

Strong improvement in 2020 results Solid growth and profitability outlooks

2020 gross margin: €70.3m, +10% pro forma

2020 EBITDAr¹: €13.9m, or 20% of the gross margin

Adjusted net profit²: €8.9m

Q1 2021 gross margin: €20.0m, +12% at constant currency rate

Solid growth and profitability outlooks

Acceleration in international development with the opening of US office

2021 targets: gross margin above €80m and EBITDAr margin between 22% and 25%

2025 targets: annual organic growth from 15% to 20%,
EBITDAr margin maintained at 22% - 25%

Paris, April 22, 2021 – 5:45 pm CEST - Artefact (FR0000079683 – ALATF – eligible for PEA-PME equity savings plans), an expert in data transformation and digital marketing for major brands, today announced its consolidated results for 2020 financial year and published its gross margin for the first quarter of 2021. The Board of Directors approved the Group's results for the year to December 31, 2020 on April 20, 2021. Audit procedures have been carried out and the certification reports will be issued once the management report has been verified.

Guillaume de Roquemaurel and Vincent Luciani, Artefact's co-founders and Co-CEOs, said: “Artefact posted strong commercial and financial performances in 2020 in an unprecedented context. These results confirm our profitable growth model that is part of a dynamic and sustainable trajectory. Present on the three main hubs of the data transformation and data-driven marketing market, Artefact is ideally positioned to meet the substantial demand from major global brands for data transformation. Led by the market's drivers and its inherent strengths, in particular the quality of its teams, Artefact's 2025 development plan targets annual organic growth of 15% to 20% and an EBITDAr margin between 22% and 25%”.

¹ EBITDAr: EBITDA restated from the IFRS2 impact of free share allocations and issuance of preferred share issues, the IFRS 3R impact associated with remuneration for post-acquisition services and the IFRS 16 impact related to the restatement of lease payments. The Company has thus chosen to present restated EBITDA in order to better reflect its operating performance as monitored internally by management, independently of its policy to attract and retain talented staff and of the terms & conditions of its acquisitions policy

² Net profit adjusted from the IFRS2 impact of free shares allocations, changes in fair value of derivative instruments through P&L and issuance of preferred share issues, the IFRS 3R impact associated with remuneration for post-acquisition services and the IFRS 16 impact related to the restatement of lease payments, amortization of intangible assets resulting from PPA, capitalization in deferred tax of losses carryforwards, net profit of discontinued activities and equity affiliates

Strong increase in the gross margin in 2020, activity acceleration in Q4

Following a solid performance in the first half of 2020 (+10%) despite the public health crisis, Artefact recorded an acceleration in its activities over the second half (+11%), and notably in the fourth quarter when the Group posted a gross margin of €20.3m, giving pro forma growth of 17%. Over 2020 as a whole, all regions positively contributed to the improvement of the gross margin (€70.3m):

- In France, the gross margin reached €34.6m in 2020 (+20% vs. 2019), accounting for half of the Group's business.
- The Rest of Europe saw an upturn in business in the final quarter of 2020, with 5% growth, driven by the United Kingdom (+33% vs. 2019) and the Netherlands (+55% vs. 2019)
- Other Markets posted a significant increase of 19% in 2020, with growth of 17% in APAC countries and 24% in MENA countries. These excellent performances illustrate the pertinence of Artefact's Data Marketing and Data Consulting offers abroad.

Significant improvement in profitability in 2020

2020 EBITDAr: €13.9m (20% of the gross margin), versus €2.6m in 2019 (4%)

The substantial improvement in the EBITDAr margin in 2020 (+15.7 bp vs. 2019) was driven by the Group's decision to focus on its most profitable businesses and most dynamic geographical regions:

- In France, EBITDAr amounted to €9.8m, or 28.2% of the gross margin (vs. 12.3% in 2019).
- The Rest of Europe was a net contributor in 2020, with EBITDAr of €2.0m (10% of the gross margin), up €3.8m.
- Other Markets also posted a substantial improvement in profitability, driven by the solid growth momentum. EBITDAr reached €2.1m in this region, or 14% of the gross margin.

<i>in €m</i>	2020	2019 pro forma³
Gross margin	70.3	63.9
Employee expenses	(48.7)	(50.0)
External expenses, other operating income / expenses	(7.7)	(11.2)
EBITDAr⁴	13.9	2.6
Depreciation, amortization and provisions	(0.9)	(4.1)
Other non-current income	(1.2)	(1.8)
Operating Income adjusted⁵	11.8	(3.3)
Net financial Income adjusted⁶	(1.0)	(0.5)
Income before tax	10.9	(3.8)

³ Pro forma data: restatement from divestments and office closures in Italy and the exit of the MediaDiamond Spanish JV from the Group's scope

⁴ EBITDA restated from the IFRS2 impact attributions free share allocations and issuance of preferred share, the IFRS 3R impact associated with remuneration for post-acquisition services and the IFRS 16 impact related to the restatement of lease payments.

⁵ Operating Income adjusted from the amortization of intangible assets resulting from PPA and the net impact of the application of IFRS 16

⁶ Net Financial income adjusted from the impacts related to the fair value through profit of the equity subscription warrants and for the IFRS 16 impact

Net income from continuing activities adjusted⁷	8.9	(4.3)
<i>Total Adjustments</i>	(5.1)	(3.9)
<i>Net income of abandoned activities, equity affiliates and minority interests</i>	(1.1)	(7.0)
Attributable net income	2.8	(15.2)

Following the significant increase in EBITDAr, the adjusted operating profit improved substantially to €11.8m in 2020, versus a loss of €3.3m the previous year.

The adjusted Net Profit from continuing activities reached €8.9m in 2020, compared with a loss of €4.3m in 2019, after considering net financial loss of €1.0m (which mainly includes interest expenses) and tax of €1,9m.

At December 31, 2020, shareholders' equity amounted to €49.2m, compared with €45.2m at end-December 2019, notably as a result of the improvement in attributable Net Profit.

The Group's net financial debt (before IFRS 16) amounted to €2.2m at December 31, 2020 (versus €3.5m at end-December 2019), i.e. a €1.3m reduction in net debt over the year.

Given its solid financial structure and the good visibility associated with its commercial momentum, Artefact is planning to fully pay back the State-Guaranteed Loan granted ("*Prêt Garanti par l'Etat*") of €6.0m in the first half of 2021.

Q1 2021: a first quarter confirming the Group's growth trajectory

	Published	Pro forma	Change (constant currency rate)	Change (actual)
	Q1 2021	Q1 2020		
Gross Margin (€m)				
France	9.7	9.1	+6%	+6%
Rest of Europe	5.8	5.1	+16%	+14%
Other Markets ⁸	4.5	4.0	+22%	+14%
Total	20.0	18.2	+12%	+10%

Q1 2021 gross margin amounted to €20.0m, a 12% increase at constant currency rate compared to Q1 2020, driven by 25% growth in Data Consulting and Data Marketing over the quarter.

In France, the gross margin reached €9.7m, up to 6% compared with Q1 2020. In the Rest of Europe, business grew by 16%, driven by the Netherlands and the United Kingdom, which recorded increases of 86% and 28% respectively.

⁷ Net income adjusted from continued activities adjusted for restated operating and financial results and the capitalization in deferred tax of loss carryforwards

⁸ Other markets include the Asia-Pacific region - MENA - Brazil

On Other Markets abroad, Artefact recorded €4.5m gross margin, a strong growth of 22%, driven by the dynamic performance generated in all regions.

Excellent growth and profitability outlooks

Acceleration in international development with the opening of an office in the United States

This new office will allow Artefact to strengthen its global presence in the main hubs of the EMEA, Asia and Americas (United States and Brazil) regions in order to optimally support its current clients while developing new sales opportunities with new brands. This strategic deployment comes at a pivotal time when large groups are accelerating the implementation of major global data projects, as illustrated by Artefact's collaboration with global companies including L'Oréal, Sanofi, Samsung and Danone.

Stéphane Lannuzel, Beauty Tech Program Director at L'Oréal, said: *"The US expansion of Artefact will strengthen our existing relationship with the company in Europe and Asia. Their presence in North America is key at a time when L'Oréal is accelerating its delivery of global data and AI-based projects"*.

Artefact's business development in the region will be headed by Ghadi Hobeika. He is joining the Group as future Managing Partner with substantial experience in data transformation strategies notably acquired at real-estate giant Unibail-Rodamco-Westfield. One of the strategy's objectives will consist in developing synergies with the Parisian hub's software engineers and data scientists to leverage the Group's tried-and-tested expertise and methodologies and put experiences in place that focus on end-consumers.

2021 target: gross margin above €80m and EBITDAr margin between 22% and 25%.

Given the dynamic sales trend observed in recent quarters and the major turning point recorded in 2020, Artefact enjoys strengthened visibility to achieve a 2021 gross margin of at least €80m and an EBITDAr margin between 22% and 25%.

2022-2025 targets: annual organic growth of 15% to 20% and EBITDAr margin of 22% to 25%

Thanks to its positioning on data transformation market and its growth trajectory, Artefact is aiming to write another chapter in its history embodied by an annual gross margin growth target of 15% - 20% organically and maintaining an EBITDAr margin between 22% and 25% over the period.

Artefact is entering this new chapter with determination and confidence. Over the coming years, the Group will continue to benefit from structural growth drivers focused on brands' digitalization and their ongoing transformation into consumer-centric organizations. In order to consolidate its leadership on this global market, Artefact will be able to count on the success of its offering that address the needs of brands that want to be closer to their end-clients by maximizing the value of their data.

Lastly, the opening of the North American subsidiary will enable stronger support to be given to key global accounts and new international alliances to be generated. This positioning illustrates Artefact's ramping up, with the Group now benefiting from a structure that is fully sized to meet its growth ambitions and a trajectory that could be further accelerated via acquisitions.

Upcoming publication

July 22, 2021:

H1 2021 gross margin

About Artefact | artefact.com

Artefact is a next-generation data-driven consulting and services firm, transforming data into value and business impact for its clients. With a strong presence on the world's main markets (France, Germany, the UK, Asia, Dubai, the USA), Artefact serves an extensive portfolio of more than 300 clients, including a host of world leaders such as Samsung, Danone, L'Oréal and Sanofi. The Group has three main service offerings, leveraging its data mining and data analysis capacities: Data Consulting, Data Marketing and Digital Activation. Artefact is listed on the Euronext growth stock exchange in Paris (ISIN code: FR0000079683).

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