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ACQUISITION OF EXPWAY, A LEADING PROVIDER OF MOBILE VIDEO STREAMING OPTIMIZATION SOFTWARE

ENENSYS Technologies Group, a global designer and manufacturer of innovative professional equipment for the Digital TV Broadcast industry, today announces the closing of a deal involving the purchase of the entire capital stock of Expway Group, a leading provider of mobile video streaming optimization software.

Based in Paris, Expway Group is expected to post 2018 sales of over €3.0 million, up over 70% year on year and consisting mainly of sales of licenses and royalties. The Group employs 45 people and generated around 95% of its sales on the overseas market with major telecom operators such as Vodafone, Verizon and Reliance Jio.

This acquisition of a recognized expert in mobile and telecom network optimization technologies (LTE Broadcast and 5G) will significantly expand ENENSYS Technologies Group's range of solutions for smartphones and tablets. These technologies enable video content to be delivered to millions of users using only one stream, thereby enhancing quality of experience and reducing bandwidth consumption and network saturation. The addition of Expway's patents means the Group now holds a total portfolio of nearly 60 patents

This gives ENENSYS Technologies a range of efficient, proven software solutions with which to meet the challenges facing mobile operators due to the exponential rise in video consumption, an area whose strategic importance is boosted by the forthcoming arrival of 5G broadcasting.

In business terms, ENENSYS Technologies will be in a position to leverage the strategic partnerships Expway has set up with major operators, equipment suppliers and device manufacturers such as Nokia and Samsung.

Financial terms

ENENSYS Technologies will acquire all shares in Expway at a total price of €4.6 million, €2.7 million of which will be settled in cash with the balance paid via the issue of 279,741 new ENENSYS Technologies shares at a value of €6.71 per share. The recipients of the new shares have agreed to keep their shares for a minimum lock-in period of 15 months as from delivery.



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The acquisition price is subject to an earnout provision based on sales generated in 2019 by Expway in the LTE Broadcast or 5G sector. The earnout amounts to 80% of the amount of sales exceeding €4.5 million. Subject to shareholder approval, the additional consideration will be paid all or in part in new ENENSYS Technologies shares, based on a share price of €6.71, in respect of the portion of sales between €4.5 million and €5.25 million, and up to 50% in cash and no more than 50% in new ENENSYS Technologies shares in respect of the portion of sales exceeding €5.25 million.

As part of the deal, ENENSYS Technologies will also acquire the convertible bonds, ordinary bonds and advances carried on Expway's balance total at a total value of €4.7 million. ENENSYS Technologies will carry out payment of these shares and advances through tendering 667,612 ENENSYS Technologies convertible bonds that may be converted at any time until December 31, 2021.

These bonds have a coupon rate of 8% (4% payable quarterly and 4% payable by way of conversion premium at maturity). Each ENENSYS convertible bond carries entitlement to one new share, entailing the potential issue of 667,612 new shares. The capitalized interest will be payable in the form of new shares at €7.0 per share or in cash, at ENENSYS Technologies' discretion.

The issue of shares and convertible bonds necessary for making the acquisition will be carried out on the basis of the authorization granted by the 9th Resolution of May 3, 2018 general meeting and the payment of additional consideration will be subject to shareholder approval at the next general meeting.

The issue of shares and convertible bonds does not constitute a public offering of securities within the meaning of Article L. 411-1 of the French Monetary and Financial Code, and does not require the submission of a prospectus for approval by the French market regulator (AMF).

Including the new shares issued as consideration for the existing shares and new shares issued via conversion of all ENENSYS2019 convertible bonds, but excluding potential new shares issued as payment of capitalized interest and earnout, 946,853 new shares would be issued entailing a maximum potential dilution of around 13.2% (based on current capital stock comprising 6,228 shares).

ENENSYS Technologies CEO Régis Le Roux said: "The acquisition of Expway is a major milestone towards fulfilling our goal of becoming a leading provider of mobile video streaming solutions, a fast-growing market segment. We know Expway's people very well, as we have already worked with them on a number of joint projects. The solutions developed by Expway's teams have earned worldwide recognition for their efficiency, as testified by their extremely global customer portfolio consisting almost entirely of key accounts. This deal will enable us to achieve a significant milestone in our ambitious development plan by expanding our coverage of broadcast optimization solutions, regardless of the technology employed, whether DTT, OTT, satellite or mobile."

Expway Group CEO Thierry Sergent added: "The merger with ENENSYS Technologies is a superb opportunity for Expway and its people. It will enable us to grow rapidly on new markets, both in geographical terms, including the expansion of our footprint in the USA, and via the roll-out of our



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technology. Besides our core business of mobile video streaming, the development of the public safety and connected or autonomous vehicle (V2X) markets is a superb opportunity which will be harnessed more efficiently when we join forces with ENENSYS. The fact that our respective employees already know each other and our corporate cultures are very close means we can be sure of a smooth and seamless integration.”

About ENENSYS Technologies Group:

Based in Rennes, France, ENENSYS Technologies is a global designer and manufacturer of innovative professional equipment for the Digital TV Broadcast industry. For 15 years the Group has been delivering highly innovative solutions to broadcasting chain operators allowing them to optimize the distribution of their content. Having invested €40 million in R&D over the last ten years, the Group has a reputation for excellence and is a market leader in solutions for optimizing, securing and monetizing DTT video flows. Its solutions are sold to over 400 customers worldwide via three recognized brands - ENENSYS Networks, TeamCast and TestTree. In 2017 the Group posted proforma sales of €21.1 million, 90% of which were generated on the international market.

About EXPWAY Group:

Expway is the LTE Broadcast content delivery expert, enabling network operators and device manufacturers to monetize the video-streaming explosion. Expway delivers content efficiently and cost effectively with consistent high quality-of-experience. Expway is the only vendor to offer a complete end-to-end, open solution providing both the multicast server and the device middleware.

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