Claranova

FY24 and Q125 results; strategic review

Unveiling the roadmap for profitable growth

Software and comp services

16 January 2025

Claranova's FY24 results confirmed that, despite flat revenue, adjusted EBITDA improved significantly, increasing 41% y-o-y and driving the margin up 2.9pp to 9.3%. The company unveiled the outcome of its recent strategic review, introducing the One Claranova strategy. By bringing the two core businesses more closely together and selling myDevices, Claranova is aiming to drive profitable growth that could expand margins to 13–15% by FY27. Evidence of progress towards these targets and reduced gearing will be the key factors to close the valuation discount.

Year end	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (€)	P/E (x)
6/23	507.0	32.5	2.2	0.05	28.3
6/24	495.6	45.9	5.8	0.09	14.5
6/25e	506.3	50.7	27.0	0.36	3.7
6/26e	537.2	56.6	31.8	0.43	3.0

Note: EBITDA is pre-IFRS 16. PBT and diluted EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments

FY24 focus on improving profitability

The group saw adjusted EBITDA increase 41% y-o-y in FY24, with the PlanetArt margin increasing 1.4pp, despite a 3% organic constant currency (cc) revenue decline, and Avanquest seeing exceptional margin growth of 7.8pp on 14% organic cc revenue growth. FY24 net income was negative as a result of finance charges relating to the refinancing of debt in April and a higher-than-expected tax rate. Net debt at the end of FY24 was €102m, down from €112m a year ago.

Introducing One Claranova

Claranova has until now operated as a holding company for three separate and unconnected businesses. New CEO Eric Gareau has decided that the two core businesses, PlanetArt and Avanquest, should work more closely together to drive operational improvements and revenue synergies. myDevices is no longer deemed core and is to be sold. Mr Gareau has a strong track record with the Avanquest business, where he has been CEO since 2021, and he now has the opportunity to improve the wider performance of the group.

Valuation: Profitable growth is the key driver

Reflecting the different business models for each division, we continue to use a sum-of-the-parts approach to valuation. Using EV/sales multiples that reflect our views on divisional growth and profitability and are conservative compared to the peer group averages, we calculate a valuation of €5.1 per share (down from €5.4), before any group holding discount is applied. In our view, consistent growth in revenues and margins towards Claranova's targets will be fundamental to reducing the discount to peers. In the near term, key triggers for upside will be sustained growth in PlanetArt (while balancing profitability), disposal of myDevices and reducing net debt.

Price	**€1.30**
Market cap	**€74m**
	$1.055/€
Net cash/(debt) at end FY24	€(102.0)m
Shares in issue	57.2m
Free float	84.0%
Code	CLA
Primary exchange	NXT PA
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(3.5)	(15.8)	(39.2)
52-week high/low		€3.1	€1.1

Business description

Claranova consists of three businesses focused on mobile and internet technologies: PlanetArt (digital photo printing; personalised gifts), Avanquest (consumer software) and myDevices (IoT).

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Investment summary

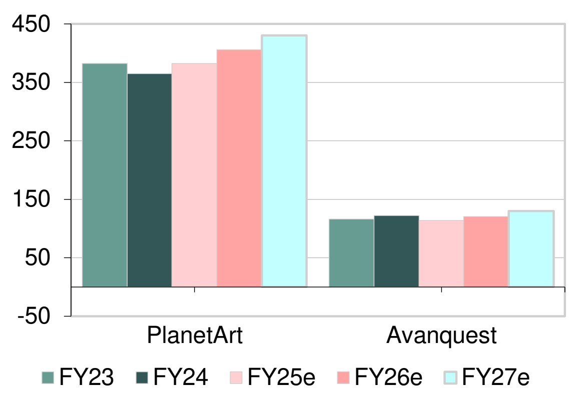
Bringing innovative products to the mass market

Claranova has built a business that takes innovative technology to the consumer market. Until now, Claranova has operated as a holding company for three separate businesses, each with their own identity, operations and management team. It recently unveiled its One Claranova strategy, which aims to bring the two core businesses, PlanetArt and Avanquest, closer together. By sharing knowledge, best practice, AI algorithms and tools, leveraging data and making use of economies of scale, the company is targeting a revenue CAGR of 5.7–8.7% to FY27 and adjusted EBITDA margins of 13–15%, while reducing gearing below 1x.

Financials and valuation

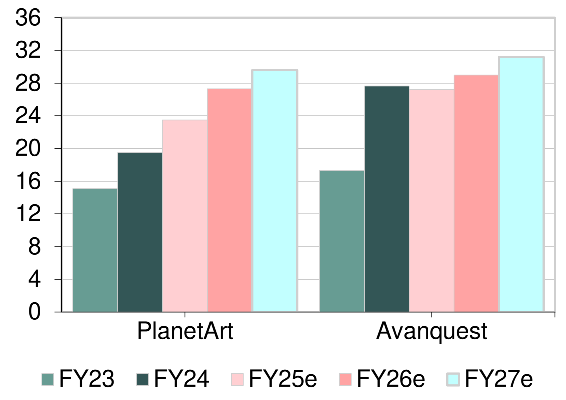
In the charts below we show our forecasts for the two core businesses. We forecast a resumption in revenue growth for PlanetArt and adjusted EBITDA margin expansion to 6.9% by FY27 (FY24: 5.3%). For Avanquest, we forecast a revenue decline in FY25 before returning to revenue growth of 6–8% for FY26/27 on slightly higher margins (FY24: 22.7%). For the two businesses combined, by FY27 we forecast revenue below the lower end of the target range and an EBITDA margin of 10.9%. We forecast net debt/EBITDA of 2.2x by end-FY25 falling to 0.9x by end-FY27 (excluding any proceeds from the sale of myDevices).

Exhibit 1: Divisional revenues (€m), FY23–27e



Source: Claranova, Edison Investment Research

Exhibit 2: Divisional EBITDA (€m), FY23–27e



Source: Claranova, Edison Investment Research

Taking into account the differing growth trajectories and profitability of each division, as well as the different levels of minority investment in each, we use a sum-of-the-parts approach to valuation and estimate a fair value of €5.1 per share, before any holding company discount. We have taken a conservative approach with our forecasts; if the company is able to accelerate margin expansion to the target level by FY27, we would expect further upside to the valuation. In our view, the key factors that are holding back the share price are concerns about the ability of PlanetArt to grow profitably and the ability of the company to pay down debt. FY24 results confirmed that profitability increased significantly in both core businesses. We would expect the resumption of sustained revenue growth in PlanetArt to be the key short-term driver of the share price, which, in turn, should provide more comfort that the group will be able to reduce net debt.

Factors influencing growth and profitability

In addition to the usual competitive pressures and the requirement to keep abreast of technology, our forecasts and the share price are sensitive to supplier dependence and logistics costs for PlanetArt, changes to app store and search engine policies, disposal of myDevices, litigation and the US dollar/euro and sterling/euro exchange rates.

Company description: Online technology developer

Claranova is a group consisting of two businesses focused on mobile and internet technologies with high growth potential and an internet of things (IoT) business that it has decided to sell.

Background

Claranova was originally founded in 1984 as a consumer software publisher called BVRP Software. In 1996, the company changed its name to Avanquest and listed on Euronext. From 2007 to 2012, it acquired multiple businesses. By 2013, growth had slowed and the company was loss-making. The decision was taken to restructure the business, with the plan completed in 2015. As part of the restructuring, the company sold off a number of non-core businesses and restructured the remaining businesses into three divisions:

- PlanetArt – personalised e-commerce, including online and mobile photo printing and online and mobile personalised gifts (74% of FY24 revenues).
- Avanquest – online developer and retailer of consumer-focused software; internet traffic monetisation (25% of FY24 revenues).
- myDevices (IoT) – platform to manage connected devices in the cloud (1% of FY24 revenues).

In 2017, Claranova organised each division into its own legal entity, which enabled it to seek out minority investors in each of the divisions in order to accelerate growth and, at the same time, it changed the company name from Avanquest to Claranova. In FY22 the company bought out the minority interests in Avanquest and over FY23 and FY24, bought back some of the PlanetArt minority interest. The company recently announced that it had acquired the remaining minority interest for €18.5m on 8 November. Reflecting its growth ambitions, the company has made acquisitions in the gifting and software space over the last five years.

Group strategy: Launching One Claranova

With FY24 results on 30 October, management announced the outcome of the strategic review that had been underway since Eric Gareau was appointed group CEO in April. Management unveiled the new strategy called One Claranova, which has the goal of driving profitable growth. This is based on three key pillars, which we explore in more depth below:

1. Becoming a world-class operating company rather than operating as a portfolio of activities.
2. Leveraging AI and data to win and retain customers.
3. Unlocking synergies to optimise performance.

As part of this strategy, excluding myDevices, the company is aiming to grow revenue to €575–625m by FY27 (a CAGR of 5.7–8.7%) and grow adjusted EBITDA margins to the range 13–15% by FY27, from 9.7% in FY24. It also expects to reduce gearing (net debt/EBITDA) to below 1x, from 2.2x at the end of FY24.

Becoming a world-class operating company

Claranova has historically owned and managed three divisions, each operating independently with its own management team and no interaction with the other divisions. Management is now keen to bring the two core businesses closer together and has decided to sell myDevices, appointing Canaccord Genuity to run the process. myDevices generated a small loss in FY24, so disposal should boost profitability. While PlanetArt and Avanquest will continue to operate as independent businesses, they will be encouraged to work together to share knowledge and best practice and create synergies across brands, technologies and teams. Management will set common objectives and KPIs to align each division with group success.

Leveraging AI and data to win and retain customers

The group has more than 100 million active users across 160 countries and, therefore, has access to a high volume of customer data (more than five billion data points). Used correctly (ie within the bounds of national data privacy laws), this could be leveraged to improve customer acquisition, retention and lifetime value. By unifying databases, machine learning and predictive models, it should be able to optimise pricing and improve product recommendations, customer engagement and customer experience. The group has already started to introduce AI into its products, and by sharing AI tools and models, should be able to accelerate the pace at which it does this.

Unlocking synergies to optimise performance

By focusing on maximising and pooling marketing efforts, for example investments in customer acquisition, cross-selling and CRM development, the group hopes to drive revenue and cost synergies. By creating synergies between platforms and brands, the group aims to improve its customer conversion rate and average revenue per user (ARPU). The cost base will be examined for opportunities to maximise economies of scale, with infrastructure, platforms, suppliers and team structures all under review. The group sees further growth opportunities from targeting small and medium-sized enterprises (SMEs) and expanding within the geographies where it already has a presence.

Management

Claranova is headed up by CEO Eric Gareau (appointed in April), who is also CEO of Avanquest. He is supported by the management team: Xavier Rojo (group CFO), Roger S Bloxberg (CEO PlanetArt), Todd Helfstein (president PlanetArt), and Kevin Bromber (CEO myDevices).

The board consists of Marc Goldberg (chairman), Craig Forman (deputy chairman), Michele Anderson, Michael Dadoun, Gabrielle Gauthey and Christine Hedouis, with Daniel Assouline and Emmanuel Mouchoux as board observers. Marc Goldberg, Michael Dadoun and Daniel Assouline are all shareholders (15.9%, 2.3% and 4.7% respectively) and Emmanuel Mouchoux is director of investments at Cheyne Capital, lender to Claranova. Michele Anderson, Craig Forman, Gabrielle Gauthey and Christine Hedouis are deemed to be independent non-executive directors.

PlanetArt: Personalised e-commerce

Historically, PlanetArt focused on providing photo printing services to consumers. With the acquisition of Personal Creations in 2019, the business widened its offering into the market for mass customisation of consumer products, or what it calls ‘personalised e-commerce’. The division aims to provide easy-to-use services with a focus on value for money. The longer-term goal is to fully integrate photo printing and customised gifts to provide a comprehensive personalised e commerce service. The division’s strategy is to grow through a combination of geographic and product range expansion.

Photo printing: From standard prints to customised products

More than 10 years ago, the company identified photo printing as an area ripe for innovation. It entered the market with Web-to-Print (a number of websites that offer printing services) before launching FreePrints in 2013. FreePrints is focused on printing photos using apps on mobile devices. The two businesses share the same fulfilment infrastructure and marketing teams. The majority of the division’s revenues are generated in the US (FY24: 55%) and the UK (28%) with a growing contribution from continental Europe (17%); PlanetArt serves 15 countries in total. The charts below show the various products offered by the division, which we describe in more detail below, and the geographical availability.

Exhibit 3: PlanetArt product range

Source: Claranova

Exhibit 4: Availability of PlanetArt apps by country

	US	UK	France	Germany	Italy	Ireland	Spain	Netherlands	Belgium	Austria	Poland	Luxembourg	Sweden	Canada	Mexico
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓*	✓*
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓*	✓*
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓*	✓*
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓*	✓*
	✓	✓												✓*	✓*
	✓													✓*	✓*

Source: Claranova. Note: *Delivered from the US.

FreePrints: Exploiting the shift in photography to phones

The FreePrints app (called **FreePrints**) is available for use on Apple and Android mobile devices in 15 countries. The app allows customers to print photos that are saved on the mobile device or stored on popular websites such as Facebook, Instagram, Flickr and Dropbox. The offer varies by country. For example, in Europe, customers are offered 500 free prints per year, or 45 free prints per month, for which they pay postage only. In the UK, this works out at up to £4 per order; in Europe, it costs up to €6. In the US, the offer is for 1,000 free prints per year, or 90 per month. The free prints offer is for prints of 6" x 4"/15cm x 10cm; larger prints, different-shaped prints (eg square), borders, duplicates or different finishes are available for an additional charge. Once an order is placed, customers are offered extra printing services, such as customised mugs, fridge magnets or T-shirts. Building on the success of the FreePrints app, additional apps have since been launched:

- In 2016, the business launched the **FreePrints Photobooks** app, which offers a free 20-page softcover photobook every month, again for the cost of postage only (UK c £6, Europe €8). Upgrades are available for larger formats, more pages and for hardback covers.
- In FY19, PlanetArt launched the **FreePrints Photo Tiles** app. This enables customers to order one free Photo Tile (an 8" x 8" canvas picture suitable to stick on the wall) per month, again for the cost of postage (£5.99 in the UK).
- In 2019, the **FreePrints Cards** app was launched in the US and the UK. Customers can order one free greetings-style postcard per month and pay just £1.65 to cover delivery. They can upgrade to a standard card format with envelope for an additional £1.99.
- In CY23 PlanetArt launched **PhotoCalendars** in all 15 countries – the app enables users to personalise a calendar with their own photos, as well as allowing them to add significant dates and start the calendar in any chosen month.

All of the apps charge for printing on a per-job basis with no subscription required. Through the acquisition of Personal Creations (see below), PlanetArt also offers the apps created by Sincerely.com: ink cards, easytiles and postagram. More than 3.5 billion photos have been printed by PlanetArt to date.

Focus on customer service to maintain high ratings and rankings

FreePrints aims to maintain its app store ratings at as close to 5/5 as possible as this is a key factor in consumers' decision-making when downloading apps. Currently, it is rated at 4.8/5 on the Apple App Store and on Google Play. This compares favourably with competitors, which receive lower average review scores on significantly fewer reviews. The business also aims to maintain high rankings within both app stores, as this also influences consumers' propensity to download.

Web-to-Print: Most orders originate from mobile browsers

Web-to-Print was the original photo printing service that has been offered by the company since the acquisition of SimplytoImpress in 2010. The business operates through four dedicated websites and generates most of its business in the US.

- SimplytoImpress: high style cards and stationery products with text and photos.
- PhotoAffections: wide variety of personalised photo products.
- CanvasWorld: turns photos into canvas wall art.
- MyCustomCase: personalised cases for mobile phones, tablets and other devices.

Although it is called Web-to-Print, the majority of orders come from mobile browsers (rather than mobile apps). The business is very seasonal, with a large volume peak in November to December covering Thanksgiving and Christmas. This business typically has a higher order value ($70–80) than the FreePrints business. Customers tend to order less frequently than for FreePrints, typically once a year.

Building a personalised gift offering

Claranova has built capability for personalised gifting through a series of acquisitions:

- **Personal Creations** (PC). PC operates two websites in the United States (www.gifts.com and www.personalcreations.com). It does not depend on customer photos for personalisation. PC shares the PlanetArt back office. Several other areas of PlanetArt (eg SimplytoImpress, PhotoAffections and FreePrints Gifts) use the Personal Creations manufacturing facility and some other PlanetArt brands are available on the Personal Creations website. Personal Creations was launched in the UK in FY21 and the app is available in the US and the UK.
- **Café Press** (CP): CP is an online personalised product company headquartered in Kentucky, US. Its products are developed almost entirely by third-party content contributors and sold via CafePress websites in the US, the UK, Canada and Australia as well as via custom stores that can be set up by any user. CP is a licensee of hundreds of high-profile properties including Hasbro and Marvel.
- ***I See Me!***: *I See Me!* (www.iseeme.com) publishes more than 60 personalised children's books as well as other products for children such as colouring books, puzzles and growth charts, which can be customised via its website with information such as the child's name and birthday. PlanetArt sees potential to leverage its broader product catalogue to create other customisable products for *I See Me!* customers. *I See Me!* is available in the US, the UK, Australia, France and Ireland.

In CY20, the business launched the **FreePrints Gifts** app to provide a free customised gift each month, in the same manner as the other FreePrints apps. Users can also access a large catalogue of products that they can personalise. The app is currently only available in the United States, but the business intends to launch this app in Europe in due course.

Ultimately, the division wants to offer a comprehensive personalised e-commerce service, where consumers can buy a wide variety of items that can be customised in some way.

Personalised gifts present significant opportunity

Since the advent of the smartphone more than 15 years ago, consumers have increasingly shifted from taking photos using digital cameras to using their phones for the majority of their photography. Mobile apps for photo printing are designed to make the process of printing out the photos taken by mobiles simple and cheap. Moving into the personalised gifts market expands the addressable market. According to Statista, the global market for personalised gifts was worth $23.5bn in 2019 and is forecast to grow at a CAGR of 5.6% to $34.3bn by 2026.

A competitive market with a shifting landscape

FreePrints competes against large, multinational companies such as Snapfish, Photobox and CEWE, as well as local players such as Lalalab in France and Bob Books in the UK. Web-to-Print competes against services from larger online players such as Shutterfly, Photobox and Vistaprint, as well as services offered by pharmacies and retailers, such as Walmart, Walgreens, Boots and Tesco, and by specialist photography companies, such as Snappy Snaps and Jessops.

We note that the printing business has no legacy film printing services and does not own any printing or retail facilities, unlike many of its competitors. This affords it the flexibility to enter new markets at lower cost and with less risk.

In the personalisation market, Claranova competes against greetings card businesses (American Greetings, Card Factory, Hallmark Cards, Moonpig.com, funkypigeon.com), photo printing companies, such as Cimpress and Snapfish, specialist providers (eg Not On The High Street (UK), society6 (US), Minted (US), Personalization Mall (US), Things Remembered (UK/US), Zazzle in the US) and e-commerce retailers such as Etsy.

Business model

Sales strategy and customer retention

The division targets revenue growth from a combination of growing the customer base and encouraging the existing customer base to order more frequently and buy a wider range of products.

Advertising costs are almost completely variable, with spend being dialled up or down depending on the cost of advertising at any given time, and the availability of cash. The division's experience is that this has a direct relationship with the number of new users acquired. To retain and encourage existing customers to spend, the business sends app notifications and emails with special offers and runs a loyalty programme. It also has a 'refer a friend' scheme. The business makes use of the FreePrints customer base to sell the Photobooks, Photo Tiles, Calendars, Cards and Gifts services.

In the wake of the introduction of Apple's App Tracking Transparency (ATT) policy in 2021, PlanetArt rebuilt its customer acquisition channels and now uses TikTok, Instagram and YouTube, with a much reduced spend on Facebook. Occasionally, the company buys TV advertising.

Logistics: Outsourced printing; some in-house customisation

The division outsources all photo printing to one printer in the US, one in the UK and one in the Czech Republic. As the mobile app service is less seasonal, it can provide good volumes through the year, not just at Christmas time. During the Christmas peak, it can push delivery out from five to 10 days to ensure stable pricing. The company has built the IT systems to manage high volumes and if a new country is added, the system can manage localisation.

Personal Creations has a facility in Illinois, US, where items are customised. CafePress does not have any manufacturing facilities, outsourcing product manufacturing and customisation. As the business launches personalised e-commerce outside of the US, the intention is to work with manufacturing partners rather than vertically integrating.

Minority investment funded growth; now 100% owned

In September 2017, a group of investors including Cap Investissement, the family office of Groupe Riccobono (a French industrial printer), invested €11.4m in PlanetArt in return for a 7.1% stake. An additional €0.8m was invested in April 2018, for a total minority investment of 7.7%. In January 2022, Claranova announced that it would buy back some of the minority interest (see Increasing stake in PlanetArt); this process has now finished and at the end of FY24, the minority interest stood at 4.68%. On 8 November, the company acquired the remaining stake for €18.5m, borrowing an additional €20m from Cheyne Capital to fund this.

One Claranova growth strategy

The company disclosed customer data for PlanetArt that showed that customer numbers fell in FY22 (by 20%) and FY23 (by 6%) as the business dealt with the aftermath of Apple's ATT policy. In FY24, with customer acquisition channels rebuilt, user numbers increased 5%. With better customer targeting and improving retention, the company aims to accelerate this growth while increasing average order value and repeat purchases to grow ARPU. The business has already started using AI to improve its products. For example, in FreePrints Cards, the MagicMessage feature uses GenAI to help the customer compose a message for inside the card. By sharing AI tools, algorithms and experience with Avanquest, we would expect PlanetArt to accelerate the adoption of AI throughout the product portfolio and to augment back-office functions.

PlanetArt financials: Balancing growth and profitability

Cost of sales consists of printing costs, the cost of items such as mugs or T-shirts, shipping costs and payment processing fees. Operating costs include variable costs such as marketing spend, and others that are more fixed in nature: support, marketing staff (staff in the US as well as several people in France to manage European marketing), developers, general admin and share of corporate costs (based on revenues). We note that the business hires temps to cover increased support demands during the seasonal peak of the Web-to-Print business in November and December, which results in higher staff costs in H1.

Exhibit 5: PlanetArt quarterly revenues, Q122-Q125

PlanetArt	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125
Revenues	63.8	163.3	63.6	75.4	67.9	186.7	59.9	68.2	60.3	174.5	61.1	69.4	60.1
y-o-y growth	-8%	-1%	-11%	1%	6%	14%	-6%	-10%	-11%	-7%	2%	2%	0%
y-o-y growth, organic constant currency	-17%	-6%	-21%	-11%	-3%	3%	-2%	-5%	-7%	-2%	-2%	-2%	0%

Source: Claranova

Exhibit 6: PlanetArt annual forecasts

€m	FY22a	FY23a	FY24a	FY25e	FY26e	FY27e
Revenues	366.2	382.6	365.2	382.0	405.9	430.2
y-o-y growth	*-4%*	*4%*	*-5%*	*5%*	*6%*	*6%*
y-o-y growth, organic constant currency	*-12%*	*0%*	*-3%*			
EBITDA	16.3	15.1	19.5	23.5	27.3	29.6
EBITDA margin	*4.4%*	*3.9%*	*5.3%*	*6.2%*	*6.7%*	*6.9%*

Source: Claranova, Edison Investment Research

FY24 revenue declined 5% (3% cc) as the company continued to optimise customer acquisition costs. The company started restructuring the business at the end of FY23 and this helped reduce the cost base, resulting in a year-on-year increase in EBITDA of 29% and a 1.4pp increase in the EBITDA margin to 5.3%. We assume that the business returns to growth from FY25 and forecast 5–6% growth per annum for FY25–27. At the same time, we expect the One Claranova strategy to help with margin expansion and we forecast an increase in the EBITDA margin to 6.9% by FY27.

Avanquest: B2C focus

Avanquest is a consumer-focused online software business operating in three key verticals: photo editing, pdf and security/privacy. As well as selling software online, Avanquest monetises the traffic that visits its online properties via advertising and commission.

A long history as an online software retailer

Claranova has been developing and selling consumer-focused software since the company was founded in the 1980s. It historically sold a mixture of third-party software and own-IP software. Up to the end of FY18, the company sold products that broadly fell within one of the following four categories: operating tools, office tools (eg PDF-based software), interior/exterior design and photo-related tools. Software was typically from less well-known brands and did not include household names such as Adobe, Microsoft or Norton. In 2018, Avanquest acquired 50.1% of a group made up of three Canadian businesses (Adaware, Lulu Software and Upclick) all with proprietary software. In FY22, Avanquest acquired the minority interests and now owns 100%. The acquired businesses have kept their existing business models and brands.

Product strategy – focus on developing own IP

Avanquest is now focused on selling proprietary software, having recently sold most of its non-core third-party reseller business. Product development is now focused around three core areas based on the main proprietary solutions:

- **Pdf**: Soda PDF;
- **Photo editing**: inPixio; and
- **Security/privacy**: Adaware.

Avanquest strengthened the PDF business with the acquisitions of PDFescape in FY21 and PDFforge and Scanner App in FY23.

Business model

The division generates revenues in three different ways:

- Paid-for products. Avanquest aims to sell the majority of products on a subscription basis. Where a product is more suited to a one-off purchase (eg if it is linked to a one-off project), it will continue to be sold as a one-off licence.
- Freemium products/services. Freemium products include Photo Editor by InPixio, InstaCards and Adaware's anti-virus software.
- Advertising/traffic-based. Adaware's Web Companion tool is a browser add-in for secure browsing, ad blocking and identifying phishing sites. As the software diverts browsers such as Firefox to search services provided by Google or Bing, Web Companion earns a revenue share based on the searches pushed to these search providers. Adaware's software installer tool is used by websites that offer software downloads. When a consumer decides to download such software, they first download a small file onto their PC. Once clicked on, an executable file runs to fully download the software. In the process, the user is prompted to accept and install other complementary software products. If the user accepts any of these additional software products, Adaware will earn a commission from the third-party software provider.

Costs of sale include the cost of products (ie royalties paid to third-party software providers), bank fees, distribution costs for physical goods and server hosting. Operating costs include advertising, marketing, administration and R&D. The division operates with single IT, marketing and finance teams.

Consolidating a fragmented market

The market for consumer software is made up of:

- solutions sold by well-known software companies, such as Microsoft (Office suite, Defender), Adobe (Acrobat PDF, Photoshop) and Symantec (Norton anti-virus), which typically make the majority of their money from enterprise customers;
- a large number of very small independent software vendors, which often struggle to market their products; and
- a small number of larger companies specialising in online consumer software sales, typically leveraging their marketing expertise to reach a wide audience.

Avanquest falls into this last category. Competitors in the cybersecurity and PC hygiene market include Gen Digital (which owns the Norton, LifeLock and Avast brands) and Kape, which have been active consolidators of the market. In the PDF market, Avanquest competes with products from Foxit Software, Nitro Software (Nitro PDF), Alludo (Corel PDF Fusion) and LifeMD (Work Simpli). For photo editing, Avanquest competes with Photoroom and remove.bg. Companies with similar advertising-related business models include IAC, Perion and Media.net.

One Claranova growth strategy

The business has been through a significant transition phase over the last few years, shifting the majority of its product sales to a recurring revenue model, increasing the level of internally developed IP and selling non-core business. Much of this has happened under the division's CEO Eric Gareau, who in April also became the group CEO. We expect the new strategy to result in increased use of AI throughout the product portfolio (it is already being used in PDF and photo products) and for customer support, better targeting of new customers and higher customer lifetime values. The business is increasing its focus on SME customers, where it has identified specific use cases for its software, for example, using InPixio to create product listings for e-commerce websites.

Avanquest financials: Strong margin expansion

Exhibit 7 shows the quarterly revenue progression over the past three years; this business sees a seasonal peak in Q2 (ie calendar Q4).

Exhibit 7: Avanquest quarterly revenues, Q122-Q125

€m	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125
Revenues	22.6	27.8	25.7	26.1	27.1	30.0	29.1	30.0	28.8	32.6	31.1	29.5	27.1
y-o-y growth	18%	27%	14%	15%	20%	8%	13%	15%	6%	8%	7%	-2%	-6%
y-o-y growth, organic constant currency	14%	20%	7%	2%	4%	-2%	8%	15%	14%	14%	8%	5%	3%

Source: Claranova

In FY24, Avanquest revenue grew 5% (14% organic cc) and EBITDA grew 60% y-o-y, expanding the EBITDA margin by 7.7pp to 22.6%. Recurring revenue increased to 75% from 67% in FY23. Exhibit 8 shows the breakdown of revenue by core and non-core businesses and gives further detail on the three product lines within the core business. Security (Adaware) is the largest product line within the division, making up 60% of core revenue and 54% of divisional revenue. This saw revenue growth of 28% y-o-y and EBITDA growth of 65% y-o-y. PDF (Soda PDF) is the next largest product line at 32% of core revenue and 29% of divisional revenue. Revenue was flat year-on-year, as the business focused on product development, while EBITDA declined 10% y-o-y. The Photo (InPixio) product line makes up 8% of core revenue and 7% of divisional revenue. Revenue declined 10% y-o-y while EBITDA improved to break-even. After the disposal of part of the non-core business in H124, non-core revenue declined 42% y-o-y and reduced the EBITDA loss by c €2m.

Exhibit 8: Revenue and EBITDA by product line

€m	FY24	FY23	y-o-y			
Revenue						
Core:						
Security (Adaware)	66	51	28%			
PDF	35	35	0%			
Photo (inPixio)	9	10	-10%			
Non core	11	19	-42%			
Total	**122**	**116**	**5%**			
EBITDA	**FY24**	**FY23**	**y-o-y**	**EBITDA margin**	**FY24**	**FY23**
Core:				Core:		
Security (Adaware)	21	13	65%	Security (Adaware)	31%	25%
PDF	11	12	-10%	PDF	30%	33%
Photo (inPixio)	(0)	(1)	N/A	Photo (inPixio)	-2%	-12%
Non core	(1)	(3)	-64%	Non core	-9%	-15%
Central costs	(2)	(3)	-31%	Central costs		
Total	**28**	**17**	**60%**	**Total**	**23%**	**15%**

Source: Claranova

For FY25, we assume a revenue decline for the full year, partly due to the reduction in non-core revenue, which also supports an increase in the margin. For FY26 and FY27, we conservatively forecast revenue growth in the range of 6–8% and maintain EBITDA margins at a similar level to FY25.

Exhibit 9: Avanquest annual forecasts

€m	FY22	FY23	FY24	FY25e	FY26e	FY27e
Revenues	102.2	116.3	121.9	114.1	120.6	129.9
y-o-y growth	*18%*	*14%*	*5%*	*-6%*	*6%*	*8%*
y-o-y growth, organic constant currency	*12%*	*6%*	*14%*			
EBITDA	11.6	17.3	27.6	27.2	29.0	31.2
EBITDA margin	*11.4%*	*14.9%*	*22.7%*	*23.8%*	*24.0%*	*24.0%*

Source: Claranova, Edison Investment Research

Financials

FY24 results review

Exhibit 10 summarises the FY24 results (the company reported Q424/FY24 revenue in August). Revenue was substantially in line with our forecasts: -2% y-o-y or up 1% on an organic constant currency basis. Pre-IFRS 16 EBITDA beat our forecast by 4% resulting in a margin of 9.3%, compared to the company target of c 10%. Normalised operating profit was 6% below our forecast due to higher-than-expected depreciation and amortisation. The company reported €7.7m of one-off charges, which included litigation-related costs of €2.3m, retention and performance bonuses of €1.9m and a settlement to the new CEO of €2.0m relating to his tenure as CEO of Avanquest. Net finance costs of €34.4m included €22.1m in amortisation and other costs relating to the refinancing of the OCEANE debt in April. Claranova closed FY24 with a net debt position of €102m, in line with our forecast, with gearing falling to 2.2x, from 3.4x a year ago. Debt totalled €139m offset by cash of €37m.

Exhibit 10: FY24 results highlights

€'m	FY23a	FY24e	FY24a	Change	y-o-y
Revenues	**507.0**	**495.5**	**495.6**	**0.0%**	**-2.2%**
EBITDA	36.3	49.6	51.2	3.2%	41.1%
EBITDA margin	0.1	0.1	0.1	0.3%	3.2%
EBITDA - pre IFRS 16	**32.5**	**44.3**	**45.9**	**3.6%**	**41.3%**
EBITDA margin - pre IFRS 16	**0.1**	**0.1**	**0.1**	**0.3%**	**2.9%**
Normalised operating profit	30.3	42.9	40.2	-6.4%	32.7%
Normalised operating margin	0.1	0.1	0.1	-0.6%	2.1%
Reported operating profit	19.3	35.2	30.8	-12.5%	59.6%
Reported operating margin	0.0	0.1	0.1	-0.9%	2.4%
Normalised PBT	2.2	18.3	5.8	-68.4%	161.7%
Reported PBT	(8.8)	3.4	(3.6)	-206.3%	-58.7%
Normalised net income	2.3	13.7	5.1	-62.5%	124.7%
Reported net income	(10.6)	(2.0)	(11.3)	473.1%	6.5%
Normalised basic EPS (€)	0.1	0.2	0.1	-62.9%	80.6%
Normalised diluted EPS (€)	0.0	0.2	0.1	-60.4%	96.1%
Reported basic EPS (€)	(0.2)	(0.0)	(0.2)	467.1%	-14.4%
Net debt/(cash)	**112.0**	**102.4**	**102.0**	**-0.4%**	**-8.9%**
Net debt/EBITDA (x)	**3.4**	**2.3**	**2.2**		
Divisional revenues					
PlanetArt	382.6	364.9	365.2	0.1%	-4.5%
Avanquest	116.3	122.0	121.9	-0.1%	4.9%
myDevices	8.2	8.6	8.5	-0.5%	4.3%
Total	507.0	495.5	495.6	0.0%	-2.2%
Divisional EBITDA					
PlanetArt	15.1	22.0	19.5	-11.6%	29.1%
Avanquest	17.3	22.9	27.6	20.7%	59.7%
myDevices	0.1	(0.6)	(1.2)	101.4%	N/A
Total EBITDA - pre IFRS 16	32.5	44.3	45.9	3.6%	41.3%
Divisional EBITDA margin					
PlanetArt	3.9%	6.0%	5.3%	-0.7%	1.4%
Avanquest	14.9%	18.8%	22.7%	3.9%	7.8%
myDevices	1.2%	-6.9%	-14.0%	-7.1%	-15.2%
Total EBITDA margin - pre IFRS 16	6.4%	9.0%	9.3%	0.3%	2.9%

Source: Claranova, Edison Investment Research

Outlook and changes to forecasts

We have revised our FY25 forecasts to reflect the split of profitability across the divisions in FY24 and Q125 revenues. We introduce FY26 and FY27 forecasts; we include myDevices in group forecasts as a buyer has not yet been found. The table below shows our revenue and adjusted EBITDA forecasts for PlanetArt and Claranova to track against the company's One Claranova targets. We have been more conservative with our forecasts as we wait to see how rapidly the new strategy drives revenue growth and reduces the cost base. We have factored in the additional €20m debt taken out to fund the PlanetArt minority interest buyout. We forecast that gearing will fall below one by the end of FY27.

Exhibit 11: One Claranova forecasts and targets

€m	FY24	FY25e	FY26e	FY27e	FY27 Target
Revenue: PlanetArt + Avanquest	487.1	496.1	526.5	560.1	575-625
Revenue growth	-2.4%	1.8%	6.1%	6.4%	
Adjusted EBITDA: PlanetArt + Avanquest	47.1	50.7	56.3	60.8	
EBITDA margin	9.7%	10.2%	10.7%	10.9%	13-15%

Source: Claranova, Edison Investment Research

Exhibit 12: Changes to forecasts

€'m	FY25e	FY25e			FY26e		FY27e	
	Old	New	Change	y-o-y	New	y-o-y	New	y-o-y
Revenues	**523.5**	**506.3**	**-3.3%**	**2.1%**	**537.2**	**6.1%**	**571.2**	**6.3%**
EBITDA	55.0	56.2	2.2%	9.8%	62.2	10.7%	67.0	7.7%
EBITDA margin	0.1	0.1	0.6%	0.8%	0.1	0.5%	0.1	0.1%
EBITDA - pre IFRS 16	**49.7**	**50.7**	**2.0%**	**10.4%**	**56.6**	**11.7%**	**61.3**	**8.3%**
EBITDA margin - pre IFRS 16	**0.1**	**0.1**	**0.5%**	**0.7%**	**0.1**	**0.5%**	**0.1**	**0.2%**
Normalised operating profit	47.9	47.1	-1.6%	17.1%	52.1	10.7%	55.9	7.1%
Normalised operating margin	0.1	0.1	0.2%	1.2%	0.1	0.4%	0.1	0.1%
Reported operating profit	42.1	45.5	8.1%	47.7%	50.5	11.1%	54.3	7.4%
Reported operating margin	0.1	0.1	1.0%	2.8%	0.1	0.4%	0.1	0.1%
Normalised PBT	29.9	27.0	-9.8%	367.6%	31.8	17.7%	35.7	12.3%
Reported PBT	24.1	25.4	5.3%	-798.3%	30.2	18.9%	34.1	13.0%
Normalised net income	22.3	20.3	-8.9%	295.8%	24.4	20.1%	27.6	13.0%
Reported net income	17.9	19.1	6.9%	N/A	23.2	N/A	26.2	N/A
Normalised basic EPS (€)	0.4	0.4	-8.8%	295.8%	0.4	20.1%	0.5	13.0%
Normalised diluted EPS (€)	0.4	0.4	-8.9%	295.8%	0.4	20.1%	0.5	13.0%
Reported basic EPS (€)	0.3	0.3	7.0%	-269.4%	0.4	21.4%	0.5	12.7%
Net debt/(cash)	**78.3**	**111.8**	**42.7%**	**9.6%**	**85.7**	**-23.3%**	**56.8**	**-33.7%**
Net debt/EBITDA (x)	**1.6**	**2.2**			**1.5**		**0.9**	
Divisional revenues								
PlanetArt	387.5	382.0	-1.4%	4.6%	405.9	6.2%	430.2	6.0%
Avanquest	125.8	114.1	-9.3%	-6.4%	120.6	5.7%	129.9	7.7%
myDevices	10.3	10.2	-1.1%	19.3%	10.7	5.0%	11.1	3.7%
Total	523.5	506.3	-3.3%	2.1%	537.2	6.1%	571.2	6.3%
Divisional EBITDA								
PlanetArt	22.8	23.5	3.1%	20.6%	27.3	16.2%	29.6	8.4%
Avanquest	25.9	27.2	5.0%	-1.6%	29.0	6.6%	31.2	7.6%
myDevices	1.0	(0.0)	-101.0%	-99.2%	0.3	N/A	0.5	66.7%
Total EBITDA - pre IFRS 16	49.7	50.7	2.0%	10.4%	56.6	11.7%	61.3	8.3%
Divisional EBITDA margin								
PlanetArt	5.9%	6.2%	0.3%	0.8%	6.7%	0.6%	6.9%	0.2%
Avanquest	20.6%	23.8%	3.3%	1.2%	24.0%	0.2%	24.0%	0.0%
myDevices	9.7%	-0.1%	-9.8%	13.9%	2.8%	2.9%	4.5%	1.7%
Total EBITDA margin - pre IFRS 16	9.5%	10.0%	0.5%	0.7%	10.5%	0.5%	10.7%	0.2%

Source: Edison Investment Research

Sensitivities

In addition to the usual competitive pressures and the requirement to keep abreast of technology, our forecasts and the share price are sensitive to the following factors:

- Changes to search engine and app store policies: several products within Avanquest rely on search engines to generate revenues. Changes to these search engines' policies could reduce the ability to earn revenues. Similarly, PlanetArt relies on targeted advertising for customer acquisition; recent changes to Apple's privacy rules have made targeted customer acquisition more difficult.
- Supplier dependence: in Europe and the US, PlanetArt relies on two printing suppliers. Any issues with these relationships could affect the profitability of the business. As the business expands into personalised gifts in Europe, it is likely to outsource manufacturing, which will increase supplier dependence.
- Logistics: the cost and efficiency of the delivery network in the countries in which PlanetArt operates will influence divisional profitability and customer demand.
- Currency: Claranova's revenue is exposed to currency translation movements, as a large proportion is generated in US dollars, and to a lesser extent sterling. Across the three divisions, there is a high level of natural hedging, with the majority of costs incurred in the country in which revenues are generated.
- Disposal of myDevices: the company has mandated Canaccord Genuity to find a buyer for myDevices. The timing and value of the disposal are currently uncertain. For detail on the myDevices business, see our December 2023 report.
- Litigation: the previous CEO, Pierre Cesarini, has filed various lawsuits against the company relating to his departure. The company has already incurred some legal costs relating to this and may incur further costs. A positive outcome for Mr Cesarini could result in the requirement for damages to be paid. The company believes it

has a strong position and consequently has not provided for this case.

Valuation

In Exhibit 13, we show Claranova's valuation and operating metrics versus four peer groups: personalised e-commerce companies, online software publishers, IoT companies and French software companies. As Claranova is a combination of the first three groups and there are minority investors in two of the businesses, we use a sum-of-the-parts approach to fully capture the value of the group.

We use average peer multiples for reference, adjusting them to reflect our views on the growth and profitability prospects for each division. In Exhibit 14, our sum-of-the-parts valuation is based on adjusted FY25e EV/sales multiples by division (rolled forward by one year since our last valuation). The EV/sales multiple for FY26e and the EV/EBITDA multiples for FY25e and FY26e are implied based on the EV/sales multiple used for FY25e.

Exhibit 13: Peer and valuation metrics

	Quoted	Market	Rev growth (%)		EBITDA margin (%)		EBIT margin (%)		EV/Revs		EV/ EBITDA		P/E	
	ccy	cap (m)	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY
Claranova	**EUR**	**74**	**2.1**	**6.1**	**11.1**	**11.6**	**9.0**	**9.4**	**0.3**	**0.3**	**3.1**	**2.8**	**3.6**	**3.0**
Personalised e-commerce														
PlanetArt	EUR		***4.6***	***6.2***	***6.2***	***6.7***								
CEWE Stiftung	EUR	770	4.5	3.8	17.6	17.6	10.8	11.0	1.0	0.9	5.4	5.2	12.4	11.7
Cimpress	USD	1,796	5.3	5.6	14.4	15.0	8.3	8.7	1.0	0.9	6.6	6.0	16.6	12.6
Moonpig	GBp	719	5.2	8.4	26.5	26.2	17.8	19.9	2.3	2.2	8.8	8.2	15.9	14.1
1-800 Flowers	USD	472	(2.2)	3.3	4.3	5.0	1.0	1.7	0.4	0.4	8.9	7.5	44.8	24.1
Average			*3.2*	*5.3*	*15.7*	*15.9*	*9.5*	*10.3*	*1.2*	*1.1*	*7.5*	*6.8*	*22.4*	*15.6*
Software publisher/reseller														
Avanquest	EUR		***(6.4)***	***5.7***	***23.8***	***24.0***								
Foxit	CNY	6,402	93.0	19.5	4.2	7.6	N/A	N/A	6.3	5.3	N/A	N/A	N/A	N/A
Gen Digital	USD	16,724	2.9	3.3	61.2	63.0	58.6	59.8	6.3	6.0	10.2	9.6	12.3	11.1
IAC	USD	3,593	(14.0)	(2.5)	10.1	12.0	(0.1)	2.3	1.2	1.3	12.1	10.4	N/A	N/A
Perion	USD	421	(32.8)	(6.1)	10.1	9.5	(0.6)	(0.9)	0.1	0.1	0.7	0.8	6.8	8.0
Average			*12.2*	*3.6*	*21.4*	*23.0*	*19.3*	*20.4*	*3.5*	*3.2*	*7.7*	*7.0*	*9.6*	*9.6*
IoT														
myDevices	EUR		***19.3***	***5.0***	***(0.1)***	***2.8***								
Digi International	USD	1,088	0.0	5.1	23.5	22.9	16.9	16.6	2.8	2.7	11.9	11.6	15.0	17.7
Samsara	USD	24,715	32.1	23.3	8.9	10.3	7.0	8.5	19.4	15.7	218.4	153.4	198.7	154.9
Semtech	USD	5,539	4.6	22.3	20.0	22.7	15.1	20.6	7.3	5.9	36.3	26.1	83.6	35.5
Vianet	GBp	33	12.7	7.0	30.4	30.1	14.6	14.8	2.0	1.9	6.7	6.3	19.7	18.8
Average			*16.5*	*17.5*	*19.8*	*21.0*	*12.2*	*14.6*	*9.6*	*7.9*	*87.1*	*62.0*	*100.7*	*69.7*
Average excluding Samsara			*5.8*	*11.5*	*24.6*	*25.2*	*15.5*	*17.3*	*4.0*	*3.5*	*18.3*	*14.7*	*39.5*	*24.0*
French software														
74Software	EUR	812	44.0	53.0	17.9	19.1	12.4	12.9	2.0	1.3	11.0	6.7	19.0	14.2
Cegedim	EUR	182	5.3	6.2	18.6	18.9	5.0	5.4	0.8	0.7	4.2	3.9	10.6	8.5
Esker	EUR	1,591	14.4	14.9	19.6	20.5	13.4	14.2	7.6	6.6	38.7	32.2	72.2	59.1
Lectra	EUR	969	10.7	6.5	17.8	19.2	11.0	12.7	2.0	1.9	11.3	9.8	24.3	19.3
Planisware	EUR	1,827		16.7	33.4	33.9	26.7	28.8	9.2	7.9	27.5	23.2	41.8	34.8
Sidetrade	EUR	341	25.4	20.0	12.7	12.4	14.2	13.5	6.5	5.4	50.9	43.4	47.2	40.4
Average			*18.6*	*20.1*	*18.5*	*19.4*	*10.4*	*11.3*	*3.1*	*2.6*	*16.3*	*13.2*	*31.5*	*25.3*

Source: Edison Investment Research, LSEG Data & Analytics (as at 15 January)

For PlanetArt, we use an FY25e multiple of 0.7x, with the discount to peers reflecting its lower profitability and recent revenue track record. For Avanquest, we use an FY25e EV/sales multiple of 1.4x. In our view, this is conservative but we would look to apply a higher multiple if the business is able to achieve sustained revenue growth and maintain profitability at the FY24 level. We use a multiple of 2.0x for myDevices. This results in a new valuation of €5.1 per share, down from €5.4 when we last wrote, reflecting lower revenue forecasts. Clearly, this valuation implies material upside to the current share price. However, investor confidence has been affected by PlanetArt's struggle with new customer acquisition and concerns around the ability of the company to pay down debt. The recent refinancing, with the vast majority of debt not due for repayment until April 2028, gives the company breathing space albeit at a high interest rate. We assume that if the company makes good progress in reducing net debt over the next year or two it will aim to refinance to bring down the cost of debt. We also assume that investors will factor in a holding company discount.

Factors that could restore confidence and start to close this valuation gap include:

- reduction in net debt;
- proof that the post-ATT customer acquisition strategy is driving a resumption in growth in PlanetArt;
- sustained revenue growth and margins in Avanquest;
- evidence that the 'One Claranova' strategy is generating revenue and cost synergies;
- disposal of myDevices; and
- spin out or sale of either PlanetArt or Avanquest.

Exhibit 14: Sum-of-parts valuation

	FY25e	FY26e	EV based on FY25e sales multiple (€m)	Minority interest	Value to shareholders (€m)
EV/Sales multiple	0.8	0.8	428.4		419.8
PlanetArt	**0.7**	0.6	248.3	0%	248.3
Avanquest	**1.4**	1.3	159.7	0%	159.7
myDevices	**2.0**	1.9	20.4	42%	11.8
Implied EV/EBITDA multiple					
PlanetArt	10.6	9.1			
Avanquest	5.9	5.5			
myDevices	N/A	67.9			
	€m				Upside/(downside)
Net debt end FY24	(102.0)		Equity value (€m)	293.3	
Cost of acquisitions	(6.0)		Per share value (€)	5.1	295%
Cost of MI buyout	(18.5)				
Adjusted net debt	(126.5)				
No. shares (m)	57.2				

Source: Edison Investment Research

Exhibit 15: Financial summary

€'m	2020	2021	2022	2023	2024	2025e	2026e	2027e
30-June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	**409.1**	**470.6**	**473.7**	**507.0**	**495.6**	**506.3**	**537.2**	**571.2**
EBITDA	**20.6**	**36.5**	**28.3**	**36.3**	**51.2**	**56.2**	**62.2**	**67.0**
Company adjusted EBITDA	**17.4**	**32.9**	**25.5**	**32.5**	**45.9**	**50.7**	**56.6**	**61.3**
Normalised operating profit	**15.8**	**31.0**	**23.7**	**30.3**	**40.2**	**47.1**	**52.1**	**55.9**
Amortisation of acquired intangibles	(2.4)	(3.1)	(3.8)	(4.8)	(1.2)	(1.2)	(1.2)	(1.2)
Exceptionals	(5.6)	(4.4)	(0.7)	(5.3)	(7.7)	0.0	0.0	0.0
Share-based payments	0.0	0.0	(1.2)	(0.9)	(0.5)	(0.4)	(0.4)	(0.4)
Reported operating profit	**7.8**	**23.5**	**18.0**	**19.3**	**30.8**	**45.5**	**50.5**	**54.3**
Net Interest	(4.5)	(6.8)	(16.5)	(28.1)	(34.4)	(20.1)	(20.4)	(20.2)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	(5.7)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	**11.3**	**24.2**	**7.2**	**2.2**	**5.8**	**27.0**	**31.8**	**35.7**
Profit Before Tax (reported)	**3.3**	**16.7**	**(4.2)**	**(8.8)**	**(3.6)**	**25.4**	**30.2**	**34.1**
Reported tax	(2.1)	(3.5)	(5.7)	(2.0)	(8.4)	(5.8)	(6.9)	(7.8)
Profit After Tax (norm)	**8.7**	**18.6**	**5.5**	**2.1**	**4.4**	**20.8**	**24.4**	**27.7**
Profit After Tax (reported)	**1.2**	**13.2**	**(10.0)**	**(10.8)**	**(12.0)**	**19.5**	**23.2**	**26.2**
Minority interests	(0.7)	(3.7)	(0.5)	0.2	0.7	(0.4)	(0.0)	(0.1)
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	**8.0**	**14.9**	**5.0**	**2.3**	**5.1**	**20.3**	**24.4**	**27.6**
Net income (reported)	**0.5**	**9.5**	**(10.5)**	**(10.6)**	**(11.3)**	**19.1**	**23.2**	**26.2**
Basic ave. number of shares outstanding (m)	39.2	39.3	42.6	45.6	56.7	56.7	56.7	56.7
EPS - basic normalised (€)	0.20	0.38	0.12	0.05	0.09	0.36	0.43	0.49
EPS - diluted normalised (€)	0.20	0.37	0.11	0.05	0.09	0.36	0.43	0.48
EPS - basic reported (€)	0.01	0.24	(0.25)	(0.23)	(0.20)	0.34	0.41	0.46
Dividend (€)	0	0	0	0	0	0	0	0
Revenue growth (%)	56.0	15.0	0.7	7.0	(2.2)	2.1	6.1	6.3
EBITDA Margin (%)	5.0	7.7	6.0	7.2	10.3	11.1	11.6	11.7
Company adjusted EBITDA margin (%)	4.3	7.0	5.4	6.4	9.3	10.0	10.5	10.7
Normalised Operating Margin	3.9	6.6	5.0	6.0	8.1	9.3	9.7	9.8
BALANCE SHEET								
Fixed Assets	**93.7**	**96.6**	**123.3**	**151.8**	**145.9**	**146.8**	**147.4**	**147.7**
Intangible Assets	70.5	77.5	96.6	120.1	117.2	118.5	119.2	119.4
Tangible Assets	15.7	12.2	18.2	18.2	16.7	16.3	16.2	16.3
Investments & other	7.5	6.9	8.5	13.5	12.0	12.0	12.0	12.0
Current Assets	**116.3**	**128.4**	**146.8**	**112.6**	**82.4**	**86.8**	**109.5**	**137.9**
Stocks	14.4	16.1	22.0	20.4	15.7	20.8	22.1	23.5
Debtors	9.9	9.2	8.3	9.8	12.0	12.5	13.2	14.1
Cash & cash equivalents	82.8	90.4	100.3	66.8	36.8	35.6	56.3	82.4
Other	9.2	12.7	16.2	15.6	17.9	17.9	17.9	17.9
Current Liabilities	**(74.6)**	**(76.7)**	**(106.0)**	**(176.2)**	**(110.3)**	**(95.7)**	**(100.8)**	**(105.6)**
Creditors	(64.3)	(63.8)	(78.1)	(74.1)	(78.5)	(73.9)	(79.0)	(83.8)
Tax and social security	(1.2)	(2.0)	(1.9)	(2.1)	(2.4)	(2.4)	(2.4)	(2.4)
Short term borrowings	(6.1)	(7.7)	(22.6)	(93.8)	(24.6)	(14.6)	(14.6)	(14.6)
Other	(3.0)	(3.2)	(3.4)	(6.2)	(4.8)	(4.8)	(4.8)	(4.8)
Long Term Liabilities	**(73.1)**	**(66.1)**	**(162.2)**	**(104.6)**	**(125.7)**	**(144.3)**	**(138.9)**	**(136.1)**
Long term borrowings	(62.8)	(57.4)	(148.9)	(85.0)	(114.2)	(132.8)	(127.4)	(124.6)
Other long term liabilities	(10.3)	(8.7)	(13.3)	(19.6)	(11.5)	(11.5)	(11.5)	(11.5)
Net Assets	**62.3**	**82.2**	**1.9**	**(16.4)**	**(7.7)**	**(6.4)**	**17.2**	**43.9**
Minority interests	(11.7)	(16.2)	(3.3)	(2.9)	(2.2)	(2.6)	(2.6)	(2.7)
Shareholders' equity	**50.6**	**66.0**	**(1.4)**	**(19.3)**	**(9.9)**	**(9.0)**	**14.6**	**41.1**
CASH FLOW								
Op Cash Flow before WC and tax	20.6	36.5	28.3	36.3	51.2	56.2	62.2	67.0
Working capital	22.5	(3.1)	3.2	(12.9)	8.0	(10.2)	3.1	2.6
Exceptional & other	(6.3)	(8.9)	(4.2)	(8.1)	16.5	0.0	0.0	0.0
Tax	(6.8)	(5.1)	(9.4)	(6.0)	(10.0)	(5.8)	(6.9)	(7.8)
Net operating cash flow	**30.0**	**19.4**	**17.9**	**9.3**	**65.7**	**40.2**	**58.3**	**61.7**
Capex	(1.2)	(3.8)	(2.2)	(10.9)	(5.2)	(6.5)	(7.2)	(7.9)
Acquisitions/disposals	(31.9)	(3.8)	(73.3)	(21.2)	0.0	(18.5)	0.0	0.0
Net interest	(0.5)	(0.7)	(1.7)	0.0	(7.3)	(13.5)	(18.3)	(18.1)
Equity financing	0.0	2.4	13.3	(0.3)	1.9	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.4	(2.6)	1.9	(3.4)	(5.1)	(4.7)	(4.7)	(4.7)
Net Cash Flow	(3.2)	11.0	(44.1)	(26.5)	50.0	(3.0)	28.2	31.0
Opening net debt/(cash)	**(23.6)**	**(13.9)**	**(25.3)**	**71.2**	**112.0**	**102.1**	**111.7**	**85.7**
FX	(0.8)	1.8	2.1	(0.5)	0.3	0.0	0.0	0.0
Other non-cash movements	(5.7)	(1.3)	(54.5)	(13.8)	(40.4)	(6.6)	(2.1)	(2.1)
Closing net debt/(cash)	**(13.9)**	**(25.3)**	**71.2**	**112.0**	**102.1**	**111.7**	**85.7**	**56.7**

Source: Claranova, Edison Investment Research

EDISON

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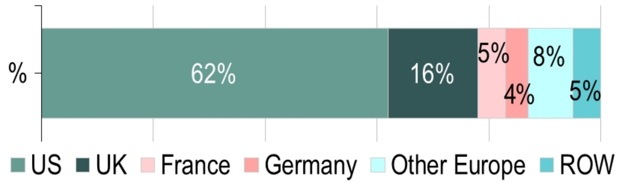
Revenue by geography



Management team

CEO: Eric Gareau

Eric joined Claranova in 2018 when it acquired Lulu Software (PDF), where he was CEO. In September 2019 he was appointed CEO of Avanquest and in April 2024 was also appointed group 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.

CFO: Xavier Rojo

Mr Rojo joined Claranova in May 2022. He started his career with Dexia Group where he served in various roles over 17 years. In 2011 he became an investor in the healthcare sector. In 2015 he founded Keystone Conseil, a business development consulting firm that assists small private banks and SMEs with their strategic positioning and development.

Principal shareholders	%
Lafayette Investments	15.9
M. Loic Carrere	5.0
Daniel Assouline	4.7
Pierre Cesarini family	4.5
Michael Dadoun	2.3
Generali Investment Partners	0.8
Sunny Asset Management	0.6

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