



Claranova signs an agreement for its Internet division to take over¹ a group of three companies: Upclick, Lulu Software and Adaware

Claranova anticipates annual sales² of more than EUR 65M for this division, with an operating margin of around 10%

Paris, France – 26 March 2018. Claranova announces the signing of an agreement to takeover of a group of three companies in order to strengthen its Internet business, now grouped under its Avanquest division. Through this acquisition, Claranova will build its Internet business to reach critical size and sharply increase its profitability through the complementary nature and synergies of the two groups.

Based in Canada, these companies, active in the Internet sector, are present in most countries and are positioned in the **three following activities**:

- E-commerce processing through **Upclick**, one of the most modern platforms in the world;
- Document management and PDF applications with **Lulu Software**, one of the world's leading players for PDF solutions with its SODA PDF products;
- Internet security with the **Adaware** anti-virus and security solutions, known worldwide.

These three companies, owned today by their founders, represent sales of around USD 34.7M, with an EBITDA of USD 5.3M³.

After inventing the concept of Mobile Printing with FreePrints, through its subsidiary PlanetArt, and having designed the most popular Internet of Things (IoT) development environment in the world, with its subsidiary myDevices, Claranova is now radically changing the dynamics of its Internet business.

With its historical software business now streamlined, stabilized and profitable, **Claranova's strategic objective is to create, through its Avanquest division, a major Internet player with critical size and strong profitability.**

A clear and profitable concept: the monetisation of Internet traffic

This strategy will revolve around the concept of "monetising Internet traffic". That monetisation is based on the generation of as large a volume of visits over the Internet as possible (search, content, download, free service, etc.) which will be monetised through the sale of products, solutions and paid services, or digital advertising. All of this will be supported by a cutting-edge infrastructure with the necessary building blocks for e-commerce and CRM, and on new technologies tied to big data or blockchain technology, in order to optimise this monetisation.

¹ Subject to conditions

² In the full year following acquisition

³ 2017 Unaudited figures

Avanquest and these companies have been working together for several years and their teams have a strong shared experience. This operation will bring together existing offers from both groups: Avanquest through its software, e-mail, cashback and product catalog, combined with solutions in the field of security services (Adaware), PDF tools (Lulu) and e-commerce (Upclick platform).

The combination of Avanquest, Upclick, Lulu Software and Adaware offers will therefore make it possible to consolidate **traffic of more than 25 million unique visitors per month** with more than **16 million monthly downloads, an installed base of 40 million customers** generating more than **1.5 million annual transactions**, a product catalogue of 500 software solutions and **more than 500 million products installed throughout the world.**

A group representing annual sales of EUR 65M with a profitability of 10%

The integration of all these activities will make it possible to exceed EUR 65M in annual sales¹ with operating profits of around 10%. The strong complementary nature of offers and the work experience shared by the teams should make it possible to quickly generate additional revenue synergies, which could represent up to EUR 2-3M of operating profits, and establish a **growth dynamic generating more revenue and more profitability.**

For Daniel Assouline, of Upclick, Lulu Software and Adaware: “We are delighted by this merger with a player such as Avanquest. Its teams, whom we know well and with whom we’ve worked for a long time, as well as its technologies and its know-how, will make it possible for us to optimise our customer portfolio by better monetising our solutions. The Claranova group has achieved quite a spectacular transformation over the last three years in the field of mobility and the Internet of Things, we are very happy today to accompany them in the transformation of their Internet business.”

For Pierre Cesarini, CEO of the Claranova group: “The integration of Upclick, Lulu Software and Adaware is a key milestone in the development strategy of our Internet business. The complementary nature of their activities and those of Avanquest will make it possible for us to create a major player in the sector, focused on the monetisation of Internet traffic. If our strategy in the mobile field with PlanetArt is to generate very strong revenue growth, in the IoT field to construct a technology unique in the world, our main objective in the Internet field will be the generation of profits.”

A self-financed takeover with a limited cash outflow for Claranova

The takeover of this group of companies with control of 50.1%, and with the possibility of going up to 100%, is being done based on a EUR 27M payment. First, a payment⁴ of EUR 9.9M, will be made upon the effective validation of the transaction, which will take place within the next three months. Second, EUR 17M (USD 20M) will be paid through bank financing over 5-6 years, self-financed by the operating profits generated by the target companies. This financing will be implemented within the next 12 months. Cash outflow for Claranova will therefore be limited to EUR 9.9M.

An additional price will be paid if the new Avanquest division, including the new activities, is sold or brought to an initial public offering for an amount exceeding USD 135M. This additional price will be calculated in increments up to an amount of USD 160M. Furthermore, Upclick, Lulu Software and Adaware shareholders will have the opportunity to convert their residual stake into Avanquest shares based on ratios that will

⁴ In cash or in the form of Claranova shares, the Group favouring a cash payment to date.

evolve according to the achievement of performance conditions.

Upclick, Lulu Software and Adaware shareholders will hold management rights and will receive two seats on the Avanquest Board of Directors, made up of five members in total.

The acquisition remains subject to the realisation of certain condition precedents before 1 July 2018, including the validation of the operation by the Claranova Supervisory Board.

Next event:

Half-year results 2017-2018: 28 March 2018

About Claranova:

A global Internet and mobile player, Claranova is one of the few French companies in this sector to post sales of over €130 million, more than half of which is generated in the United States. Claranova focuses its strategy on three areas of business – digital printing through the Group's PlanetArt division, management of the Internet of Things (IoT) via the myDevices division and e-commerce through the Avanquest division:

- *PlanetArt: A world leader in mobile printing, specifically via the FreePrints offer – the cheapest and simplest way to print photos from a smartphone – FreePrints is already a must-have for several million customers, a figure that has grown every year since its launch;*
- *myDevices: A global platform for IoT (Internet of Things) management enabling major corporations from different business sectors to quickly develop and roll out IoT solutions for their customers;*
- *Avanquest Software: the Group's legacy activity covering the distribution of third-party software, a business that is shifting towards the monetisation of Internet traffic.*