



Claranova buys out minority interests in its Internet segment

- Deal estimated at €87.9 million, settled 30% in cash and 70% in new Claranova shares
- 7.4 million new Claranova shares issued (15.87 % of the share capital¹), with 65% locked-up 1 year
- Accretive EPS impact exceeding 30% over the coming two years²
- Deal subject to approval by Claranova shareholders at the Combined Shareholders' Meeting of December 9, 2019 and presentation of E Document reviewed by the AMF

Paris, France – October 31, 2019. Claranova group announces the signature of an agreement with Avanquest Canada, Inc. management and minority shareholders to acquire their remaining preferred shares. This Avanquest Software SAS subsidiary holds the Upclick, SodaPDF and Adaware businesses. The agreement provides for the transfer by minority shareholders of 70% of their shares to Claranova for €61.2 million, through the issue of 7.4 million new shares, and the purchase of the remaining balance for a cash consideration of \$29.6 million³. The proposed deal will be presented to Claranova shareholders for approval at the Combined Shareholders' Meeting of December 9, 2019.

This deal reflects the high quality of the Group's external growth strategy, with the successful integration of the new businesses in the Internet segment and an offer that is accretive for shareholders: + 30% EPS over the coming two years².

With the acquisition in July 2018 of the three Upclick, SodaPDF and Adaware businesses, Claranova was able to significantly accelerate the revenue and profitability of its Internet segment. In only a year, this segment grew its revenue by 132% and improved profitability by 10 points. EBITDA⁴ is €10.3 million, an increase from 2.0% to 12.4% over fiscal year 2018-2019.

Combined efforts and commercial wins enabled a significant revaluation of the Internet segment. According to the external appraisals used to value the underlying stake of minority interests for this deal, the segment nearly doubled in value over the fiscal year from \$87 million to \$162 million between July 1, 2018 and June 30, 2019, .

The successful integration of these new businesses led the Group to strengthen its position during the past 12 months beyond the ordinary shares already held, by buying class A and then class C preferred shares. The Group now plans to acquire the class B preferred shares in order to hold the entire share capital of Avanquest Canada, Inc.

¹ The issue of 7.4 million new shares represents a share capital increase of 18.87%. These shares will represent 15.87% of post-deal share capital.

² EPS: Earnings per share. The accretive impact was calculated using forecast Net income, Group share, for fiscal years 2019-2020 and 2020-2021 (full year impact). The calculation is based on forecast data that is uncertain in nature.

³ In this press release, the symbol "\$" refers to the US dollar.

⁴ EBITDA is the indicator used to monitor the operating profitability of the businesses. In Claranova group, it is equal to recurring operating income before depreciation, amortization and share-based payments.

Impact for the Group: value creation for shareholders and improved cash generation

By holding the entire share capital of the entities comprising its Internet segment, **Claranova will be able to benefit fully from the ramp-up of these activities and receive the entire net income generated by their roll-out. Based on the Group's outlook, this deal is estimated to have an accretive impact on EPS in excess of 30% over the coming two years⁵.** The Group will continue to develop its Internet segment and aims to make it a major web player, generating revenue of over €200 million and profitability of 15% to 20% by 2022-2023.

This deal will not only strengthen profitability, but will provide the Group with control over all cash generated by its Internet segment. It will also significantly strengthen its investment capacity, both for organic development and external growth.

Minority interests wish to participate in Claranova's development

Management of the companies hosting the Upclick, SodaPDF and Adaware business expressed their confidence and desire to accompany the Group's development in the long-term. They wish to receive a majority of Claranova shares under the deal.

The agreement provides for the transfer by minority interests of 70% of Class B preferred shares to Claranova for a consideration of €61.2 million, through the issue of 7,442,898 new shares (representing 15.87 %² of Claranova's share capital) and the buyout of the remaining 30% of class B preferred shares for a cash consideration of \$29.6 million. The cash consideration will be settled before December 31, 2020 and will be financed by external debt and/or the Group's own funds. The transaction was approved on October 22, 2019 by the Claranova Board of Directors and will be presented to Claranova shareholders at the Combined Shareholders' Meeting of December 9, 2019 (which will also adopt the financial statements for fiscal year 2018-2019).

Creation of a group of key shareholders holding 20.80% of the share capital

In addition, the majority of these shareholders, together with Pierre Cesarini, have agreed to enter into a shareholders' and voting agreement on the completion date of the planned deal. Under the terms of this agreement, they undertake to act in concert, with the aim of forming a stable group of key shareholders. Following this deal⁶, Pierre Cesarini and the participating minority managers will own 20.80 % of Claranova's share capital and 21.92% of voting rights. The agreement primarily seeks to define, once the deal has been completed, Claranova's governance and the rules applicable to share transfers by the parties.

This shareholders' agreement also sets out the following governance rules: participating minority managers undertake to consult with Pierre Cesarini prior to all shareholders' meeting during a five-year period, to consolidate his CEO role for a minimum three-year period (for an unlimited duration), and not to request representation on Claranova's Board of Directors (in order to focus on Avanquest's activities).

Furthermore, one of the main minority interests will undertake to vote with Pierre Cesarini at future Claranova General Shareholders' Meetings (except on compensation issues) during a period of five years.

The agreement also provides that 65% of the newly issued Claranova shares will be covered by a one-year lock-up period. Thereafter, the sale of shares will remain subject to certain restrictions and notably a priority right granted to Claranova, subject to certain conditions, during a further six years. Finally, after the lock-up period and during an additional two years, minority shareholders will also be covered by a standstill

⁵ EPS: Earnings per share. The accretive impact was calculated using forecast Net income, Group share, for fiscal years 2019-2020 and 2020-2021 (full year impact). The calculation is based on forecast data that is uncertain in nature.

⁶ Based on the number of shares and voting rights as of September 30, 2019 (i.e. 39,442,878 shares and 40,478,758 voting rights) plus the number of shares newly issued in consideration for the transfer (i.e. 7,442,898 new shares and 7,442,898 voting rights).

obligation, under which they notably undertake not to exceed, in total, a certain shareholding percentage and not to acquire double voting rights.

Pierre Cesarini, CEO of the Claranova group, said: *“The integration of Adaware, SodaPDF and Upclick within Avanquest a mere year ago has already boosted the performance of our Internet segment. We’ll continue to transform this business in the coming years, with strong software brands in the security, financial services, PDF and photo sectors, offering exciting prospects. We’re therefore delighted today not only to strengthen this integration by acquiring full control, as was envisaged at the time of the initial takeover, but also to welcome the founders and managers of these companies as Claranova shareholders.”*

Daniel Assouline, co-founder of the Upclick, SodaPDF and Adaware businesses, added: *“We’re extremely pleased with the outcome of our entrepreneurial adventure with Adaware, SodaPDF and Upclick and we’re determined to continue this adventure alongside Pierre Cesarini as Claranova shareholders. The successful merger of our three companies with Avanquest and our experience working in the Internet segment, have allowed us to better understand Claranova’s different activities and teams and we’ve full confidence in the Group’s prospects.”*

Provisional timetable and legal information

An E document will be prepared by Claranova, filed with the French Financial Markets Authority (AMF) and made available to shareholders together with a standard press release containing all the information required by regulations. The statutory auditors will issue a statement on the fairness of the contributions. This statement will be made available to shareholders prior to the Shareholders’ Meeting.

The main stipulations of the shareholders’ agreement will be published with the French Financial Markets Authority (AMF) in accordance with applicable regulations.

Claranova will inform the market of progress with implementation of the deal.

Next Claranova Group events:
Q1 revenue: November 6, 2019
General Shareholders’ Meeting: December 9, 2019

About Claranova:

Claranova is an international technology group operating in three distinct markets: Internet, Mobile and IoT. In recent years, it has stood out for its command of major technological issues and its ability to systematically make each of its businesses a resounding success. Boosted by these achievements, for the past four years Claranova has enjoyed an average annual growth trajectory of +30% while improving its profitability, both through organic and external growth. Claranova reports annual revenue of €262 million (FY 2018-2019), up 62%, with operating profitability of 6.1%.

For more information, please www.claranova.com and www.twitter.com/claranova_group.