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A record year for 2022, a promising outlook

Andera Partners confirms and reinforces its ambitions

Taking stock at the end of 2022, Andera Partners confirms its status as a major player providing financing and support to small- and medium-sized innovative companies in France and Europe and re-affirms its desire to make a positive impact and promote the entrepreneurial spirit.

2022 was marked by:

- A 22% growth of assets under management at 3.7 bn€ as of December 31st, 2022
- Andera Life Sciences' record fundraising of 456 M€ to invest in innovative biotech and medtech startups
- The success of Andera MidCap 5's ongoing fundraising campaign, with a target of 600 M€ already reached
- International expansion, including the opening of a new office in Italy
- The creation of a unique support platform for our 100 portfolio companies, Andera Partners Transformation
- More than 50 transactions carried out by our investment teams

- A headcount of more than 40,000 employees within our holdings and almost 3,000 jobs created

For our portfolio companies, outlook remains optimistic despite volatile market backdrop in 2022.

Healthcare, green infrastructure, niche industries, services, IT... Many of our portfolio companies operate in resilient sectors, shielded from the risks which tend to greatly impact startups in industrial and consumer goods segments. Thus, our portfolio companies generally performed well in 2022, notably due to their capacity to pass on increases in costs.

2023 budgets are also well-oriented, despite macroeconomic risks, and notably the effects of inflation on salaries, which could affect their results.

" Doubling in size over 5 years "

We are confident in the capacity of our portfolio companies to compensate potential lower organic growth by external growth opportunities, which may be favoured by the current economic climate.

For both our holdings and our investment teams, cycle turnarounds also offer opportunities to purchase assets at a lower cost, with prospects for value creation in the medium term.

Andera Partners will reach its initial 2025 assets under management target of 4 bn€ by 2023 and now aims for 6 to 8 bn€ in AUM by 2028. This doubling in size will be based principally on three objectives:

- the growth of our current teams and new fundraising – notably the fundraising for the Andera Acto team's 5th fund, with an objective of 800 M€ raised;
- International developments, benefiting from geographical adjacencies;
- the growing business of our life sciences and energy transition teams.

Taking into consideration the uncertainties raised by the current economic climate, we are heading into 2023 with enthusiasm and determined to reach both our growth objectives supporting entrepreneurs in carrying out their projects and our funds' performance targets for our investors.

Laurent Tourtois and **Raphaël Wisniewski**, Managing partners of Andera Partners



Reinforcing links across the chain of life sciences innovation

Overview of Andera Biomedical Innovation Symposium

Bringing together investors, entrepreneurs, institutions and observers of the biotech and medtech ecosystem: this was the objective of the first **Biomedical Innovation Symposium**, which was held on November 30, 2022. The guiding thread was to ensure that the numerous players in health innovation better know and understand each other to ultimately accelerate bringing new therapeutic solutions to the patients.

Bringing together investors and innovators

With breakthrough innovation in cardiology (treatment of valve pathologies, cell therapy progress...) presented by Professor Philippe Ménasché (HEGP Paris), and innovation in the field of innate immunity introduced by the French company Inotrem (58 M€ raised during the last round of financing completed by Andera Life Sciences, together with fellow European and American funds), the Symposium was the occasion to highlight areas of research and innovative therapies at different stages of development.

Alain Godard, Managing Director of the European Investment Fund (EIF), highlighted this during his intervention: these concrete applications are often seen from a distance by financiers, the stakeholders in their development.

Since Covid, life sciences represent a growing part of investments of the EIF (approximately 20%); this part will further increase in the future, requiring pedagogical efforts and dialogue between the various players. In addition to public funds, the EIF equally plays a pivotal role in also mobilising private funds.

Innovation and regulation

In order to align the various elements of the chain of life sciences innovation, another key challenge, as explained by Professor Antoine Tesnière, president of PariSanté Campus, is the synchronisation of cycles of innovation and cycles of regulation in a fast-paced environment. For this purpose, regulators need to deepen their knowledge and understanding of the specific challenges in the biomedical sector and of the significant obstacles faced by new therapies, from the financing of early-stage research to the industrialisation phase, through commercialisation to ultimately benefit patients.

Andera Life Sciences, which has recently announced the closing of its BioDiscovery 6 fund at 456 M€, is seeking to play a vital role in life sciences innovation, relying on its ability to identify breakthrough technologies and treatments, to support entrepreneurs in the development of these innovations and, as shown in this Symposium, by establishing a dialogue platform between the various actors in order to participate in the strengthening of the French and European life sciences innovation ecosystem.

Andera Partners opens an office in Milan

Italy, a fertile ground for private equity

The Italian capital investment market, historically deep and robust, shows vitality which makes Italy a particularly fertile playing field for investors. It has a solid entrepreneurial base, composed of a significant number of talented business leaders seeking a financial partner capable of supporting them in reaching their objectives. For all these reasons, Italy is a strategic market for Andera Partners. As in other geographies, the companies supported by Andera Partners find themselves at pivotal moments of their existence; the shareholder change enables them to consider external growth operations, structure themselves, and succeed in their change in scale.

Andera Partners has recently announced the opening of an office in Milan to develop its business throughout the country. The Andera MidCap team has already been active in Italy for ten years, with the last transaction carried out in December 2020 (investments in Pusterla, the European leader of secondary packaging in the world of luxury), as well as several significant add-ons (recently, in October 2022, the acquisition by the group KLUBB of Isoli).



Maurizio Bottinelli,

a well-known expert in the sector with 20 years' experience in private equity investments and having held managerial positions at Investindustrial, Clessidra and Apax Partners, joined Andera Partners to work as Senior Advisor alongside Francesco Gonzaga, Investment Director who manages the Andera MidCap business in Italy.



The Andera MidCap team of the Milan office will be strengthened during the course of 2023.

Inflation, rate increases, risks of recession

5 lessons for private equity

Two thirds of economists surveyed during the World Economic Forum in mid-January at the Davos Forum anticipated a recession in Europe. The end of 2022 was marked by a series of warning signals, with worrying inflation and a rise in interest rates. As we write this, the risk of recession is a little less threatening, at least in Europe, but the prospects of stagflation and its consequences (increase in unemployment, decrease in demand, overcapacities...) cannot be ignored.

and lower the risk. the goal is to hold assets which tend to be more resilient when facing crises.

2. Diversifying the types of investment

For a management company in the current climate, the capacity to invest in either debt or equity is a tremendous asset. Andera Partners invests via both types of instruments and has a capacity to offer all types of financing products, based on the development stage, shareholder issues and the



The purpose here is not to make macroeconomic predictions, but to draw certain lessons for asset managers investing in unlisted companies. Below are five vital lessons to be applied in this new climate, from the point of view of a management company dedicated to private equity that has gone through several cycles over the past 20 years:

1. Diversifying the portfolio

Being greatly exposed to the final client or to the increased costs in energy and raw materials, the consumer goods and industry sectors are among the first affected by inflation. This explains why a diversified portfolio, where exposure to these sectors is compensated by tech assets, BtoB services, health or infrastructure, enables to distribute

growth trajectory of the companies that the team supports. Thus, where an entrepreneur seeks financing while limiting capital dilution, debt will be an adequate tool, and the investor may rely on the capacity of the company to reimburse the debt despite a possible decrease in its value, where it is still able to generate cash flow and develop.

Similarly, Andera Partners has the capacity to acquire minority and majority interests to adapt its support to various types of projects. Diversified offer of investment instruments fosters resilience, as the challenge is not to acquire an asset for sale, but to enable alignment of management and shareholders with the development goals.



3. High-impact, sustainable investment

With this uncertain period comes the increased importance of the support of managers, particularly in light of the added regulatory requirements imposed on companies, and beyond that, their necessary transformation towards more sustainable business models and operations, with management teams showing more and more ambition towards a successful change in scale.

This is where a management company like Andera Partners can make the difference. Thus, in 2022, over 50 external growth operations were made by the companies supported by Andera Partners, the investment teams demonstrating great support in particular with regards to international development. Andera also provided its expertise to about twenty companies in its portfolio in order to support them in measuring their carbon footprint, in the deployment of their CSR roadmap or in establishing their sustainable strategy. A patient and transforming investment strategy is a chance for management companies and entrepreneurs.

4. Targeting sectors and companies with strong potential

In terms of market segments and business sectors, the climate is conducive to increased selectivity in order to ensure resilience of short and mid-term assets. At Andera, this translates by the increasing weight of investment in sectors such as health (Andera Life Sciences) or energy transition (Andera Infra), two very strong and resilient underlying segments, insulated from potential cyclical uncertainties.

Similarly, the market segment in which we intervene is equally strategic: the small and mid cap companies present all the more interest as the arrival of an investor in the capital of a start-up, SME or mid-sized company has more significant effects from the outset, especially in the context of primary deals.

5. Towards a polarisation of the market

This is the last lesson, which is also a call for caution: we have seen a polarisation of the market, where investments will continue to focus on the tech, health and IT sectors and BtoB services, resulting in an increased risk of competition on certain projects and longer operation periods for others.

What one must remember is also that a crisis can reveal new opportunities: for a management company, it is a chance to demonstrate the validity of its investment thesis, and of course, its capacity to identify the best investments, the companies with the best strategic vision and the best management teams. And to be audacious to take the risks at the right time!

SFDR, articles 8 and 9... great confusion?

In a climate anticipating a stricter European regulatory framework, many controversies and accusations of large-scale greenwashing have emerged these last few weeks in the investment field. This has led certain observers to even question the relevance and reliability of the classifications of articles 8 and 9 of the European SFDR (Sustainable Finance Disclosure Regulation)... What is it truly about?

The SFDR of the European Union, which entered into force in 2021, notably provides three different categories of products, under articles 6, 8 or 9. This does not constitute a labelling or certification but establishes rules relating to the transparency and publication of information by the concerned financial players.

The financial products under article 6 only marginally include ESG considerations; those under "article 8" must promote social or environmental characteristics; regarding products under "article 9", they must only include sustainable investments within the meaning of the SFDR. In September 2022, these two groups of funds represented 50.9% of the investment fund holdings of the European Union, according to Morningstar.

Expectations of investors and levels of ambition

These classifications, which will become more and more strict, remain relevant:

- The SFDR enables to transform statements into contractual undertakings, and provides structure to reporting and an effect of comparability;
- It reflects (and anticipates) the expectations of investors regarding readability and transparency as well as social and environmental ambition. For all of these reasons, the classification under article 8 is already becoming a must-have.
- The homogeneous and structured framework provided by the SFDR enables to harmonize standards and practices, in light of double

materiality (the impact of the company on the environment and of the environment on the company), thus limiting any possibility of greenwashing.

" The real difference between the article 8 and article 9 funds is based on the typology of the investments rather than on the level of ambition "

All of the current funds raised by Andera Partners are classified under article 8; the Andera Infra fund is categorised under article 9, a more stringent classification in certain regards. It is justified by the nature of investments directed towards energy transition.

As a leading private equity player, the mission of Andera Partners is to provide support in the transition of companies towards more responsible models. In this regard, the classification under article 8 seems to be the most relevant in this mission today: it facilitates investments in companies undergoing transformation and support based on the implementation of strategic measures and ambitious action plans (in-depth analyses of due diligence risks, establishing CSR strategies and transition plans) as well as the monitoring of indicators and goals setting (carbon footprint, trajectory of emissions reduction, decarbonation plan...).

At Andera Partners, we are convinced that the article 8 or article 9 classifications do not constitute per se a competitive advantage or factor of differentiation; a management company distinguishes itself based on the quality and relevance of the support of the companies being transformed. This holds true even more so where the CSR approach is systemic and sincerely shared by all teams.

3 questions for Christian Sabbagh, Founding President of Travelsoft

Christian Sabbagh is the Founding President of Travelsoft and a successful entrepreneur in the field of tourism software. Since 2019, he has worked alongside Andera Acto, the team in charge of the sponsorless mezzanine strategy at Andera Partners.



- **How did you come up with the idea to undertake and launch this venture?**

Prior to the creation of Travelsoft in 2000, I had worked for about ten years in the field of strategic and organisational consulting, an experience which had taught me how I could offer value to my future clients in the management and optimisation of their operations. When we launched this company, we quickly understood that the tourism industry needed a feature-rich software solution capable of providing access to a wide range of providers. What we needed was a SaaS solution which could address the industry's core concerns: on the one hand, the automation of production and reservations, and on the other hand, the efficiency of marketing costs and data processing.

This is the purpose of our platforms which enable tourism professionals to manage in real time a full set of services: trips, activities, airplane tickets, customised solutions, etc.

- **Your professional background is a testament to your ambitions in a strongly developing and evolving sector. Can you elaborate on this industry' strategic challenges and the choices you made?**

For several years now, the tourism industry and notably the field of dedicated software platforms have been actively consolidating in France and globally.

Due to continuously improving technological advances, and the changes in client behaviours in the search for personalisation and adaptation, but also the impact of the Covid-19 pandemic which disrupted an entire ecosystem, the sector was confronted with a new dynamic. In a very segmented global market with notable differences in terms of platforms, local regulations or client habits, the challenge was to find the right synergies for a successful consolidation.

Together with the team at Andera Partners, we quickly understood that this dynamic was not only a financial matter, our objective was to work and have an impact at the industrial level. The increasing digitalisation of exchanges and the boom in international tourism highlighted several possible synergies between markets, such as the benefits of greater connectivity between airline companies or hotels at a world level for example.

We thus entered a new chapter in Travelsoft's history, which enabled us to engage in a real change in scale. In 2022, we acquired Traffics, a German platform, making us the European leader in technological solutions for the travel industry in the midst of a strong recovery for the tourism sector. In early March 2023, we announced the acquisition of the Spanish company Travel Compositor, a leading platform for the Southern European markets.

With this second acquisition in less than 12 months, Travelsoft will now automate reservations for over 5 bn€ in annual business volume via more than 300 tour operators and 600 connectivity providers in more than 40 countries, principally in Europe and South America.

Our goal is to act as our industry's leading consolidator at the world level!

than 200 employees in 3 countries mainly, and we fully expect to continue to play our role as market consolidator!

- **A few words to describe the support you benefit from working with the team at Andera Partners**

Responsiveness: From our very first conversation, the team at Andera Partners showed their ability to eliminate superfluous and idle discussions to focus on the most essential and pressing issues. And when decisions had to be taken regarding our change in scale, or acquisitions to be made, the team were able to react quickly with valuable promptness in execution, thus saving us precious time and energy.

Alignment: The team at Andera Partners continue to actively help Travelsoft, as true supporters and



- **This change in scale was carried out in partnership with the team at Andera Partners. Can you explain to us how this partnership with Andera Acto was established and what your common objectives are?**

In 2019, Travelsoft had already reached a certain size by securing large accounts and conducting the company's first external growth operation and had strong prospects.

However, we needed to find a new partner to support the next phase in our development strategy, which we expected to be particularly dynamic. During the course of a change in the Company's capital structure, we selected Andera Acto after a formal selection process. Together with Stéphane Bergez and his team, Travelsoft began a real transformation to become the industry's leading player.

On this occasion, I was also able to increase my share in Travelsoft's capital, ahead of another acceleration in the company's growth.

Our ambitions remain intact with Andera Partners. We now exceed a turnover of over 35 M€ with more

advocates for what we are trying to do. We have always felt their total involvement in what we are seeking to create, a partner at all times, whether it be in establishing and implementing our strategy or financing it. The support we get from Andera Partners goes well beyond the financial aspect of things, the team support us on multiple aspects of our industrial project.

Proximity: Being partners for a certain number of years naturally fosters a simpler and fluid relationship. The transparency and understanding we benefit from working with the team at Andera Partners is an undeniable advantage. It is an important factor to consider when choosing the team which will enable you a change in scale.