

# claranova™ & YOU

## LETTER TO SHAREHOLDERS

— SEPTEMBER 2021



“A two-pronged transaction representing a major milestone in Claranova’s history”

**Pierre Cesarini,**  
Chairman and CEO

**Dear shareholder,**

**A**s expected by our shareholders and announced in our recent communications, our priority over the past year has been to identify potential cornerstone investors and simplify our capital structure. We have successfully achieved a first major step in meeting this goal by adding this summer two new long-term financial partners capable of supporting the Group’s ambitious development plan.

This development will allow us to create for the first time in Claranova’s history a group of cornerstone shareholders. This transaction also gives us the resources to finalize the buyout of Avanquest’s minority interests in order to simplify our capital structure and increase the earnings potential for our historical shareholders. This strategic investment, carried out after several months of due diligence, will also reinforce the fundamentals and development potential of your Group.

I am delighted to present you our latest edition of the Letter to Shareholders, which provides us with an opportunity to revisit this two-pronged transaction representing a major milestone in Claranova’s history.

Have a good read!

**AN INTERNATIONAL  
TECHNOLOGY GROUP,  
CREATOR OF INNOVATIVE  
SOLUTIONS AND  
A GROWTH CHAMPION**

**€472m**

FY 2020-2021  
REVENUE

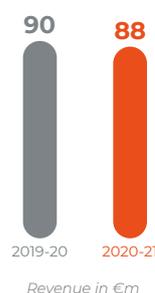
**+21%**

GROWTH AT CONSTANT  
EXCHANGE RATES

**PlanetART**



**Avanquest**



**myDevices**



## Formation of a group of cornerstone investors and buyout of Avanquest's minority interests

### AN INVESTMENT IMPLEMENTED IN 2 STEPS



August 11, 2021

end of October 2021

#### STEP 1

Strategic investment by Heights Capital Management and Ophir Asset Management

#### STEP 2

Buyout of Avanquest's minority interests

## STEP 1

(AUGUST 11, 2021)

€65m

STRATEGIC INVESTMENT BY HEIGHTS CAPITAL MANAGEMENT AND OPHIR ASSET MANAGEMENT

Two leading investment firm specialized in supporting technology companies with strong growth potential form a group of cornerstone shareholders.



#### PRESENTATION OF THE INVESTMENT

€15m

Reserved capital increase

- Subscription price: **€7.00** per share (no discount<sup>2</sup>)
- **€10m** subscribed by Ophir AM
- **€5m** subscribed by Heights CM
- **2,142,857 new shares** issued
- Limited dilution of **5.39%**

€50m

Issue of OCEANE bonds<sup>1</sup>

- Issue/conversion price of **€13.00**
- Record conversion premium of **85.7%**<sup>2</sup>
- **Fully** subscribed by Heights CM
- **3,846,154** bonds issued
- Annual interest of **4.50%** and maturing in 5 years
- Conversion and prepayment rights exercisable by Claranova and Heights CM

<sup>1</sup> Bonds convertible into new shares and/or exchangeable for existing shares (*Obligations Convertibles En Actions Nouvelles ou Existantes* or OCEANE bonds).

<sup>2</sup> In relation to the price of August 10, 2021.



#### PROFILE OF THE INVESTORS



Heights Capital Management

Creation: 1996

Headquarters: San Francisco, United States

**Presentation:** a private equity firm of the Susquehanna International Group focusing on PIPE investments (private investments in public equity) in emerging growth companies. The firm typically invests in healthcare sectors and new technologies.



Ophir Asset Management

Creation: 2012

Headquarters: Sydney, Australia

**Assets under management:** > US\$1bn

**Presentation:** an asset manager focused on small and mid-cap growth companies.

## STEP 2

(END OF OCTOBER 2021)

### BUYOUT OF AVANQUEST'S MINORITY INTERESTS

Use of the new cash resources to acquire 100% of the software publishing division, Avanquest.



### PRESENTATION OF THE INVESTMENT

**€153m** Overall equity valuation of Avanquest (excl. LastCard) (US\$180m)<sup>1</sup>

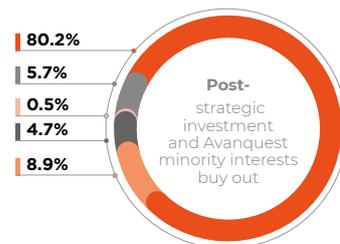
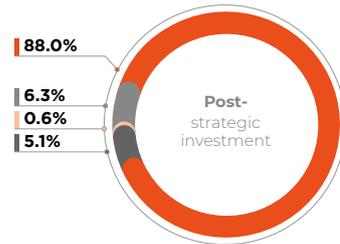
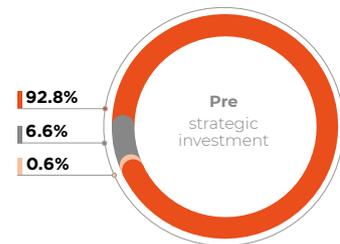
**€98m** Acquisition of 64.09% of the minority interests (US\$115m)

- **€29m** (US\$34m) as consideration in the form of Claranova shares
  - 4,100,000 new shares issued
  - Issue price of **€7.00** per share
  - Dilution of **9.79%**
- **€23m** (US\$27m) paid in the form of promissory notes with maturities ranging from 12 months to 10 years
- **€47m** (US\$55m) paid in cash

### A MAJOR NEW MILESTONE IN CLARANOVA'S HISTORY

- **FORMATION** of a group of cornerstone shareholders
- **VALIDATION** of the strategy and prospects
- **SIMPLIFICATION** of the shareholder structure
- **FULL OWNERSHIP OF AVANQUEST** to receive the 100% of the division's earnings

### CHANGE IN THE CAPITAL STRUCTURE<sup>2</sup>



- Float
- Senior executives, management and directors
- Treasury shares
- New institutional investors
- Avanquest minority shareholders

<sup>1</sup> A contribution auditor has been appointed in accordance with applicable law to prepare a report on the value of the contributed assets and the fairness of the consideration paid by Claranova.

<sup>2</sup> The above breakdowns of the shareholder structure do not include the potential dilution of ORNANES and OCEANES bond issues respectively of June 2018 and August 2021.

# CLARANOVA ANSWERS YOUR QUESTIONS

WE APPRECIATE EXCHANGING WITH OUR SHAREHOLDERS WHETHER AT GENERAL MEETINGS, SHAREHOLDERS CLUB MEETINGS OR BY LETTER AND EMAIL. IF YOU WOULD LIKE TO PARTICIPATE IN THE NEXT "CLARANOVA ANSWERS YOUR QUESTIONS" FORUM, DO NOT HESITATE TO SEND YOUR QUESTIONS TO IR@CLARANOVA.COM



Pierre Cesarini



Jean-Yves Quentel



**Question from**  
**Jean-Antoine Paris (75)**

**"Could you explain the percentage of 64% minority interest purchased at the Avanquest level?"**

**Didn't the merger of July 2018 involve the acquisition of 50% of the Canadian group that held Adaware, SodaPDF and Upclick?"**

As a reminder, in July 2018, Avanquest Software SAS, the parent company of the Avanquest subgroup, wholly owned by Claranova, finalized the acquisition of 50.01% of Avanquest Canada, a Canadian group owning the Adaware, SodaPDF, Upclick businesses. Under the terms of this acquisition, preferred shares were issued to the vendors and the M&A intermediary. These preferred shares are convertible into Avanquest Software SAS shares. The conversion ratio of preferred shares into Avanquest Software SAS shares was fixed on June 30, 2019. These preferred shares confer a right to 64.09% of the company's capital and of the subgroup's net income. Claranova nevertheless retains control of Avanquest by maintaining the decision-making power of its Board of Directors. The buyout of Avanquest's minority interests concerns 64.09% or US\$115m, based on a total equity valuation of \$180m for 100% of the division excluding LastCard activities (€98m and €153m respectively).



**Question from**  
**Philippe Reims (51)**

**"Why was LastCard excluded from the scope of the Avanquest minority interest buyout?"**

The buyout of Avanquest's minority interests excludes Lastcard's Fintech activities, in which after the transaction Claranova will retain a 35.91% minority stake. By mutual agreement, the current minority shareholders of Avanquest and Claranova decided to exclude LastCard from this transaction, as its sector of activity and stage of maturity differ fundamentally from the rest of Avanquest's activities. In particular, as an early-stage business, LastCard will require significant investments and the support of new strategic and financial partners to succeed in the next stages of its development.

**"How do you explain the change in Avanquest's valuation between the first deal abandoned in late 2019, from US\$165m to US\$180m?"**

The change in valuation reflects above all the improvement in Avanquest's fundamentals. Over the past three years, our division has undergone several major strategic transformations, from physical to online sales, from third-party to proprietary software sales, and from a perpetual license billing model to a subscription-based sales model (SaaS). These successive changes were necessary

to reposition Avanquest and promote a more virtuous, predictable and profitable development trajectory for our software publishing activities. This new offer also benefited from a more favorable euro-dollar exchange rate. After this positive exchange rate effect, the division's valuation remains close to €150m, an attractive price given Avanquest's improved profile

and its market comparables. Finally, we were able to rely on the support of our new shareholders, Heights Capital Management and Ophir Asset Management, to limit the consideration in shares which was reduced from 7.4 million shares in October 2019 to 4.1 million shares in this new offer.



**Question from**  
**Corinne Lille (59)**

# SHAREHOLDER INFORMATION



## BECOME A MEMBER OF THE SHAREHOLDERS' CLUB

The Shareholders Club is open to any Claranova shareholder owning more than 100 shares. Its members are given an opportunity to learn more about the Company and its activities. Through this dedicated area for exchange, you will be invited to participate in events reserved for members, notably on the presentation of our annual and half-year financial results where you will have an opportunity for exchange with members of Claranova management.

Join by clicking here

<https://www.claranova.com/en/investors/shareholders-club-subscription/>

## ANALYST CONSENSUS

LAST TARGET PRICES PUBLISHED AT THE END OF AUGUST 2021



## IN THE NEWS

### BFM Business

ETI Grand Prix awards

### Boursorama

Les pépites de la Bourse

### Instinct Collectif

Portrait of Pierre Cesarini

### Le Revenu

7 stocks to buy in H2 according to Portzamparc

**claranova**<sup>TM</sup>

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## CLARANOVA NEWS

### Claranova moves up into TOP 5 of France's 100 most important software publishers

After being included in the top 10 in 2019, Claranova confirms its status as a technology leader by moving up to 5<sup>th</sup> place in this year's Truffle 100 ranking of France's most important independent software vendors (ISVs).

### PlanetArt acquires assets of children's book publisher, I SEE ME!

PlanetArt, Claranova's personalized e-commerce division, announces the completion of acquisition of selected assets of I See Me!® from McEvoy Group.

### Avanquest launches SignPDF, a new digital signature solution

Avanquest, Claranova's software publishing division, is investing in the development of a simple and multiplatform stand-alone digital signature solution for professionals, targeting self-employed and small and medium-sized businesses with the launch of the SignPDF® solution.

## UPCOMING EVENTS

FY 2020-2021 ANNUAL RESULTS

**OCTOBER 20, 2021**

Q1 2021-2022 REVENUE

**NOVEMBER 9, 2021**

ANNUAL GENERAL MEETING

**DECEMBER 1, 2021**



[www.claranova.com](http://www.claranova.com)