

Business Resilience in the 1st half of 2020

- Revenues: -6.4%
- Continued growth in SaaS sales: +17.4%

IFRS revenues Unaudited data - in €m	2019	2020	Change
1 st Quarter	46.3	46.9	+1.4%
2 nd Quarter	44.7	38.3	-14.5%
1 st Half	91.0	85.2	-6.4%

A business model showing good resilience to the Covid-19 crisis

Prodware generated €85.2 million in revenue in the 1st half of 2020, compared with €91.0 million in the same period in 2019, representing a 6.4% decrease.

The good start of the 2020 financial year, with positive operational indicators, enabled Prodware to achieve a first quarter with a slight growth. From mid-March 2020, the company suffered from the consequences of the health crisis with an impact on its integration and consulting activities, with consultants unable to access the sites of certain customers for several weeks.

It should be noted that the rapid implementation of a remote communication infrastructure and remote working solutions, offered to customers, made it possible to partially offset the effects of drastic social distancing measures. The turnover of integration services thus fell by 18.7% in H1 to set at € 35.7 million.

Sales in software licenses were almost stable at € 29.1 million and represented 34.2% of total income, a level slightly up by 1.5 points compared to the same period in the previous fiscal year.

Conversely, the first half of 2020 saw a continued increase in sales of SaaS solutions. The major strategic shift that Prodware initiated several years ago shifting towards a subscription income model continues to bear fruit and is proving particularly well suited to deteriorating economic conditions. SaaS revenue amounted to € 20.4 million, up 17.4% compared to the same period last year.

By geography, international business represents 64% of total activity, up 3.1 points compared to the first half of 2019, thanks to the very rapid adoption of remote working by customers, including remote implementation of projects.

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Prodware is FCPI-eligible – Prodware, a socially responsible company, is a member of the Global Compact.



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Outlook

Prodware plans to gradually resume its activity during the second half of the year with the reopening of its customers' sites, the reinforced adoption of new remote working processes and the launch of new projects.

In the second quarter, Prodware paid very close attention to its expenses and CAPEX to preserve its profitability and cash flow as much as possible. Exceptional cost reduction measures have been taken from the start of the lockdown, in particular the use of partial unemployment schemes (in countries where applicable), a hiring freeze of non-strategic personnel and, more generally, a drastic reduction in non-strategic expenses. Consequently, the one-off decrease in activity during the last quarter will not have any impacts on the half-year profits.

Beyond the cyclical effect of the health crisis, it has indeed accelerated fundamental changes in the behaviours of economic players. Changes such as the sustainable increase in remote working mode, more and more companies going digital, the rollout of "Industry 4.0" as a direct response to the Government's intention to promote a massive and competitive reindustrialization policy, have strengthened the Group's determination and confidence for the future thanks to its expertise in consulting, developing and deploying innovative industry-specific business solutions.

Next publication: Financial Results for the 1st half of 2020 and Revenue for the 3rd quarter of 2020: 14 October 2020 after close of trading.

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 helping them build the business processes of tomorrow for the manufacturing, sales, distribution, finance, and business service industries.

The Prodware group includes nearly 1,300 employees across 13 countries. It generated revenues of €188 million in 2019. Prodware SA is listed on Euronext Growth and is eligible for FCPI (innovation funds) and SME PEA (equity savings plan). For more information, visit www.prodwaregroup.com/fr-fr/

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