



Completion of the buyout of Avanquest's minority interests

- **€99.9 million paid to minority interests, including a purchase price adjustment of €1.5 million linked to Avanquest's level of cash during the completion of the transaction¹**
- **Financing of the transaction:**
 - **€47.7 million in cash**
 - **€28.7 million through the issuance of 4,100,000 new shares (representing 9.79%² of the pre-transaction capital) at a price of €7.00 per share as part of an in-kind contribution of shares**
 - **€23.6 million in the form of promissory notes**
- **Simplification of the Group's capital structure and reintegration of 100% of the Avanquest division's net income**
- **Appointment of Eric Gareau as CEO of Avanquest**

Paris, France - November 1, 2021, 8:00 a.m. (CET). Claranova (Euronext Paris: FR0013426004 - CLA) today announced the completion of the buyout of all minority interests in Avanquest, its software publishing division, as announced on August 11, for a total consideration of €99.9 million, including a purchase price adjustment of €1.5 million based on Avanquest's cash position¹. On this basis, the total value of the division's shares amounted to €155.9 million³.

Pierre Cesarini, CEO of Claranova Group commented: *"I am particularly pleased to announce the completion of this transaction which will contribute to simplifying the Group's capital structure in order to facilitate the market's understanding of our business portfolio organization. As owner of 100% of the share capital of the entities comprising the Avanquest division, Claranova will reap the full benefits of the efforts made over the last two years in transitioning to a SaaS⁴ business model and the new prospects that are now available to the division. This transaction also offers an opportunity to officially announce the appointment of Eric Gareau as Avanquest's CEO. After having worked alongside Eric for more than three years to reorganize and reposition the division, I am very confident about the future of our software publishing activities and look forward to this new chapter in Avanquest's development."*

¹ Purchase price adjustment negotiated in connection with the binding agreement of August 2021, calculated on the basis of the Avanquest division's cash level at the end of August 2021.

² Before completion of the issue based on 41,871,511 shares, including treasury shares held by the Company.

³ Or US\$182.7 million converted at a negotiated EUR/USD exchange rate of 1.1718.

⁴ Software as a Service

Avanquest: a successful strategic transformation

Since the announcement of Avanquest's acquisition of the Upclick, Lulu Software, and Adaware businesses in March 2018, the division has undergone a profound strategic transformation from a third-party software reseller to a proprietary subscription-based software publisher and distributor. While revenue and EBITDA⁵ have remained stable since FY 2018-2019, the first year the acquired businesses were fully integrated, FY 2020-2021 marked the completion of Avanquest's transition to a subscription-based business model (SaaS). As a result, subscription sales now account for 78% of the revenue provided by the three main products developed and distributed by Avanquest (SodaPDF, inPixio, Adaware) compared to 50% in FY 2018-2019. The percentage of recurring revenue (including subscription sales) has accordingly continued to grow and at year-end represented 58% of the division's total sales for FY 2020-2021, up from 35% in FY 2018-2019.

This has in turn strengthened Avanquest's EBITDA which rose 54% in FY 2020-2021 to €11 million or 12.4% as a percentage of revenue compared to €7 million and 7.9% respectively in the prior fiscal year.

Favorable financial terms and unique opportunities for the Group

With a total value for Avanquest's shares of €155.9 million and an enterprise value of €143.2 million⁶, this transaction has been completed on the basis of terms which are close to the enterprise value of €139.2 million⁷ referred to in connection with the aborted acquisition in December 2019. In light of the improvement in Avanquest's profitability, these terms result in a multiple of approximately x13 last year's EBITDA, compared to a multiple of approximately x20⁸ proposed in December 2019 and more x43 for a selection of comparable companies⁹.

This transaction will enable Claranova, as of November 1, 2021, to integrate 100% of the Avanquest's net income and reaffirms Claranova's strategic commitment to its software publishing business.

In this context, Mr. Eric Gareau, until now CEO of Avanquest's proprietary software publishing activities (Own IP), has been appointed CEO of the entire division. Eric joined Claranova in 2018 when it acquired Lulu Software (PDF), where he was CEO. Since joining the Group, he has successfully managed Avanquest's transition to a subscription-based sales business model. He has more than 25 years of experience in sales and marketing software and Fast Moving Consumer Goods with large international companies.

The transaction

In accordance with the terms of the agreements concluded with Avanquest's minority shareholders, the transaction is based on a valuation of the shares of Avanquest Software SAS ("Avanquest Software") of €155.9 million for the entire division, excluding Lastcard (10518590 Canada Inc.). This company includes Avanquest's fintech activities which will no longer be fully consolidated by the Group after the transaction. Claranova will retain a minority stake of 35.91% in Lastcard, which will be henceforth controlled by Avanquest's minority shareholders and, on that basis, be accounted for by the Group under the equity method after completion of the transaction.

⁵ 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 Recurring Operating Income before depreciation, amortization and share-based payments including related social security expenses and the IFRS 16 impact on the recognition of leases..

⁶ Based on a pre-IFRS 16 contribution to net financial debt of €12.4 million at June 30, 2021.

⁷ Based on the value of Avanquest shares of US\$162.2 million, or €146.0 million converted at a EUR/USD exchange rate of 1.1113, and a pre-IFRS 16 contribution to net financial debt of €6.7 million at June 30, 2020.

⁸ Based on Avanquest's FY 2019-2020 results.

⁹ Source: Capital IQ, based on the EBITDA of a panel of comparable listed companies including: Nitro Software (ASX: NTO), Foxit Software (SHSE: 688095), Avast (LES: AVST), Kape Technologies (AIM: KAPE) and Wondershare (SZSE: 300624).

The transaction was completed on October 29, 2021. On that date, Claranova acquired:

- through a sale, 32,872,938 Avanquest Software shares for a price paid in cash of €47,648,356.62 by recognition of several receivables resulting in the issuance of promissory notes for a total principal of €23,591,833.42 with maturities ranging from 3 months to 10 years (the "Acquisition"), and
- through a contribution in kind of Avanquest Software 13,243,271 shares resulting in the issuance of 4,100,000 new shares of the Company, or approximately 9.79% of the share capital before the issue, at a unit price of €7.00 per share, i.e., a corresponding value of €28,700,000.00 (the "Contribution").

Certain minority shareholders of Avanquest Software also signed an investment agreement with the Company in conjunction with the transaction's completion designed to preserve the stability of Claranova's capital (the "Minority Investment Agreement"). Under the terms of this agreement, The Assouline Family Trust, 6673279 Canada Inc., The Dadoun Family Trust and Eric Gareau, who declare that they are acting in concert, have agreed, among other things, to a 12-month lock-up provision, subject to the usual exceptions.

Main characteristics of the Acquisition

The Acquisition relates to 32,872,938 shares of Avanquest Software. These shares were paid in cash for a consideration of € 47,648,356.62 and by recognition of receivables resulting in the issuance of the following promissory notes:

- Four promissory notes for a total principal of € 15,594,007.90 with a 10-year maturity and a nominal annual interest rate of 4.5% payable at maturity;
- Four promissory notes for a total principal of € 1,459,682.80 with a 12-month maturity and a nominal annual interest rate of 4.5% payable at maturity;
- One promissory note for a principal of €6,538,142.73 with a 3-month maturity and a nominal annual interest rate of 4.5% payable at maturity at the discretion of Claranova in cash or by set-off against debt in new Claranova shares.

Main characteristics of the Contribution

- **Main terms and conditions of contribution**

a. Participating companies

Issuer - The Beneficiary Company

Claranova S.E., a European company with a share capital of €41,871,511.00, having its registered office at Immeuble Vision Défense, 98-91 boulevard National 92250 La Garenne-Colombes, registered in the Nanterre (RCS No. 329 764 625).

Contributors

- The Daniel Assouline Family Trust, a trust under Quebec law, for the benefit of Daniel Assouline and his family;
 - The Dadoun Family Trust, a trust under Quebec law, for the benefit of Michael Dadoun and his family;
 - 6673279 Canada Inc. a Canadian corporation for the benefit of Michael Dadoun;
 - Mr. Eric Gareau.
- (the "Contributors")

The company whose shares are being contributed

Avanquest Software, a simplified joint stock company (*société par actions simplifiée*), having its registered office at Immeuble Vision Défense, 98-91 boulevard National 92250 La Garenne-Colombes, registered in the Nanterre (RCS No. 830 173 381), the head company of the subgroup comprising the Group's software publishing division.

b. Contributed Shares

The Contributors contribute 13,243,271 shares of Avanquest Software (the "Contributed Shares") with a total par value of €1.00, representing 18.40% of the share capital and voting rights of Avanquest Software, as follows:

- The Daniel Assouline Family Trust, 8,703,730 Contributed Shares,
- The Dadoun Family Trust, 3,924,246 Contributed Shares,
- 6673279 Canada Inc. 280,373 Contributed Shares, and
- Eric Gareau, 334,922 Contributed Shares.

c. Legal regime

The Contribution is governed by the rules applicable to contributions in kind as defined in Article L. 225-147 of the French Commercial Code.

Using the delegation of authority granted by the 18th resolution of the Company's Extraordinary General Meeting of December 17, 2020, having considered the report of the contribution auditor on the value of the contributions, on October 29, 2021, the Company's Board of Directors approved the contribution of the Contributed Shares, its valuation and remuneration, as well as all of the terms and conditions of the Contribution Agreement.

The Board of Directors also decided, to increase the Company's share capital by issuing 4,100,000 new shares with a par value of €1.00 per share and delegated to the Chairman of the Board of Directors of the Company the powers necessary to record the satisfaction of the conditions precedent set forth in the Contribution Agreement and, consequently, the issuance of the New Shares, completion of the capital increase as consideration for the Contributed Shares and the corresponding amendment of the articles of association.

By a decision dated October 29, 2021, the Company's Board of Directors acknowledged the fulfillment of the conditions precedent provided for in the Contribution Agreement, the final completion of the increase in the Company's share capital by contribution in kind to the Contributors of a total nominal amount of €4,100,000 divided into 4,100,000.00 new shares with a par value of €1.00 each and increased by a total contribution premium of €24,600,000.00, thus increasing the share capital from €41,871,511.00 to €45,971,511.00 divided into 45,971,511 shares of €1.00 par value each. The Board also amended the Articles of Association in consequence.

d. Valuation of the Contribution

The Contributed Shares have been valued at their actual value that was set between the parties at €28,700,000.00 (the "Contribution Value").

e. Consideration for the Contribution

The Company and the Contributors have agreed to consideration for the Contribution by the creation of 4,100,000 New Shares distributed as follows:

- The Daniel Assouline Family Trust: 2,694,598 New Shares;

- The Dadoun Family Trust: 1,214,912 New Shares;
- 6673279. : 86,801 New Shares;
- Eric Gareau: 103,689 New Shares.

The New Shares, with a par value of €1.00 per share, were issued at a price of €7.00. The issue price of the New Shares has been determined by mutual agreement between the Parties.

The difference between the actual value of the Contributed Shares (i.e. €28,700,000.00) and the par value of the New Shares issued by the Company and allocated to the Contributors (i.e. €4,100,000.00), or €24,600,000.00, is allocated to a “contribution premium” account of the Company.

On that basis, the share capital of the Company is increased to €45,971,511.00 New Shares representing approximately 8.92% of the share capital of the Company after issue.

Changes in the Company's capital structure are presented in the appendix to this press release.

f. Contribution closing date

The New Shares were issued on October 29, 2021, the date on which the Company's Board of Directors, acting under the delegation of powers granted to it by the 18th resolution of the Company's Extraordinary General Meeting of December 17, 2020, acknowledged the satisfaction of all conditions precedent provided for in the Contribution Agreement and completion of the capital increase of the Company.

The New Shares will carry dividend rights in the year of issue and shall be fungible and rank *pari passu* with the Company's existing shares.

The New Shares will be admitted to trading on Euronext Paris on the same line as the Company's existing shares.

g. Valuation of the Contribution

In accordance with the provisions of Articles L. 225-147 and R. 225-8 of the French Commercial Code, Saint-Honoré BK&A, represented by Mr. Frédéric Burband, has been appointed as an independent appraiser or “*Commissaire aux Apports*” (the “Contribution Appraiser”) by order of the President of the Nanterre Commercial Court dated September 1, 2021, with responsibility for the following tasks:

- (i) assess the value of the Contributed Shares;
- (ii) prepare a report on the value of the Contributed Shares containing the information required by Articles L. 225-147 and R. 225-8 of the French Commercial Code, including:
 - describe the method of valuation adopted for the Contributed Shares and the reasons why such method was adopted;
 - issuance of a statement that the value of the Contributed Shares corresponds at least to the nominal value of the shares to be issued, plus any contribution premium; and
- (iii) if necessary, prepare a report on the consideration for the contributions, in accordance with the AMF Position-Recommendation No. 2011-11.

The report of the Contribution Auditor on the assessment of the value of the Contributed Shares was filed with the Registrar of the Commercial Court of Nanterre in accordance with applicable laws and regulations and made available to the Company's shareholders at the Company's registered office.

Contribution Appraiser's report on the value of the Contributed Shares

In his report on the value of the Contributed Shares dated October 20, 2021, the Contribution Appraiser states that: "The value of the contribution set at €28,700,000.00 is not overstated."

Contribution Appraiser's report on the consideration for the Contribution

In his report on the consideration for the Contributed Shares dated October 20, 2021, the Contribution Appraiser states that: "On the basis of our work, and with regard to the specific methods for determining the exchange ratio (i.e. negotiation between independent parties), at the date of this report, we are of the opinion that the consideration proposed for the contribution resulting in the issuance of 4,100,000 new Claranova shares, is fair."

In accordance with the provisions of Article 1(5)(a) of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, a prospectus subject to prior approval by the AMF is not required for admission of the New Shares to trading on the regulated market of Euronext Paris.

Main provisions of the Minority Investment Agreement

The issuance of the New Shares entails the signature of a Minority Investment Agreement with the Contributors. The main provisions of this agreement would be as follows:

- continuing to hold shares in registered form, with a switch to bearer shares to avoid triggering double voting rights, for the duration of the agreement;
- a lock-up clause prohibiting the sale of shares by minority shareholders for a period of 12 months, subject to the usual exceptions;
- post lock-up period, orderly sale arrangement;
- the Company's right of first refusal for any sale by a minority shareholder of Claranova shares representing 2% or more of the share capital.

Information available to the public and risk factors

Detailed information regarding the Company, including its business, financial information, results, prospects and related risk factors are contained in the Company's FY 2020-2021 Universal Registration Document filed with the French Financial Market Authority (*Autorité des Marchés Financiers* or "AMF") on October 20, 2021 (No. D. 21-0869). This document, as well as other regulated information and all of the Company's press releases, are available on the Company's website (www.claranova.com).

The readers' attention is drawn to the risk factors relating to the Company and its activities presented in Chapter 4 of its FY 2020-2021 Universal Registration Document.

This press release does not constitute a prospectus within the meaning of EU Regulation 2017/1129 (the "Prospectus Regulation") nor an offer of securities to the public.

Expected timetable and legal information on the transaction:

- November 3, 2021 - Settlement of the Contribution

Resignation of the Observer:

Mr. Marc Goldberg, non-voting observer (*conseiller*) on the Board of Directors of the Company, informed the Company of his resignation from this position effective on October 28, 2021, for personal reasons.

Financial calendar:

November 09, 2021: Q1 2021-2022 revenue:

Telephone number for individual shareholders available from Tuesday to Thursday between 2 p.m. and 4 p.m. for calls within France: **0805 29 10 00** (local rate).

About Claranova:

As a diversified global technology company, Claranova manages and coordinates a portfolio of majority interests in digital companies with strong growth potential. Supported by a team combining several decades of experience in the world of technology, Claranova has acquired a unique know-how in successfully turning around, creating and developing innovative companies.

With average annual growth of more than 40% over the last three years and revenue of €472 million in FY 2020-2021, Claranova has proven its capacity to turn a simple idea into a worldwide success in just a few short years. Present in 15 countries and leveraging the technology expertise of nearly 800 employees across North America and Europe, Claranova is a truly international company, with 95% of its revenue derived from international markets.

Claranova's portfolio of companies is organized into three unique technology platforms operating in all major digital sectors. As a leader in personalized e-commerce, Claranova also stands out for its technological expertise in software publishing and the Internet of Things, through its businesses PlanetArt, Avanquest and myDevices. These three technology platforms share a common vision: empowering people through innovation by providing simple and intuitive digital solutions that facilitate everyday access to the very best of technology.

For more information on Claranova Group:

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

Disclaimer:

All statements other than statements of historical fact included in this press release about future events are subject to (i) change without notice and (ii) factors beyond the Company's control. Forward-looking statements are subject to inherent risks and uncertainties beyond the Company's control that could cause the Company's actual results or performance to be materially different from the expected results or performance expressed or implied by such forward-looking statements. This press release has been produced in both French and English. In the event of a discrepancy between the French and English versions, the French language version shall prevail.

Appendix:**ANALYSTS - INVESTORS**

+33 1 41 27 19 74

ir@claranova.com

CODES

Ticker : CLA

ISIN: FR0013426004

www.claranova.com

FINANCIAL COMMUNICATION

+33 1 75 77 54 65

ir@claranova.com

Changes in the Company's capital structure before and after the closing of the Contribution:

- **Pre-Contribution capital structure¹⁰:**

| Shareholders | Number of shares on a non-diluted basis | Number of shares on a diluted basis ¹¹ | Percentage of capital on a non-diluted basis | Percentage of capital on a diluted basis | Number of exercisable voting rights | Percentage of exercisable voting rights |
|------------------------|---|---|--|--|-------------------------------------|---|
| Directors and officers | 3.103.722 | 3.291.332 | 7.41% | 7.78% | 3.992.810 | 9.14% |
| Institutional Funds | 5.066.163 | 5.066.163 | 12.10% | 11.98% | 5,066.163 | 11.59% |
| Float | 33.459.501 | 33.691.180 | 79.91% | 79.67% | 34,634.689 | 79.27% |
| Treasury shares | 242.125 | 242.125 | 0.58% | 0.57% | | 0.00% |
| Total | 41.871.511 | 42.290.800 | 100.00% | 100.00% | 43.693.662 | 100.00% |

- **Post-Contribution capital structure:**

| Shareholders | Number of shares on a non-diluted basis | Number of shares on a diluted basis ¹⁰ | Percentage of capital on a non-diluted basis | Percentage of capital on a diluted basis | Number of exercisable voting rights | Percentage of exercisable voting rights |
|---------------------------------|---|---|--|--|-------------------------------------|---|
| Directors and officers | 3.103.722 | 3.291.332 | 6.75% | 7.09% | 3.992.810 | 8.35% |
| Institutional Funds | 5.066.163 | 5.066.163 | 11.02% | 10.92% | 5.066.163 | 10.60% |
| Avanquest minority shareholders | 4.100.000 | 4.100.000 | 8.92% | 8.84% | 4.100.000 | 8.58% |
| Float | 33.459.501 | 33.691.180 | 72.78% | 72.62% | 34.634.689 | 72.47% |
| Treasury shares | 242.125 | 242.125 | 0.53% | 0.52% | | 0.00% |
| Total | 45.971.511 | 46.390.800 | 100.00% | 100.00% | 47.793.662 | 100.00% |

¹⁰ Based on the TPI (Identifiable Bearer Security) survey conducted on September 9, 2021 with Euroclear and the last census of voting rights.

¹¹ The number of shares on a diluted basis does not take into account the ORNANE bond issue in June 2018, nor the OCEANE bond issue in August 2021, as the Company has not yet decided on the method of redemption of these bonds.