

An EBITDA in line with expectations, Net 2021 Result impacted by exceptional items

IFRS revenues Data under audit - in M€	2020 published	2020 Pro-forma*	2021	Variation Pro-forma
Consolidated revenue	172.4	172.4	165.5**	-4.0%
EBITDA In % of revenue	49.8 28.9%	46.2 26.8%	36.0 21.8%	-22.0% -5 pts
Current operating income In % of revenue	18.9 11.0%	15.3 8.9%	14.4 8.7%	-6.0%
Operating income	19.2	15.6	-50.7	
Net income Group share	11.3	7.6	-68.5	

* Pro forma financial statements for 2020 have been drawn up to reflect adjustments related to certain errors having been corrected due to non-compliance with certain criteria for activation. The differences have been accounted for in 2021 under Personnel Expenses.

Slowdown in business in 2021 due to change in scope of activity

In 2021, Prodware generated 165.5 M€ in turnover compared to 172.4 M€ in 2020, showing a 4% decrease.

**Adjusted to reflect the sale of the Prodware Israel entity in September 2020, business recorded a slight +0.4% increase in 2021.

Operating profitability affected by exceptional provisions

In 2021, the EBITDA margin still reaches a high of 21.8%. This minor drop compared to 2020 is related to higher personnel costs - which cannot be expected to be profitable immediately - in preparing for the future and a solid growth path. The EBITDA margin is therefore back in line with the group standards.

Current Operating Income remained strong at €14.4 million, with a limited decrease of 6.0%.

As announced at the time of the publication of the Annual Revenue report in February and in line with what was indicated as of June 30, 2021, Prodware has decided to factor in the sharp decline in the sales of On-Premise solutions that have been largely replaced by SaaS-based solutions meeting the needs of a number of strategic customers.

The annual impairment tests conducted on the value of the On-Premise assets showed a difference between the residual value on the asset side of the balance sheet and the present value of the future cash flows that Prodware can realistically expect from these assets. As a result, the Group has decided to recognize an exceptional impairment charge for the full year of 2021 of approximately €65 million. So, the Operating Profit

will show a loss of €50.7 million at the end of December 2021 compared to €15.6 million in profit at the end of December 2020.

The Net Financial Result amounts to -€11.4 million in 2021, down by €5.0 million compared to 2020 due to an increase in the cost of financial debt and fees related to the setup of a long-term unitranche facility to support its growth. The non-recurring portion of this increase amounts to €3.6 million.

After recording an income tax expense of €6.5 million (including €5.6 million of exceptional deferred taxes which have been adjusted according to the impairment calculations on the value of the assets), the Group's share of net income amounted to a loss of €68.5 million in 2021, compared to a profit of €7.6 million for the previous year.

Restated for all the exceptional items of the year (provisions related to impairment tests for €64.6 million, non-recurring net financial expenses of €3.6 million and deferred taxes of €5.6 million), Prodware's net income (group share) amounts to a normative profit of €5.4 million.

A strong balance sheet

As of December 31, 2021, Prodware's equity amounts to €83.3 million.

In order to finance its growth and business expansion strategy with as much flexibility as possible, the Group has secured a €140 million 7-year unitranche facility, benefitting therefore from an extended maturity range with no need for an amortization schedule for the next few years.

Net debt amounts to 120.8 M€. This amount includes the IFRS lease liability which amounts to €110.5M€ excluding IFRS 16.

Outlook

In 2022, Prodware will continue to develop its Consulting, Software Development, Integration and Managed Services activities supporting the digital transformation journey of companies. As mentioned, the group will accelerate the initiatives undertaken to continue developing growth in revenue of SaaS sales and very high added-value services, particularly in Consulting and Managed Services. We are therefore paying very close attention to recurring and profitable revenues.

Next publication: 1st quarter 2022 revenues: May 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're 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 1,065 employees across 15 countries. It generated revenues of €165.2 million in 2021. 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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