all kinds paid or granted to Pierre Cesarini, Chairman of the Board of Directors, in respect of the fiscal year ended June 30, 2020)*

The General Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings,

having read the corporate governance report included in the 2019-2020 Universal Registration Document of the Company referred to in Article L. 225-37 of the French Commercial Code,

approves, in accordance with Article L. 225-100-III of the French Commercial Code, the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or granted to the Chairman of the Board of Directors in respect of the fiscal year ended June 30, 2020 presented therein.

#### Sixth resolution

*(Approval of fixed and variable components of total compensation and benefits of all kinds paid or granted to Pierre Cesarini, Chief Executive Officer, in respect of the fiscal year ended June 30, 2020)*

The General Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings,

having read the corporate governance report included in the 2019-2020 Universal Registration Document of the Company referred to in Article L. 225-37 of the French Commercial Code,

approves, in accordance with Article L. 225-100-III of the French Commercial Code, the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or granted to the Chief Executive Officer in respect of the fiscal year ended June 30, 2020 presented therein.

#### Seventh resolution

*(Approval of the Company's executive corporate officer compensation policy for fiscal year 2020-2021)*

The General Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings,

having read the corporate governance report included in the 2019-2020 Universal Registration Document of the Company referred to in Article L. 225-37 of the French Commercial Code,

approves, in accordance with Article L. 225-37-2-II of the French Commercial Code, the Company's 2020-2021 executive corporate officer compensation policy, as presented in the corporate governance report.

#### Eighth resolution

*(Approval of the Company's director compensation policy for fiscal year 2020-2021)*

The General Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings,

having read the corporate governance report included in the 2019-2020 Universal Registration Document of the Company referred to in Article L. 225-37 of the French Commercial Code,

approves, in accordance with Article L. 225-37-2-II of the French Commercial Code, the Company's 2020-2021 director compensation policy, as presented in the corporate governance report,

sets, in accordance with Article L. 225-45 of the French Commercial Code, the total annual amount of compensation for directors at €260,000, for allocation among the directors for the fiscal year ending June 30, 2021, in accordance with the compensation policy approved above.

#### Ninth resolution

*(Approval of the information on individual corporate officer compensation required by Article L. 225-37-3, paragraph I, of the French Commercial Code for fiscal year 2019-2020)*

The General Shareholders' Meeting, voting in accordance with quorum and majority rules for Ordinary Shareholders' Meetings,

having read the corporate governance report included in the 2019-2020 Universal Registration Document of the Company referred to in Article L. 225-37 of the French Commercial Code,

approves, in accordance with Article L. 225-100-II of the French Commercial Code, the information referred to in Article L. 225-37-3-I of the French Commercial Code presented therein.

## 3.3.4 Amounts set aside as provisions or otherwise recognized by the issuer or its subsidiaries for the payment of pensions, retirement annuities or other benefits

No amounts have been set aside or otherwise recognized by the Claranova SE for the payment of pensions, retirement annuities or benefits in favor of corporate officers of the Claranova SE, except for retirement severance benefits that are provisioned for all employees.

The Claranova SE did not grant any joining or leaving bonuses to these individuals.

## 3.3.5 Restricted stock units (*actions gratuites* or free shares), share subscription warrants and share subscription options

### SHARE SUBSCRIPTION OR PURCHASE PLANS AS OF JUNE 30, 2020

(The following amounts take into account the reverse stock split performed on August 1, 2019.)

| | Stock options November 2016 | Share subscription warrants November 2017 | Share subscription warrants December 2018 |
|---|---|---|---|
| Date of Management Board/Board of Directors' meeting | 11/25/2016 & 5/3/2017* | 11/13/2017 | 12/24/2018 |
| Number of securities granted as of 6/30/2020 | 18,765,927 | 3,752,224 | 3,936,138 |
| *including shares that may be subscribed by:* | | | |
| Pierre Cesarini | 16,839,433 | 375,222 | 656,023 |
| Sébastien Martin | 10,000 | 375,222 | 656,023 |
| Caroline Bouraine Le Bigot | 0 | 750,445 | 656,023 |
| Luisa Munaretto | 0 | 750,445 | 656,023 |
| Jean-Loup Rousseau | 0 | 750,445 | 656,023 |
| Marc Goldberg | 0 | 750,445 | 656,023 |
| Other employees who are not corporate officers | 1,916,494 | 0 | 0 |
| Start date for exercise of stock options or share subscription warrants | 2/25/2017 | 11/13/2017 | 12/24/2018 |
| Expiry date | 11/25/2026 | 11/13/2027 | 12/24/2020 |
| Subscription or purchase price | - | €0.36 | €0.114 |
| Number of stock options or share subscription warrants subscribed as of 6/30/2020 | 18,735,927 | 0 | 3,097,776 |
| Strike price (for 10 options/share subscription warrants) | €1.12 | €6.10 | €5.30 |
| Number of stock options or share subscription warrants exercised as of 6/30/2020 | 18,295,233 | 0 | 240,000 |
| Number of options not subscribed, canceled or lapsed | 30,000 | 0 | 836,362 |
| Options/share subscription warrants remaining as of 6/30/2020 | 440,694 | 3,752,224 | 2,857,776 |
| Total number of shares that may be subscribed or granted following exercise | 44,069 | 375,220 | 285,776 |

* *At the Management Board meeting of May 3, 2017, it was decided to amend the conditions relating to the objectives to be achieved as well as the duration of the vesting period. Accordingly, the vesting conditions were satisfied on February 25, 2017.*

# 3.4 Additional corporate governance information

## 3.4.1 Regulated agreements and related-party transactions

### Regulated agreements

The special report issued by Claranova SE's Statutory Auditors on regulated agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code, for the fiscal year ended June 30, 2020, is presented in Section 3.5 of this document.

In addition, to Claranova's knowledge, there are no agreements, other than agreements relating to current transactions entered into under normal conditions, executed directly or by intermediary, between a director or shareholder holding over 10% of the voting rights of Claranova SE and a company in which Claranova SE holds, directly or indirectly, more than half of the share capital.

### Related-party transactions

There are no transactions between related parties as specified by the standards adopted in compliance with European (EC) Regulation No. 1606/2002 entered into by Group companies during the fiscal years ended June 30, 2019 and June 30, 2020, other than those identified in this chapter in Sections 3.3 and 3.5.

## 3.4.2 Means of attendance of shareholders at General Shareholders' Meetings

The means by which shareholders can attend General Shareholders' Meetings are described in Article 21 (General Shareholders' Meetings) of the Articles of Association available at Claranova SE's head office.

Article 21 – General Shareholders' Meetings

*General Shareholders' Meetings are convened and conduct the proceedings in accordance with the conditions set by the Law.*

*One or more shareholders holding together at least 10% of subscribed share capital may also ask the Board of Directors to convene a General Shareholders' Meeting, indicating the points to appear on the agenda.*

*At the decision of the Board of Directors, meetings may be held by video conference or by telecommunication means enabling the identification of shareholders.*

*Collective shareholder decisions are made by Ordinary, Extraordinary and Special General Shareholders' Meetings depending on the type of decisions to be made.*

*General Shareholders' Meetings exercise the powers conferred on them by the Law and deliberate under the conditions provided by the Law, it being noted that in calculating the majority, votes cast shall not include votes attaching to shares in respect of which the shareholder has not taken part in the vote or has abstained or has returned a blank or spoilt ballot paper.*

*The format of notices of meeting, which may be communicated electronically, and the time period for issuing such notices, are governed by the Law. The notice of meeting must set the location of the meeting, which may be the head office or any other location, and the agenda.*

*All shareholders, regardless of the number of shares they hold, are entitled to attend General Shareholders' Meetings, either in person or through a proxy, subject to providing proof of their identity and the ownership of shares, either through the registration of the shares in their name or presentation of a certificate from the accredited financial intermediary managing their share account stating the shares are unavailable until the date of the General Shareholders' Meeting.*

*These formalities must be completed at the latest by 12:00 A.M. (Paris time) on the second working day preceding the General Shareholders' Meeting.*

*A shareholder may be represented by another shareholder, their spouse or a partner in a civil union. A shareholder may also be represented by any individual or legal entity of their choice. In such a case, the proxy holder must provide proof of their proxy.*

*A shareholder who has already requested and received an admission card to attend a General Shareholders' Meeting may grant a proxy and be represented by another shareholder, their spouse or a partner in a civil union. A shareholder may also be represented by any individual or legal entity of their choice. In such a case, the proxy holder must provide proof of their proxy and present the shareholder's admission card to the General Shareholders' Meeting.*

*All shareholders may vote by mail by completing and sending a form to the Company in accordance with the conditions set by the Law and regulations; in order to be taken into account, this form must be received by the Company two (2) days before the date of the General Shareholders' Meeting.*

*All shareholders may also, if the Board of Directors so decides when convening the Meeting, attend and vote at General Shareholders' Meetings by video conference or any telecommunication means, including the Internet, enabling their identification, in accordance with the conditions and by the methods set out in prevailing legal provisions. All shareholders participating at a General Shareholders' Meeting by these means shall be considered present when calculating quorum and majority. This decision is communicated in the notice of meeting published in the French Legal Gazette (BALO).*

*Shareholders that use for this purpose, within the required time periods, the electronic voting form proposed on the Internet site set up by the Meeting's centralizing agent are deemed equivalent to shareholders present or represented. The electronic form may be completed and signed directly on the Internet site using any procedure approved by the Board of Directors and meeting the conditions defined in Article 1367 of the French Civil Code (Code Civil) and, more generally, by prevailing legislative and regulatory provisions, and notably potentially comprising a login and password.*

*All shareholders are entitled to receive the documents necessary to enable them to make an informed decision on the management and activities of the Company.*

*The types of document concerned and the conditions of their communication and availability are set by the Law and regulations.*

*An attendance sheet, duly initialed by shareholders and proxies present, to which will be appended the powers granted to each proxy and, where applicable, any mail voting forms, is certified correct by the General Shareholders' Meeting Committee.*

*General Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman of the Board of Directors. In their absence, the General Shareholders' Meeting shall appoint its own Chairman.*

*The duties of vote-teller are performed by the two shareholders present holding, both in a personal capacity and as proxies, the largest number of votes and who accept such duties.*

*The resulting General Shareholders' Meeting Committee appoints a secretary, who need not be a shareholder.*

*Minutes of the meeting are drafted and copies or extracts of deliberations are issued and certified in accordance with the Law.*

## 3.4.3 Authorizations and delegations of authority to the Board of Directors as of the date of this document

| Meeting | Resolution | Subject | Type of security | Issue price | Ceiling | Period | Used (U) Available (A) |
|---|---|---|---|---|---|---|---|
| **Extraordinary General Shareholders' Meeting of 12/13/2018** | 31st | Delegation of authority to the Board of Directors to decide the issue, with cancellation of shareholders' preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital or conferring entitlement to a debt security, without indicating the beneficiaries and by public offering | Ordinary shares and/or securities granting access, immediately or in the future, to the share capital or conferring entitlement to a debt security (excluding new preferred shares) | The price will be set by the Board of Directors and will be at least equal to the weighted average price of the Company's share during the three trading days preceding the date on which the price is set, potentially less a maximum discount of 5% | • Par value amount of share capital increases: €20 million<br>• Nominal amount of bonds and other debt instruments: €250 million | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |
| | 32nd | Delegation of authority to the Board of Directors to decide the issue, with cancellation of shareholders' preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital or conferring entitlement to a debt security, by private placement and up to a maximum of 20% of the share capital per year, without indicating the beneficiaries | Ordinary shares and/or securities whose form will be determined by the Board of Directors (excluding new preferred shares) | The price will be set by the Board of Directors and will be at least equal to the weighted average price of the Company's share during the three trading days preceding the date on which the price is set, potentially less a maximum discount of 5% | • Par value amount of share capital increases: €20 million, limited to 20% of the share capital per year<br>• Nominal amount of bonds and other debt instruments: €250 million | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |

| Meeting | Resolution | Subject | Type of security | Issue price | Ceiling | Period | Used (U)<br>Available (A) |
|---|---|---|---|---|---|---|---|
| **Extraordinary General Shareholders' Meeting of 12/13/2018** | 33rd | Authorization granted to the Board of Directors to set the issue price of ordinary shares and/or securities granting access to the share capital, in the event of cancellation of shareholders' preferential subscription rights, up to a maximum of 10% of the share capital per year | Ordinary shares and/or securities granting access to the share capital | The issue price for ordinary shares will be at least equal to the average listed price of the Company's share weighted for trading volumes during a period of between five and thirty consecutive trading days during the 30 trading days preceding the date on which the price is set, potentially less a maximum discount of 20% | Up to a maximum of 10% of the share capital per year at the time of the issue | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |
| | 34th | Delegation of authority to the Board of Directors to decide either the issue, with retention of shareholders' preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital or conferring entitlement to a debt security, or the capitalization of profits, reserves or share premiums | Ordinary shares and/or securities granting access, immediately or in the future, to the share capital or conferring entitlement to a debt security (excluding new preferred shares) | The price will be set by the Board of Directors on the day the options are granted | • Par value amount of share capital increases: €20 million<br>• Nominal amount of bonds and other debt instruments: €250 million | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |

| Meeting | Resolution | Subject | Type of security | Issue price | Ceiling | Period | Used (U) Available (A) |
|---|---|---|---|---|---|---|---|
| **Extraordinary General Shareholders' Meeting of 12/13/2018** | 36th | Delegation of authority to the Board of Directors to increase the share capital through the issue, with cancellation of shareholders' preferential subscription rights, of ordinary shares and/or securities granting access to the Company's share capital, in consideration for contributions in kind granted to the Company | Ordinary shares and/or securities whose form will be determined by the Board of Directors (excluding new preferred shares) | The price will be set by the Board of Directors and will be at least equal to the weighted average price of the Company's share during the 30 trading days preceding the date on which the price is set, potentially less a maximum discount of 20% | • Par value amount of share capital increases: cannot exceed 10% of the share capital at the date of the issue and will count towards the overall ceiling of €30 million<br>• Nominal amount of bonds and other debt securities: will count towards the overall ceiling of €400 million | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |
| | 37th | Delegation of authority to the Board of Directors to issue, with cancellation of shareholders' preferential subscription rights, ordinary shares and/or securities granting access to the share capital, in the event of a public exchange offering initiated by the Company | Ordinary shares and/or securities whose form will be determined by the Board of Directors (excluding new preferred shares) | The price will be set by the Board of Directors and will be at least equal to the weighted average price of the Company's share during the 30 trading days preceding the date on which the price is set, potentially less a maximum discount of 20% | • Par value amount of share capital increases: €20 million; this will count towards the overall ceiling of €30 million<br>• Nominal amount of issues of bonds and other debt instruments: €20 million; this will count towards the overall ceiling of €400 million | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |

| Meeting | Resolution | Subject | Type of security | Issue price | Ceiling | Period | Used (U) Available (A) |
|---|---|---|---|---|---|---|---|
| | 38th | Authorization granted to the Board of Directors to increase the number of shares issued in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code in the event of a share capital increase with retention or cancellation of preferential subscription rights | Ordinary shares and/or securities granting access to the Company's share capital | The same price as the initial issue and within the limit of 15% of that issue The par value amount will count towards the applicable overall | The ceiling stipulated in the 43rd resolution presented to the Extraordinary General Shareholders' Meeting of December 13, 2018 | 26 months, or up to 2/15/2021 | U: 0%<br>A: 100% |
| | 43rd | Setting of a global ceiling for authorizations | Shares and debt securities, debt securities granting access to the share capital and, more broadly, securities granting access to the share capital | | • Par value amount of share capital increases: €30 million<br>• Nominal amount of issues of bonds and other debt instruments: €400 million | See the different resolutions above | See the different resolutions above |
| **Extraordinary General Shareholders' Meeting of 12/23/2019** | 14th | Authorization granted to the Board of Directors to trade in the Company's shares in accordance with Article L. 225-209 of the French Commercial Code (buyback program) | Purchase or sale of ordinary shares | • The maximum purchase price per share may not exceed the higher of the last independent transaction (most recent share price) and<br>• the current highest independent offer on the market where the purchase is performed. | Within the limit of 10% of the Company's share capital | 18 months, or up to 6/23/2021 | U: 0%<br>A: 100% |

| Meeting | Resolution | Subject | Type of security | Issue price | Ceiling | Period | Used (U) Available (A) |
|---|---|---|---|---|---|---|---|
| **Extraordinary General Shareholders' Meeting of 07/29/2020** | 4th | Delegation of authority to the Board of Directors to decide the issue, with cancellation of shareholders' preferential subscription rights, of shares and/or securities granting access, immediately or in the future, to the share capital or conferring entitlement to a debt security, reserved for specific categories of beneficiaries | Ordinary shares and/or securities whose form will be determined by the Board of Directors (excluding new preferred shares) | The price will be set by the Board of Directors and will be at least equal to the weighted average price of the Company's share during the 30 trading days preceding the date on which the price is set, potentially less a maximum discount of 20% | • Par value amount of share capital increases: €14 million<br>• Nominal amount of bonds and other debt instruments: €250 million | 18 months, or up to 1/29/2022 | U: 0%<br>A: 100% |
| | 7th | Setting of a global ceiling for authorizations | Shares and debt securities, debt securities granting access to the share capital and, more broadly, securities granting access to the share capital | | • Par value amount of share capital increases: €14 million<br>• Nominal amount of issues of bonds and other debt instruments: €250 million | See 4th resolution above | See 4th resolution above |
| | 6th | Authorization granted to the Board of Directors to reduce the Company's share capital by cancellation of shares | Ordinary shares | | 10% of the Company's share capital on the date the Board of Directors decides to use the authorization | 18 months, or up to 1/29/2022 | U: 0%<br>A: 100% |

# 3.5 Related-party transactions

## Statutory Auditors' special report on regulated agreements and commitments

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

**General Shareholders' Meeting called to approve the financial statements for the fiscal year ended June 30, 2020**

To the Claranova General Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code *(Code de commerce)* up to December 13, 2018 and Article R. 225-31 from this date, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-58 and R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

## Agreements and commitments submitted for the approval of the General Shareholders' Meeting

### Agreements and commitments authorized and entered into in the fiscal year

Pursuant to Articles L. 228-88 and L. 225-40 of the French Commercial Code, we have been informed that the following agreements and commitments were previously authorized by your Board of Directors as from the same date:

#### AGREEMENT WITH CAROLINE BOURAINE LE BIGOT

| Interested party | Caroline Bouraine le Bigot, Director of your Company and shareholder of Cloudy Bay. |
|---|---|
| **Date of effect and duration** | from January 1, 2020 for an indefinite period with termination at the anniversary date, by a written termination notice by registered letter with acknowledgment of receipt, six months before the end of the calendar year.<br>If such agreement was no longer a regulated agreement as determined by the Board of directors of the Company, such agreement would end.<br>The Board of Directors dated May 13, 2020 decided to set the end of this agreement to December 31, 2020, renewable by decision of the Company or a maximum of an additional period of three months, that is until March 31, 2021. |
| **Authorization** | Board of Directors' meeting of December 2, 2019 and May 13, 2020. |
| **Subject** | Digital strategy and communication consulting assignment with Cloudy Bay, for a monthly fee of €17,500, excluding VAT. |
| **Reasons justifying the agreement** | The Company entered into this agreement to benefit from the reputed services and expertise of Cloudy Bay in this sector. |
| **Amount** | An expense of €105,000, excluding VAT, was recorded in respect of this agreement for fiscal year 2019-2020 |

## Agreements and commitments previously approved by the General Shareholders' Meeting

Pursuant to Article R. 225-57 of the French Commercial Code applicable to December 13, 2018 and Article R. 225-30 of the French Commercial Code applicable from that date, we have been informed that the following agreements and commitments, previously approved by prior-year General Shareholders' Meetings, have remained in force during the year.

### AGREEMENT WITH CAROLINE BOURAINE LE BIGOT

| **Interested party** | **Caroline Bouraine le Bigot, Director of your Company and shareholder of Cloudy Bay.** |
|---|---|
| **Subject** | Digital strategy and communication consulting assignment with Cloudy Bay, for a monthly fee of €12,000, excluding VAT. |
| **Date of effect and duration** | Board of Directors' meeting of June 9, 2019. |
| **Amount** | An expense of €64,000, excluding VAT, was recorded in respect of this agreement for fiscal year 2019-2020, including a credit note of €8,000 for the previous fiscal year |

### AGREEMENT WITH ELENDIL

| **Interested party** | **Elendil, SARL represented by its manager, Pierre Cesarini, Chairman-CEO of Claranova SE.** |
|---|---|
| **Date of effect and duration** | From January 1, 2019 until termination of the agreement by one of the parties. |
| **Approval** | This agreement was authorized by the Claranova Board of Directors' meeting of January 8, 2019. |
| **Subject** | Operating consulting and assistance services for your Company. |
| **Conditions** | Flat-rate annual compensation of €50,000, excluding VAT. |
| **Amount** | An expense of €100,000, excluding VAT, was recorded in respect of this agreement in fiscal year 2019-2020, including €50,000, excluding VAT, in respect of fiscal year 2018-2019. |

## AGREEMENT WITH PIERRE CESARINI

| Interested party | Pierre Cesarini, Chairman-CEO |
|---|---|
| **Date of effect and duration** | From the creation of Claranova Development, i.e. from around January 20, 2019 to termination of his contract |
| **Subject** | Pierre Cesarini's employment contract for his duties as Operations Director of Claranova Development. |
| **Approval** | Board of Directors' meeting of January 8, 2019. |
| **Gross annual fixed compensation** | Yearly gross compensation of €253,206. |
| **Variable compensation** | The gross annual bonus will be calculated based on the achievement of operational and income targets, which will be determined each year by the Board of Directors, taking into account the overall objectives of the Company and changes in the economic environment in the sector, subject to a maximum amount of €350,000. |
| **Severance pay** | Severance pay amounts to 100% of the gross, fixed and variable compensation that he received in the 12 months prior to the termination of his employment contract, not including paid leave in the event of termination of his employment contract by the Company. Severance pay is not payable in the event of serious or gross misconduct by Pierre Cesarini, or if he resigns or breaches his employment contract or changes jobs within the Group. Severance pay is subject to one performance condition, deemed to have been met if the Group's growth rate in the two fiscal years prior to the year in which notice of termination of the employment contract is given, is 10% or more per fiscal year at constant consolidation scope. |
| **Non-compete indemnity** | Throughout his collaboration with the Company, as well as for a 12-month period after the termination of his employment contract, Pierre Cesarini is prohibited from accepting any job or activity, in any form whatsoever, likely to compete with the Company's businesses, on whatever basis this may be. In exchange for complying with the non-compete clause, once his employment contract ends, Pierre Cesarini will receive a monthly allowance during the period to which the non-compete clause applies, equal to 100% of the gross, fixed and variable compensation as well as any other financial benefit that he received in the 12 months prior to the termination of his employment contract, not including paid leave. |
| **Travel allowance** | During the term of the contract and for the purposes of his duties, a fixed annual travel allowance of €15,000 gross. |
| **Repetitive expenses and fixed allowance** | The Company will cover, on presentation of supporting invoices, certain expenses up to a maximum of €50,000 per year or €80,000 when the employee shares a residence with his/her partner, and a maximum of 30% of the employee's total annual fixed compensation, as well as a fixed allowance of 8% of the employee's monthly fixed compensation (capped at €1,500 per month) or 16% if the employee shares a residence with his/her partner who has no professional activity (capped at €3,000 per month). |
| **Amount** | For FY 2019-2020, the application of this agreement results in personnel expenses incurred by the company Claranova Development in the amount of €740,733 to which is added €37,342 in employers' contributions. |

Paris and Paris-La Defense, October 21, 2020

The Statutory Auditors
*[French original signed by:]*

ERNST & YOUNG AUDIT, represented by
Jean Christophe Pernet

APLITEC, represented by
Stéphane Lambert

# 4

# Risk factors

Investors are advised to consider the information contained in this document, including the risk factors described in this section.

Claranova has created a Risk Assessment Committee at Group level comprised of members of the Finance, CSR, Legal, Operations and Data Protection departments. This Committee, of advisory nature, met several times during the year and will meet once annually.

Only the risks considered material and specific to the Group as of the date of this document are presented below. Investors should be aware that the Company may be exposed to other risks, currently or in the future, not identified in this document. The risk factors presented in this section cover risks borne by both Claranova SE as the parent company and the Group. Unless otherwise specified, these risks apply to all Group companies.

The Company has entered into insurance policies which Group management considers adequate. These policies and the suitability of their coverage are reviewed regularly, and at least once a year. They provide coverage for operating losses, property damage and civil liability (of the Company and its corporate officers). Each of the Group's subsidiaries takes out insurance policies locally, adapted to its needs and consistent with local legal requirements.

The risks are grouped by nature and listed in order of decreasing importance.

# 4.1 Financial risks and market risks

## 4.1.1 Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and the availability of funding through appropriate credit facilities.

The Group had cash of €82.8 million as of June 30, 2020. Borrowings and other financial liabilities totaled €68.9 million, representing a net cash position of €13.9 million.

Cash and liquid assets largely cover the Group's borrowing repayments and operating needs over the next 12 months while operating cash flow is generally sufficient to self-finance operating activities and organic growth.

On that basis, the Group considers its liquidity risk to be relatively low.

## 4.1.2 Foreign exchange risk on main currencies

The Group mainly carries on its business outside the euro zone.

However, since revenues and costs are denominated in the same currency, exposure to currency risk is limited to earnings, and no systematic policy of hedging currency risk has been implemented within the Group.

An estimate of the impact of currency movements on earnings for the year ended June 30, 2020 is given below:

| Fiscal year ended June 30, 2020 | Impact on revenue | | | Impact on Recurring Operating Income | | | Impact on equity | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | real rate | -10% | +10% | real rate | -10% | +10% | real rate | -10% | +10% |
| USD | 409.1 | (23.2) | 23.2 | 13.3 | 0.5 | (0.5) | 62.3 | 6.6 | (6.6) |
| GBP | 409.1 | (10.6) | 10.6 | 13.3 | (1.8) | 1.8 | 62.3 | (2.5) | 2.5 |
| CAD | 409.1 | (4.4) | 4.4 | 13.3 | (0.3) | 0.3 | 62.3 | (4.3) | 4.3 |

# 4.2 Business-related risks

## 4.2.1 Acquisition risks

Claranova's strategy consists in creating innovative business models and maintaining leadership positions in each of its businesses, sometimes through acquisitions. These Acquisitions could have an adverse effect on earnings, the value of assets, and even Claranova's business if the Group is not able to rapidly and effectively integrate the businesses acquired and develop the expected synergies. The integration of numerous acquisitions in various countries, with various activities, represents a real challenge, particularly in terms of internal control. Furthermore, the Group's international footprint and the regular integration of new businesses through acquisitions could generate new issues linked to the tax policies of countries where the Group is present, notably with respect to transfer pricing.

Claranova pays careful attention to establishing adequate governance procedures in the companies acquired and with its partners. Claranova ensures regular, high-quality relations with the teams of the companies acquired, whether through recurring meetings, or on-going contacts with operating and financial teams. As soon as they are acquired, new companies participate in the Group budget process and reporting.

During the fiscal year, PlanetArt LLC purchased the assets of Personal Creations, a business of the US group FTD Companies, Inc., in August 2019. On September 1, 2020, PlanetArt also announced the acquisition of the assets of CafePress from the US company Snapfish® (Shutterfly® group).

## 4.2.2 Risks relating to key persons

Claranova's success depends largely on the involvement and expertise of its managers and qualified employees. The Group could lose key employees and be unable to attract new qualified individuals.

The departure of one or more Management team members at Group or subsidiary levels or other key Group employees could result in:

- the loss of know-how and the weakening of certain activities, exacerbated in the event of a transfer to the competition;
- a less relevant mid- to long-term strategic vision;
- inadequate execution that could affect the Group's success in implementing its strategy;
- temporary uncertainty, potentially impacting the Company's share price in the short term.

Additionally, the Group would need to recruit new executives and qualified operational managers to develop its activities, in a highly competitive global context.

The Group's inability to attract and retain key employees could affect its overall ability to attain its objectives and therefore have an adverse impact on its business, results, financial position, development and outlook.

Faced with this risk, the Group has implemented employee motivation and retention measures in the form of performance-based variable compensation and awards of securities and other rights granting access to share capital. For further details, see Chapter 2, Note 26.3 of this document.

## 4.2.3 Risks relating to suppliers and partners

Claranova sells its own products, but also those developed or manufactured externally. PlanetArt, in particular, operates a fabless model and outsources the majority of the photo and product production it sells. A breach of contract with the developers, publishers or manufacturers who supply these products, or with logistics suppliers, could therefore have an adverse effect on the Group's revenue. Currently, the Company considers that it is not overly dependent on these partners or that the dependence is reciprocal and that it is in consequence protected from the associated risk. Nevertheless, a break in commercial relations with one or more suppliers could have an adverse impact on the business during a transition period.

myDevices' revenue is currently dependent on its initial partnerships. Adverse decisions by these partners would not have a material impact on the Group's earnings but could have an adverse effect on the earnings and development of this business.

Photo printing and software publishing activities are strongly tied to the purchase of traffic, particularly *via* Google, Bing and Facebook. Changes in these suppliers' commercial practices could adversely affect these businesses, as traffic interruptions or a block on the advertising accounts of these activities would limit their ability to acquire new customers and increase their revenue. The software publishing business is also impacted by software download rules set by Google (Chrome) or Microsoft (Edge / Internet Explorer / Windows Defender). A block on downloading software sold by Group entities would have a direct impact on Claranova revenue and its reputation. For PlanetArt division, and particularly the photo printing activities, the risk of changes to Google Photos, Google Drive, Apple Cloud, Microsoft OneDrive, Facebook or Instagram rules could limit access to certain users' photos *via* the FreePrints apps.

More broadly, the GAFAM risks (acronym for Google, Apple, Facebook, Amazon and Microsoft) form part of the risks constantly managed by companies in the digital sector. In order to address this risk, Claranova diversify its commercial partners as much as possible. This has been integral to the Group's strategy for several years. The know-how and the considerable experience of its teams enables the Group to constantly adapt and ensure business continuity.

The hosting of the Group's data and of a large part of its servers by Amazon or Microsoft is considered a minor risk by the Group due to the economic and technical strength of these service providers.

Finally, a large part of sales by the PlanetArt and Avanquest divisions consist of VISA or MasterCard transactions of individual low-value amounts. In the event of disagreements or disputes with these third parties, a block on the VISA/MasterCard accounts and related flows of the activities and entities concerned would have a major impact on revenue recognition and the cash position.

## 4.2.4 Risks relating to the COVID-19 pandemic

Claranova does not exclude the risk of a natural disaster or health crisis. This risk arose in fiscal year 2019-2020 with the COVID-19 pandemic. Such crises affect the private life and health of its employees and customers in addition to having a financial and stock market impact for the Group. This impact however was mitigated by quickly and efficiently switching to home working for Claranova employees and a resilient business model based largely on digital solutions (photo printing, software use).

During the second half of the fiscal year, in an economic and health environment disrupted by COVID-19, Group businesses resisted well, driven by the FreePrints apps and online software sales, particularly during lockdown.

The Personal Creations plant in Illinois (United States) was closed for a number of weeks, though coinciding with a slack business period. For the Avanquest business, the COVID-19 pandemic led to the closure of stores in France and Germany specializing in the sale of products for physical stores, with low impact at Group level. Online activity (the majority of sales) remained strong. The myDevices subsidiary recorded a slowdown in the installation of No Dead Zone™ solutions in hotels. The impact was, however, minor as this activity remains marginal at Group revenue level.

While activities weathered the COVID-19 crisis well in 2019-2020, as disclosed by the Company in its August 2020 press release on the Group's businesses, we do not currently have sufficient visibility to assess the impact of this pandemic, should it continue into the long term. If health measures implemented by governments restrict the ability to travel and meet up for a long period of time, particularly during the year-end holiday season, it is possible that the volume of photos taken by our customers will reduce, together with their printing needs.

In addition, our logistics service providers are currently experiencing a significant increase in business volumes with the development of e-commerce, further accelerated by the pandemic, and are facing additional operating constraints to ensure the health and safety of their employees. They could therefore be impacted in turn by the health situation. In the future, these constraints could impact our ability to deliver our products and therefore our growth. Our teams remain mobilized every day to act on these events should they occur.

## 4.2.5 Competition risk

Claranova operates in competitive markets characterized by rapidly changing technology and frequent launches of new products and services.

In this context, the technical, development and marketing resources of some of Claranova's competitors may exceed those available to the Group. For example, for mobile printing applications, established competitors in the personalized products printing sector where there is no technology barrier to entry such as Shutterfly® or Cewe® are able to deploy significant marketing and technical investments. The arrival of new competitors in the same markets as the Group could also adversely affect its market share, and therefore reduce repeat business, as some customers might switch to rival offers.

In the IoT division, the Group has a number of large competitors (PTC, ATOS, IBM, Software AG) seeking to position themselves in this buoyant emerging market, each with their own specific approach (custom products, services, etc.) and considerable financial resources.

In the software publishing sector, the Group operates in a mature market where powerful competitors are willing to invest considerable amounts in marketing in order to achieve market dominance.

Furthermore, the Company must anticipate technological or business changes that could be demanded by the market. It must be able to keep innovating in order to support and develop its business and growth.

The risk is mitigated by the Company's culture of innovation, ability to develop new products and business models.

## 4.2.6 Risks relating to personal data protection

NFS B

The data entrusted by customers to Claranova and its subsidiaries is a mark of their confidence. This data enables Claranova to meet their needs as closely as possible. It is also an asset for innovation and the commercial development of the Group.

Data breaches involving the personal data of customers or employees or non-compliance with local personal data protection regulations – the General Data Protection Regulation (GDPR) in the European Union and the California Consumer Privacy Act (CCPA) in California – represent a major risk for Claranova and its stakeholders. The Group is all the more vigilant regarding this risk as its business model is based on the reliability of its solutions. In 2020, widespread recourse to home working to prevent the health risks tied to the COVID-19 pandemic increased this risk due to employees logging on remotely. A data protection breach could be harmful for victims and generate a loss in confidence for all stakeholders. The Group would be exposed to damage to its image, litigation and fines.

## 4.2.7 Risks relating to employee recruitment and integration or insufficient skills or training

NFS A

Claranova's employees are its greatest creators of value. Their technical and managerial expertise, impressive execution capacity and collective commitment are Claranova's most important asset. It is their capacity to innovate and take new technologies forward, both operationally and competitively that drive Claranova's growth and profitability.

Claranova is attentive to the risks of insufficiently skilled and motivated employees. The development of its three divisions requires technical experts and talented managers able to keep pace with the Group's accelerated growth. A slowdown in the development of human resources (employee recruitment, integration, training and retention) or in individual or collective employee commitment or motivation would have an adverse effect on Claranova's earnings in the short to medium term. All stakeholders would be affected by a decrease in Group growth.

# Information on the Company and its share capital

5

# 5.1 Information on the Company

## 5.1.1 Corporate name, trading name and head office

The corporate name of the Company is "Claranova".

The Company's website is: http://www.claranova.com

Claranova's head office is located at:

Immeuble Vision Defense 89/91, boulevard National, 92250 La Garenne-Colombes, France, Telephone: +33 1 41 27 19 75

## 5.1.2 Legal form

Claranova is a European Company *(Societas Europaea)* with a Board of Directors, governed notably by the provisions of Book II of the legislative and regulatory sections of the French Commercial Code relating to commercial companies and economic interest groups. It has a share capital of €39,442,878.

## 5.1.3 Trade and Companies Register – Activity Code and LEI

The Company is registered in the Nanterre Trade and Companies Register under number 329 764 625. The Activity Code, corresponding to the Company's new Articles of Association, is 7010Z "Head office activities". The legal entity identifier (LEI) is 969500P3RUS57W9Z9Z70.

## 5.1.4 Date of incorporation and term

The Company was incorporated on May 28, 1984. The Company's term was extended to 99 years by a decision of the Extraordinary Shareholders' Meeting of December 13, 2018, *i.e.* to May 28, 2083.

## 5.1.5 Fiscal year

Each fiscal year has a term of one year starting on July 1 and ending on June 30.

# 5.2 Articles of Association

## 5.2.1 Corporate purpose (Article 2 of the Articles of Association)

Pursuant to Article 2 of the Articles of Association the corporate purpose of the Company is to:

- *buy, subscribe, own, manage, sell or contribute shares or other securities of any entities;*
- *guide businesses in which the Company invests, by actively participating in implementing the Group's policy and overseeing its subsidiaries;*
- *provide any human resource, IT, management, communication, finance, legal, marketing and purchasing services and advice to its subsidiaries and direct or indirect equity interests;*
- *act as a group finance company and as such provide all types of financial assistance to entities within the Group to which the Company belongs;*
- *take part, by any means, directly or indirectly, in any transactions potentially related to its corporate purpose, notably by creating new companies, through acquisitions, contributions, mergers or otherwise in any existing or future entities, or by entering into any type of commercial contract; acquisition, use or transfer of any processes, trademarks or patents related to these activities;*
- *and, more broadly, carry out any and all industrial, commercial, economic, financial, civil, securities or real estate transactions related directly or indirectly to the corporate purpose or any similar, related or complementary purpose.*

## 5.2.2 Governance bodies

Information relating to the governance bodies is presented in Section 3.1 of Chapter 3 "Corporate governance" of this document.

## 5.2.3 Rights, privileges and restrictions associated with each category of existing shares (Articles 11 and 23)

The voting right attached to shares is proportional to the share capital represented by those shares. At General Shareholders' Meetings, each share (excluding treasury stock) carries the right to one vote.

The Extraordinary General Shareholders' Meeting of June 7, 2017 decided, in accordance with Article L. 225-123 of the French Commercial Code, to grant double voting rights:

(i) to fully paid-up Company shares which can be proved to have been registered in the name of the same shareholder for at least two years;

(ii) as well as to registered shares allocated as bonus shares to a shareholder, in the event of a capital increase by capitalizing reserves, profits or issue premiums. As of June 30, 2020, taking into account treasury shares, there were a total of 41,387,291 exercisable voting rights. 2,186,538 shares carry double voting rights.

Article 11 – Rights and obligations attached to shares:

***11.1 –*** *Each share confers entitlement to the profits, Company assets and liquidation bonus in proportion to the percentage of capital it represents and shall confer the right to vote.*

*A share also gives the holder a right to vote or be represented at General Shareholders' Meetings, to be informed on the Company's progress and to receive certain Company documents at times and under conditions specified by legislation and the Articles of Association.*

*In accordance with Article L. 225-123, paragraph 3, of the French Commercial Code, a voting right equivalent to twice that attributed to other shares is attributed as of right to:*

- *fully paid-up shares which can be proved to have been registered in the name of the same shareholder for at least two years;*
- *registered shares allocated to a shareholder, in the event of a capital increase by capitalizing reserves, profits or issue premiums, by reason of existing shares held by the shareholder that bear this entitlement.*

*Double voting rights expire immediately for any registered shares converted to bearer shares on the transfer of ownership. However, if the transfer of ownerships results from succession, the dissolution of the joint property of spouses, or gift to a spouse or person in line of succession, double voting rights do not lapse and there is no interruption in the required period of two years. This is also the case in the event of a transfer following a merger or de-merger of a shareholder company.*

***11.2 –*** *Shareholders are liable for corporate liabilities only up to the limit of their contributions.*

*The rights and obligations attached to the shares remain attached thereto irrespective of the holder.*

*Shareholders are automatically bound by the Articles of Association and by any decisions of the General Shareholders' Meeting.*

***11.3 –*** *Whenever it is necessary to own a certain number of shares in order to exercise any right whatsoever, the owners who do not possess the required number of shares must personally see to the pooling and, possibly, the purchase or sale of the necessary number of shares.*

Article 23 – Appropriation and distribution of profits:

*In accordance with the Law, amounts are transferred to reserves from the profits of each year less prior losses. Five percent (5%) is withdrawn to form the legal reserve fund.*

*Such withdrawal shall cease to be mandatory once said fund reaches one-tenth of the share capital; it shall become mandatory once again when, for any reason, the legal reserve drops below that percentage.*

*Distributable profits shall consist of net income for the fiscal year less prior year losses and amounts transferred to reserves pursuant to the Law or the Articles of Association, plus retained earnings.*

*Distributable profits are at the disposal of the General Shareholders' Meeting, which may, in part or in full, carry them forward, allocate them to general or special reserves or distribute them to shareholders, without distinction of category.*

*The General Shareholders' Meeting may decide to distribute sums withdrawn from reserves that are at its disposal. In such case, the decision shall expressly state the reserve accounts from which the withdrawals are made.*

*Following the approval of the accounts by the General Shareholders' Meeting, any losses shall be entered in a special account to be charged against profits of subsequent fiscal years until the losses are cleared.*

*Share dividends shall be paid at the times and in the places determined by the General Shareholders' Meeting or the Board of Directors within a maximum period of nine months as of the year-end. This period may be extended by a court order.*

## 5.2.4 Modification of shareholders' rights

Shareholders' rights as they appear in the Company's Articles of Association can only be modified by the Extraordinary General Shareholders' Meeting of the Company. Any increase in the commitments of shareholders must be decided under the terms and conditions and in accordance with the methods provided by law.

### 5.2.5 Clauses likely to have an impact on the control of the Company

The Company's Articles of Association do not contain any measures that would permit the delay, deferment or prevention of a change in control.

### 5.2.6 Provisions regarding the crossing of thresholds

Where an individual or corporate shareholder, acting alone or in concert, comes to own, directly or indirectly, within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, one percent (1%) or more of the share capital or voting rights, this shareholder must, on crossing this threshold and each additional threshold of one percent (1%) of the share capital and voting rights, inform the Company of the information set out in Article L. 233-7 of the French Commercial Code and notably the total number of shares, voting rights and securities granting future access to shares to be issued and related voting rights held.

In determining these thresholds, account will also be taken of shares and/or voting rights held indirectly and shares and/or voting rights equivalent to shares and/or voting rights owned as defined by the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code. This information must be sent to the Company's head office by registered letter with return receipt requested, within five (5) stock market days of the acquisition date of the shares or voting rights resulting in the crossing of one or more thresholds.

In the event of failure to comply with the provisions of this article, at the request of one or more shareholders with combined holdings representing at least five percent (5%) of the Company's share capital or voting rights, recorded in the minutes of the General Shareholders' Meeting, the shares or voting rights not disclosed within the above period will be stripped of voting rights. This sanction will apply for all General Shareholders' Meetings during a two-year period from the date on which the failure to disclose is rectified.

The above reporting obligation similarly applies when the amount of share capital and/or voting rights held falls below a one percent (1%) threshold.

During the fiscal year, only one investor notified Claranova that it had crossed a threshold, informing it in August 2019 that it held 577,000 shares.

### 5.2.7 Rules governing amendments to the Articles of Association

The rules governing amendments to the Articles of Association are set out in prevailing legislation. Claranova's new Articles of Association were unanimously adopted by the Extraordinary General Shareholders' Meeting of June 11, 2019.

## 5.3 Share capital

As of the filing date of this document, the share capital stood at €39,442,878 divided into 39,442,878 shares of the same class with a par value of €1 each, all entirely subscribed and fully paid up.

There are no specific provisions in the Articles of Association regarding the modification of the share capital or the voting rights associated with the securities that comprise it.

Please refer to Section 5.4.1 below regarding the distribution of the share capital and voting rights.

### 5.3.1 Share capital history

| Date | Transaction | Number of shares issued | Par value | Number of shares comprising the share capital | Share capital amount |
|---|---|---|---|---|---|
| 05/01/1984 | creation | | F100 | 200 | F20,000 |
| 09/10/1985 | share capital increase | 300 | F100 | 500 | F50,000 |
| 10/27/1987 | share capital increase | 2,000 | F100 | 2,500 | F250,000 |
| 10/27/1989 | share capital increase | 2,305 | F100 | 4,805 | F480,500 |
| 01/10/1990 | share capital increase | 0 | F500 | 4,805 | F2,402,500 |
| 06/10/1994 | share capital increase | 1,420 | F500 | 6,225 | F3,112,500 |
| 07/25/1996 | share capital increase | 623 | F500 | 6,848 | F3,424,000 |
| 08/14/1996 | share capital increase | 0 | F1,170 | 6,848 | F8,012,160 |
| 08/14/1996 | reduction of par value | 794,368 | F10 | 801,216 | F8,012,160 |

| Date | Transaction | Number of shares issued | Par value | Number of shares comprising the share capital | Share capital amount |
|---|---|---|---|---|---|
| 12/11/1996 | share capital increase | 401,000 | F10 | 1,202,216 | F12,022,160 |
| 07/15/1998 | share capital increase | 23,876 | F10 | 1,226,092 | F12,260,920 |
| 01/20/1999 | share capital increase | 176,127 | F10 | 1,402,219 | F14,022,190 |
| 09/14/1999 | share capital increase | 13,940 | F10 | 1,416,159 | F14,161,590 |
| 03/10/2000 | share capital increase | 50,503 | F10 | 1,466,662 | F14,666,620 |
| 04/25/2000 | share capital increase | 149,333 | F10 | 1,615,995 | F16,159,950 |
| 04/25/2000 | reduction of par value | 1,615,995 | F5 | 3,231,990 | F16,159,950 |
| 08/02/2000 | share capital increase | 47,000 | F5 | 3,278,990 | F16,394,950 |
| 05/18/2001 | share capital increase | 177,602 | F5 | 3,456,592 | F17,282,960 |
| 05/21/2001 | share capital increase | 144,626 | F5 | 3,601,218 | F18,006,090 |
| 10/17/2001 | share capital increase | 47,202 | F5 | 3,648,420 | F18,242,100 |
| 10/17/2001 | conversion into euros | 0 | €1 | 3,648,420 | €3,648,420 |
| 06/21/2002 | share capital increase | 14,352 | €1 | 3,662,772 | €3,662,772 |
| 01/14/2003 | share capital increase | 8,000 | €1 | 3,670,772 | €3,670,772 |
| 10/10/2003 | share capital increase | 1,000,833 | €1 | 4,671,605 | €4,671,605 |
| 01/15/2004 | share capital increase | 46,700 | €1 | 4,718,305 | €4,718,305 |
| 01/27/2005 | share capital increase | 1,146,851 | €1 | 5,865,156 | €5,865,156 |
| 03/31/2005 | share capital increase | 244,872 | €1 | 6,110,028 | €6,110,028 |
| 03/15/2006 | share capital increase | 484,452 | €1 | 6,594,480 | €6,594,480 |
| 10/03/2006 | share capital increase | 340,909 | €1 | 6,935,389 | €6,935,389 |
| 03/14/2007 | share capital increase | 54,916 | €1 | 6,990,305 | €6,990,305 |
| 04/03/2007 | share capital increase | 746,268 | €1 | 7,736,573 | €7,736,573 |
| 04/10/2007 | share capital increase | 2,333,318 | €1 | 10,069,891 | €10,069,891 |
| 05/10/2007 | share capital increase | 207,646 | €1 | 10,277,537 | €10,277,537 |
| 05/07/2008 | share capital increase | 221,716 | €1 | 10,499,253 | €10,499,253 |
| 02/03/2009 | share capital increase | 80,844 | €1 | 10,580,097 | €10,580,097 |
| 03/20/2009 | share capital increase | 3,205,115 | €1 | 13,785,212 | €13,785,212 |
| 06/11/2009 | share capital increase | 83,850 | €1 | 13,869,062 | €13,869,062 |
| 11/25/2009 | share capital increase | 14,902 | €1 | 13,883,964 | €13,883,964 |
| 02/15/2010 | share capital increase | 2,221,434 | €1 | 16,105,398 | €16,105,398 |
| 06/10/2010 | share capital increase | 85,333 | €1 | 16,190,731 | €16,190,731 |
| 02/11/2011 | share capital increase | 1,916,667 | €1 | 18,107,398 | €18,107,398 |
| 05/05/2011 | share capital increase | 79,500 | €1 | 18,186,898 | €18,186,898 |
| 07/27/2011 | share capital increase | 97,000 | €1 | 18,283,898 | €18,283,898 |
| 12/09/2011 | share capital increase | 258,264 | €1 | 18,542,162 | €18,542,162 |
| 05/09/2012 | share capital increase | 30,200 | €1 | 18,572,362 | €18,572,362 |
| 06/27/2012 | share capital increase | 371 | €1 | 18,572,733 | €18,572,733 |
| 11/08/2012 | share capital increase | 60,000 | €1 | 18,632,733 | €18,632,733 |
| 02/05/2013 | share capital increase | 64,841 | €1 | 18,697,574 | €18,697,574 |
| 05/14/2013 | share capital increase | 45,000 | €1 | 18,742,574 | €18,742,574 |
| 07/25/2013 | share capital increase | 902,000 | €1 | 19,644,574 | €19,644,574 |
| 09/25/2013 | share capital increase | 500,000 | €1 | 20,144,574 | €20,144,574 |
| 02/13/2014 | share capital increase | 450,000 | €1 | 20,594,574 | €20,594,574 |
| 05/06/2014 | share capital increase | 500,000 | €1 | 21,094,574 | €21,094,574 |
| 05/06/2014 | share capital increase | 13,250 | €1 | 21,107,824 | €21,107,824 |

| Date | Transaction | Number of shares issued | Par value | Number of shares comprising the share capital | Share capital amount |
|---|---|---|---|---|---|
| 06/27/2014 | share capital increase | 300,000 | €1 | 21,407,824 | €21,407,824 |
| 06/27/2014 | share capital increase | 5,946,617 | €1 | 27,354,441 | €27,354,441 |
| 09/02/2014 | share capital increase | 2,621,963 | €1 | 29,976,404 | €29,976,404 |
| 02/10/2015 | share capital increase | 6,151 | €1 | 29,982,555 | €29,982,555 |
| 04/09/2015 | share capital reduction | 0 | €0.1 | 29,982,555 | €2,998,255.50 |
| 06/16/2015 | share capital increase | 345,000,000 | €0.1 | 374,982,555 | €37,498,255.50 |
| 08/11/2015 | share capital increase | 240,000 | €0.1 | 375,222,555 | €37,522,255.50 |
| 06/28/2016 | share capital increase | 96,000 | €0.1 | 375,318,555 | €37,531,855.50 |
| 11/23/2017 | share capital increase | 17,935,233 | €0.1 | 393,253,788 | €39,325,378.80 |
| 03/19/2018 | share capital increase | 320,000 | €0.1 | 393,573,788 | €39,357,378.80 |
| 06/28/2018 | share capital increase | 40,000 | €0.1 | 393,613,788 | €39,361,378.80 |
| 02/19/2019 | share capital increase | 240,000 | €0.1 | 393,853,788 | €39,385,378.80 |
| 02/21/2019 | share capital increase | 575,000 | €0.1 | 394,428,788 | €39,442,878.80 |
| 08/01/2019 | reverse stock split | 0 | €1 | 39,442,878 | €39,442,878 |

## 5.3.2 Other securities granting access to the share capital

Information relating to the other securities granting access to the share capital, either under currently active free share, stock option, share subscription warrant or convertible bond plans, is presented in Note 26.3 to the consolidated financial statements, in Chapter 2 of this document.

## 5.3.3 Pledging of share capital

To the best of the Company's knowledge, there are no pledges, guaranties or collateral affecting Claranova's share capital.

## 5.3.4 Securities not representing share capital

As of the date of this document, the Company has not issued any securities that do not represent share capital.

## 5.3.5 Information on the conditions governing acquisition rights and/or obligations associated with subscribed share capital not fully paid up, or regarding any endeavor intended to increase the share capital

None.

## 5.3.6 Information on the share capital of any Group member that is subject to an option or a conditional or unconditional agreement intended to make it subject to an option

Roger Bloxberg and Todd Helfstein (PlanetArt Chief Executive Officer and President, respectively) hold an option to acquire a stake in PlanetArt. For further information, please see Note 34.1 of the consolidated financial statements, in Chapter 2 of this document.

The subsidiary myDevices set-up a stock option plan for its managers and employees (see Note 26.3 to the consolidated financial statements, in Chapter 2 of this document).

myDevices committed to grant share subscription warrants to a commercial partner; the number of the warrants is dependent on payments made by this partner to myDevices. For further information, please see Note 26.3 of the consolidated financial statements, in Chapter 2 of this document.

On July 1, 2018, Claranova completed the acquisition of the Adaware, SodaPDF and Upclick businesses. The shares of these companies are held by Avanquest Canada Inc., a company owned by Avanquest Software SAS (parent company of the Avanquest segment). Under the transaction, preferred shares were issued to the vendors and the financial broker which facilitated the deal. The ratio for the conversion of the preferred shares into Avanquest Software SAS shares was fixed at 64.09% on June 30, 2019. These preferred shares may be converted at any time (see Note 26.4 to the consolidated financial statements, in Chapter 2 of this document).

## 5.3.7 Share buyback program

The Ordinary and Extraordinary General Shareholders' Meeting of December 23, 2019, in its 14th resolution, authorized a share buyback program in accordance with Article L. 225-209 of the French Commercial Code, replacing the previous authorization granted by the Extraordinary General Shareholders' Meeting of December 13, 2018.

The objectives of the share buyback program are to facilitate the following transactions:

- the management of the equity market under a liquidity contract entered into with an investment services provider that complies with the Ethical Charter recognized by the French Financial Markets Authority (*Autorité des marchés financiers,* AMF);
- the grant or sale of shares to employees and/or corporate officers of the Company or affiliated companies, on the terms and by the methods provided by law, and notably in the context of the French statutory profit-sharing scheme, through the grant of free shares, or in the event of the exercise of share purchase options or employee share ownership transactions reserved for members of a company savings plan;
- the retention of shares and their subsequent presentation in payment or exchange for potential external growth, merger, demerger or contribution transactions;
- their use in any transaction to hedge the Company's commitments involving financial instruments notably covering changes in the Company's share price;
- the delivery of shares on the exercise of rights attached to securities granting access, immediately or in the future, by redemption, conversion, exchange, presentation of a warrant or any other means of awarding Company shares, and the performance of all hedging transactions relating to the issue of such securities, under the terms stipulated by the market authorities and at the times the Board of Directors sees fit;
- the cancellation of some or all of the shares *via* a share capital reduction (specifically in order to optimize cash management, the return on equity or earnings per share);
- the implementation of any market practice that may be permitted by the AMF and more generally the carrying out of any transaction that complies with prevailing regulations.

### 5.3.7.1 Terms and conditions of the share buyback program

The Ordinary General Shareholders' Meeting decided that the maximum purchase price per share may not exceed the higher of the last independent transaction (most recent share price) and the current highest independent offer on the market where the purchase is performed.

Claranova may acquire a maximum of 10% of the share capital. The buyback authorization was granted for a period of 18 months, *i.e.*until June 23, 2021.

### 5.3.7.2 Liquidity or share buyback contracts

No liquidity or share buyback contracts were in effect during the fiscal year or on the date of this document.

### 5.3.7.3 Treasury shares

Treasury shares held by Claranova were as follows on June 30, 2020:

| | Number of shares | % treasury shares | Net carrying amount | Market value |
|---|---|---|---|---|
| Bearer shares | 242,125 | 0.61% | €2,002,128.12 | €1,242,101.25 |

## 5.3.8 Employee share ownership

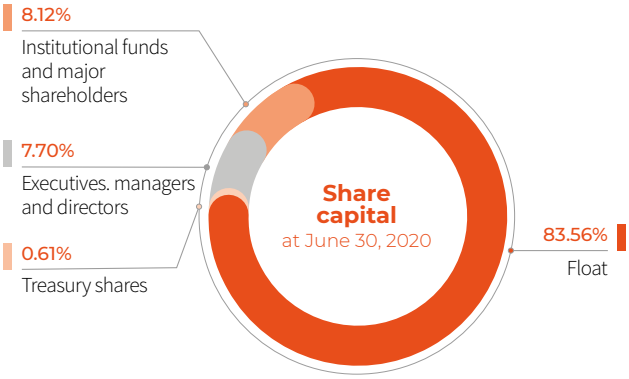
As of June 30, 2020, the employees of the Company, and of associated companies within the meaning of Article L. 225-180 of the French Commercial Code, held no Claranova shares under a company savings plan provided for in Articles L. 3331-1 *et seq.* of the French Labor Code. Likewise, no employees or former employees of Claranova held shares under a company investment fund governed by Articles L. 214-39 and L. 214-40 of the French Monetary and Financial Code.

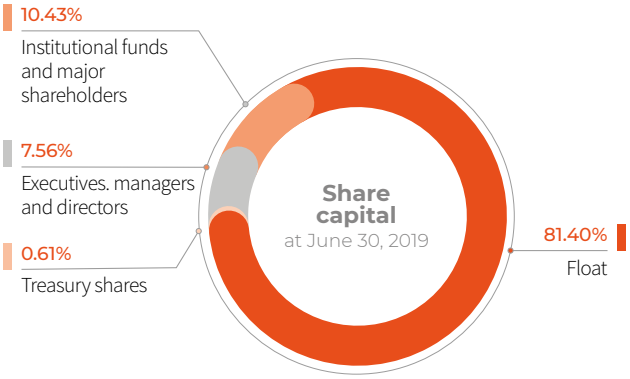
# 5.4 Main shareholders

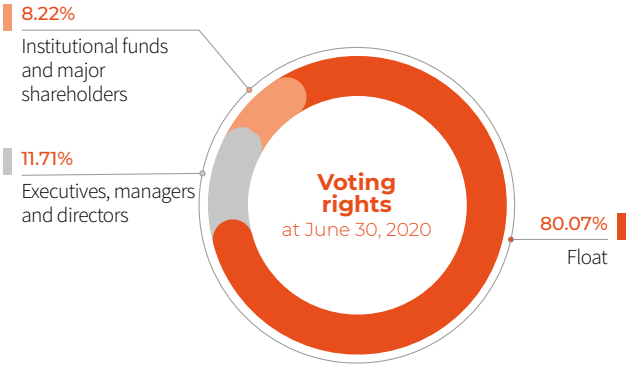
## 5.4.1 Company shareholders

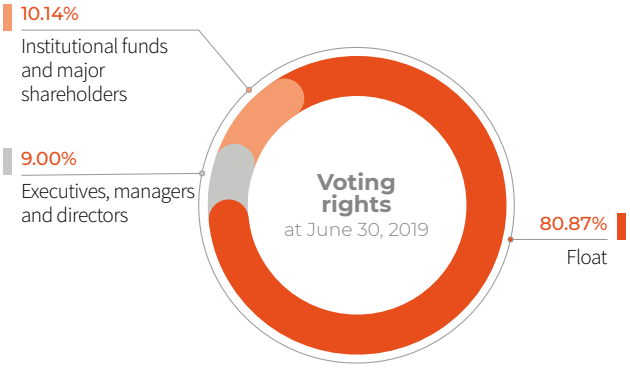
The Company's shareholder base breaks down as follows as of June 30, 2020:

| Shareholder | Number of shares | % share capital | Number of theoretical voting rights | % voting rights |
|---|---|---|---|---|
| Executives, managers and directors | 3,037,581 | 7.70% | 4,873,986 | 11.71% |
| Institutional funds and major shareholders | 3,204,638 | 8.12% | 3,421,438 | 8.22% |
| Float | 32,958,534 | 83.56% | 33,333,992 | 80.07% |
| Treasury shares | 242,125 | 0.61% | | |
| **Total** | **39,442,878** | **100%** | **41,629,416** | **100%** |




To the Company's knowledge, Pierre Cesarini is the sole shareholder holding, directly or indirectly, more than 5% of the share capital or voting rights.

### 5.4.2 Control

On the date of filing this document, the Company is not controlled, either directly or indirectly, as defined by European regulations.

### 5.4.3 Shareholders' agreement

To Claranova's knowledge, there are no shareholders' agreements or concerted actions by shareholders as of June 30, 2020.

### 5.4.4 Summary statement of share transaction declarations

No transactions in the Company's shares (Article L. 621-18-2 of the French Monetary and Financial Code) were performed by managers, corporate officers or their relatives in fiscal year 2019-2020.

## 5.5 Dividend policy

The Company has never paid dividends on its shares. Pursuant to the policy it communicated at the time of its IPO, the Company continues to reinvest its profits in order to finance its growth and does not plan to pay dividends in the short term. This position may nevertheless be re-assessed annually.

## 5.6 Items likely to have an impact in the event of a public offer

Certain commercial and financial agreements concluded by the Company, and certain Group companies, have termination clauses in the event of a change in control. The provisions of these agreements, and indeed for some, their mere existence, are covered by confidentiality agreements whose violation would likely have a serious impact on the Company's interests due to the risk resulting from their termination for default. Nevertheless, in the case of a public offer, these items should have a relatively small impact.



## 5.7 Market for the security

### 5.7.1 General information

- ISIN code: FR0013426004.
- Listing market: Euronext Paris – Eurolist Compartment B.
- Number of shares listed as of June 30, 2020: 39,442,878.
- Closing price as of June 30, 2020: €5.13.
- Market capitalization as of June 30, 2020: €202 million.
- Initial listing on the *Nouveau Marché* of the Paris Bourse on December 5, 1996.

#### Share buyback program

Information relating to the share buyback program is presented in Section 5.3.7 of this document.

## 5.7.2 Share price trends during the fiscal year

| Month | Trading volume | Average price (in €) | + High (in €) | + Low (in €) |
|---|---|---|---|---|
| July 2019 | 2,774,051 | 7.90 | 8.38 | 7.48 |
| August 2019 | 4,155,789 | 8.12 | 9.10 | 7.16 |
| September 2019 | 2,712,958 | 7.33 | 8.07 | 6.31 |
| October 2019 | 5,717,226 | 7.31 | 8.89 | 6.57 |
| November 2019 | 6,723,478 | 8.03 | 9.89 | 7.60 |
| December 2019 | 4,046,911 | 7.58 | 8.51 | 7.14 |
| January 2020 | 3,669,479 | 7.66 | 8.44 | 7.05 |
| February 2020 | 7,924,296 | 7.14 | 7.98 | 5.57 |
| March 2020 | 13,575,027 | 4.62 | 6.12 | 2.73 |
| April 2020 | 9,566,497 | 4.45 | 5.68 | 3.80 |
| May 2020 | 7,222,959 | 5.53 | 6.20 | 4.68 |
| June 2020 | 6,057,427 | 5.72 | 6.47 | 4.93 |

*Source Euronext.*

6

# Group Corporate Social and Environmental Responsibility

This non-financial report sets out Claranova's responsible approach towards all its internal and external stakeholders.

It presents, in particular, the non-financial risks facing Claranova with regard to its business model presented in Chapter 1 of this document, and the related policies, approaches and performances. It satisfies the requirements set out in Order No. 2017-1180 of July 19, 2017 and Decree No. 2017-1265 of August 9, 2017 introducing a Non-Financial Statement (NFS), as detailed in Articles L. 225-102-1 and R. 225-105 *et seq.* of the French Commercial Code *(Code de commerce).*

In addition to providing information on major non-financial risks, this report also describes Claranova's approach to its key corporate, social and environmental responsibilities (CSR), *i.e.:*

- the most important challenges for its stakeholders;
- the challenges with the greatest impact on the Group's activities.

For these risks and challenges, Group Management has selected data and indicators that are published in this report, taking account of their relevance and effectiveness in reporting on the Group's CSR approach. They are reassessed annually and on changes in the Group's scope.

# 6.1 Our responsibility

## 6.1.1 Our CSR approach

### Strong growth and high societal expectations

Claranova's corporate social responsibility is rooted in a culture of sustained and strong business growth. Despite the impact of an unprecedented health and economic crisis, this momentum remained on track in fiscal year 2019-2020, with revenue growth of 56%, 20% of which organic.

This excellent performance would not have been possible without the commitment and talent of Claranova's teams who were fully mobilized in the spring and summer of 2020 and maintained a high level of productivity when largely working from home. The Group is thus continuing to expand rapidly, integrating new employees and new businesses.

The resilience of photo printing activities and online software sales during the health crisis confirmed the strength of the Group's business model: Claranova's products satisfy a well-established societal need.

This responsibility increases as the Group continues to grow and in line with stakeholder expectations. In this way, Claranova accompanies its growth with the development of a Group CSR approach.

### Towards a Group CSR approach

Claranova is implementing a CSR approach designed to drive growth and profitability shared with stakeholders. In 2019-2020, Claranova began consolidating its CSR approach at Group level.

In particular, this year Claranova:

- analyzed its CSR risks (see 6.1.2);
- developed new CSR key performance indicators;
- created CSR guidelines and a reporting tool;
- created and mobilized a network of CSR officers.

Claranova also continued its discussions to develop Group-wide CSR policies, accompanied by ongoing efforts to raise awareness about CSR priorities at the Group level.

### 2019-2020 priority challenges

Claranova's first responsibility is to be a responsible employer. The talent and commitment of the teams are essential to Group growth. This employee focus is reflected notably by the importance placed by Claranova on work-life balance and respect for parenthood and gender equality (see 6.2.1). In 2020, in response to the COVID-19 pandemic (see 6.2.3), employee health protection measures are given special priority.

Claranova also continued to work on protecting personal data (see 6.3.1). In particular, the Group defined a roadmap, conducted audits and intrusion tests and continued to process inquiries about personal data processing within the regulatory time periods.

Finally, Claranova completed its risk map. The Group is now gradually implementing a program designed to combat corruption (see Section 6.3.2) and is adopting the other pillars of new French regulations in this area (the "Sapin II" law), namely by establishing an anti-corruption code of conduct and an internal whistleblowing system.

### Outlook for 2020-2021

In 2020-2021, Claranova will consolidate its actions in three priority areas: being a responsible employer, protecting personal data and implementing an anti-corruption prevention system. In particular, the Group wishes to:

- strengthen its employee training programs;
- complete its network of Data Protection Coordinators (DPCs) responsible for rolling out its personal data protection approach across all subsidiaries;
- distribute the anti-corruption code of conduct and launch the internal whistle-blowing system.

## 6.1.2 Our CSR risks

### Major CSR risk identification methodology

In 2020, Claranova created a CSR Risk Assessment Committee comprised of members of the Finance, CSR, Legal, Communications, Operations and Data protection departments.

This Committee held around half-a-dozen workshops to establish a methodology and map CSR risks. In particular, it developed two scales for rating respectively the severity of impacts and their frequency of occurrence based on quantitative and qualitative assessment criteria. Each scale comprises four levels. The severity rating scale includes impacts on:

- financial results and the Group's ability to finance its activities;
- customer relations and the impact on revenue;
- human capital and the impact on employee commitment;
- relations with stakeholders and the costs of remediation or repairs.

The Committee established a list of CSR risks based on an analysis of Group businesses, the publicly reported risks within its competitive universe, its business model and its interactions with stakeholders.

Committee members then described and analyzed each risk: its nature and potential manifestations, factors relating to Claranova's business model and the Group's relations with stakeholders, its potential impacts for the Group and its stakeholders and the probability and frequency of occurrence. They also took into account existing policies and processes in the Company that could help control some or all of the risk or its consequences for the Group and its stakeholders.

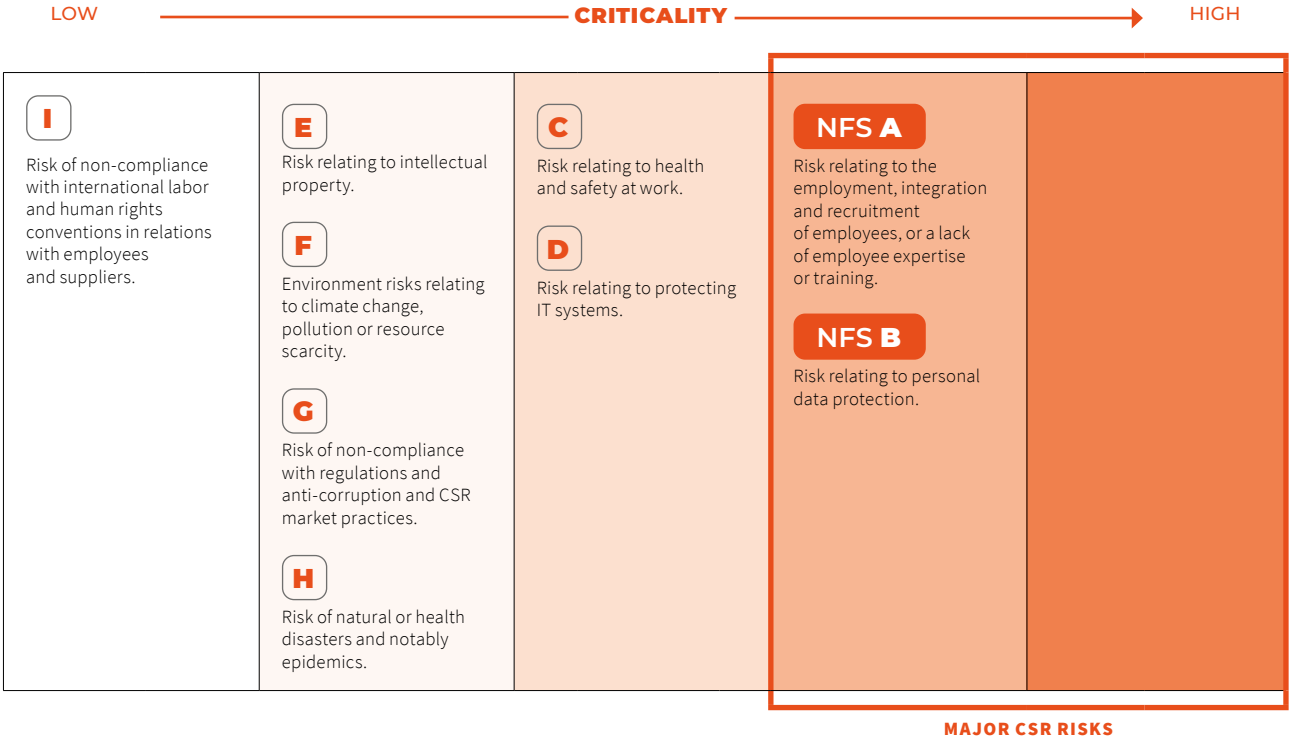
Finally, based on several scenarios, the Committee rated the impact and frequency of net CSR risks for Claranova and its stakeholders to obtain a consensus. In the event of diverging conclusions for short, medium and long-term timeframes, or depending on the assessment criteria, the Committee took a prudent approach by adopting the highest rating.

The final mapping published for fiscal year 2019-2020 was prepared in April and May 2020. It takes account of events in the 2020 first quarter and notably the coronavirus outbreak and the COVID-19 pandemic. This mapping was validated by Group Management.

The CSR Risk Assessment Committee will meet annually to update the CSR risk mapping.

### CSR risk mapping

**CLARANOVA'S CSR RISK MAPPING**




**Claranova's rating system identified two major CSR risks:**

**NFS A** **Risks relating to employee recruitment and integration or insufficient skills or training;**

**NFS B** **Risks relating to personal data protection.**

## Presentation of risks

Claranova assesses the following CSR risks as major for well-informed investment decision-making:

- Risk A. Risks relating to employee recruitment and integration or insufficient skills or training;
- Risk B. Risks relating to personal data protection

These risks are therefore described in Chapter 4 (Risk Factors) of this document. The other CSR risks, C to I, are presented below.

### [Risk C]: Risk relating to health and safety/at/work

Claranova's teams of highly competent and committed professionals are its most important asset. Guaranteeing their health and safety is therefore a key priority for the Group. A failure in this major area would be detrimental to the Group. Given the marginal place of product manufacturing in Claranova's activities, the main health and safety risks primarily concern burnout, stress or musculoskeletal disorders. Claranova's growth is a product of the individual and collective efforts of its employees. A serious health or safety incident would adversely affect their well-being, motivation and commitment to the common project and, in so doing, reduce Group's growth momentum.

### [Risk D]: Risk relating to protecting IT systems

Claranova's three business divisions have developed around the technological content of its products and brands. The Group anticipates the protection of its IT systems by factoring in the risk of malicious acts or dysfunctions, notably in the event of an obsolescent IT system or during a transfer or update. The Group's IT systems are a cornerstone of both its technological capital and its commercial leadership. A serious incident could trigger a fall in activity or a loss in confidence by stakeholders.

### [Risk E]: Risk relating to intellectual property

Claranova owns strong brands and intangible assets created by its IT developers and underpinning its growth in new markets and new regions. For that reason it is attentive to the risk of misappropriation of its brands or violation of its intellectual property rights. An infringement of the Group's intellectual property rights could lead to litigation while the fraudulent misappropriation of software could result in a loss in sales.

### [Risk F]: Environment risks relating to climate change, pollution or resource depletion

Claranova is fully aware of the risks of climate change, environmental pollution and resource depletion which currently concern all human activities. The Group also considers that environmental responsibility provides an opportunity for innovation and growth. The Group's environmental impacts mainly relate to photo printing and the production of personalized products by third-party partners. Poor control over these impacts would damage both Claranova's image and its commercial development and would likely trigger a loss in interest or even the rejection of Claranova by its stakeholders.

### [Risk G]: Risk of non-compliance with regulations and anti-corruption and CSR market practices

Due to its international dimension and growth across all its markets, Claranova is exposed to the risk of corruption and failure to meet its corporate, social and environmental responsibilities (CSR), like any other company. An exemplary record in these areas is a key differentiating factor for the Group. Conversely, a failure would lead to a loss in confidence by third parties, adversely affect Claranova's image and generate potential remediation costs.

### [Risk H]: Risk of natural or health disasters and notably epidemics

Claranova does not exclude the risk of a natural disaster or health crisis. This risk arose in fiscal year 2019-2020 with the COVID-19 pandemic. Such crises affect the private life and health of its employees and customers in addition to having a financial and stock market impact for the Group. Their impact is nonetheless mitigated by the Group's resilient business model based primarily on office-based activities.

### [Risk I]: Risk of non-compliance with international labor and human rights conventions in relations with employees and suppliers

Due to its global presence, Claranova does not exclude the risks of failure to comply with human rights or good labor law practices, and particularly cases of discrimination, contrary to its wishes and despite policies in place. This would result in the violation of the dignity and fundamental rights of the victims and could negatively impact the Group's image and stakeholder confidence.

## NFS table

| Business model | CSR risk mapping | Main CSR risks | Reasonable policies and procedures | Performance indicators |
|---|---|---|---|---|
| See Chapter 1 of this document | CSR risk mapping method (6.1.2)<br>CSR risk mapping (6.1.2) | Risks relating to employee recruitment and integration or insufficient skills or training (4.2.9) NFS A | Employment (6.2.1.)<br>Training and career development (6.2.2) | Total headcount (6.2.1)<br>Number of training hours (6.2.2)<br>Average number of training hours per employee (6.2.2) |
| | | Risks relating to personal data protection (4.2.5) NFS B | Protection of customer personal data (6.3.1) | % of subsidiaries with a *Data Protection Coordinator* (DPC) (6.3.1)<br>% of subsidiaries covered by the GDPR risk mapping (6.3.1)<br>% of customer requests concerning personal data (6.3.1) |

Tax evasion is not identified as a major risk for Claranova.

Claranova group is not directly concerned by the issues relating to food wastage, food insecurity, animal well-being, responsible, equitable and sustainable food practices or the circular economy.

See the tables of cross-references provided at the end of this document.

# 6.2 Being a responsible employer

The Claranova group can only succeed with the support of all the employees of its subsidiaries. Its employees are in consequence among its most valuable assets. And by promoting their personal growth as stakeholders in the Company's long-term project, it also, contributes to the Group's success. In this regard, Claranova Management is convinced that good working conditions, skills and career development, recognizing talent, fair treatment, and equal opportunity are vital to the success of the Group's strategic plan. These practices are vectors for the innovation, responsiveness, reliability and expertise that benefit our customers.

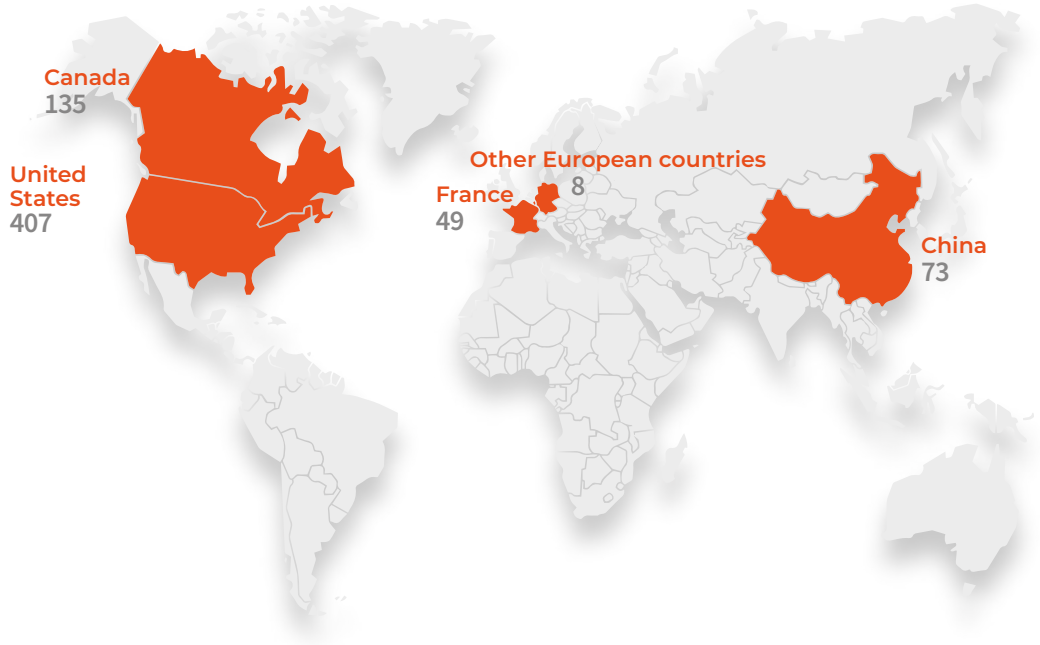
## 6.2.1 Employment, integration and recruitment for diversity

### Employment NFS A

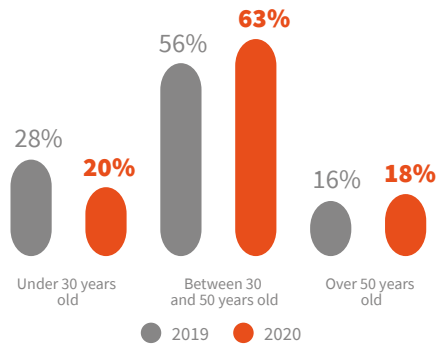
The number of employees at June 30, 2020 was up significantly from one year earlier. This increase included the effects of Personal Creations' integration by the subsidiary PlanetArt LLC in August 2019 as well as overall growth by the Group's businesses. The integration of new activities, and therefore new employees, is a challenge for the Group. Claranova seeks to preserve the specific culture and innovation of each entity, while encouraging synergies and promoting Group growth levers.

The personalized e-commerce business experiences an end-of-year sales peak during holiday seasons (Thanksgiving, Halloween, Black Friday, Christmas) and large numbers of temporary staff are hired to help the Company provide the best customer service possible.

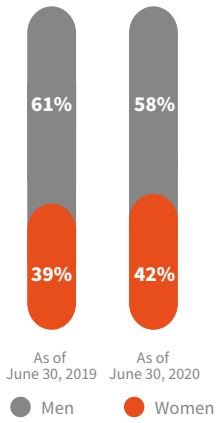
## GEOGRAPHIC BREAKDOWN



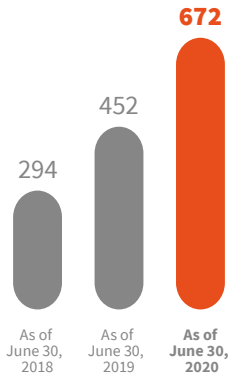

## AGE




## GENDER EQUALITY




## TOTAL HEADCOUNT




## Working hours

**Widespread home working from spring 2020 due to the COVID-19 pandemic is not included in the 2019-2020 key performance indicators.**

Full-time on-site work has always been the norm within the Group, particularly in North America where the majority of Group employees work, as this promotes employee adoption of the corporate culture. In other Group countries, use of mobile tools facilitates a good work-life balance. These tools help to improve the quality of life at work by giving workers more flexibility in the management of their schedules. For example, the German subsidiary allows all employees to work from home one day a week. In France, occasional home working is a widespread practice, and some employees work remotely on a full-time basis. This practice became widespread during the lockdown resulting from the COVID-19 pandemic and at the time of publication of this Universal Registration Document, home working is still recommended at Group level.

The proportion of part-time work remains minor (1% of employees) and is stable on last year.

Except for compliance with national regulations, there are no standardized practices concerning overtime and work performed on weekends or statutory holidays. Local managers are encouraged to avoid overtime, except in exceptional cases.

**KEY PERFORMANCE INDICATORS** *(excluding widespread home working in 2019-2020 due to COVID-19)*

| | 2019-2020 | 2018-2019 |
|---|---|---|
| Employees working part time | 1% | 1% |
| Employees working from home | 5% | 5% |
| • Employees working from home full time | 4% | 4% |
| • Employees working from home part time | 1% | 1% |

## Diversity

Fair treatment and equal opportunity are fundamental values for the Group. Claranova does not tolerate any inequality of treatment based on discrimination, in accordance with the French Labor Code[1]. By cultivating diversity, the Group creates value and fosters innovation.

Over and above compliance with regulations, Claranova promotes measures in favor of:

- parenthood and gender equality;
- intergenerational transmission of know-how;
- integration and continuing employment of people with disabilities.

The Group also promotes the complementarity of cultures. This is essential for Claranova, which, as a French company with an international presence, earns more than 90% of its revenue outside France. Group entities favor expertise and development potential on recruitment to encourage team diversity.

Each year, the Group Board of Directors confirms continued action in these priority areas. Systems are implemented in the subsidiaries, in line with local expectations and challenges.

### Parenthood and gender equality

Claranova supports parenthood and promotes gender equality. The Group does not tolerate stereotypes which continue to exist in the digital sector. In a climate of confidence between the Company and its employees, Claranova integrates parenthood imperatives in the organization of work time. The ability to occasionally work from home, for example, is explicitly proposed as a way of improving the work-life balance. In accordance with French regulations, maternity and paternity are not an obstacle to promotion. Quite the contrary, Claranova recognizes that one of its duties is to support parenthood by ensuring that promoted staff are able to assume their roles as parents. Claranova is also attentive to strengthening the role of women through recruitment.

The Group's approach is successful. Nearly 40% of our employees are women. The skills of women are recognized at the highest level: at the date of publication of this document, 43% of Board of Directors' members are women.



(1) *Pursuant to Article L. 1132-1 of the French Labor Code: "No individual may be excluded from a recruitment process or denied access to an internship or training period in a company, and no employee may be sanctioned, dismissed or be the subject of discriminatory measures, directly or indirectly, notably in terms of compensation, training, reclassification, posting, qualification, classification, professional promotion, transfer or contract renewal based on their origin, gender, customs, sexual orientation, age, family position, actual or assumed affiliation with a specific ethnic group, nation or race, their political opinions, union or mutualist activities, religious convictions, physical appearance, name, or unless found unfit by an occupational doctor pursuant to Book II, Section IV of this Code, due to their health or disability."*

### Intergenerational transmission of know-how

The Claranova group has developed and maintained know-how in all its areas of activity for many years: a precise understanding of all digital technology sectors (Software, Photo printing, Internet of Things), an ability to innovate in any technological sector, with new products, services and technologies, as well as the ability to implement a variety of different models, by finding the right business model, from a new concept. Through their organization and collaborative working methods, Claranova's teams are committed to transferring their know-how, particularly to the younger generation, through work-study programs and apprenticeships across all areas of activity.

### Integration and continuing employment of people with disabilities

Claranova's disability policy promotes job integration and the continuing employment of people with disabilities, in compliance with the legal requirements applicable in the countries where the Group's subsidiaries operate. For several outsourced services, the Group's head office calls on sheltered-sector or job-integration companies.

At its head office, Claranova conducts an office cleaning operation every year with the collection of over one metric ton of IT equipment and magnetic media. This equipment is either recycled or securely destroyed by a disabled-friendly company committed to sustainable development. Paper collection and recycling is also managed in part by job-integration companies. Moreover, for many years now, the packaging of certain products distributed or produced by Avanquest Software in France has been chiefly handled by a work-based support organization (ESAT).

## 6.2.2 Training and career development NFS A

### Training

The personal qualities of our employees, their ability to innovate and execute are the Group's main growth drivers. Operating in a constantly changing technology sector, employee training and skills development are priorities. Each subsidiary deploys its own training approach founded on a dual objective: considering each employee as an actor in his or her own career path and sharing the internal knowledge and strategic vision of each subsidiary.

Employees take a proactive approach to training, encouraged by the Group. Each employee is autonomous in his or her training requests, which can be submitted daily or during individual annual appraisals. Meetings are held monthly between Avanquest Management and employee representatives in France and a specific meeting focusing on the economic and social database, including the training plan, is organized annually.

In Canada (Avanquest, SodaPDF, Upclick and AdAware businesses), employees are regularly invited to "lunch & learn" sessions to share their knowledge. These lunches cover a range of subjects, from management to strategy. Internal seminars are also proposed throughout the year by Group experts. Half-a-dozen workshops are held each year by external experts. New recruits participate in personalized welcome session tailored to their job. All employees are encouraged to follow e-learning courses throughout the year to acquire new or maintain existing expertise. Finally, employees can request external training courses adapted to their requirements.

In addition, the Canadian coaching program supports Avanquest employees in their career development. Employees are entitled to five individual sessions with a certified coach. These meetings seek to provide practical answers to everyday problems in the form of support or actions. During the COVID-19 pandemic, a special session was proposed to managers and directors on how to manage teams remotely.

#### KEY PERFORMANCE INDICATORS

| | 2019-2020 |
|---|---|
| Number of training hours | 855 |
| Average number of training hours per employee | 3 |

*Scope: all subsidiaries excluding the US entities PlanetArt, Avanquest North America and Personal Creations.*

Fiscal year 2019-2020 is not representative of training activities due to the COVID-19 pandemic from spring 2020.

## Career development

In these constantly changing digital and technology sectors, Claranova seeks to conserve the excellence of its employees and attract new talent, both young and experienced, to support its growth. For that reason, Claranova proposes attractive career opportunities and encourages employees to design their own career development projects and paths for advancement within their subsidiary. In this same spirit, at the Group level, Claranova supports training initiatives, internal promotions, personalized career paths, annual performance reviews and the creation of clearly documented job descriptions.

# 6.2.3 Health and safety at work

## Health and safety prevention at work

Health, safety and quality of life at work are a priority for Claranova, with protecting its employees a constant concern. The Group adopts a preventive approach as part of its responsibility to employees and its belief in the effectiveness of precautionary measures.

Management of the Group's subsidiaries have identified the main health hazards to which employees are exposed. They concern workstations, the use of screens and office activities and mainly include stress, psychosocial risks and musculoskeletal disorders.

Committees have been set up in France and the United States to prevent these risks. In Germany, they are monitored by a health and safety officer.

Claranova is committed to preventing two psychosocial risk factors: brown-out and insufficient resources for the proper performance of an employee's duties, which can be a source of stress. Management shares the Group strategy with all employees and seeks to ensure they have the necessary resources to accomplish their role.

A health insurance plan is offered to full-time employees in all Group subsidiaries.

In Canada, Claranova provides employees access to the services of an external company that proposes an integrated approach to mental, physical, social and financial well-being. Each employee is entitled to five annual sessions with a psychologist, lawyer, psychotherapist, dietitian, *etc.* A fixed contribution is also provided to sport subscriptions.

In France, identified stress factors include the fast pace of the Group's growth, working with subsidiaries in different time zones, the quantity of information processed and the workload. Claranova takes these factors into account individually and with compassion. These issues are also shared freely with employees and managers and between teams.

### KEY PERFORMANCE INDICATORS

| | 2018-2019 | 2019-2020 |
|---|---|---|
| Workplace accident frequency rate | 0 | 1.72 |

Frequency rate (FR) = (no. of accidents/hours worked) x 1,000,000

## Resilience and pandemic and health crisis prevention measures

In response to COVID-19 pandemic, Claranova encouraged home working and introduced social distancing and prevention measures in offices: masks, ventilation, disinfection of door handles and offices, *etc.* Nearly all business travel was canceled or postponed during lockdown and the following months. The subsidiaries accompanied these measures with additional support for their employees.

In France, Claranova implemented several pandemic prevention measures: regular communication of health information and recommendations, rotation of teams for social distancing, delivery of IT equipment to employees' homes to make home working more comfortable. Claranova and its employee representatives also provided moral support to employees during lockdown. Packages were sent to their homes containing masks and hand sanitizer, as well as baskets of fruit and vegetables, with boxes of tea and coffee. They were also regularly invited to remote meetings and social events.

In Canada, preventive measures were accompanied by weekly updates and remote individual meetings to maintain contact and employee morale. Employees can also access free medical services making it easier to obtain a medical appointment more quickly or a medical opinion the same day.

In order to maintain a friendly atmosphere, employees of myDevices' US subsidiary replaced their twice-monthly team lunches with remote meetings and regularly shared photos and weekend recipes.

## 6.2.4 Employee relations and compliance with Conventions

### Promotion of social dialog

Claranova undertakes to encourage freedom of association and promotes social dialog taking into account the interests of all its subsidiaries' employees. Led by the human resources teams at local level, social dialog aims to respond as best as possible to the needs of employees, while complying with regulations, laws and local culture.

In France and Germany, formal meetings are held with employee representatives at the legally required frequency. For example, regular meetings are held in France between the Social and Economic Committee (SEC) and Management, offering meaningful interactive sessions during which all issues may be examined and discussed. A collective agreement, covering the organization of working time and professional equality, was signed in December 1999, in compliance with French law on employee representation.

There are no regulations in this area in the United States. PlanetArt and Avanquest North America in the United States adopt an "open door" policy.

In Canada, employees can access a confidential and anonymous web platform. They are invited to freely share their opinion on all issues they consider important.

### Compensation and employee shareholding

In fiscal year 2019-2020, the Group payroll (salaries and bonuses, excluding employer social security contributions and expenses relating to share-based payments) amounted to €54.6 million. To promote employee commitment and motivation, individual wage increases are based on annual performance appraisals for each employee.

Restricted stock unit *(actions gratuites)* and stock option grants were designed to motivate and build commitment in employees worldwide. In this way, a certain number of the Group's employees are shareholders of the Company or one of its subsidiaries.

# 6.3 Having a positive social impact

As a global internet player, Claranova simplifies access to new technologies through solutions combining innovation and ease of use. These innovations represent its main social impact. The Group has a positive impact on society through the quality of its solutions and the services it provides, for example in the areas of prevention and personal security by means of connected sensors. Claranova is also responsible for ensuring the security of personal data entrusted to it.

## 6.3.1 Simple and secure digital access

### Innovation: a service for our customers and a benefit to society

Claranova implements an innovation policy to monitor market developments and customer needs. These innovations bring social and societal benefits and focus on four categories:

- **Creation of new products** tailored to customer needs. In 2019-2020, Claranova notably launched new versions of its inPixio and SodaPDF software to better meet customer requirements.
- **Incremental and breakthrough innovation.** Products are constantly improved in line with changes in Claranova's highly competitive markets and new services are created. In particular, the Group's IoT business constantly proposes new uses through its unique platform, myDevices, compatible with over 450 different connected devices. Among the current infinite uses, the majority present a recognized societal and environmental benefit. They improve consumption monitoring, product quality and the reliability of installations and much more. IoT division innovation also focuses on the myDevices platform itself, which Claranova wants to keep as expandable and secure as possible. In the Avanquest division, several software and services provide a line of defense against IT pirates, cyber-threats and malware, or increase the security of online payment systems.

In 2019-2020, myDevices developed new uses for connected sensors aimed at individuals, with in particular "Push & Protect", a panic button for the hotel sector to fight against harassment. At the height of the pandemic, this button was converted to a call button for medical staff and used to equip Spanish hospital departments specifically set-up to treat numerous COVID-19 patients.

- **Development of new models.** Claranova was notably behind a major breakthrough when it proposed the digitalization of photo printing and then developed smartphone access to this service.
- **Innovation in marketing and selling.** In the software business for example, the percentage of digital sales has increased from 10% to 80% in 10 years. Solutions previously sold primarily in stores can now be purchased together with maintenance contracts on a SaaS or PaaS basis.

Claranova is also constantly innovating to improve its control of social media as well as constantly changing search engine algorithms and to develop its cross-selling techniques.

### Protection of customer personal data

NFS B

Claranova appointed a Group Data Protection Officer (DPO) in accordance with the General Data Protection Regulation (GDPR), which came into effect in the European Union on May 25, 2018. The Group DPO is backed by a network of officers comprising a DPO in Germany and Data Protection Coordinators (DPC) in the subsidiaries. The IT (IT/Security) and legal teams attend thematic and operational working groups on data protection and securing internal networks.

Claranova defined a Group roadmap to ensure the protection of customer and employee personal data. It is applied in the Group subsidiaries according to the principle of subsidiarity: each subsidiary is responsible for ensuring its compliance and protecting the personal data of its customers and employees. Weekly progress updates are held with the relevant working groups for specific issues, with coordination and centralized management facilitating strengthened control. The network of data protection coordinators meets monthly to monitor progress with the roadmap and share alerts and best practices. Finally, the Group DPO visits the subsidiaries twice yearly to conduct audits and monitor progress with local GDPR projects.

In 2019-2020, Claranova continued the roll-out of its roadmap:

- The Group updated its IT Charter to include personal data protection and is working on grouping together its databases.
- The Group DPO conducted a personal data protection audit on websites and apps in the United States. This audit is currently being rolled-out in the other subsidiaries, and notably in France and Germany in the software publishing division.
- Intrusion tests continue on Group websites using payment systems. They are conducted regularly by an external company.
- The Group DPO continues to encourage the subsidiaries to group together and encrypt their databases containing personal data, and to host data in Europe for European residents.
- The Group DPO drives the purchase of personal data security tools in conjunction with IT security, and requests these tools are shared within the Group to harmonize tools and methods.
- The Group DPO confirms with the IT departments that all communication/internal and external storage of personal data is encrypted.
- Finally, the Group dedicated hotline team answers inquiries about personal data processing from private individuals within regulatory time periods (less than 30 days).

For 2020-2021, Claranova wants all subsidiaries to have a Data Protection Coordinator (DPC) responsible for the roll-out of personal data protection procedures. The Group will also continue several actions:

- training for all employees: information on their rights as employees and training on personal data protection in their businesses;
- continuation of the audit of all software republished by Claranova to verify there are no data leaks from customer computers.

#### KEY PERFORMANCE INDICATORS

| | 2018-2019 | 2019-2020 |
|---|---|---|
| % of subsidiaries with a *Data Protection Coordinator* (DPC) | 50% | 80% |
| % of subsidiaries covered by the GDPR risk mapping | 100% | 100% |
| % of customer inquiries about personal data | 0.5% | 2% |

## 6.3.2 Fair practices and anti-corruption measures

Claranova and its managers are committed to preventing all forms of corruption and influence peddling in its commercial operations. Group management is implementing an anti-corruption program to prevent and detect acts of corruption and influence peddling in France and other countries in accordance with Article 17 of the French Sapin II law[1]. Due to its rapid development and growth in recent years, the Claranova group is only recently subject to these regulations.

Claranova is currently finalizing the mapping of corruption and influence peddling risks. Once completed, it will cover all Group businesses, geographic areas and procedures. It is based on a local risk analysis, considering around fifteen potential corruption instruments[2] and controls implemented. The procedures involve Claranova management, the legal department, managers and employees and are based on interviews and questionnaires. The non-compliance risk mapping incorporates a range of quantified data so that remediation plans can be tailored to the level of residual risk. The mapping will be regularly updated.

(1) *Article 17 of Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy, also known as the Sapin II law.*

(2) *Potential corruption instruments analyzed include notably gifts, invitations, facilitation payments, sponsoring activities, charitable works, favors on recruitment or the selection of service providers and suppliers, acts of corruption and influence peddling performed by intermediaries, joint venture or consortium partners, contracts with multiple obligations, royalties, discounts and rebates, free gifts and sales, sales with right of return or repayment, merger-acquisition transactions and financial instruments.*

Claranova is also progressively implementing the other pillars of the Sapin II law: an anti-corruption code of conduct, an internal whistle-blowing system, customer, supplier and intermediary assessment procedures, accounting control procedures, a training program for executives and other highly exposed employees, an internal assessment and control system for measures implemented and a disciplinary regime.

### 6.3.3 Regional, economic and social impact of the Company's business activities

#### Outsourcing and supplier relations

The Claranova group's main suppliers are printers, software developers and logistics service providers. Claranova gives preference to local suppliers whenever possible, particularly for general purchases. The Group also wishes to gradually incorporate environmental and social criteria in the selection of suppliers and service providers.

In France, for many years now, Claranova has called on the services of ESAT Suzanne Lawson, a sheltered-work organization managed by the *Association des Papillons Blancs des Rives de Seine.* This organization, which employs people with disabilities, performs a large amount of packaging work for Avanquest Software. The Group's head office also entrusts the recycling of its IT equipment (computers, magnetic media, batteries, *etc.*) to the disabled-friendly company, APR2, and the collection and sorting of its other equipment to Tricycle Environnement, a recycling company supporting inclusion and the return to employment.

#### Supporting voluntary-sector organizations and local education

As an engaged corporate citizen, Claranova concretely contributes to the regions where it operates through partnerships with voluntary-sector organizations.

In the United States, myDevices organizes a food drive every year with the help of volunteers to support the work of local food banks.

In Canada, Avanquest donated over 50 new computers to disadvantaged children. In partnership with the agency Ometz, the Canadian subsidiaries rolled out a recruitment, immigration support and community services approach. Finally, in Canada, Claranova is a member of the Children's Dream Foundation: the subsidiaries fundraise to help children suffering from cancer realize their dreams.

In France, Claranova and its employees financially supported cancer research and emergency assistance to the homeless during lockdown.

## 6.4 Limit our environmental footprint

### 6.4.1 Controlling the environmental impact of our business

**The service activities provided by Claranova group subsidiaries have a limited direct impact on the environment, compared to industrial activities. On the other hand, technological innovation reduces, in certain activities, the environmental impact of products, their logistics chain or the activities of its customers.**

#### Climate change – Carbon footprint

Like all companies, Claranova has a duty to combat climate change. While its greenhouse gas emissions remain lower than those in industrial activities, the Group is nevertheless committed to monitoring and reducing its own carbon footprint. Greenhouse gas emissions are for the most part linked to producing and shipping personalized photo products sold by the PlanetArt division. The environmental impact of this division is largely indirect and depends mainly on its subcontractors, as the majority of the production and all shipping for this activity are outsourced.

Finally, because of the Group's international dimension which requires frequent meetings and exchanges with all subsidiaries and other stakeholders, travel represents one of the main environmental impacts.

To reduce the impact of such meetings, the Group has adopted several rules of conduct:

- reduce travel in favor of video conferences and telephone meetings; and
- where this is not possible, the preference to travel by train.

These good internal travel practices will be continued in 2020-2021, notably for the numerous investor meetings and conferences.

In order to limit the environmental impact of employee car journeys, the Group head office includes the $CO_2$ emitted by vehicles in its selection criteria when renewing its vehicle fleet. No vehicles powered exclusively by fossil fuel have been ordered in the past three years, with preference given to hybrid and electrical vehicles. These will make-up the entire fleet by the end of 2020. The vehicle leasing firms supplying these vehicles are also tasked with tracking fuel consumption.

### KEY PERFORMANCE INDICATORS

The travel agencies used in Europe measure the carbon footprint of each employee's business trips, and publish an annual report on $CO_2$ emissions:

| | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 |
|---|---|---|---|---|---|
| $CO_2$ emissions relating to travel *(kg $CO_2$)* | 239,043 | 180,383 | 162,171 | 295,529 | 160,518 |

The 45% drop in $CO_2$ emissions between 2018-2019 and 2019-2020 is mainly due to the suspension of travel in favor of video-conferencing during the COVID-19 pandemic.

Energy consumption, energy efficiency and the use of renewable energy remain a key challenge for Claranova. Fluctuations in energy consumption depend largely on the air conditioning used in the server room. In the absence of a Group-wide data collection system, global monitoring is not possible. At this stage, each subsidiary adopts its own measures and tracks its own indicators. In Germany, for example, Claranova replaced four old servers with a new server. More energy storage efficient, this investment also helped to eliminate the use of air conditioning.

## Other environmental impacts of our activities

Claranova group's areas of activity present no environmental risks or risks of significant pollution. The Group does not produce or sell any toxic products. Moreover, the services provided are located in offices, with very limited risks in this regard. Most of the Group's environmental impacts are indirect, generated by subcontractors who manufacture and distribute the products of the PlanetArt division.

At this stage, the Group has no formal environmental policy and has not taken any steps towards environmental certification. No site-specific or consolidated data are available in the absence of a centralized data collection system. Nonetheless, Claranova monitors the environmental impact of its own activities. In this respect, the majority of the Group's servers are hosted by Amazon Web Services (AWS), powered entirely from renewable energy sources.

The Group also attaches considerable importance to the environmental impact of its suppliers during the selection process, notably by giving, when possible, preference to FSC® certified suppliers, which is this case for the majority of the paper sales by Avanquest and above all for all the printing and delivery of photos by PlanetArt in Europe.

## 6.4.2 Factoring in the environmental impact of our activities

**The Group also pays considerable attention to environmental impact when selecting suppliers, and in particular hosting service providers or printers. Because PlanetArt's production and shipping are outsourced, the environmental impact of this business is largely indirect and for the most part dependent on subcontractors. The migration of selected Avanquest software to the SaaS model means that software no longer needs to be installed on one's computer and can be operated entirely on the web. And by adopting PaaS and SaaS solutions, the customer pays only for the amount of services actually used. The number of software services leased is thus adapted to the number of users in real time. As a result, when this number decreases, so does the number of subscriptions. This means that energy consumption related to data storage and downloading remains proportional to the level of software usage. The myDevices solutions contribute to a better resource use, waste and emissions reduction and a longer equipment life. Measuring these impacts enhances the environmental management of business and is being extended to more and more activities.**

## Internet of Things: solutions to reduce our customers' environmental impact

The myDevices platform, Claranova's IoT activity, simplifies the management of connected devices for professionals. This platform is based on a catalog of over 450 connected devices produced by 175 different manufacturers. It enables companies of all sizes to connect and interact with their pool of connected devices, irrespective of the type of sensor, its manufacturer or the communication network used (LoRaWan, Sigfox, Bluetooth, 5G, NB IoT, LTE-M, *etc.*).

The myDevices platform offers a quick and easy way to deploy an infinite range of IoT solutions in any business sector (hospitality, retail, manufacturing, chemicals, agriculture, logistics, services, *etc.*) or application field. The new functions available to professional installations through connectivity offer more precise equipment controls for cold chain management, alert management, temperature monitoring (water, air, humidity, *etc.*), space utilization optimization, customer satisfaction monitoring, waste management, rodent control, level control, *etc.*

These features offer a number of benefits and particularly the optimization of energy and water consumption, a decrease in food waste and the proper operation of servers, *etc.* They also enable travel to be rationalized by reducing surveillance rounds, better resource use, a reduction in waste and greenhouse gas emissions and the extension of equipment life. These impacts contribute to an improved environmental management of businesses, a trend that concerns an increasing number of business segments.

With SimplySens (temperature monitoring) a connected cold room allows a restaurant manager to act very quickly when there is a breakdown, preventing the loss of foodstuffs stored. In addition, food safety is improved by ensuring cold chain continuity which is more reliable one-off manual verifications. Monitoring the humidity and temperature of a datacenter helps prevent costly repairs or replacement of equipment in case of failure.

During the coronavirus crisis, Claranova joined together with éolane, the European leader in professional industrial electronic services and smart solutions, to develop the first predictive maintenance IoT solution for industrial equipment with embedded artificial intelligence. The PredictAlert solution, combined with the BOB Assistant by éolane™ sensor, gathers data on the performance of industrial equipment (such as hydraulic pumps in water treatment plants) and produces a dashboard on the state of operation of the various machines. By foreseeing breakdowns before they occur, this solution allows systems to be kept in optimal working order. This function has become indispensable to ensure uninterrupted water treatment services with the surge in disinfecting wipes and latex gloves flushed down toilets due to the global health crisis.

Remote real estate management helps optimize maintenance interventions, communicate good practices to occupants through detailed reporting, and detect leaks.

Connected rodent traps in a grain warehouse, for example, can be used to detect the rodent populations before they reach proportions that are difficult to manage, offering a non-toxic way of fighting infestations.

## 6.5 Methodology

Corporate social responsibility data and non-financial indicators are reported by all Group entities (presented in Section 2.5, Note 2 Consolidation scope as of June 30, 2020) to Executive Management which centralizes this information. In line with the Group's decentralized organization model, the data is not always consolidated as the regulations and definitions (notably for employment-related information) can vary between regions. Operational effectiveness at a local level is prioritized.

As a result of its central role and direct links with the Human Resources Department and other operational departments of the geographical entities, the Group Executive Management is best placed to collect and verify the data circulated by the local entities. It provides a list of the data and indicators to be supplied.

Employment-related, environment and social data is collected by Group Management at the end of each fiscal year. Data consistency (compared with data from prior years and financial management data) is verified locally and then centrally.

# 6.6 Report by the independent third party on the consolidated Non-Financial Statement

**Year ended June 30, 2020**

*This is a free English translation of the Independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the General Shareholders' Meeting,

In our capacity as independent third party, accredited by the French Accreditation Committee (*Comité français d'accréditation* or COFRAC) under number 3-1681 (accreditation scope available at www.cofrac.fr) and a member of the network of one of the Statutory Auditors of your Company (hereinafter the "entity"), we hereby report to you on the consolidated Non-Financial Statement for the year ended June 30, 2020 (hereinafter the "Statement"), included in the Management Report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

## Responsibility of the entity

The Board of Directors is responsible for preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the Company's head office.

## Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics *(Code de déontologie)* of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

## Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105-I-3° and II of the French Commercial Code, *i.e.,* the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

## Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A. 2251 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[1]:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1-III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under Article R. 225-105-II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1-III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

(1) *ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.*

- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks (Personal data protection), our work was carried out on the consolidating entity. For the other risks, our work was carried out on the consolidating entity and on a selection of entities listed hereafter: Avanquest Canada;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities listed above and covers 20% of the consolidated data selected for these tests (20% of employees and hours worked);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

## Means and resources

Our work was carried out by a team of three people in October 2020 and took a total of three weeks.

We conducted two meetings with the individuals responsible for preparing the Statement representing in particular the administrative and data protection departments.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Non-Financial Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

## Comments

Without modifying the above conclusion and in accordance with the requirements of Article A. 225-3 of the French Commercial Code, we have the following comments:

The policies, action plans and outcomes concerning the risk relating to the employment, integration and recruitment of employees or a lack of employee expertise or training, identified as a principal risk, are currently being deployed as part of the Group's commitment.

Paris-La Défense, October 12, 2020

Independent third party

Ernst & Young et Associés

| Jean-François Bélorgey | Christophe Schmeitzky |
|---|---|
| Partner | Partner, Sustainable Development |

# Appendix 1: Most important Non-Financial information

**Employee information**

| Quantitative information (including key performance indicators | Qualitative information (measures and outcomes) |
|---|---|
| • Number of employees<br>• Breakdown by gender<br>• Breakdown by age<br>• Employees working from home (partial and total)<br>• Number of training hours<br>• Hours worked<br>• Number of lost-time accidents<br>• Number of occupational diseases<br>• Number of lost days due to workplace accidents | Measures implemented for the employment and recruitment of employees<br>Training program for Canadian employees<br>Measures relating to health and safety at work |

**Societal information**

| Quantitative information (including key performance indicators | Qualitative information (measures and outcomes) |
|---|---|
| • Percentage of subsidiaries with a Data Processing Coordinator (DPC)<br>• Percentage of subsidiaries covered by the GDPR risk mapping<br>• Percentage of customer inquiries concerning personal data | Personal data protection roadmap and measures implemented |

7

# Additional information

# 7.1 Persons responsible for the Universal Registration Document

## 7.1.1 Persons responsible for the Universal Registration Document

Pierre Cesarini
*Chief Executive Officer, Chairman of the Board of Directors*

Claranova

Immeuble Vision Défense

89/91, boulevard National

92257 La Garenne-Colombes Cedex

Tel: 01 41 27 19 75

## 7.1.2 Declaration by the person responsible for the Universal Registration Document

I hereby certify, having taken all reasonable measures in this respect, that the information contained in this document is, to the best of my knowledge, true to fact and does not contain any omissions likely to affect its import.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and are a true representation of the assets, the financial position and the income of the Company and all the companies in the Group, and that the report on Corporate Governance, contained in this document as set out in the cross-reference table on page 187, provides a true representation of the business' development, the income and the financial position of the Company and all the companies in the Group and a description of the main risks and uncertainties facing them.

I obtained a letter from the Statutory Auditors at the end of their engagement indicating that they have verified the information concerning the financial position and financial statements presented in this document and have read the entire document. The historical financial information presented in this document has been the subject of Statutory Auditors' reports, presented in Sections 2.6 and 8.5 of the document.

La Garenne-Colombes, October 21, 2020

**Pierre Cesarini**
*Chief Executive Officer, Chairman of the Board of Directors*

## 7.1.3 Persons responsible for the financial information

**Pierre Cesarini,**
*Chief Executive Officer, Chairman of the Board of Directors*

**Claranova**

Immeuble Vision Défense
89/91, boulevard National
92257 La Garenne-Colombes Cedex
Tel: 01 41 27 19 75

Jean-Yves Quentel,
*Group Chief Finance Officer*

**Claranova**

Immeuble Vision Défense
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92257 La Garenne-Colombes Cedex
Tel: 01 41 27 19 75

# 7.2 Persons responsible for auditing the financial statements

## 7.2.1 Principal Statutory Auditors

### Ernst & Young Audit

Tour First. 1/2, place des Saisons – 92400 Courbevoie.

On expiry of the term of office of Ernst & Young et Autres, the Combined Shareholders' Meeting of November 29, 2018 appointed Ernst & Young Audit for a term of six fiscal years ending at the close of the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ending June 30, 2024. Previously, Ernst & Young Audit was the auditor from 2006 to 2012 and Ernst & Young et Autres was the auditor from 2013 to 2018.

Ernst & Young Audit is represented by Jean-Christophe Pernet. The company is a member of the *Compagnie régionale des commissaires aux comptes de Versailles.*

### Aplitec

Les patios Saint-Jacques. 4-14, rue Ferrus – 75014 Paris.

Appointed on February 12, 1998 for a period of six fiscal years, Aplitec's term of office was initially renewed for a period of six additional fiscal years by the Ordinary General Shareholders' Meeting of May 27, 2004. It was renewed a second time for a period of six additional fiscal years by the Ordinary General Shareholders' Meeting of July 28, 2010, and then a third time for a period of six additional fiscal years by the Ordinary General Shareholders' Meeting of November 30, 2016, *i.e.* until the close of the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ending June 30, 2022.

Aplitec is represented by Stéphane Lambert. The company is a member of the *Compagnie régionale des commissaires aux comptes de Paris.*

## 7.2.2 Alternate Statutory Auditors

### Bruno Dechance

Les patios Saint-Jacques. 4-14, rue Ferrus – 75014 Paris.

Appointed on November 30, 2016 for a period of six fiscal years, *i.e.* until the close of the Ordinary General Shareholders' Meeting called to approve the financial statements for the year ending June 30, 2022.

## 7.3 Statutory Auditor fees

| | Aplitec | | | | Ernst & Young Audit | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount *(in €)* | | % | | Amount *(in €)* | | % | |
| | 2019-2020 | 2018-2019 | 2019-2020 | 2018-2019 | 2019-2020 | 2018-2019 | 2019-2020 | 2018-2019 |
| Audit (statutory audit, review and certification of separate and consolidated financial statements | | | | | | | | |
| • Issuer | 183,900 | 151,300 | 76% | 75% | 250,521 | 203,825 | 69% | 59% |
| • Fully-consolidated subsidiaries | 59,500 | 51,500 | 24% | 25% | 111,568 | 143,852 | 31% | 41% |
| **Sub-total** | **243,400** | **202,800** | **100%** | **100%** | **362,089** | **347,677** | **100%** | **100%** |
| Ancillary assignments | | | | | | | | |
| • Issuer | | | 0% | 0% | | | 0% | 0% |
| • Fully-consolidated subsidiaries | | | 0% | 0% | | | 0% | 0% |
| **Sub-total** | **0** | **0** | **0%** | **0%** | **0** | **0** | **0%** | **0%** |
| **Total** | **243,400** | **202,800** | **100%** | **100%** | **362,089** | **347,677** | **100%** | **100%** |

## 7.4 Auditors who resigned or were dismissed during the period covered by the historical financial information

None.

## 7.5 Major contracts

No major contracts, other than those signed in the normal course of business, have been signed in the two years preceding the publication of this document.

# 7.6 Documents available to the public

## 7.6.1 Availability of the Universal Registration Document

The Universal Registration Document is available at the Company's head office at 89/91, boulevard National – 92257 La Garenne-Colombes Cedex – France, as well as on the Claranova group's website at www.claranova.com. It is also available on the French Financial Markets Authority's website (www.amf-france.org).

The following documents may be consulted at the Company's head office during the validity period of this document:

- the Company's Articles of Association;
- all reports, correspondence and other documents, historical financial information, evaluations and statements prepared by experts at the request of Claranova, certain of which are included or referred to in this document;
- the historical financial information of the issuer and its subsidiaries for each of the two fiscal years preceding the publication of the Registration Document.

Pursuant to Article 221-3 of the AMF's General Regulation, all regulatory information referred to in Article 221-1 of this regulation is available on the Company's website (www.claranova.com).

## 7.6.2 List of press releases

Please find below a list of the press releases published online by the Company since the 2018-2019 Registration Document was made available, *i.e.* since October 22, 2019 (excluding monthly disclosures of the number of shares and voting rights):

| | |
|---|---|
| **10/21/2019** | Claranova: Filing of the Universal Registration Document 2018-2019 |
| **10/31/2019** | Claranova buys out minority interests in its Internet segment |
| **11/06/2019** | Q1 2019-2020 revenue up 45% to €70 million |
| **11/15/2019** | Claranova will be present at the Actionaira trade fair in Paris on November 21 and 22, 2019 |
| **11/18/2019** | Invitation to attend Claranova SE's Combined Shareholders' Meeting: Provision of preparatory documents |
| **11/28/2019** | FreePrints free photo print and album apps arrive in Poland and Austria |
| **12/02/2019** | Invitation to attend Claranova SE's Combined Shareholders' Meeting on December 9, 2019: Amended agenda |
| **12/11/2019** | Notice of second invitation to attend Claranova's Combined Shareholders' Meeting on December 23, 2019 |
| **12/16/2019** | Claranova group 2020 Financial calendar |
| **12/30/2019** | Combined Shareholders' Meeting of December 23, 2019: Approval of ordinary resolutions |
| **01/30/2020** | Claranova launches its new panic button technology No Dead Zone™ to protect US hotel employees |
| **02/07/2020** | Claranova is ranked among the top 500 Growth Champions for 2020 |
| **02/11/2020** | Further substantial growth in H1 revenue: €234 million, up +68% (+22% at constant scope) |
| **03/04/2020** | Claranova will be at the STRH Conference in New York on March 10 and 11 |
| **03/17/2020** | Coronavirus epidemic: Claranova group activities protected |
| **03/31/2020** | Strong profitable growth trajectory continues in H1 2019-2020 |
| **04/02/2020** | myDevices and éolane help fight COVID-19 impacts in the wastewater sector |
| **04/16/2020** | Electronic signature tool made available free of charge |
| **04/21/2020** | FreePrints app photo orders surge during the lockdown |
| **04/29/2020** | Successful launch of the latest version of inPixio |
| **05/13/2020** | Strong growth sustained over the first nine months of activity |
| **05/20/2020** | Strong growth in SodaPDF software sales (+50%) during lockdown |
| **06/03/2020** | Five pioneer companies of the IoT join forces to fight COVID and offer to Spanish hospitals a turnkey emergency call button solution |
| **06/23/2020** | Group management and governance strengthened to accelerate a new expansion phase |
| **07/08/2020** | Invitation to attend the Combined Shareholders' Meeting of July 29, 2020 |

| | |
|---|---|
| **07/20/2020** | Launch of a new mobile app dedicated to personalized gifts: FreePrints Gifts |
| **08/03/2020** | Shareholders' Meeting: Appointment of three new directors to the Board |
| **08/11/2020** | Claranova tops €400 million in annual revenue and pursues its strong growth trajectory |
| **09/01/2020** | PlanetArt acquires CafePress from Shutterfly |
| **10/01/2020** | 2019-2020 annual results: Group's strength confirmed |

8

# Individual financial statements

## 8.1 Income Statement for the year ended June 30, 2020

| *(in € thousand)* | Notes | 2019-2020 | 2018-2019 |
|---|---|---|---|
| **Net revenue** | **Note 4** | **1,689** | **1,778** |
| Stored production | | | |
| Operating subsidies | | | |
| Reversals of amortization, depreciation, provisions, and expense transfers | | 1,316 | 2,008 |
| Other income | | 1 | |
| **Operating income** | | **3,006** | **3,786** |
| Purchase of goods and change in inventory | | | |
| Purchase of raw materials and change in inventory | | | |
| Other purchases and external expenses | | 6,946 | 6,208 |
| Taxes, duties and similar payments | | 5 | 64 |
| Wages and salaries | | 563 | 2,535 |
| Payroll tax expenses | | 301 | (2,224) |
| Depreciation and amortization on non-current assets | | 445 | 260 |
| Provisions for non-current assets | | | |
| Provisions for current assets | | 2 | |
| Provisions for contingent liabilities | | | 1 |
| Other expenses | | 183 | 145 |
| **Operating expenses** | | **8,445** | **6,989** |
| **Net income (loss) from operations** | | **(5,439)** | **(3,203)** |
| Income from other securities and real estate loans | | 1,118 | 133 |
| Other interest and similar income | | 100 | 103 |
| Reversals of provisions and expense transfers | | 356 | 517 |
| Foreign exchange gains | | 3 | 3 |
| **Financial income** | | **1,577** | **756** |
| Amortization and charges to provisions for financial items | | 286 | 356 |
| Interest and similar expenses | | 2,636 | 1,907 |
| Foreign exchange losses | | 3 | 155 |
| **Financial expenses** | | **2,925** | **2,418** |
| **Net financial income (expense)** | **Note 5** | **(1,348)** | **(1,662)** |
| **Current profit (loss) before tax** | | **(6,787)** | **(4,865)** |
| Extraordinary income on management transactions | | | |
| Extraordinary income on capital transactions | | | |
| Reversals of provisions and expense transfers | | 34 | (8) |
| **Extraordinary income** | | **34** | **(8)** |
| Extraordinary expenses on management transactions | | 105 | 199 |
| Extraordinary expenses on capital transactions | | | |
| Extraordinary amortization, depreciation and provisions | | 651 | 208 |
| **Extraordinary expenses** | | **756** | **407** |
| **Extraordinary result** | **Note 6** | **(722)** | **(415)** |
| **Pre-tax net income** | | **(7,509)** | **(5,280)** |
| Statutory employee profit-sharing | | | |
| Income tax | Note 9 | (12) | (10) |
| **Net income (loss) for the year** | | **(7,497)** | **(5,270)** |

## 8.2 Balance sheet assets as of June 30, 2020

| *(in € thousand)* | Notes | Gross amount | Depreciation, amortization and provisions | Net 6/30/2020 | Net 6/30/2019 |
|---|---|---|---|---|---|
| Intangible assets | | 11 | | 11 | 11 |
| Property, plant and equipment | | 3 | | 3 | 2 |
| Equity interests | Note 10 | 87,953 | 148 | 87,805 | 87,805 |
| Other long-term financial assets | Note 10 | 20,629 | | 20,629 | 19,442 |
| **Non-current assets** | | **108,596** | **148** | **108,448** | **107,260** |
| **Inventories** | | | | | |
| Work-in-process – Goods | | | | | |
| Intermediate and finished products | | | | | |
| Goods | | | | | |
| **Receivables** | **Notes 12 to 14** | | | | |
| Advances and payments on account | | | | | |
| Trade receivables | | 5,784 | | 5,784 | 3,860 |
| Other receivables | | 3,156 | | 3,156 | 3,701 |
| **Cash** | | | | | |
| Marketable securities | | 2,459 | 760 | 1,699 | 2,345 |
| Cash at bank and in hand | | 3,448 | | 3,448 | 7,333 |
| **Prepayments and accrued income** | | | | | |
| Prepaid expenses | Note 15 | 139 | | 139 | 161 |
| **Current assets** | | **14,986** | **760** | **14,226** | **17,400** |
| Deferred loan issue costs | Note 16 | 1,592 | | 1,592 | 1,643 |
| Unrealized foreign exchange losses | Note 23 | 288 | | 288 | 357 |
| **Grand total** | | **125,462** | **908** | **124,554** | **126,660** |

## 8.3 Balance sheet equity and liabilities as of June 30, 2020

| *(in € thousand)* | Notes | 6/30/2020 | 6/30/2019 |
|---|---|---|---|
| Share capital | | 39,443 | 39,443 |
| Share and merger premiums | | 124,746 | 124,746 |
| Legal reserve | | 688 | 688 |
| Other reserves | | 3,769 | 3,769 |
| Retained earnings | | (94,036) | (88,766) |
| **Net income(loss) for the year** | | **(7,497)** | **(5,270)** |
| Regulated provisions | | | |
| **Equity** | **Note 17** | **67,113** | **74,610** |
| **Provisions** | **Note 18** | **353** | **450** |
| **Financial liabilities** | **Note 19** | | |
| Other bond issues | | 48,655 | 48,668 |
| Bank borrowings | | 4,004 | 2 |
| Other financial liabilities | | 2,747 | 43 |
| **Operating liabilities** | **Note 20** | | |
| Trade payables | | 1,204 | 2,316 |
| Tax and employee-related liabilities | | 209 | 76 |
| **Other liabilities** | | | |
| Other payables | Note 25 | 222 | 464 |
| **Liabilities** | | **57,041** | **51,569** |
| Unrealized foreign exchange gains | Note 23 | 47 | 31 |
| **Grand total** | | **124,554** | **126,660** |

# 8.4 Notes to the individual financial statements

## Summary of the notes



## Note 1 Major events of the fiscal year

### 1.1 Claranova reverse stock split

Claranova performed a reverse stock split of one new share for 10 existing shares following its approval by shareholders at the Extraordinary General Shareholders' Meeting of June 11, 2019. The par value of the Claranova share was increased in proportion to the exchange parity from €0.10 to €1.

The former Claranova shares (ISIN code: FR0004026714) were delisted from the Euronext market on July 31, 2019 and replaced by the new Claranova shares (ISIN code: FR0013426004) on August 1, 2019.

Following the reverse stock split, the Company's share capital comprises 39,442,878 ordinary shares, including 242,125 treasury shares.

### 1.2 COVID-19 health crisis

During this unprecedented health crisis period, Claranova SE has taken all necessary measures to guarantee the health and safety of its teams. Home working was systematically favored, by providing employees with access to collaborative tools, enabling them to work remotely while maintaining team cohesion under the best conditions.

In the context of the COVID-19 pandemic, Claranova SE secured a €4 million State Guaranteed Loan on May 22, 2020, bearing interest at 0.50% and repayable on maturity in 12 months from the date of signature. The State guaranteed loan includes an additional amortization option enabling Claranova SE to extend the loan maturity for an additional period of one (1), two (2), three (3), four (4) or five (5) year(s), with the desired repayment period (monthly, quarterly, half-yearly or annually) and an interest rate equal to the bank financing rate plus the State guarantee premium. This option can only be exercised at the earliest four months before the due date, and no later than two months before the due date. To date, Claranova SE has not exercised the additional amortization option.

In the context of the COVID-19 crisis, the State accelerated the repayment of tax receivables refundable in 2020. This measure enabled Claranova SE to benefit from the early repayment of the research tax credit and the CICE tax credit for €281 thousand and €63 thousand, respectively.

# Note 2 Accounting principles, rules and methods

The annual financial statements have been prepared in euros in accordance with the provisions of French law and with generally accepted accounting principles in France. Information is expressed in thousands of euros, unless otherwise noted.

General accounting conventions have been applied, in accordance with the principle of prudence, based on the basic assumptions of:

- going concern;
- consistency of accounting policies;
- independence of fiscal years; and
- in accordance with the general rules for the preparation and presentation of annual financial statements recommended in the French chart of accounts and in French Accounting Standards Board (ANC) notice 2016-07.

Items recorded in the accounts are measured using the historical cost method.

## 2.1 Intangible assets

Purchased software packages and technologies are measured at acquisition cost and amortized on a straight-line basis over their useful lives, not exceeding five years.

## 2.2 Property, plant and equipment

### 2.2.1 Measurement

Property, plant and equipment are measured at acquisition cost (purchase price plus related costs).

### 2.2.2 Depreciation

Economically justified depreciation is determined based on the estimated useful life. Depreciation periods are as follows:

- fixtures and fittings, straight-line: 10 years;
- office furniture, straight-line: 7 and 10 years;
- computer hardware, straight-line: 3, 4 and 5 years.

Additional impairment is booked in the event of a loss in value or a change in the useful life.

## 2.3 Long-term financial assets

### 2.3.1 Equity interests and receivables from equity interests, including subsidiary current accounts

Equity interests are measured at acquisition or contribution value. Long-term financial asset acquisition costs are recognized in expenses.

The value of equity interests, receivables from equity interests and current accounts is reconciled with their estimated value in use at the reporting date.

This value in use is reviewed on an annual basis in light of:

- equity;
- unrealized capital gains;
- return on investment;
- forward-looking information;
- utility for the Company;
- market value.

When the value in use calculated in this way is lower than the acquisition value (including receivables from equity interests), an impairment is booked for the amount of the difference.

### 2.3.2 Other long-term financial assets

These items are measured at acquisition value and primarily comprise deposits and sureties and receivables from equity interests.

## 2.4 Receivables

Receivables are measured at nominal value. Where relevant, a provision for impairment is recognized to take account of collection difficulties that may arise.

## 2.5 Transactions denominated in foreign currencies

Income and expenditure denominated in foreign currencies are recorded at their euro equivalent using the exchange rate applicable in the month prior to the transaction date. Foreign currency bank accounts are translated at the prevailing rate at the reporting date.

Translation gains and losses are recorded depending on the type of risk hedged using the matching principle, in accordance with ANC[1] Regulation ANC 2015-05. Translation differences on receivables and commercial debt are recognized in Net income from operations, under "Other income" and "Other expenses".

At the reporting date, translation differences resulting from the translation of foreign currency-denominated receivables or payables at the year-end exchange rate are recorded in accruals and deferred income. A provision is recognized in respect of unrealized foreign exchange losses.

## 2.6 Marketable securities

Marketable securities are measured at acquisition price, on a first in, first out (FIFO) basis.

Where relevant, a provision for impairment is recognized to take account of any loss in value that may arise at the reporting date.

## 2.7 Provision for charges

Provisions for charges are intended to cover probable or certain expenses that the Company will incur in the future. Provisions are recorded, reviewed and adjusted to reflect the Company's best estimate of the expense at the reporting date. They consist of restructuring provisions.

## 2.8 Net share-settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE)

The ORNANE bonds were issued at par and will be redeemable at par. They are therefore recorded in «Other bond issues».

The issue costs were capitalized and spread over the loan term.

Accrued interest is recognized at the period-end.

## 2.9 Euro Private Placement (Euro PP) bond issue

This borrowing, in the form of a bond issue, comprises 19,655 bonds with a nominal value of €1,000.

The issue costs were capitalized and spread over the loan term.

Accrued interest is recognized at the period-end.

## 2.10 State guaranteed loan (PGE)

This facility enabled Claranova to obtain a State guaranteed bank loan of €4 million. The Company benefits from a one-year deferral for the repayment of the capital and amortization can be extended over five years. The PGE is presented in the financial statements as debt maturing in more than one year.

Accrued interest is recognized at the period-end.

## 2.11 Revenue recognition

Revenue comprises the sale of administrative assistance and development strategy services to Group subsidiaries as part of Claranova SE's coordination activity. Revenue is recognized based on the nature of services. In the case of administrative services, revenue is recognized when the service is performed.

For specific development or strategy projects, revenue is recognized on project completion.



(1) *Autorité des normes comptables (French Accounting Standards Board).*

## Note 3 Main judgments and estimates used in preparing the annual financial statements

The 2019-2020 annual financial statements were approved by the Board of Directors on September 30, 2020.

The financial statements were prepared on a going concern basis. The conditions underlying this principle are presented in Note 19.7 to the individual financial statements, on liquidity risk.

In preparing the Company's financial statements, management uses judgments, estimates, and assumptions that have an impact on the amounts recognized in the financial statements as assets, liabilities, income and expenses.

The Company's management regularly reviews its estimates and assessments based on past experience and other factors it considers reasonable, which constitute the basis for its assessments of the carrying amount of assets and liabilities. These estimates are prepared using information available at the time of preparation. The estimates can be revised if new information becomes available. Actual results may differ from these estimates if actual experience or conditions are different from the assumptions made.

The main assumptions and estimates used in preparing the financial statements for the year ended June 30, 2020 concern the valuation of equity interests and receivables related to investments.

# Notes to the Income Statement

## Note 4 Revenue

| **Breakdown by geographic region** *(in € thousand)* | **Amount** |
|---|---|
| France | 1,445 |
| United States | 244 |
| **Total** | **1,689** |

## Note 5 Analysis of net financial income (expense)

The net financial expense is €1.3 million, compared to net financial loss of €1.7 million last year.

The net financial expense for the year mainly comprises bond interest paid less loan interest collected by Claranova SE of €1.6 million.

## Note 6 Analysis of net exceptional items

Net exceptional items show a net expense of €0.7 million, compared to a net expense of €0.4 million last year.

Exceptional items mainly comprise the provision for treasury shares (€0.6 million).

## Note 7 Sumptuary costs and expenses (Article 39-4 of the French General Tax Code)

Claranova SE's individual financial statements show no costs or expenses covered by Article 39, Section 4, of the French General Tax Code, corresponding to a zero theoretical tax expense.

## Note 8 Add-back of overheads in taxable profits (Articles 39-5 and 223 *quinquies* of the French General Tax Code)

To comply with legal requirements, during the fiscal year ended June 30, 2020, our Company did not incur any non-tax deductible costs and expenses within the meaning of Article 39-5 of the French General Tax Code.

## Note 9 Income tax

As Claranova SE reported a tax loss, a tax expense was not recorded. The tax income recognized corresponds to the Family Tax Credit and a tax reduction for corporate sponsorship.

# Notes to balance sheet assets

## Note 10 Long-term financial assets

| (in € thousand) | Gross 7/01/2019 | Acquisitions | Mergers, disposals, transfers between line items | Gross 6/30/2020 | Amortization and provisions 6/30/2020 | Net 6/30/2020 | Net 6/30/2019 |
|---|---|---|---|---|---|---|---|
| Equity interests | 87,953 | | | 87,953 | 148 | 87,805 | 87,805 |
| Receivables from equity interests | 19,347 | 1,647 | 459 | 20,535 | | 20,535 | 19,347 |
| Loans | 93 | | 1 | 92 | | 92 | 93 |
| Loans, other long-term financial assets | 2 | | | 2 | | 2 | 2 |
| **Total** | **107,395** | **1,647** | **460** | **108,582** | **148** | **108,434** | **107,247** |

In accordance with the principles set out in Note 2 to the individual financial statements, the Company analyzed the recoverable value of equity interests and receivables from equity interests, including current accounts with subsidiaries. This review confirmed the values recorded in the balance sheet.

The increase in "Receivables from equity interests" mainly comprises the capitalized interest on the €15,009 thousand loan granted to Avanquest Software SAS to contribute to the Avanquest Canada Holding share capital increase.

The "Loans" item refers to the French housing levy contribution (known as the effort construction). From 2014, the Company opted for a contribution in the form of a loan and made a minimum five-year commitment.

The item "Loans, other long-term financial assets" corresponds to a security deposit.

## Note 11 Fixed assets, amortization and impairment

### Fixed assets

| (in € thousand) | Gross 7/01/2019 | Acquisitions | Disposals/transfer between items | Gross 6/30/2020 | Amort. and provisions 6/30/2020 | Net amount 6/30/2020 | Net amount 6/30/2019 |
|---|---|---|---|---|---|---|---|
| Intangible assets | | | | | | | |
| Licenses, patents | 11 | | | 11 | | 11 | 11 |
| Tangible assets | | | | | | | |
| Office and IT furniture and equipment | 2 | 1 | | 3 | | 3 | 2 |
| **Total** | **13** | **1** | **0** | **14** | **0** | **14** | **13** |

### Amortization

Amortization charges are not material and cannot be expressed in thousands of euros.

## Impairment

| (in € thousand) | Provisions 7/01/2019 | Provision | Reversal | Provisions 6/30/2020 |
|---|---|---|---|---|
| **Intangible assets** | | | | |
| Licenses, patents | 0 | | | 0 |
| **Long-term financial assets** | | | | |
| Equity interests | 148 | | | 148 |
| **Total** | **148** | **0** | **0** | **148** |

## Note 12 Breakdown of other receivables

| (in € thousand) | As of 6/30/2020 |
|---|---|
| Employees & social welfare bodies | 11 |
| Income tax[1] | 114 |
| Value added tax | 1,324 |
| Other taxes, duties and similar payments | 5 |
| Group and associate current accounts | 1,673 |
| Miscellaneous | 29 |
| **Total other receivables** | **3,156** |

*(1) The "income tax" line comprises the 2017 French research tax credit (CIR), the 2017-2018 competitiveness and employment tax credit (CICE), the 2019 Family Tax Credit and the 2019-2020 tax reduction for corporate sponsorship.*

## Note 13 Receivables maturity schedule

| (in € thousand) | As of 6/30/2020 | Less than 1 year | More than 1 year |
|---|---|---|---|
| **Non-current receivables** | | | |
| Receivables from equity interests | 20,535 | | 20,535 |
| Loans and other long-term financial assets | 94 | | 94 |
| **Current receivables** | | | |
| Trade receivables | 5,784 | 5,784 | |
| Social security and other social welfare bodies | 11 | 11 | |
| State and other public bodies | 1,443 | 1,443 | |
| Group and associates | 1,673 | 1,673 | |
| Miscellaneous | 29 | 29 | |
| Prepaid expenses | 139 | 139 | |
| **Total** | **29,708** | **9,079** | **20,629** |

## Note 14 Breakdown of accrued income

| (in € thousand) | As of 6/30/2020 |
|---|---|
| **Long-term financial assets** | |
| Receivables from equity interests | 1,059 |
| **Trade receivables** | |
| Sales invoice accruals | |
| **Other receivables** | |
| VAT receivable | 64 |
| Other receivables | 106 |
| **Marketable securities** | |
| Interest receivable | 25 |
| **Total** | **1,254** |

## Note 15 Breakdown of prepaid expenses

| *(in € thousand)* | As of 6/30/2020 |
|---|---|
| Maintenance | 29 |
| Fees | 71 |
| Contributions/subscriptions | 35 |
| Other | 4 |
| **Total prepaid expenses** | **139** |

## Note 16 Breakdown of deferred charges

| *(in € thousand)* | Net amount as of 7/01/2019 | Increase | Amortization during the fiscal year | Net amount as of 6/30/2020 |
|---|---|---|---|---|
| Debt issue costs | 1,643 | 394 | 445 | 1,592 |

This item comprises loan issue costs for the ORNANE and EURO PP bond issues. The costs are spread on a straight-line basis over the loan terms, namely from June 19, 2018 to July 1, 2023 and from June 27, 2019 to June 27, 2024.

# Notes to balance sheet liabilities

## Note 17 Equity

### 17.1 Share capital

As of June 30, 2020, the share capital of Claranova SE was made up of 39,442,878 shares with a par value of €1 each, all of the same class.

### 17.2 Changes in the number of shares and share capital

| | Number of shares | Amount in € |
|---|---|---|
| **As of June 30, 2019** | **394,428,788** | **39,442,878.80** |
| Cancellation following the reverse stock split | (8) | 0.80 |
| Reverse stock split pursuant to the EGM of June 11, 2019, effective August 1, 2019 | (394,428,780) | |
| | 39,442,878 | |
| **As of June 30, 2020** | **39,442,878** | **39,442,878.00** |

The number of treasury shares changed as follows:

| | Number of shares |
|---|---|
| **As of June 30, 2019** | **2,421,251** |
| Cancellation following the reverse stock split | (1) |
| Reverse stock split pursuant to the EGM of June 11, 2019, effective August 1, 2019 | (2,421,250) |
| | 242,125 |
| **As of June 30, 2020** | **242,125** |

## 17.3 Other securities granting access to the share capital

Dilution information presented in this note takes into account the reverse stock split.

### Stock option plan

On November 30, 2015, Claranova's General Shareholders' Meeting authorized the Management Board to implement a grant plan for options to subscribe for or purchase new or existing shares of Claranova SE and its subsidiaries.

As of June 30, 2020, 44,069 subscription options were still outstanding.

### Share subscription warrant plans

#### Share subscription warrants plan of June 7, 2017

On June 7, 2017, Claranova's General Shareholders' Meeting authorized the Management Board to implement a grant plan for warrants to subscribe for, or purchase, new or existing shares of Claranova SE and its subsidiaries.

On November 13, 2017, the Management Board set up a subscription warrant plan, assigning 3,752,224 shares to members of Claranova's Management Board and Supervisory Board. Following the reverse stock split, 3,752,200 warrants are exercisable and will result in 375,220 shares. Each warrant may be purchased for a value of €0.36 and gives entitlement to purchase one Claranova share for €6.1, during a period of 10 years from the date of grant, namely until November 13, 2027.

As of June 30, 2020, no subscription warrants had been exercised by beneficiaries.

#### Share subscription warrants plan of December 24, 2018

The Board of Directors' meeting of December 24, 2018, using the delegation of authority granted by the Combined Shareholders' Meeting of December 13, 2018, authorized the grant of a maximum of 3,936,138 Claranova share subscription warrants, conferring entitlement to 3,936,138 new ordinary shares, to members of the Board of Directors, certain consultants and the management team.

As of June 30, 2020, 2,857,776 subscription warrants are exercisable and give right to 285,776 shares following the reverse stock split. Warrants may be converted during a two-year conversion period commencing the grant date.

No share subscription warrants were converted to ordinary shares in fiscal year 2019-2020.

### Net share-settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE)

On June 19, 2018, Claranova SE issued 26,363,636 net share-settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE), maturing on July 1, 2023. As of June 30, 2020, no ORNANE bonds had been converted or redeemed.

On December 28, 2018, Claranova SE bought back 455,000 ORNANE bonds.

Assuming that all the rights attached to the options and free shares become exercisable and are exercised, Claranova SE's share capital would increase by €705,065.

This number does not take into account the June 2018 ORNANE bond issue, as the Company had not yet decided the method of redeeming these bonds at the date of this document.

The share capital would therefore increase from €39,442,878 to €40,147,945, an increase of 1.79%, spread over the period from 2020 to 2027.

| | 6/30/2020 |
|---|---|
| Number of shares existing as of June 30, 2019 | 394,428,788 |
| Cancellation following reverse stock split | (8) |
| Reverse stock split | (394,428,780) |
| | 39,442,878 |
| *Of which treasury shares* | *242,125* |
| **Number of shares outstanding** | **39,200,753** |
| Dilutive effect of stock options | 44,069 |
| Dilutive effect of warrants | 660,996 |
| **Theoretical weighted number of shares** | **39,905,818** |

## 17.4 Change in equity

| *(in € thousand)* | As of 6/30/2020 |
|---|---|
| Equity as of 6/30/2019 | 74,610 |
| Net loss for the period | (7,497) |
| **Equity as of 6/30/2020** | **67,113** |

## Note 18 Provisions

| (in € thousand) | Provisions 6/30/2019 | Operating provision | Financial provision | Exceptional provision | Operating reversal | Financial reversal | Exceptional reversal | Used | Provisions 6/30/2020 |
|---|---|---|---|---|---|---|---|---|---|
| Provisions for foreign exchange risk | 357 | 2 | 286 | | 1 | 356 | | 3 | 288 |
| Provisions for expenses | 93 | | | 6 | | | 34 | 34 | 65 |
| **Total** | **450** | **2** | **286** | **6** | **1** | **356** | **34** | **37** | **353** |

Provision for expenses flows mainly involve provisions for vacant offices.

## Note 19 Financial liabilities

As of June 30, 2020, financial liabilities fall due as follows:

| (in € thousand) | As of 6/30/2020 | Less than one year | One to five years |
|---|---|---|---|
| Other bond issues | 48,655 | | 48,655 |
| Bank borrowings | 4,000 | | 4,000 |
| Other financial liabilities | 2,747 | 43 | 2,704 |
| Bank account overdrafts | 0 | | |
| Financial instruments – Liabilities | 0 | | |
| Accrued interest not yet due | 4 | 4 | |
| **Total** | **55,406** | **47** | **55,359** |

### 19.1 Bond issues

#### ORNANE – June 2018

Claranova SE issued €29 million in bonds in June 2018, with the option for redemption in cash and/or new shares and/or existing shares on maturity on July 1, 2023.As of the date of this document, the Company has not decided the bond redemption method.

The bonds bear interest at a fixed rate of 5% payable annually and have a nominal value of €1.10.

They are intended, firstly, to finance the takeover of the group hosting the Adaware, SodaPDF and Upclick businesses by the Avanquest division, and secondly, to cover Claranova SE's future financing requirements.

#### Euro PP – June 2019

In June 2019, Claranova SE successfully launched a Euro PP bond issue for €19,7 million, comprising 19,655 bonds with a nominal value of €1,000.

The 5-year bonds bearing 6% annual interest will be redeemed on maturity.

The proceeds from this issue was used primarily to finance the acquisition balance for the Adaware, SodaPDF and Upclick businesses.

### 19.2 Credit facilities

#### State Guaranteed Loan

In the context of the COVID-19 pandemic, Claranova SE secured a €4 million State Guaranteed Loan on May 22, 2020, bearing interest at 0.50% and repayable on maturity in 12 months from the date of signature. The State guaranteed loan includes an additional amortization option enabling Claranova SE to extend the loan maturity for an additional period of one (1), two (2), three (3), four (4) or five (5) year(s), with the desired repayment period (monthly, quarterly, half-yearly or annually) and an interest rate equal to the bank financing rate plus the State guarantee premium. This option can only be exercised at the earliest four months before the due date, and no later than two months before the due date. To date, Claranova SE has not exercised the additional amortization option.

## 19.3 Other financial liabilities

### PlanetArt Ltd loan

Claranova SE was granted a loan capped at €5.7 million, to be draw in monthly tranches, by PlanetArt Ltd on April 13, 2020. The loan, maturing on April 30, 2022, bears interest at the lower of 2% and the maximum rate authorized by Californian law. It may be mobilized and/or repaid at any moment within the limit of the cap.

Claranova requests advances according to its needs within the limit of the cap. As of June 30, 2020, Claranova SE has borrowed €2.4 million.

### Other

Other financial liabilities of €43 thousand are made up of current accounts.

## 19.4 Foreign currency risk

The Company's exposure to foreign currency risk relates mainly to current accounts denominated in foreign currencies and to sales of services to its subsidiaries in dollars in the United States, minus expenses and investments or the repayment of loans denominated in this currency.

The Company may have foreign exchange hedge facilities. When it prepares its budget each year, the Company may use hedging instruments, primarily comprising forward sales intended to at least hedge the budget exchange rate. No hedging instruments were in place as of June 30, 2020.

## 19.5 Interest rate risk

The Company is not exposed to interest rate fluctuations as the two bond loans and the State Guaranteed Loan are fixed-rate. The PlanetArt Ltd loan is based on the lowest rate and may not exceed 2%.

As of June 30, 2020, the Company was not exposed to interest rate risk.

## 19.6 Equity risk

Equity risk is limited to the Company's own ORNANE bonds and shares that it holds. The Company's cash is mainly invested in risk-free money market investments.

Claranova share price trends are presented in Information on the Company and its share capital in Chapter 5.7.2. Portfolio securities as of June 30, 2020 are presented in Note 32 to these individual financial statements.

## 19.7 Liquidity risk

Prudent management of liquidity risk involves maintaining sufficient liquidity and financial resources through appropriate credit facilities.

Amounts available immediately or almost immediately are largely sufficient to cover borrowing repayments and operating requirements during the next 12 months.

In June 2019, Claranova SE performed a Euro PP bond issue, redeemable on maturity, to optimize its cash flows and meet its payment commitments for the acquisition balance for the Canadian businesses. Covenants are presented in Note 26.2.These ratios are respected.

# Note 20 Debt maturity schedule

Debt falling due in less than one year totals €1,7 million and debt falling due in more than one year totals €55.3 million. Long-term debt consists of bond issues, the State Guaranteed Loan and the PlanetArt Ltd loan.

## Note 21 Payment period disclosures

In accordance with the provisions of Article L. 441-6-1 of the French Commercial Code, the following tables provide a breakdown of trade payables and trade receivables by maturity as of June 30, 2020 and June 30, 2019.

### 21.1 Trade payables as of June 30, 2020

| | Article D. 441-I-1: Invoices received and not paid at the fiscal year end, and past due | | | | | |
|---|---|---|---|---|---|---|
| *(amount in €)* | **0 days** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days and over** | **Total (1 day and over)** |
| (A) Late payment period | | | | | | |
| Number of invoices concerned | 22 | 27 | 11 | 3 | 36 | 77 |
| Total amount of invoices concerned (incl. tax) | 446,705.65 | 14,521.62 | 335,381.32 | 9,570.62 | 36,762.18 | 396,235.74 |
| Percentage of the total amount of purchases for the fiscal year (incl. tax) | 5.08% | 0.17% | 3.82% | 0.11% | 0.42% | 4.51% |
| (B) Invoices excluded from (A) relating to disputed or unrecognized liabilities and receivables | | | | | | |
| Number of invoices | | | | | | 0 |

#### Trade payables as of June 30, 2019

| *(amount in €)* | **0 days** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days and over** | **Total (1 day and over)** |
|---|---|---|---|---|---|---|
| (A) Late payment period | | | | | | |
| Number of invoices concerned | 42 | 31 | 2 | 1 | 32 | 66 |
| Total amount of invoices concerned (incl. tax) | 553,498.96 | 348,459.40 | 447.86 | 652.23 | 36,277.55 | 385,837.04 |
| Percentage of the total amount of purchases for the fiscal year (incl. tax) | 8.24% | 5.19% | 0.01% | 0.01% | 0.54% | 5.75% |
| (B) Invoices excluded from (A) relating to disputed or unrecognized liabilities and receivables | | | | | | |
| Number of invoices | | | | | | 0 |

### 21.2 Trade receivables as of June 30, 2020

| | Article D. 441-I-1: Invoices issued and not paid at the fiscal year end, and past due | | | | | |
|---|---|---|---|---|---|---|
| *(amount in €)* | **0 days** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days and over** | **Total (1 day and over)** |
| (A) Late payment period | | | | | | |
| Number of invoices concerned | 7 | 0 | 1 | 5 | 53 | 59 |
| Total amount of invoices concerned (incl. tax) | 507,260.17 | 8,553.23 | 21,301.85 | 566,725.67 | 4,679,638.94 | 5,276,219.69 |
| Percentage of revenue for the fiscal year (incl. tax) | 15.14% | 0.26% | 0.64% | 16.91% | 139.63% | 157.44% |
| (B) Invoices excluded from (A) relating to disputed or unrecognized liabilities and receivables | | | | | | |
| Number of invoices | | | | | | 0 |

### Trade receivables as of June 30, 2019

| (amount in €) | 0 days | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days and over | Total (1 day and over) |
|---|---|---|---|---|---|---|
| (A) Late payment period | | | | | | |
| Number of invoices concerned | 7 | 7 | 2 | 2 | 19 | 30 |
| Total amount of invoices concerned (incl. tax) | 1,556,226.05 | 48,696.00 | 50,513.89 | 14,231.40 | 1,853,247.30 | 1,966,688.59 |
| Percentage of revenue for the fiscal year (incl. tax) | 37.48% | 1.17% | 1.22% | 0.34% | 44.63% | 47.36% |
| (B) Invoices excluded from (A) relating to disputed or unrecognized liabilities and receivables | | | | | | |
| Number of invoices | | | | | | 0 |

Revenue for the fiscal year (including VAT) used for comparison purposes above includes transfers of expenses. These solely concern intercompany receivables.

## Note 22 Breakdown of accrued expenses

| (in € thousand) | As of 6/30/2020 |
|---|---|
| **Other bond issues** | |
| Accrued interest | |
| **Bank borrowings** | |
| Accrued interest | 4 |
| **Loans and borrowings** | |
| Accrued interest | 43 |
| **Trade payables** | |
| Purchase invoice accruals | 345 |
| Tax & employee-related liabilities | 121 |
| Other payables | 121 |
| **Total** | **634** |

## Note 23 Translation adjustments on receivables and liabilities denominated in foreign currencies

| Type of difference (in € thousand) | Asset – unrealized loss | Offset by forex hedges | Provisions for foreign exchange losses | Liability – unrealized gain |
|---|---|---|---|---|
| On non-financial assets | | | | |
| On long-term financial assets | 286 | | 286 | |
| On receivables | | | | 45 |
| On financial liabilities | | | | |
| On operating liabilities | 2 | | 2 | 2 |
| On fixed asset liabilities | | | | |
| **Total** | **288** | | **288** | **47** |

## Note 24 Expense transfers

Expense transfers comprise the expenses paid by Claranova SE on behalf of its subsidiaries and rebilled as part of the Group's operations.

## Note 25 Other payables

Other payables mainly comprise the research tax credit (*crédit impôt recherche* – CIR) and competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi* – CICE) for the period from January 1 to May 31, 2017 to be repaid to Avanquest Software (€101 thousand) upon collection or on offset against income tax, as part of the partial transfer of assets. Claranova SE contributed the software activity to Avanquest Software on June 7, 2017 with retroactive effect to June 1, 2017.

## Note 26 Off-balance sheet commitments

### 26.1 Earn-out clauses on acquisitions and equity interests

There are no earn-out clauses relating to acquisitions in prior periods applicable as of June 30, 2020 for Claranova SE.

## 26.2 Off-balance sheet commitments given

| Beneficiaries | Date | Type | Amount | Limits | Period |
|---|---|---|---|---|---|
| ProcessFlows (UK) Ltd | 5/29/2015 | Share transfer agreement | Minimum: €4,000,000<br>Maximum: €5,350,000 + interest on a maximum of €350,000 | Price paid to the seller, except in the event of a claim relating to tax or employee-related receivables or insolvency (in the absence of compulsory administration or liquidation proceedings or an application to appoint a liquidator).<br>In the latter case, the maximum amount is £2,500,000.<br>Floor: £50,000 (except in the event of fraud). | Tax receivable: 7 years from the transaction completion date, i.e. until 5/29/2022. |
| Avanquest Software Publishing Ltd | 4/30/2016 | Share transfer agreement | Guarantee granted for the amount of losses, guarantees, costs and expenses provided for in some cases by the transfer agreement. | £750,000, plus the amount of the earn-out clause.<br>Floor:<br>• £2,500 if called for a single claim;<br>• £25,000 if called for several claims. | Tax receivable: 7 years from the transaction completion date, i.e. until 4/30/2023. |
| Holders of EuroPP bonds | 6/25/2019 | Claranova commitments to maintain the annual consolidated net financial debt/EBITDA ratio strictly below 3.5 and annual EBITDA above zero | In the event of non-compliance with its financial commitments, bond holders could demand early redemption | Bond issue of €19,655,000. | For as long as the bonds are outstanding, i.e. until 6/27/2024. |
| Upclick 6785719 Canada Inc.<br>Upclick Malta Ltd (C 42231) | 5/27/2020 | Parent company guarantee with Paysafe Group, the payment partner of these subsidiaries | Should the subsidiaries fail to reimburse the sums paid by their customers in the event of *a* refund/ chargeback request | Customer Application Opportunity legally limited to 180 days in Canada | As long as the underlying contracts between the subsidiaries and Paypal are in force |
| Avanquest Deutschland Gmbh | 11/27/2019 | Claranova SE parent company guarantee | €30,000 in the event of non-payment of rent or incident costs by the subsidiary | | Over the lease term, 5 years renewable |

## 26.3 Pledges granted

There were no pledges granted as of June 30, 2020.

## 26.4 Lease financing commitments

Claranova SE has no lease financing commitments.

## 26.5 Retirement termination benefits

On retirement, Company employees are entitled to benefits calculated according to the relevant collective bargaining agreement.

Post-employment obligations, calculated using the retrospective method (projected unit credit method), amounted to €18 thousand as of June 30, 2020. The Company does not recognize a provision for theoretical earned entitlement. Instead it expenses the actual cost of retirement termination benefits in the fiscal year of retirement.

Retirement benefits are provided in full in the consolidated financial statements. The impact in the consolidated financial statements of the fiscal year is an expense of €12 thousand consisting of the current service cost. The actuarial assumptions used are:

- discount rate: 0.80%;
- retirement age: 65 years;
- rate of salary increase: 2%-5%, depending on age.

A discount rate of 0.85% was applied as of June 30, 2019. The other assumptions are unchanged.

## 26.6 Commitments and guarantees received

The shareholders of Micro Application Europe provided Claranova SE with a warranty covering the assets and liabilities in the financial statements of the Company and its subsidiaries as of February 11, 2011. This guarantee is currently only valid for tax claims for which the legal limitation period is longer than five years, and for claims still pending and in accordance with the terms of the guarantee.

Claranova SE waived an aggregate amount of $15 million (€13.3 million) in debt for its subsidiary Avanquest America. The debt waiver is subject to a financial recovery clause based on profitability or disposal criteria for the physical subsidiary.

# Note 27 Fees paid to the Statutory Auditors

Claranova group publishes consolidated financial statements. Please see the information presented in the 2019-2020 Universal Registration Document in Chapter 7.3.

# Note 28 Information on associates and companies in which the Company has an equity interest

| *(in € thousand)* | Associates as of 6/30/2020 | Equity interests as of 6/30/2020 |
|---|---|---|
| Net long-term financial assets | 108,340 | - |
| Net receivables | 7,460 | - |
| Liabilities | 2,978 | - |
| Prepaid expenses | - | - |
| Financial income | 1,188 | - |
| Financial expenses | 4 | - |

## Note 29 Subsidiaries and equity interests

| Company | Share capital | Equity excluding share capital and before net income | Share of dividends | Gross value of securities<br>Net value of securities | Loans, advances, sureties | Revenue | Net income |
|---|---|---|---|---|---|---|---|
| **Avanquest America Inc.** | 24,395,128 | (17,872,719) | 100% | 59,824,459 | 4,475,331 | 318,449,781[1] | 5,363,610[1] |
| 2711 Centerville Road, Suite 400 Wilmington, DE 19808 – USA | | | | 59,824,459 | - | | |
| **Avanquest Software SAS** | 25,840,490 | (4,052,631) | 100% | 27,680,848 | 17,029,670 | 90,653,183[2] | 2,168,112[2] |
| 89/91, bd National 92250 La Garenne-Colombes – France | | | | 27,680,848 | - | | |
| **Claranova Development SA** | 300,000 | (271,367) | 100% | 300,000 | - | 2,316,327 | (49,964) |
| 47 Côte d'Eich 1450 Luxembourg | | | | 300,000 | - | | |
| Equity interests | | | | | | | |
| **Antvoice SAS** | NA | | 1.7% | 148,000 | | | |
| 28, rue du Sentier 75002 Paris – France | | | | - | | | |

*(1) Consolidated data integrating the companies PlanetArt UK Ltd, PlanetArt LLC, FreePrints India Ltd, Avanquest China Ltd, myDevices Inc. and Avanquest America Holdings, LLC. Aggregate data for revenue and net income.*

*(2) Consolidated data integrating the companies Avanquest North America Inc., Avanquest Deutschland GmbH, Avanquest Iberica SL, Avanquest UK Ltd, PC Helpsoft, Avanquest Canada Inc., Avanquest Canada Holding Inc., EMME Deutschland GmbH and the Canadian subsidiaries carrying the Adaware, SodaPDF and Upclick businesses. Aggregate data for revenue and net income.*

Claranova SE is the consolidating entity of the Claranova group.

## Note 30 Income tax

### 30.1 Deferred tax

| *(in € thousand)* | As of 6/30/2020 | Income tax and corresponding contributions* |
|---|---|---|
| Unrealized foreign exchange gains | 47 | 13 |
| Tax losses available for carry forward | 18,782 | 5,259 |
| **Net deferred tax asset** | **18,829** | **5,272** |

* *Income tax rate adopted: 28%*

Following the partial transfer of assets, an application for the transfer of software business-related losses of €56.1 million to Avanquest Software SAS was filed and is still ongoing.

### 30.2 Family tax credit

Claranova SE was awarded a family tax credit of €10 thousand in respect of the 2019 calendar year.

### 30.3 Tax reduction for corporate sponsorship

Claranova SE recognized a tax reduction for corporate sponsorship of €4 thousand in respect of fiscal year 2019-2020.

## Note 31 Legal proceedings and disputes

There are no pending or potential government, legal or arbitration proceedings, including any proceedings of which the Company has knowledge, which may have or have had a material impact during the past 12 months on the Company's financial position or profitability.

## Note 32 Portfolio securities

| Type of security | Quantity as of 6/30/2020 | Total purchase value in € thousand | Market value in € thousand as of 6/30/2020 |
|---|---|---|---|
| Treasury shares | 242,125 | 2,002 | 1,242 |
| Claranova ORNANE bonds | 455,000 | 432 | 523 |
| **Total** | **697,125** | **2,434** | **1,765** |

## Note 33 Events after the reporting period

### Appointment of new directors and an Executive Vice President – Renewal of the Board of Directors' Committees

On June 23, 2020, Claranova group announced the strengthening of Group management and governance, with the promotion of Sébastien Martin to Executive Vice President and the appointment of Jean-Yves Quentel as Group Chief Financial Officer. Jean-Yves Quentel was also appointed Executive Vice President by the Board of Directors' meeting of August 10, 2020.

The General Shareholders' Meeting of July 29, 2020 appointed three new independent directors, Joanna Gordon, Francis Meston and Jérôme Bichut, to accompany the Company in its new development phase.

The Board of Directors' meeting of July 29, 2020 also renewed the appointment of the members of the Audit and Appointments and Compensation Committee and created a Strategic Committee.

## Note 34 Other information

### 34.1 Workforce

The Company had an average of six employees during the fiscal year, as was the case last year. The breakdown by employee category is as follows:

| | |
|---|---|
| White collar workers | - |
| Engineers and managers | 6 |
| Executives | - |
| **Total** | **6** |

### 34.2 Compensation of senior management

Fees paid to the members of Claranova SE's executive and management bodies for the performance of their duties amounted to €227 thousand. The Chairman and CEO is compensated by the Luxembourg subsidiary dedicated to the Group's development.

Compensation of €176 thousand was paid to members of governance bodies during the course of the fiscal year. Compensation granted is paid quarterly.

### 34.3 Related-party transactions

In addition, there is a regulated agreement with Cloudy Bay, involving Caroline Bouraine Le Bigot, described in Section 3.5 document.

# 8.5 Statutory Auditors' report on the consolidated financial statements

**Year ended June 30, 2020**

*This is a translation into English of the statutory auditors' report on the financial statements of the Company, issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Claranova SE General Shareholders' Meeting,

## Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meetings we have audited the accompanying annual financial statements of Claranova for the year ended June 30, 2020. These financial statements were approved by the Board of Directors on September 30, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis and of difficulties in assessing its impact and future prospects.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of June 30, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for Opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *"Statutory Auditors' Responsibilities for the Audit of the Financial Statements"* section of our report.

### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from July 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

## Justification of our assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the annual financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## Valuation of equity interests and related receivables

| Risk identified | Our response |
|---|---|
| As of June 30, 2020, the net value of equity interests, related receivables and current accounts was €110,013 thousand.<br>As indicated in Section 2.3 "Long-term financial assets" of Note 2 "Accounting principles, rules and methods," equity interests are valued at their acquisition cost or their contribution value.<br>At the reporting date, the value of equity interests, related receivables and current accounts is reconciled with an estimated value in use. When the value in use is lower than the acquisition value (including receivables from equity interests), an allowance for impairment is booked for the amount of the difference.<br>The value in use is estimated taking into account equity, unrealized capital gains, forecast items, etc. The valuation of equity interests and related receivables therefore requires the exercise of management's judgment in its choice of the items to be considered according to the relevant interests.<br>In our opinion, therefore, the proper valuation of equity interests, related receivables and current accounts constituted a key audit matter. | Our audit procedures consisted in verifying the value in use of the main components of the securities portfolio.<br>Accordingly, our work consisted of:<br>• obtaining an understanding of the process adopted by management to estimate the value in use of equity interests and related receivables and of the documentation of items selected by management to be considered according to the relevant interests;<br>• assessing the consistency of key assumptions used to determine cash flows and long-term growth rates underlying these flows with regard to historical performance and operating budgets approved by management for the coming year, integrating growth forecast for subsequent years;<br>• verifying the calculation formulas used and the accounting recognition of provisions where the value in use is lower than the acquisition value;<br>• assessing the appropriateness of the disclosures provided in the annual financial statements. |

# Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

## Information presented in the management report and other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report approved on September 30, 2020 and in the other documents with respect to the financial position and the financial statements provided to shareholders. With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, management indicated to us that they will be communicated to the Shareholders' Meeting called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D.441-4 of the French Commercial Code.

## Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits paid or granted to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we have verified its compliance with the source documents communicated to us. Based on this work, we attest the accuracy and fair presentation of this information.

## Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

# Report on Other Legal and Regulatory Requirements

## Appointment of the Statutory Auditors

We were appointed as statutory auditors of Claranova by the Annual General Meeting held on February 12, 1998 for APLITEC and on November 29, 2018 for ERNST & YOUNG Audit.

As of June 30, 2020, APLITEC and ERNST & YOUNG Audit were in the 22nd year and 2nd year of total uninterrupted engagement, respectively.

ERNST & YOUNG Audit previously served as statutory auditor from 2006 to 2012 and ERNST & YOUNG et Autres previously served as statutory auditor from 2013 to 2018.

# Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

# Statutory Auditors' Responsibilities for the Audit of the Financial Statements

## Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, the scope of our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La-Défense, October 21, 2020

The Statutory Auditors

| APLITEC | Ernst & Young Audit |
| --- | --- |
| Stéphane Lambert | Jean-Christophe Pernet |

## 8.6 Results for the past five fiscal years

| Fiscal year ended | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
|---|---|---|---|---|---|---|
| Length of fiscal year | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| **Share capital at end of fiscal year** | | | | | | |
| Share capital *(in €)* | 39,442,878 | 39,442,879 | 39,361,379 | 37,531,856 | 37,531,856 | 37,498,256 |
| Number of shares: | | | | | | |
| • ordinary | 39,442,878 | 394,428,788 | 393,613,788 | 375,318,555 | 375,318,555 | 374,982,555 |
| • preferred | | | | | | |
| Maximum number of new shares to be issued | | | | | | |
| • by converting bonds | 2,636,363 | 26,363,636 | 26,363,636 | - | - | - |
| • by exercising subscription rights | 705,065 | 7,050,694 | 22,952,918 | 19,395,927 | 915,000 | 4,300,167 |
| **Transactions and results** *(in €)* | | | | | | |
| Revenue (excl. taxes) | 1,689,477 | 1,777,820 | 1,197,318 | 14,446,085 | 18,235,344 | 26,741,425 |
| Net income before income tax, profit-sharing, depreciation, amortization and provisions | (6,524,584) | (4,972,569) | (13,685,554) | (5,367,984) | (19,796,678) | (37,237,144) |
| Income tax | (12,350) | (9,602) | (6,937) | (208,470) | (260,993) | (205,876) |
| Employee profit-sharing | - | - | - | - | - | - |
| Depreciation, amortization and provisions | 984,900 | 307,250 | (9,074,282) | (58,409,973) | (4,157,557) | (37,004,079) |
| Net income | (7,497,134) | (5,270,217) | (4,604,335) | 53,250,459 | (15,378,128) | (27,189) |
| Dividend distribution | | | | | | |
| **Earnings per share** *(in €)* | | | | | | |
| Net income after income tax and profit-sharing but before depreciation, amortization and provisions | (0.17) | (0.01) | (0.03) | (0.01) | (0.05) | (0.1) |
| Net income after income tax, profit-sharing depreciation, amortization and provisions | (0.19) | (0.01) | (0.01) | 0.14 | (0.04) | 0 |
| Dividends paid | - | - | - | - | - | - |
| **Employees** | | | | | | |
| Average workforce | 6 | 6 | 6 | 51 | 70 | 86 |
| Payroll *(in €)* | 563,328 | 2,534,487 | 1,195,590 | 3,710,465 | 3,681,625 | 3,915,700 |
| Total employee benefits *(in €)* (social security, other employee welfare payments) | 300,887 | (2,233,957) | 3,571,959 | 2,070,375 | 1,824,908 | 1,966,522 |

# Cross-reference tables

# Cross-reference table with Universal Registration Document (URD) 2019-2020

The purpose of the following cross-reference table is to identify the information required by Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019 in accordance with the URD model.

| | | Universal Registration Document 2019-2020 | |
|---|---|---|---|
| **Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019** | | **Chapter** | **Page** |
| **1** | **Persons responsible, third party information, experts' reports and competent authority approval** | | |
| 1.1 | Identity of persons responsible | 7.1.1 | 156 |
| 1.2 | Declaration by those responsible | 7.1.2 | 156 |
| 1.3 | Name, business address and qualifications of persons acting as experts | n.a | |
| 1.4 | Attestation on information sourced from a third party | n.a | |
| 1.5 | Statement without the prior approval of the competent authority | n.a | |
| **2** | **Statutory Auditors** | | |
| 2.1 | Identity of the Statutory Auditors | 7.2 | 157 |
| 2.2 | Any change | 7.2 | 157 |
| **3** | **Risk factors** | **4** | **119** |
| **4** | **Information about the issuer** | | |
| 4.1 | Legal and commercial name | 5.1.1 | 126 |
| 4.2 | Place of registration of the issuer, its registration number and legal entity identifier ("LEI") | 5.1.3 | 126 |
| 4.3 | Date of incorporation and the length of life of the issuer | 5.1.4 | 126 |
| 4.4 | Domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address and telephone number of its registered office and its website | 5.1.1 to 5.1.3 | 126 |
| **5** | **Business overview** | | **9** |
| 5.1 | Key activities | 1.2 | 11 |
| 5.1.1 | Nature of operations | 1.2 | 11 |
| 5.1.2 | New products and services | 1.2 | 11 |
| 5.2 | Key markets | 1.2 and 2.5 notes 5 and 6 | 11 and 49, 50 |
| 5.3 | Important events | 1.3 and 2.5 note 1 | 23, 36 |
| 5.4 | Strategy and objectives | 1.2 and 1.5 | 11 and 25 |
| 5.5 | Issuer's dependence on patents, licenses, contracts or manufacturing processes | 1.2 and 4.2 | 11 and *seq.*, 121 |
| 5.6 | Statement regarding the competitive position | 1.2 and 4.2.5 | 11, 122 |
| 5.7 | Investments | 2.5 notes 18, 19 and 36.3 | 56 and 77 |
| 5.7.1 | Material investments | 2.5 notes 18, 19 and 36.3 | 56 and 77 |
| 5.7.2 | Material investments of the issuer that are in progress or that the issuer plans to make in the future and for which firm commitments have already been made by its management bodies and methods of financing | 2.5 note 36.3 | 77 |
| 5.7.3 | Information relating to joint ventures and undertakings that are likely to have a negative impact on the issuer's financial development | n.a. | |
| 5.7.4 | Environmental issues that may affect the issuer's utilization of the tangible fixed assets | 6.4 and 2.5 note 36.4 | 148, 77 |

| Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019 | | Universal Registration Document 2019-2020 Chapter | Page |
|---|---|---|---|
| **6** | **Organizational structure** | | |
| 6.1 | Brief description of the Group | 1.6 | 26 |
| 6.2 | List of significant subsidiaries | 1.6 and 2.5 note 2 | 26 and 38 |
| **7** | **Operating and financial review** | | |
| 7.1 | Financial condition | 1.1 | 10 |
| 7.1.1 | Development and performance of the issuer's business and of its position including financial and, where appropriate, non-financial Key Performance Indicators | 1.1, 1.2 and 1.6 | 10 and *seq.* |
| 7.1.2 | Likely future development and activities in the field of research and development | 1.2, 1.5 and 2.5 note 36.3 | 11, 25 and 77 |
| 7.2 | Operating results | 1.1 and 1.2 | 10 and 11 |
| 7.2.1 | Significant factors, unusual or infrequent events or new developments | 1.2, 1.3 and 2.5 note 1 | 11, 23, 36 |
| 7.2.2 | Reasons for material changes in net sales or revenues | 1.2 and 2.5 note 3.15 | 11, 45 |
| **8** | **Capital resources** | | |
| 8.1 | Information concerning capital resources | 2.5 note 25 | 62 |
| 8.2 | Cash flows | 2.3 and 2.5 note 33 | 34 and 72 |
| 8.3 | Borrowing requirements and funding structure | 2.5 note 28 | 67 |
| 8.4 | Restrictions on the use of capital resources | 1.4.3 | 24 |
| 8.5 | Anticipated sources of funds | 1.4.4 | 24 |
| **9** | **Regulatory environment** | | |
| 9.1 | Description of the regulatory environment that may affect the issuer's business | 4.2.6 and 6.1.2 | 123 and 139 |
| **10** | **Trend information** | | |
| 10.1 | Description of the most significant trends and any significant change in the financial performance of the Group since the end of the last fiscal year | 1.2 and 1.5 | 11 and 25 |
| 10.2 | Events that are likely to have a material effect on the issuer's prospects | 1.5 and 2.5 note 35 | 25 and 76 |
| **11** | **Profit forecasts or estimates** | | |
| 11.1 | Published profit forecasts or profit estimates | n.a. | |
| 11.2 | Statement setting out the principal forecast assumptions | 1.5 | 25 |
| 11.3 | Statement of comparability with historical financial information and consistency with accounting policies | 2.5 note 3 | 41 |
| **12** | **Administrative, management and supervisory bodies and senior management** | | |
| 12.1 | Information concerning members | 3.1 | 85 |
| 12.2 | Conflicts of interests | 3.1.1 | 85 |
| **13** | **Remuneration and benefits** | | |
| 13. 1 | Remuneration paid and benefits in kind | 3.3 | 97 and *seq.* |
| 13.2 | Provisions for pension, retirement or similar benefits | 3.3.4 | 107 |
| **14** | **Board practices** | | |
| 14.1 | Date of expiration of terms of office | 3.1.1 | 85 |
| 14.2 | Members of the administrative, management or supervisory bodies' service contracts with the issuer | 3.4.1 and 3.5 | 108 and 115 |
| 14.3 | Information about the Audit Committee and Remuneration Committee | 3.1.3.3 and 3.1.3.4 | 94 |
| 14.4 | Statement of compliance with the applicable corporate governance regime | 3.1.3.2 | 92 |
| 14.5 | Potential future impacts on the corporate governance | n.a. | |

| Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019 | | Universal Registration Document 2019-2020 Chapter | Page |
|---|---|---|---|
| **15** | **Employees** | | |
| 15.1 | Number of employees | 2.5 note 36.1 and 8.4 note 34.1 | 77, 181 |
| 15.2 | Shareholdings and stock options | 2.5 note 26.3 and 5.3.8 | 63, 131 |
| 15.3 | Arrangements for involving the employees in the capital of the issuer | 5.3.6 and 5.3.8 | 130 and 131 |
| **16** | **Major shareholders** | | |
| 16.1 | Shareholders with over 5% of capital as at the date of the Registration Document | 5.4.1 and 5.2.6 | 132 and 128 |
| 16.2 | Existence of different voting rights | 5.2.3 | 127 |
| 16.3 | Control over the issuer | 5.4.2 | 133 |
| 16.4 | Arrangements, the operation of which may result in a change in control | n.a. | |
| **17** | **Related-party transactions** | **3.4.1, 3.5 and 8.4 note 28** | **108, 115 and 179** |
| **18** | **Financial information concerning the issuer's assets and liabilities, financial position and profits and losses** | | |
| 18.1 | Historical financial information | 1, 2.1 to 2.4 and 8.1 to 8.3 | 9, 32 and 162 |
| 18.1.1 | Audited historical financial information covering the latest three fiscal years and the audit report | 1.1, 1.4, 2.6 and 8.5 | 10, 78, 182 |
| 18.1.2 | Change of accounting reference date | n.a. | |
| 18.1.3 | Accounting standards | 2.5 note 3 and 8.4 note 2 | 41 and 166 |
| 18.1.4 | Accounting framework | 2.5 note 3 and 8.4 note 2 | 41 and 166 |
| 18.1.5 | Balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policies and explanatory notes | 2 and 8 | 31 and 161 |
| 18.1.6 | Consolidated financial statements | 2 | 31 and *seq.* |
| 18.1.7 | Age of financial information | 2 | 31 and *seq.* |
| 18.2 | Interim and other financial information | Half year financial report of December 2019 | |
| 18.2.1 | Published quarterly or half-yearly financial information | Half year financial report of December 2019 and Press Release for Quarter Net sales | |
| 18.3 | Auditing of historical annual financial information | 2.6 and 8.5 | 78 and 182 |
| 18.3.1 | Independent auditing of historical annual financial information | n.a. | |
| 18.3.2 | Other audited information | n.a. | |
| 18.3.3 | Non-audited financial information | n.a. | |

| Annexes 1 and 2 of Delegated Regulation (EU) 2019/980 of March 14, 2019 | | Universal Registration Document 2019-2020 Chapter | Page |
|---|---|---|---|
| 18.4 | *Pro forma* financial information | n.a. | |
| 18.5 | Dividend policy | 5.5 | 133 |
| 18.5.1 | Description of the policy on dividend distributions and any restrictions thereon | 5.5 and 5.2.3 | 133 and 127 |
| 18.5.2 | Amount of the dividend per share | n.a. | |
| 18.6 | Administrative, legal and arbitration proceedings | 2.5 note 27 and 8.4 note 31 | 67 and 181 |
| 18.7 | Significant change in the issuer's financial position | 2.5 note 35 | 76 |
| **19** | **Additional information** | | |
| 19.1 | Share capital | 5.3 | 128 |
| 19.1.1 | Amount of subscribed capital, number of shares issued and fully paid and par value per share, number of authorized shares | 5.3 and 2.5 note 26 | 128 and 62 |
| 19.1.2 | Information on shares not representing capital | 2.5 note 26 and 34.1 | 62 and 74 |
| 19.1.3 | Number, book value and face value of shares held by the issuer | 5.3.7 | 131 |
| 19.1.4 | Information on convertible securities, exchangeable securities or securities with warrants | 2.5 note 26 | 62 |
| 19.1.5 | Information about and terms of any acquisition rights and/or obligations oversubscribed but unpaid capital about any undertaking to increase the capital | 2.5 note 26 and 34.1 | 62 and 74 |
| 19.1.6 | Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option and details of such options | 5.3.6 | 130 |
| 19.1.7 | History of share capital | 5.3.1 | 128 |
| 19.2 | Memorandum and Articles of Association | 5.2 | 126 |
| 19.2.1 | Register and corporate purpose | 5.2.1 | 126 |
| 19.2.2 | Rights, preferences and restrictions attaching to each class of share | 5.2.3 | 127 |
| 19.2.3 | Provisions that would have an effect of delaying, deferring or preventing a change in control | 5.2.5 | 128 |
| **20** | **Material contracts** | **7.5** | **158** |
| **21** | **Documents available** | **7.6** | **159** |

# Cross-reference table with the management report

The purpose of the following cross-reference table is to identify the information contained in the annual management report as defined by Articles L. 225-100 and *seq*. of the French Commercial Code.

| | | Universal Registration Document 2019-2020 | |
|---|---|---|---|
| **Sections** | | **Chapter** | **Page** |
| **1** | **Information on the issuer's business** | | |
| 1.1 | Review of the business and performance of the issuer, its subsidiaries and the companies it controls by sector of activity | Business Review and 1 | 6 and 9 |
| 1.2 | Review of the issuer's financial position | 1, 2.5 note 1 and 8.4 note 1 | 9, 36 and 165 |
| 1.3 | Likely development of the issuer and/or Group | 1.5 and 2.5 note 36.2 | 25, 77 |
| 1.4 | Post-closing events of the issuer and/or Group | 2.5 note 35 and 8.4 note 33 | 76, 181 |
| 1.5 | Activities in the field of research and development of the issuer and the Group | 2.5 note 36.3 | 77 |
| 1.6 | Analysis of the development and performance of the issuer's business and its position with regard to the size and complexity of the business of the issuer and the Group | 1.1 to 1.3 and 2.5 note 1 | 10, 36 |
| 1.7 | Financial and non-financial Key Performance Indicators (including information relating to environmental and employee matters) of the issuer and the Group | 1 and 6 | 9 and 137 |
| 1.8 | Main risks and uncertainties faced by the issuer | 4 and 2.5 note 28.4 | 119 and 69 |
| 1.9 | Financial risks linked to the effects of climate change and presentation of measures taken to reduce them | 6.1.2 and 6.4 | 139 and 148 |
| 1.10 | Main features of internal control and risk management procedures relating to the preparation and processing of accounting and financial information | 3.2 | 95 |
| 1.11 | Information on the use of financial instruments, including price, credit, liquidity and cash flow risks of the issuer and the Group | 2.5 notes 3.25 to 3.27, 28, and 4.1 | 47, 67 and 120 |
| **2** | **Legal, financial and tax information of the issuer** | | |
| 2.1 | Identity of natural or legal persons holding, directly or indirectly, more than one 20th, one 10th, three twentieths, one 5th, one 1/4, one 1/3, half, 2/3 or eighteen or nineteen twentieths of the share capital or voting rights at General Shareholders' Meetings | 5.2.6 and 5.4.1 | 128 and 132 |
| 2.2 | Employee profit-sharing | 2.5 notes 26.3 and 5.3.8 | 63 and 131 |
| 2.3 | Significant investments in companies with their head office in France | 2.5 note 1 and note 2 | 36 |
| 2.4 | Acquisition and disposal by the issuer of its treasury shares (share buyback program) | 5.3.7 and 8.4 note 32 | 131 and 181 |
| 2.5 | Injunctions or monetary penalties for anti-competitive practices | n.a. | |
| 2.6 | Possible adjustments for securities giving access to capital in the event of repurchase of shares or financial transactions | n.a. | |
| 2.7 | Dividends distributed in the last three fiscal years | n.a. | |
| 2.8 | Conditions for the lifting and retention of options by Executive Corporate Officers | 3.3.5 | 108 |
| 2.9 | Conditions for the conservation of free shares allocated to managers executive corporate officers | n.a. | |
| 2.10 | Company's results over the past three fiscal years | Key figures and 8.6 | 3 and 186 |
| **3** | **Issuer CSR information** | | |
| 3.1 | Non-financial performance statement and consolidated non-financial performance statement | 6 | 137 |
| 3.2 | Attestation of an independent third party on the information presented in the non-financial performance statement | 6.6 | 151 |

# Cross-reference table with the report on corporate governance

The purpose of the following cross-reference table is to identify in this URD the information contained in the report on corporate governance as defined by Articles L. 225-37 and L. 225-37-2 of the French Commercial Code.

| | | Universal Registration Document 2019-2020 | |
|---|---|---|---|
| **Sections** | | **Chapter** | **Page** |
| **1** | **Information on the remuneration policy** | | |
| 1.1 | Principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of any kind for corporate officers | 3.3 | 97 |
| 1.2 | Presentation of draft resolutions relating to the compensation of corporate officers | 3.3.3.2.5 | 106 |
| 1.3 | Reference that the payment of variable and exceptional compensation is subject to the approval of a General Shareholders' Meeting under the conditions set forth in Article L. 225-100 of the French Commercial Code | 3.3.3.2.5 | 106 |
| **2** | **Information on compensation and benefits granted** | | |
| 2.1 | Total compensation and benefits of any kind paid by the issuer to corporate officers | 3.3.1 and 3.3.3 | 98 and 104 |
| 2.2 | Fixed, variable and exceptional compensation components paid by the issuer to corporate officers | 3.3.3 | 104 |
| 2.3 | Commitments of any kind undertaken by the issuer on behalf of its corporate officers | 3.3.4, 3.3.5 | 107 |
| 2.4 | Compensation of the Chairman of the Board of Directors, the Chief Executive Officer and each executive officer in relation to (i) the full-time equivalent average compensation and (ii) the full-time equivalent median compensation of the issuer's employees, other than corporate officers, and trends in this ratio over the past five years, presented together and for comparative purposes | 3.3.3.2.3 | 106 |
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# Cross-reference table with the annual financial report

This URD incorporates the items contained in the annual financial report mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-3 and 222-9 of the AMF General Regulations. The purpose of the following cross-reference table is to identify the information contained in the annual financial report in this Registration Document.

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# Glossary

**Ad blocker:**

Software allowing users to block advertisements on the websites visited.

**Adjusted Net Income:**

Adjusted net income is equal to Net income before the impact of share-based payments, including the related social security contributions, other operating income and expenses and fair value remeasurement of financial instruments and excluding the IFRS 16 impact on the recognition of leases.

**AFEP-MEDEF Code:**

The AFED-MEDEF code is the governance reference code for listed companies.

**AMF:**

The French Securities Regulator (AMF - *Autorité des marchés financiers*) is an independent public authority which has the status of a financially independent legal entity, tasked with protecting savings invested in financial instruments, informing investors and ensuring the proper functioning of the financial instruments markets in France.

**Artificial Intelligence:**

Artificial Intelligence (AI) refers to techniques designed to enable machines to imitate human cognitive processes (reasoning, learning, etc.) through the development of complex computer programs used for various applications (medical diagnostics, personal assistants, autonomous cars, etc.).

**B2B (BtoB):**

Business-to-Business, qualifies a commercial activity between two companies.

**B2C (BtoC):**

Business-to-Consumer, qualifies a commercial activity between a company and a consumer who is the end-users of its products or services.

**Black & Scholes Model:**

The Black-Scholes Option Evaluation Model is a model used in financial mathematics to theoretically estimate the value of a financial option, of the European option type.

**Black Friday:**

Name given in the United States on the Friday following the celebration of Thanksgiving at the approach of Christmas and which historically represents the day of the year when the commercial activity is the most important. A large part of merchants benefit of this moment to offer significant sales.

**Bond issue type Euro PP:**

Euro Private Placement, a private financing transaction between a listed or unlisted company and a limited number of institutional investors through the issuance of euro-denominated bonds.

**Cash flow from operations:**

All the internal resources generated by the company in the course of its activity that enable it to finance.

**Claranova SE:**

A European SE company or European undertaking is a company which may carry on its activities in all the Member States of the European Union in a single legal form common to all these States, as defined by Community law.

**CEO:**

Chief Executive Officer.

**Cloud:**

(or cloud computing) is an IT infrastructure in which computing power and storage are managed by remote servers to which users connect via a secure Internet link and a physical access point (desktop, smartphone, tablet, connected object).

**Cox Ross Rubinstein Method:**

The Cox, Ross and Rubinstein (CRC) model is a model for evaluating options.

**Credit spread:**

Difference in the interest rate of a bond and that of a benchmark bond of the same duration.

**CSR:**

Corporate Social Responsibility. refers to taking into account by companies social and ethical issues in their activities.

**Discounted Cash Flow:**

The Discounted Cash Flow (DCF) method updates future revenues to estimate the value of the business.

**Discount rate:**

This is the rate used to calculate the present value of a future flow.

**EBITDA:**

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 earnings before depreciation, amortization and share-based payments, including related social security contributions, and the IFRS 16 impact on the recognition of lease.

**Effective interest rate:**

The effective interest rate represents the annual rate capitalized annually equivalent to the nominal interest rate of a loan or financial product.

**EGM:**

Extraordinary General Meeting.

**Euro PP:**

Euro Private Placement. private financing operation between a company, listed or not, and a limited number of investors through the issue of euro-denominated bonds.

**Euronext Paris – Eurolist Compartiment B:**

Euronext Paris is a regulated market that hosts the trading of shares, bonds, warrants and trackers. It is divided into 4 compartments according to the market capitalisation of the issuer and which fall under different admission and trading rules. Compartment B: companies valued between 150 million and 1 billion euros.

**Fabless Model:**

A term used to refer to an economic model based on outsourcing production to third-party partners.

**FSC®:**

Forest Stewardship Council. International organization promoting responsible forest management.

**GAFAM:**

Acronym for the Five Web Giants: Google, Apple, Facebook, Amazon and Microsoft.

**GDPR:**

Data Protection Regulation, a European regulatory framework for data processing.

**Goodwill (GW):**

Difference between the acquisition cost paid by the buyer, in the event of a takeover or a merger, and the buyer's share of the fair value of the identifiable assets and liabilities.

**Hospitality:**

In the hotel industry, hospitality refers to quality services to treat clients as guests (services individualized, implementation of tools to automate tasks that keep staff away from customers,...).

**IAS (International Accounting Standards):**

Abbreviation for International Accounting Standards. IAS was the former name given to international accounting standards. New international standards issued from April 1, 2001 are known as IFRS.

**IASB:**

International Accounting Standards Board .Organization responsible for developing international accounting standards IAS / IFRS.

**IFRIC:**

International Financial Reporting Interpretations Committee (IFRIC) develops interpretations of IFRS International Accounting Standards to ensure consistent application, clarification and practical solutions.

**IFRS:**

Abbreviation for International Financial Reporting Standards. IFRS are the international standards used to report on financial information, which seek to standardize the presentation of accounting data worldwide.

**IoT:**

Internet of Things, global infrastructure for the Information Society, which provides advanced services by interconnecting objects (physical or virtual) through existing or evolving interoperable information and communication technologies (definition of the International Telecommunication Union).

**ISIN Code:**

International Securities Identification Numbers corresponds to the identification code of a stock exchange value.

**LEI:**

Legal Entity Identification Number, a unique identification number for entities trading in financial markets.

**LoRa™:**

Wireless long-distance telecommunication technology deployed via a Low-Power Wide-Area Network (LoRaWAN) as part of the Internet of Things.

**MiddleNext:**

Independent French association representing listed SMEs and midcaps. It was founded in 1987 and exclusively represents companies from all different sectors that are listed on Euronext and Alternext.

**Mobile apps:**

Software package for mobile phones.

**Mobile-to-Print:**

A generic term for all mobile intermediation applications linking printers to buyers of printed products.

**Monetization traffic:**

Valuation of the audience of a website or mobile application by turning it into revenue through a fee for the application or to get access to the content of a website, the introduction of the freemium model, affiliate schemes, advertising, or any other means that enable generation of income.

**NFS:**

Non-Financial Statement reporting.

**"No dead Zone" Solution:**

Multi-network technology - emergency communication solution.

**Operating income:**

Income calculated on the basis of recurring operating income less other non-current operating income and expenses.

**Organic growth:**

Business development of a group (usually by measuring revenue growth at constant consolidation scope and exchange rates) achieved by acquiring new customers, as opposed to an acquisitions process, which results in changes to the Company's scope of consolidation.

**ORNANE:**

(*Obligation Remboursable en Numéraire et en Actions Nouvelles et Existantes*), Redeemable Bond in Cash and in New and Existing Shares, means a form of convertible bond offering its holder the possibility of being redeemed in cash or in shares.

**PaaS:**

Platform as a Service, is a cloud computing model aimed primarily at professionals and especially developers. This cloud computing model integrates the hardware infrastructure and software tools to design, test and deploy online applications and services from the cloud.

**Paycheck Protection Program (PPP):**

Business loan program established by the 2020 US Federal government in response to the COVID-19 pandemic.

**PDF:**

Portable Document Format. Electronic document exchange format that allows the transmission of documents containing text, graphics, images and color.

**Personalized e-commerce:**

All digital printing, photo and personalized gifts.

**Pricing models:**

Rate of return expected by the market for a financial asset based on its systematic risk.

**Recurring Operating income:**

Income calculated on the basis of revenue plus other recurring operating income, less current operating expenses.

**Regulated agreement:**

Contract between the company and a person related to it (agents, partners, etc.) requiring the approval of the shareholders.

**Regulated agreements and commitments:**

Contract between the company and related parties (agents, partners, etc.) requiring shareholder approval.

**Related Parties:**

Within the meaning of IFRS regulations, for a company: any shareholder who is a legal entity exercising control or significant influence over the company, shareholders with significant voting rights, associated or co-controlled companies, any company with a manager / agent joint with the company, the members of the supervisory and management bodies.

**Revolving credit:**

Credit renewable.

**Royalties:**

Payments that repeatedly occur in exchange of operating rights (licenses, copyrights, trademarks) or the rights to use a service.

**SaaS:**

Software as a Service. Method of software delivery and licensing in which software is accessed online via a subscription.

**Say on pay:**

The remuneration of the executive officers of the listed companies is voted by the shareholders at the General Meeting.

**Scalability:**

Refers to an activity's ability to scale.

**Share subscription warrants:**

Financial security that allows you to subscribe to a share for a specified period of time, at a fixed price in advance.

**Sigfox:**

Low power wide-reaching signal telecommunications network used to send small amounts of data between objects without a cell phone.

**Smartphone:**

Mobile phone with advanced features similar to those of a computer (internet browsing, video playback, office tools, etc.).

**Software:**

All programs, processes and instructions for computer hardware to execute.

**State Guaranteed Loan:**

(PGE - *Prêt Garanti par l'État*) Loan contracted as part of government aid put in place by the French government in its plan to support the economy in response to the COVID-19 pandemic.

**Stock-option:**

Right granted to an employee enabling him/her to buy shares from his/her company at a predetermined price (strike price) that includes a discount compared to the stock market price at the time of the grant and within a specific time frame.

**Techno push:**

The concept of "techno push" considers that innovation generates demand, unlike the concept of "demand pull", which considers that innovation is the result of market demand.

**Treasury shares:**

Refers to the share of the company's capital held by the company itself.

**Vertical applications:**

Application that responds to the specific issues of a profession, an activity.

**Web-to-Print:**

Generic term for all web-based intermediation applications linking printers to buyers of printed products.

**White Label:**

A white label is a service or product designed by a company that other companies, such as distributors, take over and market under their own brand.

**Working capital:**

The amount required for the business to pay its current expenses while waiting to receive the payment due from its customers.

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