

# claranova & YOU

## LETTER TO SHAREHOLDERS

DECEMBER 2022



**Pierre Cesarini,**  
Chairman and CEO

**Dear shareholders,**

As the year draws to a close, I wanted to update you about recent events and explain the issues at stake for your Group, so that everyone can form their own opinion and is able to make informed decisions. I also wanted to revisit the strategy implemented in recent years, the economic situation and the outlook for your Group which continues to remain promising.

As you may know, our last Annual General Meeting was disrupted by a particularly vocal group of shareholders who notably submitted a resolution for the dismissal of the entire Board of Directors. This was not a simple protest of discontented shareholders as some would have us believe, but a genuine hostile takeover attempt orchestrated and led by the minority shareholders' association, Adanova, and the Canadian shareholders, Mr. Michael Dadoun and Mr. Daniel Assouline.

As a reminder, Adanova contacted a certain number of shareholders by mail and email prior to the General Meeting in an effort to obtain their voting proxies, by implying that the Company might propose a "surprise" resolution at the Meeting. We now know that it was the managers of the association who intended to propose a "surprise" resolution, which is entirely their right. We naturally hope that all those who gave their proxies were properly informed of their intention to dismiss the entire Board of Directors and in particular its CEO, with consequences that would obviously have been very significant for the Group. If not, this would constitute a real case of manipulation.

It also seems clear that this move was undertaken in coordination with the Canadian shareholders, Mr. Dadoun and Mr. Assouline, who came to France to attend the General Meeting accompanied by their lawyers and a bailiff, an unusual and surprising measure, which clearly confirmed that they were apparently informed of the minority shareholder association's intentions.

We fully understand the discontent and annoyance of individual shareholders who have seen the value of their assets eroded by a stock price that does not reflect the true value of the Group. This reaction is normal and legitimate. This position, however, is more difficult to accept in the case of these Canadian shareholders who, it will be recalled, received nearly €100 million from Claranova and nearly 9% of the company's shares when the acquisition of their companies (Upclick, Adaware and Lulu Software) were finalized in 2021. Their sole intent clearly appeared to launch a hostile takeover of the Group, though their plans for Claranova remain unknown to this day, which is not at all reassuring.

These attempts at destabilization only weaken the Group by undermining its credibility with its partners, its banks, and also with institutional funds. Such actions also jeopardize operations in progress and could potentially compromise the Group's future. This is why the Company is currently examining the best ways to stabilize the shareholder base around management so that it can effectively implement its strategy and pursue its growth. In response to this initiative, which in the view of the Company and all the Group's managers is clearly hostile, it is important for all shareholders to be informed and able to react.

As mentioned, we understand the disappointment of individual shareholders who do not see the Group's operating performance reflected in its share price and we, certainly, bear some responsibility. However, this frustration should not obscure all that has been accomplished since 2015 under my direction with the managers of our three divisions: Roger Bloxberg and Todd Helfstein, CEOs of the PlanetArt division, Eric Gareau, CEO of the Avanquest division, and Kevin Bromber, CEO of the myDevices division.

I believe the current teams have clearly demonstrated their ability to build a global technology leader from the ground up. In only 7 years, we have transformed a company on the verge of bankruptcy into a profitable and sustainable international group with a revenue of nearly a half billion euros. This group forms a solid team that has been fully mobilized over all these years around a common project and a shared vision for the future, a guarantee of sustainability for your Group.

Today it is time to look to the future. Your Group has all the resources needed to successfully deploy its business and reach the one billion euro milestone combined with a high level of profitability. And while, of course, the stock price is not at the level we would like, we remain convinced that the markets will recognize our performance, especially once the global economy has stabilized.

We are, of course, aware of the challenges that lay ahead. With the unforeseen war in Ukraine which followed (too) closely the pandemic, but also at the same time the structural changes in Apple's digital marketing, all technology industry players and markets have experienced a period of turmoil during the last two years. Claranova's stock has also suffered from this situation.

In this context, the Group has demonstrated the resilience of all its businesses.

- Claranova's sales have thus remained at record highs over the past year, when most of the technology players were experiencing downturns.  
And while it is true that our profitability has declined, largely reflecting our continuing investments, particularly in R&D, in a highly inflationary environment, we have continued to generate significant cash flows.
- PlanetArt's teams are on their way to overcoming Apple's new marketing constraints through the emergence of new customer acquisition channels. This last quarter, which remains the Group's most important, will we hope to confirm the return to sustainable growth in our division.
- Avanquest is now the Group's most profitable division, with revenues in excess of €100 million, and strong recurring revenue provided by its subscription-based sales model (SaaS). This division is expected to maintain its growth trajectory over the next fiscal year with continuing improvements in profitability.
- As for myDevices, its potential remains intact, even though the market is not yet mature. However, its network of distributors and partners continues to grow, which means its revenues are now entirely linked to royalties for the IoT solutions it implements for its customers.

Our team was thus able to successfully transform and redeploy these 3 divisions. Day after day, they are demonstrating a growing potential, while successfully navigating the current period of challenging events and market turmoil, by staying the course we have set. This extraordinary momentum is indeed the product of fine-tuned management and an ambitious goal: establish Claranova as a tech industry leader.

We still have a number of promising developments to implement, and there remain many drivers to achieve this objective while maximizing shareholder value. And as we maintain this momentum, you will be the first to benefit from these new achievements. This is my commitment, my wish and that of our entire team for Claranova.

In this spirit, we wish you all the very best year-end holidays.