



## Acquisition of the German company, Magnaways: Avanquest Software steps up its Web expansion strategy.

Through this acquisition, Avanquest Software, which plans to achieve at least 10% of its turnover via e-commerce in 2005, has strengthened its web coverage in Germany, and most importantly, has taken yet another major step toward developing its worldwide online download sales.

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Levallois-Perret, July 12, 2005

### Magnaways: Impressive Growth

Magnaways, founder of the popular German online sales site called BlitzBox (<http://www.blitzbox.de>), achieved a turnover of € 2.5M in 2004, with profitability well in excess of 25%, and all this only 2 years after it was created. This success is largely due to a very innovative concept that combines a unique range of downloadable software products made available via online mailings and through key strategic partnerships with major telephone carriers, online portals and traditional magazine publishers.

BlitzBox's well designed business model facilitates low risk launches of the newest software on the market in very short timeframes and at a very reasonable cost.. BlitzBox makes innovative products available to the consumer much more quickly than via the standard methods, currently used by most online sales sites or other traditional routes to market.

BlitzBox's originality and unique product offering have enabled them to develop a large, loyal community of users who are constantly on the lookout for innovative software solutions at very competitive prices.

This acquisition is the culmination of a 9 month strategic partnership between Magnaways and Avanquest Software, initially signed by Avanquest's Executive Director, Andy Goldstein. For Magnaways, which is present only in Germany with BlitzBox, Avanquest Software represents the ideal partner to provide them with the means to maintain their exceptional growth in Germany while simultaneously developing into an international force.

Oliver Pott, CEO of Magnaways and Founder of BlitzBox asserts, ***"We are thrilled to join with Avanquest Software, a company that is setting a new standard in the field of software publishing, that has a proven track record of successful expansion on an international level, and that has equipped themselves with the human and technological resources necessary to significantly increase their sales on the web. Avanquest Software's expertise and resources will enable us to quickly expand our web activities worldwide."***

### Significant synergy with Avanquest Software

Today, Avanquest Software's mission is to sell more and more innovative software throughout the world through all sales channels, including – of course – online sales via download.

In order to achieve this ambition, Avanquest Software has developed its own e-sales platform and re-grouped all of their e-commerce sites into one Web Division that is in charge of all online stores for Avanquest Deutschland, Avanquest France, Avanquest UK, Avanquest USA, etc. The goal is for all software that is developed or published by Avanquest, to be available worldwide, in all languages, and for all Internet users.

This acquisition will enable Avanquest Software to drastically accelerate its Internet development in Germany, thanks to the synergy between Avanquest Online and BlitzBox, which already boasts great popularity and a very extensive user base.

Avanquest Software will also immediately benefit from the expertise of Oliver Pott, Founder of Magnaways and outstanding online sales expert, who will assist in optimizing the sales for all Avanquest Online's stores.

Finally, Blitzbox's unique approach will be reproduced worldwide with the imminent release of Avanquest's "BlueSquad" concept.

### **BlueSquad: the BlitzBox concept launching internationally**

No matter what software is available on Avanquest Online's sites, "BlueSquad" aims to offer dynamic software that is continuously being updated, based on Magnaways' example of BlitzBox in Germany.

"BlueSquad" will soon launch in every country where Avanquest Software is now present, thus expanding the online offering dramatically. The purpose of "BlueSquad" is two-fold: first, to provide a large community of users throughout the world with an amazingly diverse software offer, and second, to reach all types of users, whether they be Internet users who avidly search for the most innovative technology available, or business managers who want to purchase a tried-and-true, best-selling product.

The combination of Avanquest's online stores (<http://shop.avanquest.com>) along with the BlueSquad sites will provide Avanquest Software with the means to significantly increase its online sales. The medium term goal is for the online sales to account for more than 20% of the total company turnover

Bruno Vanryb, Founder and CEO of Avanquest Software declares, ***"More and more, the internet accounts for an increasingly significant portion of the software market, with the growth rate for online sales far exceeding the other sales channels. Our goal is to become a leading force in this growing and profitable market. The acquisition of Magnaways, which follows the re-grouping all of our websites into one entity called Avanquest Online and precedes the launch of our new BlueSquad concept, clearly supports this strategy."***

Fabrice Le Camus, Executive Vice President of the Group's Web Division adds, ***"BlitzBox is already one of the top download sales portals in Germany; thus, we now have a secure and fast growing position in this highly important market. Moreover, this acquisition strengthens our expertise in online sales and enables us to launch this innovative concept worldwide as we accelerate the implementation of our e-commerce strategy."***

### **An acquisition that is immediately profitable**

Avanquest Software acquired 100% of Magnaways' capital (Trade name of the corporate body: Dr Pott Wirtschaftsberatung GmbH) for an amount of € 1.7M, of which € 1.2M was paid in cash and € 0.5M through the issuance of 26,681 new Avanquest shares. An additional maximum amount of € 1M (payable in Avanquest shares) will be paid out if certain objectives of net sales growth are achieved in the 24 months following the acquisition.

This new external growth operation will be, as in the past, immediately profitable since Magnaways' operational profitability exceeds Avanquest's. Over a full year and taking into account the maximum number of new shares that will be created, the acquisition of Magnaways should increase Avanquest Software share's net income by nearly € 0.10M.

Magnaways enters the Group's consolidation as of July 1, 2005.

## About Avanquest Software

Avanquest Software is a global developer and leading publisher of best-selling personal and professional software designed for utilities, office productivity, communications and mobility worldwide. Headquartered in France, with operating units, subsidiaries and offices located in United States, France, Germany, Great Britain, Spain, China and Korea, Avanquest Software products are marketed in over 100 countries, through e-commerce, OEM partnerships and IT resellers. Founded in 1984 as BVRP Software and listed since December 1996 on Euronext (ISIN FR0004026714), Avanquest Software forms part of the Eurolist, NextEconomy segment and SBF 250 index. In 2004, Avanquest Software posted record financial results, with revenue of €57.0M (\$72.0M), operating income of €6.9M (\$8.7M) and a net income of €5.3M (\$6.7M). Additional information on Avanquest Software is available at <http://www.avanquest.com>.

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