

Solid 2020 Half-Year Results Despite Unprecedented Situation:

- 6% drop in business
- 7% increase of EBITDA & COI
- Net result (5% of turnover)

Revenue of 3rd quarter 2020: €32.2 million (-8.4%)

IFRS	H1 2019	H1 2020	Variation
Revenue	91.0	85.5	-6.1%
EBITDA % of revenue	22.3 24.5%	23.9 27.9%	+7.2%
Current Operating Income % of revenue	7.3 8.0%	7.8 9.1%	+7.7%
Operating Income % of revenue	7.7 8.4%	7.5 8.8%	-1.3%
Net income group share % of revenue	5.1 5.6%	4.2 4.9%	-16.7%

Prodware's SaaS strategy proves successful amid significant economic contraction

Prodware generated €85.5 million in turnover in the 1st half of 2020 compared with €91.0 million in the 1st half of 2019, representing a 6.1% decrease.

This drop in business is due to the sanitary crisis that has impacted the Business Consulting and Software Implementation activities. Most of the projects were fully or partially implemented working remotely. The Software Integration activity suffered an 18% decline in turnover. The Software Publishing activity unchanged generating €29 million. Finally, growth in SaaS sales has continued to increase with a quarterly turnover exceeding €20 million up more than 17% compared with the same previous fiscal period.

The change in strategy kicked off a couple of years ago by Prodware shifting towards a pay-per-use revenue model continues to bear fruit and is proving particularly well suited to today's challenging economic situation.

Increase of EBITDA & COI

Prodware has continued in its efforts to sustain and increase operating profit margin. EBITDA has risen 7.2% reaching €23.9 million. The gain is also attributable to an 18% reduction in payroll charges and related costs attaining €25.4 million factoring in the drop in business on the one hand, but also the reallocation & balancing

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out of resources to support customers in their digital transformation journey. Other reduced costs are to be accounted for diminishing by 17.5% to €7.9 million due to less sub-contracting overall.

The Current Operating Income at €7.8 million has bumped up by 7.7% consistent with the EBIDTA growth curve.

The Financial Result of the 1st half of 2020 stands at €-3.8 million compared with €-2.6 million in the 1st half of 2019. It mainly includes the cost of a net financial debt that remains stable at €1.8 million and charges related to the depreciation of certain financial investments.

The net income group share amounts to €4.2 million with a net profit margin of 4.9%.

Stronger Balance Sheet

Equity capital worth €149.4 million as of June 30th 2020 is reported on the company's balance sheet increasing by €4.6 million compared to December 31st 2019.

Net debt (not including lease liabilities under IFRS 16) come to €82.1 million decreasing by €1.1 million. This improvement is notably attributable to the decrease of the WCR of more than €4 million since the beginning of the fiscal period. The net debt comes out to 1.6x the EBITDA over a sliding 12-month period.

Turnover - 3rd quarter 2020

Prodware generated €32.2 million in turnover in the 3rd quarter of 2020 compared with €35.2 million during the same period in 2019, representing an 8.4% decrease.

Over the first 9 months of the year, revenue has declined by 6.7% hitting €117.7 million. SaaS business sees an increase of 21.6% of the turnover compared with 18.2% over the first 9 months of the previous fiscal period.

Outlook

In the second half of 2020, Prodware will continue to rationalize its business portfolio to focus on opportunities and markets with the highest potentials. The R&D investment and human resources will be assigned to the most strategic projects with significant contribution from nearshore activity.

In spite of the impact of the sanitary crisis on the economy, the Group expects business to pick up in 2021 leveraging the digital transformation opportunities of many businesses to come. Remote working, advanced technologies like the Internet of Things and the many AI-empowered applications will push Prodware towards sustainable growth and profitability.

Next publication: Annual turnover 2020: February 17th 2021 after market close.

About Prodware

Whether it is enabling ambitious Cloud strategies, artificial intelligence driven decision-making solutions or more flexibility and agility delivered by modern business applications, Prodware, with more than 3 decades of expertise and know-how is in a class of its own.

Prodware leverages the latest technologies and technological breakthroughs building the business processes of tomorrow across the manufacturing, retail & distribution, professional services and finance verticals.

The Prodware group is a global company founded in 1989 with regional offices in 13 countries with close to 1400 employees. Prodware is listed on Euronext Growth in Paris generating €188 million in annual revenue.

For more information www.prodwaregroup.com

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