

Improvement in gross margin in H1 2021

H1 2021 gross margin: €40.3m, up 18% at constant currency rate

**Q2 2021 gross margin: Acceleration in growth in Q2 2021,
up 25% at constant currency rate**

**2021 gross margin guidance revised up to around €85m
and EBITDA¹ target of between 22% and 25% maintained**

Paris, July 22, 2021 – 5.45pm CEST – Artefact (FR000079683 – ALATF – eligible for PEA-PME equity savings plans), an expert in data transformation for major brands, today announced its gross margin in H1 2021 and revised up its 2021 gross margin guidance to around €85m.

Guillaume de Roquemaurel and Vincent Luciani, Artefact's Co-CEOs, commented: *"Our highly positive business momentum indicators for H1 2021 reflect Artefact's strategic positioning, which harnesses our data services and our cutting-edge AI expertise to support the digitalisation pursued by major groups' brands and their shift to embrace a consumer-centric organisation. This momentum is underpinned by our higher international profile. We now have positions in the three main global hubs in the data transformation and data-driven marketing market, after we recently opened an office in the United States.*

We reached a key milestone in 2020, with the completion of our drive to refocus Artefact around the most profitable activities, and we believe we are now firmly on course for a trajectory of sustainable and profitable growth. Buoyed by our confidence in the current momentum powered by the success of our full line of services, we are revising up our 2021 gross margin guidance to around €85m and reiterating our EBITDA¹ margin target of between 22% and 25%."

Significant improvement in gross margin in H1 2021 and very strong Q2 performance with growth of 25%

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

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

¹ EBITDA¹: EBITDA restated for the IFRS 2 impact of free share allocations and preferred share issues, the IFRS 3R impact associated with remuneration for post-acquisition services and the IFRS 16 impact relating to the restatement of lease payments. Artefact has decided to present restated EBITDA to better reflect its operating performance, as monitored internally by management, independently of its policy to attract and retain talented staff and of the terms and conditions of its acquisitions policy.

Strong business growth across all regions, with significant acceleration in the pace of development in international markets

Gross margin trends by region in H1 2021

Gross margin (€ m)	Reported	Pro forma ²	Change (constant rate)	Change (actual)
	H1 2021	H1 2020		
France	19.7	17.6	+12%	+12%
Rest of Europe	11.7	9.4	+25%	+25%
Other Markets ³	8.9	7.6	+24%	+18%
Total	40.3	34.6	+18%	+16%

Figures subject to audit

Gross margin trends by region in Q2 2021

Gross margin (€ m)	Reported	Pro forma	Change (constant rate)	Change (actual)
	Q2 2021	Q2 2020		
France	10.0	8.5	+18%	+18%
Rest of Europe	5.9	4.3	+37%	+37%
Other Markets	4.4	3.6	+29%	+22%
Total	20.3	16.4	+25%	+24%

Figures subject to audit

Strong performance in France: pro forma growth of 18% in Q2 2021 gross margin

For the past several six-month periods, gross margin in France has accounted for almost half total gross margin. In H1 2021, it totalled €19.7m, up 12% relative to H1 2020. The same trend was evident in the second quarter of 2021, with gross margin up 18% relative to its Q2 2020 level and set to accelerate further in H2 2021.

² Pro forma data adjusted to exclude the Media Diamond joint venture in Spain sold in April 2021, but accounted for under the equity method in 2020

³ Other Markets include the Asia-Pacific region - MENA - Brazil - USA

Strong business momentum in the Rest of Europe region and a substantial increase of 37% in the second quarter

In the Rest of Europe, gross margin came to €11.7m, a 25% increase at constant currency rate in the first six months of 2021, reflecting the tremendous success achieved by Artefact's data-driven expertise in the region. Growth hit a spectacular level of 37% in Q2 2021.

The United Kingdom and the Netherlands were the main markets contributing to this performance, recording gross margin increases of 31% and 77% respectively during the first half of 2021. Germany appears to be building up similar steam, with growth running at 4% over the first half, thanks to an acceleration in the increase in gross margin to 25% at constant currency rate in Q2 2021. This upbeat trend is expected to carry through into H2, reflecting the success of Artefact's efforts to reposition its offerings. The same trend can be seen worldwide, with the sharp increases in the Rest of Europe reflecting the doubling in the data solutions business, which generates almost half the region's total gross margin.

Strong growth trajectory maintained by the Other Markets region

During the first half of 2021, Other Markets posted an increase of 24% compared to the same period of 2020. The increase accelerated to reach 29% in Q2 2021.

Gross margin in the APAC region and MENA, which contribute the lion's share of revenue, grew at rates of 17% and 23% respectively over the first six months of 2021. These performances underline the success achieved by the Data Marketing and Data Consulting solutions in these regions, especially by supporting CAC 40 clients, notably including major luxury goods groups.

In addition, gross margin doubled in Brazil over the first half to reach €0.6m. The United States has now joined the Other Markets region after an office opened there in April 2021.

Outlook: 2021 gross margin revised upwards, Artefact's international leadership consolidated, and 2025 plan reiterated

Artefact now has positions in the three main worldwide hubs in data transformation and data-driven marketing, after recently opening an office in the United States. As a result, it will be able to reap the full benefit of fast-track implementation of major, global data-centric projects by multinational groups. This momentum will supplement that already driving the historical business, in France and internationally, supporting Artefact's rapid growth trajectory.

Taking these factors into account, the Group has revised up its 2021 gross margin guidance and is restating its growth targets and long-term profitability outlook as follows:

- **2021:** gross margin guidance of around €85m and EBITDAr target of between 22% and 25%
- **2025:** organic annual growth guidance of between 15% and 20% and an EBITDAr target of between 22% and 25%

Upcoming reports

October 28, 2021:

First-half 2021 results and third-quarter 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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