

Effect of provisions on half-year 2021 results:

- Revenue up 2.3% pro forma* and down 4.6% on a reported basis
- Resilient EBITDA at €18.7 M (22.9% of turnover)
- Operating loss at €1.1 M

Q3 2021 revenue: €31.2 M (+2.6% pro forma*)

IFRS standards Unaudited data - in € M	H1 2020	H1 2021	Variation
Consolidated Annual Turnover	85.5	81.6	-4.6%
EBITDA	23.9	18.7	-21.6%
% of turnover	27.9%	22.9%	
Current Operating Income	7.8	-1.0	-
In % of turnover	9.1%	-1.3%	
Operating Income	7.5	-1.1	-
% of turnover	8.8%	-1.3%	
Net Income Group Share	4.2	-6.3	-
% of turnover	4.9%	-7.7%	

SaaS-Driven Business

In the first half of 2021, Prodware generated revenue of €81.6 M, compared with €85.5 M in the first half of 2020, dropping 4.6%. Business is up 2.3% on a pro forma basis – results factoring in the impact of the sale of the subsidiary in Tunisia in 2020 and the closing down of the software integration business in Israel.

Sales of on-premise software licenses, including those developed by the Group, declined. SaaS sales, on the other hand, continued to grow, with revenue reaching €22.0 M, up 16.0% on a pro forma basis* compared with the same period last year. This trend will continue in a market where the SaaS business model is increasingly gaining ground while “on-premise” solutions are being phased out.

Healthy EBITDA and significant impact of exceptional provisions on COI (Current Operating Income)

With its ongoing Operational Excellence Initiative, Prodware maintains its EBITDA level above 20%. It reached €18.7 M, down 21.6% compared to the same period in 2020, with a 22.9% profit margin.

Given the decrease in the promotion and sales of on-premise offerings and the limited prospects for growth of this business model, the Group performed an impairment test of these “on-premise” assets and determined an impairment loss valued at approximately €5 M. As a result, the Current Operating Income showed a loss of €1.0 M at the end of June 2021, compared to a profit of €7.8 M at the end of June 2020.

Financial results came out at €-3.0 M in H1 2021, compared to €-3.8 M in H1 2020. The net income Group share, after allocating €2.3 M to tax expenses (including a reversal of deferred tax assets (DTA) of approximately €1.7 M, due to the impairment test), amounted to €-6.3 M.

A sound Balance Sheet

As of June 30th, 2021, Prodware's balance sheet showed €149.1 M in equity, a decrease of €6.3 M compared to December 31st, 2020.

Net debt (excluding rental liabilities from IFRS 16) amounted to €92.5 M, an increase of €7.4 M. Net debt represents 62% of consolidated equity.

Q3 2021 revenue

In Q3 2021, Prodware generated €31.2 M in revenue compared to €32.2 M for the same period in 2020, down 3.2%. On a pro forma basis*, the activity is up 2.6%.

Over the first nine months of the year, revenue reached €112.8 M, up 2.3% on a pro forma* basis and down 4.2% on a reported basis. SaaS sales continue to climb up 24.8% of revenue, compared with 21.6% for the first nine months of the previous year.

Outlook

In the second half of 2021, Prodware will continue to promote and serve its customers with its Digital Transformation Offering providing a comprehensive business transformation approach from Business Consulting to Managed Services, developing and deploying industry-specific software solutions. Seeking to get net profit figures back on track will be a priority in a particularly fast-moving market with strong demand for SaaS solutions and value-added service offerings. The launch of our Cyber Security Service offerings to help customers better anticipate and protect against cyber crime will also contribute in securing and strengthening Prodware's market positioning as a leader in the Digital Transformation of companies, particularly fast-growing SMEs, Mid-Caps and subsidiaries of large groups.

* Pro forma: not including the impact of the sale of the Prodware subsidiary in Tunisia in 2020 and the closing down of the software integration business in Israel.

Next publication: Annual revenues 2021: February 24th, 2022 after market close.

About Prodware

With 30 years of experience and know-how in IT innovation, we strive to provide value and expertise to our customers around the world. Whether we are implementing the most ambitious cloud strategies, developing AI-powered decision-making tools, or creating IoT applications, Prodware is always at the cutting edge of innovation.

Since its inception, Prodware has leveraged technological progress to help businesses prepare for the future by creating new economic models for the manufacturing, sales, distribution, finance, and business service industries.

The Prodware group includes more than 1,250 employees across 12 countries. It generated revenues of €172.4 M in 2020. Prodware SA is listed on Euronext Growth and is eligible for FCPI (innovation funds) and SME PEA (equity savings plan).

For more information: www.prodware-group.com

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Prodware est éligible FCPI - Entreprise responsable, Prodware est adhérent du Global Compact.



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