# prodware

# MANAGEMENT REPORT **PRODWARE**

For fiscal year ended December 31st, 2022

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# THE PRODWARE GROUP



Following two unusual years marked by the pandemic, 2022 sees Prodware bounce back with a significant increase in both operational and financial performance.

The group reported revenues of €188 281k, 13% more than the previous year.

EBITDA reached an all-time high of €52 047k, with a net profit margin of 27.6%.

The net result, Group share, amounts to €15 703k, compared to €68 457k in losses at the end of 2021 related to the exceptional depreciation of 'on premise' assets.

Prodware's capital structure will also have changed significantly in 2022 following the public tender offer ("**the Offer**") for Prodware SA's shares initiated at the end of 2021 by Phast Invest.

The successful outcome of this takeover bid resulted in the «Concert», made up of Phast Invest, its managers and historical shareholders, owning nearly 93% of the share capital of Prodware at the closing of the Offer on 18 February 2022.

Subsequent to the Offer, Prodware having cancelled the remaining treasury shares and preference shares in June 2022, Phast Invest's shareholding has increased organically to 94% of the share capital of Prodware SA.

Drawing on the healthy business momentum and this solid capital structure, the Group continues to pursue and accelerate its growth strategy and has already initiated a number of measures in line with its 2023 Strategy. Readers can find more information in section 5: 'Events subsequent to the end of the fiscal year'.

The Group is confident that this growth momentum will continue despite the challenging geopolitical, economic and social climate and will remain au fait of the potential impact on its objectives.

GROUP OVERVIEW

#### 2.1. KEY FIGURES - DECEMBER 31ST, 2022

# 188 M€ Revenue

1100 Employees

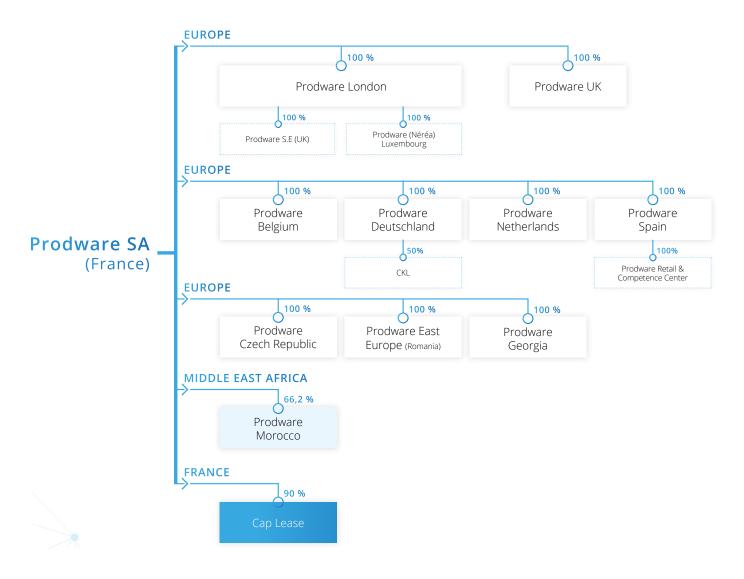
14 COUNTRIES



LISTED ON EURONEXT GROWTH PARIS

#### 2.2. THE PRODWARE GROUP AS OF DECEMBER 31ST, 2022

## 2.2.1. Organigram





## 2.2.2. Changes in Scope

There are no changes to report since the previous fiscal year.

#### 2.3. RESULTS OF THE SUBSIDIARIES

Detailed financial results – turnover and net results below.

Euros	Ownership structure	Proportionate share	Shares – Gross value	Shares – net value	Share Capital	Equity	Revenue (excl. Tax)	Fiscal year earnings
Holding more than 50% ownership of subsidiaries (direct and indirect ownership)								
Prodware Belgium	Direct	100.00%	5 955 013	5 701 214	3 000 000	938 275	4 483 208	-576 888
Prodware Deutschland	Direct	100.00%	16 911 113	16 911 113	51 150	5 387 860	23 432 628	1 275 384
CKL Software (Deutschland)	Indirect	50.00%			100 000	1 239 238	1 873 169	485 242
Cap Lease (France)	Direct	90.00%	332 778	332 778	40 000	2 129 394	5 079 164	1 826 210
Prodware Georgia	Direct	100.00%	n/s	n/s	n/s	875 524	1 943 259	-88 749
Prodware Luxembourg	Indirect	100.00%			232 500	-844 362	507 582	-181 996
Prodware Morocco	Direct	66.20%	44 337	44 337	50 516	-126 670	2 890 807	104 407
Prodware Netherlands BV	Direct	100,00%	19 348 140	15 690 140	878 000	303 349	13 411 706	-1 281 596
Prodware East Europe (Romania)	Direct	100.00%	1 000	1 000	807	-47 157	111 261	31
Prodware Spain	Direct	100.00%	4 500 000	4 500 000	152 010	9 842 133	40 432 118	976 424
Retail Competence Center (Spain)	Indirect	100.00%			250 000	399 623	232 944	-66 855
Prodware Czech Republic	Direct	100.00%			7 299	238 670	3 074 477	22 375
Prodware London limited (UK)	Direct	100.00%	5 569 479	5 569 479	5 569 479	6 125 829	7 511 270	-1 386 411
Prodware SE (UK)	Indirect	100.00%			111	-13 759 765	29 537 803	4 427 308
Prodware UK Limited	Direct	100.00%	4 966 373	2 136 177	3 040 181	-4 121	1 787 027	-177 355
Subsidiaries with less than 50% ownership								

None

57 628 233 50 886 238



#### 3.1. REVENUE

Prodware generated €188 281k in revenue in 2022 compared to €165 523k in 2021, up a significant 13.7%.

This increase in revenue is true for all business divisions.

The breakdown in revenue per business division below shows that:

- > SaaS and Maintenance Contract sales continue to grow by 17.8% and 12.6% respectively;
- > license and hardware sales are up representing 15.3% of the revenue.

When adding the Services portion of the SaaS sales, the recurring revenue of the Group amounts to €102.6M representing 54.5% of the total revenue.

	12/31/2022	12/31/2021
Sales of licenses & materials (hardware)	28 741	19 695
Services	83 880	79 486
Support & Maintenance Contracts	23 795	22 305
Hosting (Saas)	51 865	44 036
Gross annual revenue*	188 281	165 523

\*Of which revenue from software development per se= €65 917k compared to €57 801k in 2021

From a geographical standpoint, with 2021 being low key, business on the international market saw an increase of 12.6% reaching €100 027k, representing 53.1% of the overall revenue compared to €88 819k in 2021.

Revenue in the French-speaking region grew by 15.1% reaching €88 254k compared to €76 704k in 2021.

#### **3.2. INCOME STATEMENT**

#### 3.2.1. Simplified Table

Ebitda reached €52 047k this year compared to €36 044k in 2021, representing a 27.6% margin of revenue up 5.8 points compared to that of 2021 way higher than what it was before the pandemic.

This performance is not only attributable to sales but also to the group's effort to rationalize its activities with a special focus on staff costs that decreased by 4.0% in 2022 despite the intense business activity.

The Current Operating Income has more than doubled reaching €29 303k with an operating profit of 15.6% compared to €14 412k in 2021.

The Operating Income reached €29 303k in comparison to what is was last year with a loss of €50 705k.

It is important to note that the Group recorded exceptional expenses in the amount of €64.6 million in 2021 related to the significant growth of SaaS-based solutions and the massive shift « to the Cloud » of the leading software vendors and the ensuing discontinuation of maintenance services of certain on-premise licenses.

The financial result amounts to -€11 157k in 2022, increasing slightly by €251k compared to 2021; the increase in the cost of the financial debt being compensated by a significant reduction of provisions for financial assets.

The Net Profit Group share was €15 703k after taxes (€2 495k) compared to a loss of €68 457k in the previous fiscal. The Net income of the fiscal period is comparable to what it was before the sanitary crisis.

Main figures listed below:

IFRS standards in K€	12/31/2022	12/31/2021
Consolidated revenue	188 281	165 523
EBITDA	52 047	36 044
In % of revenue	27.6%	21.8%
Current Operating Income (COI)	29 303	14 412
In % of revenue	15.6%	8.7%
Operating Income	29 303	-50 705
Net income Group share	15 703	-68 457

#### **3.3. BALANCE SHEET & FINANCIAL STRUCTURE**

The Group's simplified balance sheet.

Assets (in K€)	12/31/2022	12/31/2021	Liabilities (in K€)	12/31/2022	12/31/2021
Goodwill	32 638	32 638	Equity	100 510	83 329
Fixed assets & equity investments	185 200	161 148	Non-controlling interests	186	3
Deferred tax assets	4 489	3 639	Deferred tax liability		
Other noncurrent & current assets	73 870	62 653	Noncurrent liabilities	154 039	156 683
Cash flow and equivalence	56 137	65 167	Current liabilities	97 599	85 230
Total	352 334	325 245	Total	352 334	325 245

#### 3.3.1. Permanent Capital

The Group shareholder equity amounts to €100 510k compared to €83 329k as of December 31, 2021 up 20.6%.

#### 3.3.2. Cash Flow

Cash flow at the end of the fiscal year amounted to  $\leq 56$  137k compared to  $\leq 65$  167k at the end of December 2021.

#### 3.3.3. Net Financial Debt

The amount of the debt remains stable at €185 496k compared to €185 975k as of December 31st, 2021.

After factoring in the cash flow, the net debt amounts to €129 359k compared to €120 809k in 2021.

This amount includes the IFRS lease liability and is 2.49 times the consolidated EBITDA of the group.

#### 3.4. SIMPLIFIED CASH FLOW

IFRS standards – Data in M€	12/31/2022	12/31/2021
Self-financing capacity before cost of debt & taxes	50.3	30.0
Changes in WCR	-4.4	10.1
Net cash flow generated by operating activities	45,9	40,1
Acquisition of assets	-37.5	-49.8
Net variations in short-term investments and other	-2.7	
Net cash flow from investment activities	-40.2	-49.8
Issuance less repayments of loans	-6.1	47.1
Cost of financial debt	-9.4	-6.8
Increase/decrease in capital	-0.6	
Net sales/purchases of treasury shares	0.5	
Net cash flow from financing activities	-15.6	40.3
Net variation in cash flow	-	
Cash flow variance	-9.9	30.7

#### 3.5. INVESTMENT POLICY & R&D

The Group continued to do Research & Development for its software solution offering in software in 2022. Some of this research is eligible for the research tax credit scheme (CIR).

For fiscal year 2022, Prodware recognized a net operating income for CIR in the amount €4 528k, net of fees, compared to €4 515k in 2021.

ANNUAL FINANCIAL STATEMENTS OF PRODWARE SA

## 4.1. SIMPLIFIED TABLE – INCOME STATEMENT

in K€	12/31/2022	12/31/2021
Revenue	110 049	95 976
Operating income	14 655	-1 272
Earnings before tax	5 399	-37 849
Extraordinary items	-2 623	-42 445
Income tax on profits (products)	-4 451	-4 515
Net earnings	7 227	-75 780

#### 4.2. SIMPLIFIED BALANCE SHEET

Assets (net value in K€)	12/31/2022	12/31/2021	Liabilities (in K€)	12/31/2022	12/31/2021
Tangible and intangible assets	43 559	48 631	Capital & other equity	99 605	92 957
Financial assets	208 832	207 496	Reserves for possible losses	2614	561
Inventories			Financial debts	176 814	178 182
Receivables and sundry assets	38 592	26 371	Sundry debts	30 838	24 048
Cash	16 997	10 492	Other liabilities	41	604
Accrual accounts	4 496	5 467	Accrual accounts	2 564	2 105
Total	312 476	298 457	Total	312 476	298 457

#### 4.3. APPROPRIATION OF EARNINGS

At the next general assembly, it will be suggested that the total earnings of €7 227 274 be carried over as retained earnings again.

In accordance with article 243 bis of the French General Tax Code, no dividends have been distributed in the last three years.

> MISCELLANEOUS INFORMATION: CUSTOMER & SUPPLIER PAYMENT TERMS

Payment terms - suppliers	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days & more	Total
Aging buckets						
Number of invoices	1 592	269	119	92	64	2 136
Total amount of invoices	11 030 011	1 040 650	114 637	207 766	735 490	13 128 554
Percentage of total amount of purchases for the year	18.88%	1.78%	0.20%	0.36%	1.26%	22.47%

Payment terms – suppliers (excluding doubtful accounts) *	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days & more	Total
Aging buckets						
Number of invoices	1 744	356	167	79	404	2 750
Total amount of invoices	10 966 252	1 644 259	808 412	356 376	970 501	14 745 800
Percentage of revenue (including VAT) for the year	8.67%	1.30%	0.64%	0.28%	0.77%	11.66%

\* These figures do not include bad debts that amount to €1 414 830 as of 12/31/2022.

## 4.4. LAVISH SPENDINGS

None.

## 4.5. EARNINGS OF THE LAST FIVE FISCAL YEARS

Items	2018	2019	2020	2021	2022
Equity Capital	5 036 227	5 036 227	5 036 227	5 036 227	4 975 263
Number of common shares	7 741 000	7 741 000	7 741 000	7 741 000	7 654 251
Number of preferred shares (with no voting rights)	7 042	7 042	7 042	5 837	0
Maximum number of future shares to be created	1				
With convertible bonds	0	0	0	0	0
With subscription warrants	2 234 000	2 234 000	1 969 300	1 969 300	1 969 300
With free share allocation plans	753 100	744 500	0	0	0
Fiscal year transactions & earnings	4				
Revenue excluding tax	96 682 540	103 347 392	86 687 416	95 976 675	110 049 453
Earnings before tax, employee profit sharing and transfers to depreciation & provisions	13 844 109	13 794 968	16 043 763	7 334 032	17 789 329
Tax on profits	-10 270 427	-6 583 029	-4 937 405	-4 515 019	-4 451 945
Employee profit sharing plan due for the fiscal year					
Earnings after taxes, employee profit sharing and transfers to depreciation & provisions	9 196 151	8 087 801	3 843 947	-75 780 039	7 227 774
Distributed earnings	463 950	309 641	0	0	0
Earnings per share					
Net earnings after taxes, employee profit sharing, but before	3,11	2,63	2,71	1,53	2,91
transfers to depreciation & provisions	1,19	1,04	0,50	-9,78	0,94
Net earnings after taxes, employee profit sharing and	0,06	0,04	0	0	0
Personnel					
Average number of employees during fiscal year	478	492	438	407	417
Payroll for the fiscal year	24 546 854	24 976 323	21 476 237	21 740 587	23 499 640
Amounts paid for social benefits	5	11 003 085	5 983 974	10 279 039	12 489 907



Below the important events:

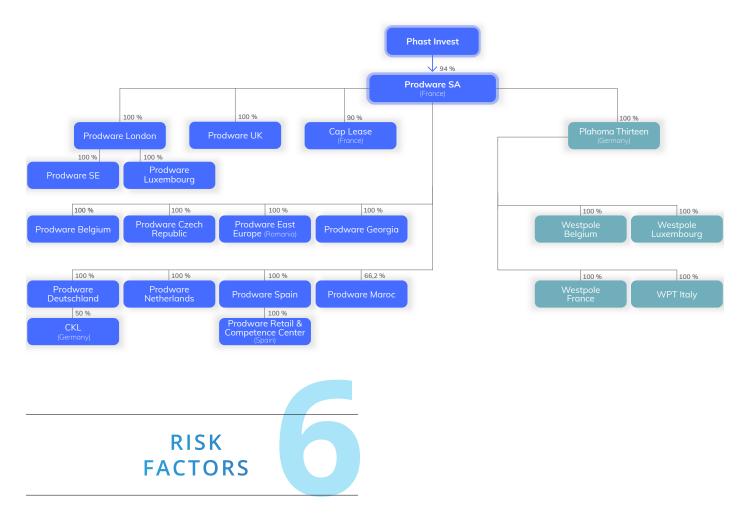
 the acquisition of the WESTPOLE Belux Group by Prodware in March 2023 – this group is present in Belgium, Luxembourg, France and Italy.
 WESTPOLE is a loading market player in Information Technology addressing large corporations, the

WESTPOLE is a leading market player in Information Technology addressing large corporations, the

Public sector and the Banking industry. It generates around €40 million in revenue and has 300 employees.

> In February 2023, Phast Invest, the holding company of the Prodware Group, turned to Tikehau Capital and Prodware's historical shareholders and raised €20 million to support Prodware's growth strategy.

Please find the organigram of the Prodware group to date:



The Group makes it a rule to pay close attention to its business and operations conducting risk reviews to identify those risks that could negatively impact the group's results and growth.

#### 6.1. NATIONAL & INTERNATIONAL RELATED RISKS

#### 6.1.1. Geopolitical Context

The year 2022 was marked by a series of consequences in Europe and around the world caused by the war in Ukraine.

Like all companies, Prodware was impacted by the repercussions of the war in Ukraine and the resulting inflation.

To date, the Group has managed to mitigate the impact of these consequences on its business and operations but is still keeping an eye on the situation and further consequences if the war were to intensify, drag on or spread to other regions.

It is specifically concerned and keeping a close watch on its personnel and business in the Republic of Georgia.

## 6.1.2. Social and Political Context

In the wake of the health crisis, many social grievances and demands have surfaced in France and in other Western countries, exacerbated by rising inflation eroding the purchasing power of households.

Given the social divides that have emerged in many Western countries, it cannot be ruled out that social and/or political unrest may resurface and impact the Group's results and growth in the event of strong mobilization.

To date, the Group has shown resilience in the face of these events or crises, notably due to the strong commitment of its employees.

#### 6.2. MARKET RELATED RISKS

#### 6.2.1. Software Vendor Policy

The group has developed close relationships with leading software vendors such as Microsoft, Sage or Autodesk over the years and for quite a long time now.

A change in strategy of these software vendors may also affect the group.

To this day, the group has always maintained a very close and strategic relationship with these vendors especially with Microsoft. Prodware is part of Microsoft's Inner Circle, which guarantees Prodware's expertise and know-how in delivering excellence and the latest state-of-the-art technologies from Microsoft which gives Prodware an incredible competitive edge.

Potential risk related to a change in strategy of this software vendor for Prodware remains somewhat unlikely although it can't be totally ruled out.

## 6.2.2. The Competition

The group addresses a fast-paced market with fast-evolving technologies and competitors in many countries providing a wide range of service offerings.

The competitive landscape is made up of either longstanding competitors or new players that are much more recent and extremely agile. Moreover, the current crisis may reshuffle the market with unexpected acquisitions and the emergence of more important players (in size or financial wherewithal) making them potentially highly competitive.

An aggressive or unexpected competition could potentially put pressure on prices or losing market share affecting the results of the group.

The group has addressed this situation by showing as much agility as possible catering to the different customer needs and by adopting a comprehensive end-to-end value proposition supporting customers throughout the entire value chain.

And because of this, Prodware's market positioning in Europe is unique.

#### 6.3. RISKS RELATED TO ITS BUSINESS & ORGANIZATION

#### 6.3.1. Innovation

The success of the group and its market positioning in Europe depend on its expertise in supporting businesses through their digital transformation journey, an absolute business imperative.

The Group has always invested significant financial and human resources in innovation with €17 380k being invested in 2022.

However, embracing an innovative approach means that there is always a risk of failure and/or of missing the mark or of bad timing.

Business risks associated with R&D could hurt investment, which in turn can lead to losing market share to competitors while having a negative impact on the group's financial results. The Group however has a long-standing R&D/Innovation culture that is actually part of the organization's DNA.

The IBS (Innovation & Business Solutions) division has the expertise to leverage new technologies and engage in strategic alliances with new innovative market players driving a strong GTM and sales dynamic.

The group today has a diversified offering of 80 innovative solutions which in itself mitigates any kind of potential risk, as well as skilled and qualified industry-specific experts that can cater to industry-specific pain points.

Therefore, despite the risk inherent in innovation, the Group is confident in its approach to managing that risk.

#### 6.3.2. Human Resources

In a technological environment that is constantly on the move, rapidly changing and evolving, the Group always stands ready to serve its customers with state-of-the-art expertise and added-value thanks, in large part, to its highly skilled human resources.

To that end, Prodware has initiated an ambitious Human Resource strategy aiming to foster employee engagement, attract new talent while sustaining employee loyalty in a market where it is very hard to find certain skill sets.

This strategy revolves around developing efficient hiring campaigns, career management and skill building paths via a comprehensive training program.

A true "Employee-Centric" approach reflecting the values and culture of the company.

More information on this approach can be found in the Extra-Financial Performance Statement.

It is to be noted though that in a highly competitive labor market there may be times when hiring or finding available resources can be challenging. The group therefore cannot rule out that at times this may affect the timely delivery of projects or project profitability.

#### 6.1.1. Quality – Customer Satisfaction

The Group is increasingly involved in complex and/or international IT projects that have an impact on its customers.

To ensure excellence in the execution of projects, the Group has developed and honed its own expertise and processes.

Excellence in delivery and Customer Satisfaction as well as Quality are the driving metrics in each Prodware country in order to align processes based on "best practice" methodologies.

That said, it does not preclude the possibility that some customers may feel that they are not satisfied with the service rendered, or that it does not meet their expectations or may even lead to customers filing complaints. In addition to the risk of going over budget, there is also a risk of customers deciding to seek damages.

However, it must be said that apart from the usual day-to-day business disagreements that could arise or potential disputes when acquiring companies, the Group has so far kept these risks under control.

#### 6.1.2. Customer attrition – for SaaS or Maintenance Contracts

The Group has been selling more and more software licenses in SaaS mode with monthly billing plans and multi-year contracts usually covering a period of 3 years.

The Group has generated recurring revenue of more than 54% which also includes revenue from maintenance contracts.

A SaaS contract also provides customers with some flexibility to modify the scope of the software or the number of licenses although certain conditions apply.

The non-renewal of a significant number of these agreements would necessarily have a negative impact on the Group's revenues. Moreover, SaaS agreements allow for subscription flexibility so that periodically, customers can modify and/or adjust the number of users and licenses, under certain conditions, and that can also have a negative impact on the Group's revenues.

#### 6.2. OTHER RISKS

#### 6.2.1. Cyber Risk

Prodware is just as vulnerable to cyberattacks and hacking attempts as any other company.

These attacks can compromise the security of the company's own data as well as the data it hosts for its customers. Cyber security pervades multiple strategic domains such as operations, information or brand reputation. In case of an attack, the financial consequences could be very serious.

These past two years have seen a massive surge in cybercrime and this is due mainly to the widespread use of remote work and social media. The evolution of technologies with everything shifting to the Cloud, the IoT or the release of 5G will only heighten the risk factor. And in today's current geopolitical developments there is clearly a rise in politically motivated cyberattacks and use of cyberattacks in modern warfare.

The Group's IT department has set up a cyber security action plan to fend off cyber security threats. The Group has set up:

- > policies and anti-malware tools;
- an action plan that includes running security audits and penetration testing conducted by external security auditors;
- > a proven disaster recovery plan that gets tested each year;
- > a coordinated communication plan headed by the IT department to align all countries on all cyber security related matters;
- > a big data, machine learning-based solution for a proactive analysis of event logs;
- > automatic document and data versioning to avoid any cryptolocker problems;
- > MFAs (multi-factor authentication);
- > backup schemes.

In order to ensure business continuity, the Group has implemented backup procedures of its operations and communication networks in the event of a cyber-attack or a system breakdown. The group also runs backup schemes on the main IT systems in various data centres.

Because human negligence is usually to blame for most security breaches, the IT Department has set up an ongoing training program on cyber security best practices. Moreover, a vast awareness campaign on cyber security kicked off beginning of 2021 addressing all group employees and in their own language.

This training plan, which is one of the group's top priority, is an ongoing program that will continue to evolve in time to meet the changing cyber security threats (please see the Extra-Financial Performance Statement hereafter).

And finally, if one of our customers falls victim to a serious cyber security threat, Prodware can deploy a crisis response team made up of experts to counter the attack as quickly as possible and initiate the appropriate data recovery procedures. The Group has a professional liability insurance policy that protects against claims from customers.

Despite all these measures, given the increasing sophistication of cyber criminals and IT environments, the Group cannot rule out possible failures and breaches of its systems with potentially significant consequences.

The Group however has always managed, to this day, to mitigate cybersecurity risks efficiently.

## 6.4.2. Financial Risk

#### 6.4.2.1. Liquidity Risk

As part of its internal processes, Prodware regularly reviews its liquidity risk and is confident that it will be able to meet its future obligations.

#### 6.4.2.2. Exchange Rate Risk

The Group bills its services to customers based mainly in the euro zone and therefore the exchange rate risk it is subject to is not very significant.



The Group's solid organic business, driven by a large recurring revenue base, its healthy capital and financial structure, and its renowned human capital are all assets that should provide the Group with the means and resources to meet its growth strategy objectives.

Prodware will continue its development strategy:

- > of its business in the countries where the Group is present while also tapping into new markets;
- > of its Service portfolio addressing crucial business pains such as Cybersecurity or new market segments;
   > reinforcing Customer Relations;
- > and its Human Capital in a market where finding those highly-skilled profiles remains challenging.

The Group will also work toward growing its revenues from SaaS sales and high added value services.

## PRODWARE SHARES SHAREHOLDING

1



Prodware shares have been listed since 2006 on the Euronext Growth market of Euronext Paris under the following ISIN code FR0010313486 or ALPRO.

These shares are freely negotiable in accordance with the legal and regulatory provisions in force.

The shareholder may choose to have the shares registered with the company, or with an authorized financial intermediary, or owned by the shareholder as a bearer share. A double voting-right is granted to shares held in registered form for more than two years. 242 948 shares had double voting rights as of December 31st, 2022.

Any shareholder who directly or indirectly exceeds 2.5% of the capital and/or voting rights must notify the Company by registered mail, in accordance with Article 12 of the Company's bylaws. Such a notification has to be issued for each additional fraction of 2.5% of the capital, whether up or down. Failing to do so will result in losing one's voting rights, as per stipulated by law.

The LEI (Legal Entity Identification) number of the company is 9695005LHRU1IBDMSE79.



As of December 31 2021, the share capital amounted to €4 975 263.15 divided into 7 654 251 shares belonging to the same category, each valued at €0.65.

Compared to the previous year-end, the share capital was depleted by 93 791 shares due to the cancellation of:

- > 7 042 preference shares, also known as Class B shares, converted into ordinary shares or due to non-compliance with the provisions to convert those shares. This cancellation was authorized by a resolution of the General Meeting of June 22, 2022;
- > 86 749 treasury shares authorized by the same assembly mentioned above.

Theoretical voting rights, calculated on the basis of all shares to which voting rights are attached, amounted to 7 897 199 at year-end.

In accordance with Article 223-11 of the AMF's General Regulations, the total number of theoretical voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights such as treasury shares.



At the close of fiscal year 2022, Prodware shares were trading at €7.86 as of December 29th compared to €8.68 as of December 31 2021, down -9.44%. The average daily trading volume in 2022 was of 2 245 shares with a significant decrease of this volume after the closing of the Offer.



The table below details, to the best of the company's knowledge, the shareholder structure and voting rights of the company as of December 31 2022.

Shareholders	Shares	Theoretical Voting Rights*	% Shares	% TVR
Phast Invest	7 191 667	7 390 642	93.96%	93.59%
Employees & other registered shareholders	44 365	88 338	0.58%	1.12%
Public	418 219	418 219	5.46%	5.30%
TOTAL	7 654 251	7 897 199	100.00%	100.00%

\*The number of theoretical voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights



In addition to the legal and regulatory provisions concerning the declaration of thresholds, the Company's bylaws provide that any shareholder who directly or indirectly exceeds 2.5% of the capital and/or voting rights is required to disclose that information to the Company by registered mail with return receipt.

Every plus or minus 2.5% additional fraction of capital or voting rights must be notified to the company and failing to do so may lead to losing voting rights (article 12).

During fiscal year 2022, in connection with the public takeover bid initiated by Phast Invest, the following notifications were registered:

> On February 4, 2022, at the end of the Initial Offer which closed on January 28, 2022, Phast Invest, acting

in concert with François Richard, Philippe Bouaziz, Alain Conrard, Stéphane Conrard and S&Audit (the «Concert»), informed Prodware that the Concert had exceeded the threshold of 50% of the voting rights of the Company;

- On February 23, 2022, at the end of the Re-Opening of the Offer closed on February 18, 2022, Phast Invest informed Prodware that the Concert had exceeded the statutory threshold of 2/3 of the capital and 90% of the voting rights of Prodware;
- > On February 15, 2022, the German company Heidelberger informed the Company that it no longer held any Prodware shares after the takeover bid;
- > On March 16, 2022, Philippe Bouaziz and François Richard informed the Company that they had fallen below the statutory threshold of 2.5% following the transfer of all their shares to Phast Invest.



#### **13.1.SHARE BUYBACK PROGRAM EXPLAINED**

In light of the success of the takeover bid, the Company terminated its liquidity contract with the Gilbert Dupond brokerage firm on March 31, 2022. At that date, 9 711 shares were registered in this account.

In its 9th resolution, the Ordinary General Meeting of Shareholders held on June 22, 2022, nevertheless granted the Board of Directors a new authorization to acquire shares in the Company through a share buyback program under the same terms as the previous General Meeting, i.e. for a maximum amount of 10% of the share capital, capped at €5 000 000. The delegation was granted for a period of 18 months.

The main objectives of this SBP are as follows:

- > Market activity or liquidity of stock as set forth in a liquidity contract;
- > Exchange or payment of shares in the event of external growth of the Company or the Group;
- > The allocation and/or sale of shares to employees and executive officers of the Company especially with manager and employee stock ownership plans;
- > their possible cancellation.

It should also be noted that the Board made use of the authorization granted at the meeting of June 22, 2022 to reduce the capital following the cancellation of 86 749 treasury shares.

#### **13.2. REVIEW OF SHARE BUYBACK PROGRAM IN 2022**

No transactions were carried out as part of this program between January 1 and March 31, 2022. A brief summary of the transactions relating to the shares held by the Company is provided below.

#### **PRODWARE SHARES - SHAREHOLDING**

2022	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
SBP												
START OF MONTH	327 013	285 118	77 038	77 038	86 749	86 749	-	-	-	-	-	-
TRANSFER OF CASH ACCOUNTE				9711€								
SALE INCENTIVE PLAN 2021 ALLOCATION	41 895	208 080										
CANCELLATION OF SHARES						86 749						
END OF MONTH	285 118	77 038	77 038	86 749	86 749	-	-	-	-	-	-	-
LIQUIDITY												
START OF MONTH	9 711	9 711	9 711	-	-	-	-	-	-	-	-	-
PURCHASES	-	-	-	-	-	-					-	-
SALE	-	-	-	-	-						-	-
CANCELLATION OF SHARES												
END OF MONTH	9 711	9 711	9 711	-	-	-	-	-	-	-	-	-
TOTAL TREASURY SHARES - END OF MONTH	294 829	86 749	86 749	86 749	86 749	-	-	-	-	-	-	-
TOTAL TREASURY SHARES in % of capital	3.81%	1.12%	1.12%	1.12%	1.12%							



The total shareholding of employees (excluding members of the Concert) in the company's registered shares amounted to 0.58% of the capital as of December 31, 2022, compared with 1.64% as of December 31 of the previous year.

The drop in this percentage is due to the fact that a certain number of employees had already tendered their shares to the Offer as of December 31, 2022.



#### **15.1.STOCK WARRANTS**

The new or existing stock warrants outstanding (BSAANE) as of December 31, 2022 are detailed below and remain unchanged since the last fiscal year-end closing.

These warrants were issued to members of the General Management, employees or corporate officers of the Company or its subsidiaries.

Date of issue	Types of securities	Max. number of potential new shares	Strike price (including warrant subscription price)	Maximum maturity
Mar16	BSAANE	536 000	8,10€	Mar26
Apr17	BSAANE	510 000	8,10€	Apr27
Jun17	BSAANE	560 000	8,32€	June-27
Oct18	BSAANE	363 300	13,19 €	Oct28
Total		1 969 300		

#### **15.2. SETTLEMENT OF THE 'INCENTIVE 2022' BONUS SHARE PLAN**

It is to be noted that the Board of Directors meeting held on December 20, 2016, using a delegation of the General Meeting of June 2016, granted free preferred shares (AP) as well as free ordinary shares to corporate officers and employees of the Prodware Group, subject to compliance with a number of criteria and conditions.

• Concerning the Free Preference shares (PS):

- 7 042 preference shares were created and allocated in December 2017 for the benefit of employees and officers of the Group. Mr. Alain Conrard and Mr. Stéphane Conrard each received an allocation of 2 312 PS;

- at the end of a performance period ending on June 20, 2021 (i), 6 760 preference shares were made convertible into a total of 304 200 ordinary shares (ii) and 282 preference shares became permanently non-convertible because of the non-compliance of the beneficiaries with the attendance requirement;

- all the employees who benefited from the Offer converted their preference shares and the majority of them tendered them to the Offer;

- Mr. Alain and Mr. Stéphane Conrard converted their shares and tendered the resulting ordinary shares to Phast Invest, in accordance with the tender offer agreements made and published at the time of the Offer.

As of February 18, 2022, all of the 6 760 PSs were converted and issued from the company's stock of treasury shares in the amount of 304 200 shares.

Concerning the Free Ordinary shares (OS):

- 88,500 free ordinary shares were granted in December 2016 to various employees of the Group. However, the final acquisition was subject to certain conditions to be met during a performance period. The corporate officers of Prodware SA did not benefit from these free allocations of ordinary shares;

- At the end of this performance period, which ended on June 20, 2016, a total of 15 402 ordinary shares were allocated free of charge on that date to the beneficiaries in question;

- these definitive allocations of free ordinary shares were also covered by delivering existing shares.

## CORPORATE GOVERNANCE



The Board of Directors is made up of 6 board members – 4 men and 2 women. According to the Middlenext Governance Code, board members are independent. Four representatives of the Works Council may attend the board meetings.

Members	Role within Prodware SA	End of term	Responsibilities within the Group in 2022	Responsibilities outside the Group in 2022
Philippe Bouaziz	Chairman of the Board	GA 2023	<ul> <li>Member of Supervisory Board of Prodware Deutschland</li> </ul>	<ul> <li>Manager of B&amp;B (property investment company)</li> <li>President of Bouaziz Partners SAS</li> <li>President of Bouaziz Partners Ltd</li> <li>Member of the Board of Deel Inc</li> <li>President of Sarona</li> <li>Director of GeekTime</li> </ul>
Alain Conrard	Administrator Managing Director	GA 2025	Administrator / Director of: Prodware Belgium Prodware Spain Prodware UK Limited Prodware Retail & Competence Center (Spain) Representing Prodware SA on the board of: Prodware Netherlands Prodware UK Member of Supervisory Board of: Prodware Deutschland AG	<ul> <li>President of the Commission on Digital Strategies of the METI</li> </ul>
Stéphane Conrard	Administrator Deputy Managing Director	GA 2025	President of PHAST INVEST Administrator / Director of: > Prodware Belgium > Prodware London > Prodware SE > Prodware Spain Manager of: > Prodware East Europe (Romania) > Cap Lease Representing Prodware London on the board of Prodware Luxembourg Member of Supervisory Board of: > Prodware Deutschland AG	<ul> <li>Manager of S&amp;AUDIT</li> <li>Manager of S&amp;Audit Certified Accountants</li> </ul>
Viviane Neiter	Administrator (independent)	GA 2025		<ul> <li>Administrator of:         <ul> <li>PAT (Plant Advanced Technologies (since 06/15)</li> <li>SPIR Communication (up until Feb. 28, 2022)</li> <li>I.CERAM</li> </ul> </li> <li>President of Glanbia Performance Nutrition France</li> </ul>
Klara Fouchet	Administrator	Up until the GA of June 22, 2022		
Léna Conrard	Administrator	GA 2025	Innovation Project Manager & Responasble Marketing	
Jean-Gérard Bouaziz	Administrator	GA 2023		Self-employed



Two terms will be up for renewal at the next General Assembly. They are for:

- > Mr. Philippe Bouaziz;
- > Mr. Jean-Gérard Bouaziz.

We are requesting that these terms of office be renewed for another period of three years, thus expiring at the General Meeting called to approve the financial statements for the year 2025.



The Board meets as often as needed.

During fiscal year 2022, it met 3 times. Au cours de l'exercice 2022, il s'est réuni 3 fois. The meetings had a 95% turnout.

Topics covered:

- > the closing of the 2022 financial statements and the 2022 interim financial statements;
- > the renewal of the appointments of the Managing Director and the Deputy Managing Director;
- > the cancellation of preference shares and treasury shares.



The General Assembly of June 28, 2013 set the amount of €30k to be paid to the administrators for fiscal 2013 and following years until further notice (directors' fees).

For fiscal 2022, the Board of Directors of Prodware decided to split up this amount equally among the members of the Board.



	12/31/2022	12/31/2021
Number of executives	4	3
Total compensation, benefits, directors' fees	892 326	671 999
Total	892 326	671 999

A decision of the Board in 2003 entitles one of the directors to a severance pay equivalent to 2 years' gross salary upon termination of employment.



The agreement with SCI B&B continued, the terms of which are set forth in a special statutory auditors' report.

Moreover, there has been no agreement, either directly or through an intermediary, between a company controlled by Prodware and one of its corporate officers or shareholders holding more than 10% of the voting rights (Article L 225-37-4 of the French Commercial Code).



DATE OF GA	AUTHORIZATIONS & USES IN FISCAL 2022	DELEGATION PERIOD	DELEGATION PERIDO – EXPIRY DATE	MAXIMUM NOMINAL AMOUNTE	AMOUNT USED IN 2022	COMMENTS
June 22, 2022 (9th resolution)	Authorization for the Board of Directors to allow the Company to buy back its own shares in compliance with article L.22-10- 62 of the French Commercial Code	18 months	Dec. 21, 2023	10% of capital	0	
22/06/2022 10ème résolution)	Authorization for the Board of Directors to reduce the capital by cancelling repurchased shares	24 months	June 21, 2024	10% of capital	1.10%	86 749 treasury shares cancelled.
June 22, 2022 (11th resolution)	Delegation of authority for the purpose of issuing ordinary shares and/ or any VMDAC*** and/or debt securities with cancellation of the preferential subscription right for the benefit of a certain category of individuals (qualified investors usually investing in listed companies)	18 months	Dec. 21, 2023	€4m (€40 m VMDAC)***	0	Renewal of the unused delegation of authority of June 16, 2021 that has not been used.
June 22, 2022 (12th resolution)	Delegation of authority for the purpose of issuing ordinary shares and/ or any VMDAC*** and/or debt securities with cancellation of the preferential subscription right for the benefit of a certain category of individuals (qualified investors usually investing in listed companies)	18 months	Dec. 21, 2023	4m€ (40 m€ VMDAC)***	0	Renewal of the unused delegation of authority of June 16, 2021 that has not been used.

DATE OF GA	AUTHORIZATIONS & USES IN FISCAL 2022	DELEGATION PERIOD	DELEGATION PERIDO – EXPIRY DATE	MAXIMUM NOMINAL AMOUNT	AMOUNT USED IN 2022	COMMENTS
June 22, 2022 (13th resolution)	Delegation of authority to increase the share capital by issuing ordinary shares and/or VMDAC*** with cancellation of preferential subscription rights for the benefit of subscribers to a Company savings plan	26 months	Aug. 21, 2024	€150 000	0	Renewal of the unused delegation of authority of June 16, 2021 that has not been used.
June 22, 2022	Delegation of authority to cancel preference shares	18 months	Dec. 15, 2023	7 042 shares	100%	Cancellation of all of these shares.
June 16, 2021 (6th to 10th resolutions)	Delegation of authority to increase capital through the issuance of ordinary shares or securities giving access to ordinary shares, with or without maintaining subscription rights (DPS) of existing shareholders, including through private placement.	26 months	Aug. 15, 2023	4m€ */ (40 m€ **VMDAC)***	0	Renewal of the authorization granted on 17/06/2019 that has not been utilized.

\* Maximum nominal amount of the capital increases of 4 000 000 euros (common to resolutions 6 to 9 of the General Meeting of June 16, 2021), it being specified that to this nominal amount may be added the nominal amount of the ordinary shares of the Company to be issued in accordance with the adjustments made to protect the holders of rights attached to securities giving access to ordinary shares

\*\* Maximum nominal amount of the debt securities is 40 000 000 euros (common to resolutions 6 to 9 of the General Meeting of June 16, 2021)

\*\*\* Securities giving access to capital

# EXTRA-FINANCIAL PERFORMANCE STATEMENT



The Extra-Financial Performance Statement of the Prodware Group (hereinafter the "Group" or "Prodware") has been drawn up in accordance with the law in force.

The CSR policy is driven by the Financial Department of the company.

Prodware chose to join the United Nations Global Compact in 2009. It is committed to respecting all the principles of the Global Compact that address the company's social responsibility, behavior and actions with regard to sustainable development and environmental issues, as well as its commitment to social issues.

Prodware has also decided to refer to the United Nations' 17 Sustainable Development Goals ("SDGs") to itemize its main CSR challenges and monitor the performance of its policies, as detailed below.



In this all-out digital transformation spree, that comes with as many challenges as opportunities, Prodware continues to support the digital transformation journey of businesses with its global "end-to-end"-comprehensive value proposition tailored for mid-sized companies (SMBs).

This customized offering meets the specific demands of customers and is supported by a managed services suite and industry-specific business solutions that address the below market segments:

- > Manufacturing,
- > Retail,
- > Distribution,
- > Professional Services,
- > Public Sector Finance.

Prodware's business model is outlined below:

#### **Digital Transformation Trend**

The Digital Transformation imperative is a development opportunity in terms of growth, profitability and sustainability.

- It triggers the rethinking & modernizing of one's business: employee/customer experiences & journeys
  - business processes (faster decision and production cycles),
    - products & services (embedding innovative technologies), > business models.

State-of-the-art expertise & embracing new disruptive technologies: Cloud infrastructure

the Internet of Things, Big Data, Artificial Intelligence - Software As A Service (SaaS), interoperability on tech

platforms...

**OUR RESOURCES OUR OFFERING** Our employees Supporting businesses through their entire 1 100 talents across 12 countries digital transformation journey A solid group + 30 years' experience Listed on the stock exchange since 2006 A long-lasting management team Vision **Evolution** Innovation Implementation Innovation - part of our DNA 101 innovative IP industry-specific solutions Engineers make up the majority of our staff Group Managed Professional Business LIP & Start-up  $\bigcirc$ Consulting ecosystem Services Services **Our Customers & Partners** Our 15 000 customers Assess digital transforma-In charge of R&D Maintenance & support Project governance of Partners are leading market players tion (opportunities / vision) Digital transformation "Software Factory" Startup incubator digital transformation projects of installed projects Security management Our values roadmap Supporting digital transfor-Strategic alliances Industry-specific Optimizing customers' Global Compact member expertise infrastructures mation throughout Prodware Code of Ethics System integration Socially Responsible Business Leveraging our know-how & methodology



All these fast-advancing technologies are evolving at an ever-increasing pace, posing new challenges for companies and serious concerns around cybersecuirty.

#### WE CREATE VALUE

#### A value proposition that caters specifically to mid-sized companies

- A comprehensive offering supporting the entire digital transformation journey of mid-sized companies
- An industry-specific value proposition addressing the Manufacturing, Retail, Distribution, Professional Services markets
- An international organization with more than 40 offices deploying regional, national and international projects.

#### Human Capital

Adapting to new work habits and employee preferences Start-up ecosystem serving as a go-between for the benefit of customers

#### **Our Customers**

- Strong recurring revenue: more than 50% of the revenue
- Various customer segments mid-size, large groups across Europe
- Our revenue streams balance out evenly across industries & business sectors

#### **Our Partners**

- Member of Microsoft's Inner Circle (Prodware is among 11 elite Inner Circle partners worldwide)
- Licensed partner of the SAGE Competence Center
- Autodesk Platinum Partner
- ESRI partner

#### Our financial partners - shareholders

- Group owned by founders and executive managers of the company
- Historical financial partners

These challenges should be an impetus to the acceleration of the digital transformation of businesses.

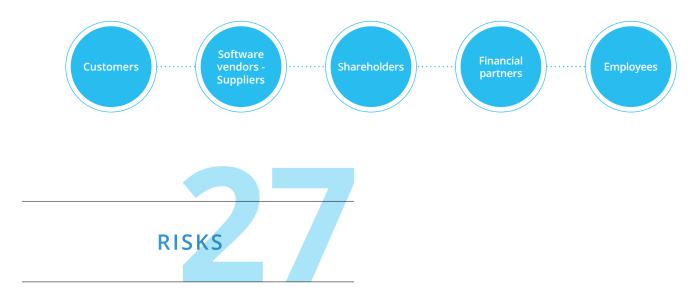
#### **OUR GROWTH PATHS**

With its comprehensive value proposition and its significant footprint in Europe, Prodware will likely:

- Secure its competitive advantage in innovation and gain significant market share (Al, IoT, Big Data, Bl...)..)
- Hone its competitive edge
- Increase its notoriety and develop the "best place to be" employer brand
- Continue to build on its CSR commitments



Below are Prodware's main stakeholders, pivotal for its business development.



Overview of risks summarized in chart below:





Prodware's CSR goals have been set to reflect the United Nations' Sustainable Development Goals below:



These goals are summed up in the table below.

Please note that these indicators are not etched in stone and will be reviewed in time depending on their achievement rate and also to always be in line with the Group's strategy.

Moreover, certain indicators are harder to implement and are not listed below. Prodware may have to reconsider certain indicators and also decide on new ones in the future.

EXTRA-FINANCIAL PERFORMANCE INDICATORS	MAXIMUM OBJECTIVES WITHIN 5 YEARS
Human Capital Aiming for Gender Equality: % of women hired, reducing wage gap between men and women (CSR scope), Employee satisfaction survey: Overall satisfaction index	35% Maximum gap 16% Low global score
Environment Committed to reducing greenhouse gas emissions: an annual carbon footprint assessment using the ADEME or GHG Protocol approach to monitor these changes Reducing all scopes	Minimum 3% per year
Governance Training employees on data protection, cyber hygiene, cyber security and other key issues Ethics charter	% of employees trained Signed by our suppliers representing 80% of our purchases
Customers Satisfaction index	In progress



## **29.1. A STRATEGY BASED ON INNOVATION**

Prodware's innovation strategy is headed by the Innovation & Business Solutions division.

This division is tasked with developing innovative, hands-on, business-specific solutions that cater to the needs of customers by leveraging new technologies and its strategic alliance with the 365xScaler program: a start-up incubator specializing in disruptive technologies and solutions.

The innovation strategy being rolled out at the moment focuses on Customer Experience. Customer Experience is the result of every interaction a customer has with your business and the impression and perception they have and remember of that experience.

In an ever-changing landscape (technological, crises political, health etc.) the habits of consumers tend to also change rapidly. Heeding and satisfying those needs requires companies to be able to address them in real time and adapt their product and service offerings accordingly.

Because a satisfied customer is 3 times more likely to buy again, is less price sensitive and less likely to shop somewhere else<sup>1</sup>.

Prodware has developed solutions that allow for:

- > Enhancing the Customer Journey from the discovery phase to the Customer Loyalty phase;
- > Embedding communication channels with Artificial Intelligence to digitize the Experience facilitating transactions as well as providing customers with useful and "intelligent" tips and advice.

The solutions that have been developed (or being developed) consist of:

- > A Customer Journey mapping solution to enhance Customer Experience;
- > A Persona solution to configure customer profiles based on criteria such as demographics, behavior and psychology;
- > An invoice digitizing solution, using e-invoices instead of paper invoices allowing customers and suppliers to automate billing process.

Other solutions that have been developed or are being developed are designed to improve employee experience from first day of employment to termination date.

The solutions developed (or being developed) consist of:

- > A 'digital wall' where employees can freely post their feedback and comments;
- > A hiring aid solution based on key words that match the applicant's profile with relevant job openings.

Prodware's solution offering addresses other better known domains such as Finance, Supply Chain, Business Consulting and so on.

Prodware's solution catalogue boasts 101 innovative solutions catering to the needs of businesses of all sizes

#### EXTRA-FINANCIAL PERFORMANCE STATEMENT

in the following market segments: Manufacturing, Retail, Distribution, Professional Services, Finance...).

#### 29.2. REWARDS IN 2022

New awards or awards rewarded again recognizing Prodware's know-how and technological expertise from our main partners, leading market software vendors.

- > Microsoft Gold Partner;
- > Sage Platinum Partner Scorefact certified for the 4th year in a row for the Sage FRP 1000 solution;
- > Autodesk : Platinum Autodesk.



Prodware is in the business of supporting its customers, helping them create value within a transformation market.

The most important asset of the group, its people, is what can make this work. It is therefore only logical that Human Capital is at the heart of the group's 2021-2025 strategy.

This strategy is set up with specific action plans and measurable objectives that can be summed up as follows.

Working on the attractiveness of the brand with notably:

- > An HR employee-centric policy and developing an ambitious employer brand strategy
- > A talent acquisition and retention policy

#### Talent skill-building with notably:

- > Ensuring employee wellbeing in the workplace
- > A career building program throughout their career path in line with the group's strategy
- > Career advancement perspectives and career mobility

Increasing employee loyalty and retention with notably:

- > Competitive compensation and benefits
- > Compensation schemes based on performance

#### **30.1. HUMAN CAPITAL - GROUP**

## 30.1.1. Scope of CSR Group Policy

The CSR scope now encompasses all the countries of the group except for Morocco and Romania. The scope of Prodware's CSR covers 98% of the employees of the group.

# 30.1.2. Employees - Key figures

Prodware considers the average<sup>2</sup> number of employees as the «benchmark» for its EFPS. It is the equivalent of an 'FTE (full-time equivalent).'

The average number of employees of the Group included in the CSR scope has risen by 4.4% in 2022 reaching **1 052 employees** compared to 1 008 in 2021.

Please note the following:

- > 97% of the employees of the Group are all full-time employees.
- > The split between the number of employees in France and abroad remains stable compared to 2021. The number of employees at the international level represents 61.2% of the total number of employees compared to 60.9% in 2021.

Employees in Spain and Germany represent 27.3% and 13.7% respectively of the total number of employees in the group.

 Women represent 30.0% of the total number of employees, slightly up compared to the previous year. This percentage is in line with trends seen in the past while rising above the symbolic threshold of 30% (except for 2020 hit by the Covid pandemic).

	2022	2021	2020	2019
Number of female employees – Group (CSR)	30.0%	29.4%	27.8%	29.9%

Spain is the geography with the highest women's labor force participation rate with 35.9% followed by France at 28.9%; these rates remain stable compared to 2021.

The Group has set a goal to increase women's labor force participation rate by 35% by 2028 (cf. hereafter).

> 54.5% of the employees of the Group belong to the Professional Services category.

18.7% belong to the Customer Services category. It is to be noted that the number of staff dedicated to this last professional category has increased over time, reflecting the Group's willingness to implement a 'Customer Centric' policy.

The other categories remain stable in terms of percentages of the total number of employees.

Employees Group (CSR) per category	2022	2021	2020	2019
Customer services	18.7%	14.9%	12.4%	12.1%
Professional Services	54.5%	58.6%	59.6%	59.4%

These 2 categories also show an increase in female employees.

% of women per category	2022	2021	2020	2019
Sales	40.9%	40.2%	36.44%	35.4%
Customer services	25.4%	28.7%	27.02%	26.1%
Professional Services	26.2%	22.0%	20.88%	24.1%
General & Administration	41.6%	50.3%	47.34%	49.9%

<sup>&</sup>lt;sup>2</sup> The average number of employees is calculated by including the time spent and the percentage of time worked by employees during the year 41

> The average age of the employees of the Group is 41.8 (it was 42.3 in 2021).

56.9% of the Group employees are in the 25-44 age range, 1 point less than the previous year.

Within this age group the proportion of employees between 44 and 55 has been increasing over the last couple of years which is telling of how experience is pivotal in a market of rapid technological change.

Likewise, the 55-64 age range is following the same trend increasing steadily promoting the hiring of older workers.

CSR Group employees per age range	2022	2021	2020	2019
35-44	28.6%	30.50%	33.30%	35.10%
44-54	28.3%	27.40%	25.7%	27.70%
55-64	15.0%	15.50%	13.00%	12.00%

DETAILS OF THESE INDICATORS FIGURE IN ANNEX N°1 OF STATEMENT

## **30.2. ATTRACTIVENESS OF THE GROUP**

# 30.2.1. The Employer Brand

Developing its employer brand is one of the group's priorities outlined in its 2021-2025 strategy under "The Place to Be and the Best Company to Work With" tenet.

Also, the Group makes it a rule to communicate on its different action plans and those of its employees through different communication channels.

Prodware published more than 3 100 publications on behalf of the entire group, all media social media channels combined (Facebook, Twitter, LinkedIn, Facebook, Instagram) in 2022.

Prodware has significantly increased its market exposure with the launch of the 'Content factory<sup>3'</sup> with:

- Close to 70 articles or communication pieces published in different medias addressing different target media audiences (technical, economic, general public, and so on);
- > 8 interviews on TV channels or in trade magazines (BFM, Solutions Numériques;
- > FinYear, Channel News, etc.);
- > 58 of our Press Releases relayed in different well-known medias.

The total target audience resulting from all these communication initiatives is estimated at more than 35 million.

All these initiatives have contributed in ranking Prodware among the « Great Place to Work » companies of the Capital<sup>4</sup> magazine.

Prodware comes in 21st place among the 500 best employers in France in the High Tech category along with prestigious names like Google, Orange and our partners Microsoft and Sage.

<sup>&</sup>lt;sup>3</sup> Editorial department tasked with producing digital content of all kinds

<sup>&</sup>lt;sup>4</sup> February 1st, 2022

# 30.2.2. Attracting the Best Talents

### 30.2.2.1. Hiring Process

The Group's hiring policy is a selection process that is strictly objective and non-discriminatory.

Prodware seeks to promote internal mobility and employee referrals in its hiring policy. Job openings are posted to the Group's intranet for that purpose.

And so, in 2022, 15 employees within the group seized career mobility opportunities.

In 2022, four videos5 promoting Prodware's values and the Prodware experience were produced and shared on different social media channels such as LinkedIn, Instagram or the Prodware country websites to attract new talents.

The Group also posts its job openings via more traditional channels such as employment platforms or professional social media channels.

#### 30.2.2.1. Hires

With 2021 being a very busy year in terms of hires, so is 2022 with 256 new hires.

- > France in particular was on a hiring spree totaling 35.1% of all the hires of the Group followed by Spain and Georgia;
- Most of the hires fall under the Professional Services (56.6% of the total hires) and Customer Services (18.4%) categories;
- 32% of the new hires were women representing an increase compared to 2021 and 2020 with 28.3% and 25.9% respectively;

Most of the women (50%) were hired in Professional Services; The percentage of women hired in 'Customer Services' and 'Professional Services' is slightly up in 2022 compared to the previous year.

Aside from 2020 which was a somewhat 'exceptional' year for many reasons, the percentage of new female hires in both categories is greater than the percentage of the overall number of female employees which is a step in the right direction toward gender parity in an otherwise male-dominated workplace.

	20	22	2021		
New hires per category	% of women hired per category	% of female employees in the group	% of women hired per category	% of female employees in the group	
Sales	38.9%	40.9%	20.8%	40.2%	
Customer services	34.0%	25.4%	17.0%	28.7%	
Professional services	28.3%	26.2%	28.0%	22.0%	
General & Administration	39.3%	41.6%	59.3%	50.3%	
Total women hired	82		77		
Total hires	256		272		
%	32.0%		28.3%		

<sup>&</sup>lt;sup>5</sup> https://youtu.be/\_ZTGLDFB6c4 or https://youtu.be/YM\_1pHTehLU, for examples

#### 30.2.2.2. Onboarding

Once an employee gets hired, they enter an onboarding program to help them start off and warm up to the organization.

Each counrty of the group has its own onboarding program.

# 30.2.3. Developing talents

### 29.2.3.1. Wellbeing at Work

#### a. Remote Work

The different countries of the Group each have their own approach to remote work. Some countries like Spain allow employees to choose what suits them most, i.e. to work from wherever they want to work. Other countries like France have imposed remote work only certain days per week. They have drawn up an agreement with the social partners granting each employee 2 days of remote work per week.

It must be said that this new way of working is widely appreciated by the employees of the Group.

#### b. Local Management

All the countries in the Group organize local events on a regular basis (breakfast events, meetings, get togethers...) in addition to the annual events held by division of the Group.

The annual 'Kick Off' event – an online event – held each January is a unique moment in the year where all the employees of the Group, more than a 1000 people connected, get together, interact and share information and fun followed by local spin-off events in each subsidiary and/or agency.

A half-hour bi-monthly podcast is broadcast within the group with interviews and company highlights. Employees appear on the show as guests to talk about projects they are working on or other important information that needs to be communicated, with videos and other kinds of entertainment.

The Group has stepped up its internal communication with a group newsletter and podcasts using instant messaging tools and not email in order to keep CO2 emissions in check.

#### c. Employee Satisfaction Survey

Like every year, for the past 4 years, an employee satisfaction survey called 'Speak Your Mind' was conducted addressing all employees to measure employee expectations with regard to the Group.

Certain topics are systematically covered and deal with the employee's perception of his personal situation, his relationship with his manager, the Group and so on.

Other topics may be introduced depending on a given situation (like the health crisis) or new measures that may have been implemented.

The results of the 2023 survey showed there was a higher survey response rate and a higher satisfaction index:

- The response rate was of 73% (versus 63% in 2021 and 54% in 2020).
- > The satisfaction index ('Net Promoter Score'), improved by more than 20%.

The analysis of the results, notably by topic, country and age group, allows the relevant managers to fine-tune remedial actions to be undertaken, in order to improve the given index.

#### d. Work-Life Balance

Remote work allowing much more flexibility in finding a satisfactory work-life balance, part-time work is also strongly appreciated: employees having decided to work part-time represent 10.5% of the total number of employees compared to 9.72% in 2021 and 8.56% in 2020.

The percentage of part-time male workers continues to grow: 38.1% compared to 36.7% in 2021 and 30.0% in 2020.

### 30.2.3.2. Training & Knowledge Sharing

There was less training overall in 2022 with 17 342 hours of training compared to 23 245 hours in 2021. It must be pointed out that 2021 hit a peak in demand for training which explains this drop in the number of training hours in 2022.

The split of training hours between the different categories of the Group remains stable with close to 80% of the training sessions being conducted in 'Professional Services' and 'Customer Services.'

The Group has continued to deploy the JUNO training and knowledge sharing platform launched end of 2020.

#### 30.2.3.3. Talent Assessment

Career building and planning are conducted according to a structured process at the group level with at least one annual performance appraisal for each employee.

All of the countries in the Group have instituted a structured interview process that makes it possible to identify, for each employee, the year's achievements, areas of improvement, training needs or requirements, etc.

'Performance Reviews' are set up between the Human Resource department and the Division Managers in order to put in place performance improvement plans for employees who are underperformers, an action plan to retain the 'top performers' and a hiring plan to attract new talent if needed and so on...

# **30.3. EMPLOYEE LOYALTY**

# 30.3.1. Employee Attrition

The number of employees who left the company during the year was 222, down from 266 the previous year, a year that saw significant post-Covid turnover.

Close to 65% of these terminations were either resignations or by mutual consent and 22% were layoffs.

The majority of these terminations were in the Professional Services category, the most in demand on the market. It is worth noting that 53% of the new hires were also in this category in 2022.

## 30.3.2. Turnover

Turnover for the year slightly dropped to 21.1% compared to 26.4% in 2021, year hit hard at the international level due to significant post-Covid impacts notably in Spain.

The turnover rate has dropped back down and is consistent with the rates recorded before 2021.

France's turnover rate of 20-21% has remained unchanged for the past couple of years.

At the international level, more prone to variations with the diversity of the countries, has the same turnover rate as France.

These variations are summed up below:

Turnover	2022	2021	2020	2019
France	20.8%	20.8%	20.3%	23.17%
International	21.3%	30.0%	18.6%	24.53%
Total	21.1%	26.4%	19.30%	23.96%

## 30.3.3. Average Employee Tenure

Median employee tenure at the Group level is of 7.12 years. It was of 7.67 years in 2021.

The variation is most noticeable among women, showing a shift in behavior in the labor market and a higher willingness to take risks.

The trends within the Group remain unchanged with the highest average employee tenure seen in France (9.8 years) followed by Germany (7.2 years).

Employee tenure	2022	2021	2020
Women	6.15	7.77	8.16
Men	6.98	7.63	7.94
Total	7.12	7.67	8.01

# 30.3.4. Absenteesim

Absenteeism within the Group is down slightly reaching 3.71% compared to 4.20% in 2021. The number of days of absence and reasons for these absences are listed below.

Absenteeism	2022
Total days of absence (working days)	9 909
Work-related accidents	46
Sick leave	7 254
Maternity or paternity leave	1 386
Parental leave	345

# 30.3.5. Gender Pay Gap - Men/Women

Gender pay ratios are analyzed by comparing the average salary of women to the average salary of their male colleagues.

In 2022, this ratio stands at 0.81 compared to 0.77, with a net increase in the Group's main countries. It is now equivalent to what it was before the health crisis.

Spain and the Netherlands are still in the lead in terms of equal pay, followed closely by France, catching up strongly this year.

Wages F/M	2022	2021	2020
France	0.86	0.76	0.82
Spain	0.89	0.86	0.85
Belgium	1.13	0.97	0.81
Germany	0.79	0.77	0.72
Czech Republic - Georgia	0.93	0.61	0.63
Périmètre RSE	0.81	0.77	0.74

DETAILS OF THESE INDICATORS FIGURE IN ANNEX N°1 OF STATEMENT

### ANNEX 1: HUMAN CAPITAL INDICATORS

### **# Employees**

	12/31/2022					12/31/2021
Average # employees CSR Group (FTE)	F	%	М	Total	%	Total
	316	30.0%	736	1 052		1 008
permanent	97%		100.0%			
Average # employees per gender & country	F	%	М	Total		Total
France	118	28.9%	290	408	38.8%	394
Spain	103	35.9%	184	287	27.3%	263
Germany	34	23.6%	110	144	13.7%	146
The Netherlands	15	19.5%	62	77	7.3%	84
Other countries in Europe	46	33.8%	90	136	12.9%	121
Total	316	30.0%	736	1 052	100.0%	1008
Average # employees per age group				Total		Total
-25				49	4.7%	35
25-34				246	23.4%	233
35-44				301	28.6%	308
45-54				298	28.3%	276
55-64				158	15.0%	156
Total				1052	100.0%	1008
Average # employees per gender & category	F	%	М	Total		Total
Sales	47	40.9%	68	115	10.9%	112
Customer Services	50	25.4%	147	197	18.7%	150
Professional Services	150	26.2%	423	573	54.5%	591
General & administration	69	41.6%	97	166	15.8%	155
Total	316		735	1 052	100.0%	1 008
Average employee tenure – Group				7.12		7.67
Average employee tenure per country						
France				9.78		10.93
Spain				4.62		4.67
Germany				7.24		7.24
The Netherlands				6.64		7.25
# employees CSR Group at fiscal year closing	F	%	М	Total		Total
	330	30.8%	740	1 070		1 036

### ANNEXE 2: ANALYSIS OF MAIN AGGREGATES

## Mobility

	12/31/2022					12/31/2021
Hires	F	%	М	Total	%	Total
	82	32.0%	174	256		272
Hires per gender & country	F	%	М	Total	%	Total
France	34	35.1%	63	97	37.9%	79
Spain	24	31.2%	53	77	30.1%	104
Germany	7	25.0%	21	28	10.9%	40
The Netherlands	6	30.0%	14	20	7.8%	4
Other countries in Europe	11	32.4%	23	34	13.3%	45
Total				256	100.0%	272
Hires per category	F	%	М	Total	%	Total
Sales	14	38.9%	22	36	14.1%	24
Customer Services	16	34.0%	31	47	18.4%	53
Professional Services	41	28.3%	104	145	56.6%	168
General & administration	11	39.3%	17	28	10.9%	27
Total				256	100.0%	272
Terminations	F	%	М	Total	%	
	68	30.6%	154	222		266
resignations				60%		
T	-	0/		7-6-1	~	<b>T</b> -+-1
Terminations per gender & country	F	%	H	Total	%	Total
France	24	28.2%	61	85	33.2%	82
Espagne	15	26.3%	42	57	22.3%	91
Germany	9		24	33	12.9%	45
The Netherlands	7		13	20	7.8%	17
Other countries in Europe	13		14	27	10.5%	31
Total				222	100.0%	266
Group Turnover				21.10%		26.4%
Turnover per country						
France				20.9%		20.8%
Spain				19.9%		34.6%
Germany				22.9%		30.8%
The Netherlands				26.0%		20.2%
Other countries in Europe				19.9%		25.6%



Prodware is a service company and thus has a lower impact on the environment.

The Group nevertheless is committed to addressing these environmental concerns in its day-to-day management of the business.

The scope of the Group's CSR policy includes leased offices in an urban area and so the concerns related to «sustainable land use» and «bio-diversity» do not apply. Water is used for sanitary purposes only and its consumption, which is included in the rental charges, although not measurable, is not significant.

Moreover, the scope of CSR policy is not subject to the issue of fighting food waste, as it does not own or have access to a company cafeteria. The group does not generate any noise pollution.

### **31.1. CARBON FOOTPRINT**

In 2022, the Group carried out its greenhouse gas emission assessment based on the following:

- > Countries assessed: Germany, UK, Belgium, Spain, France, the Czech Republic and the Netherlands;
- > Scopes: Scopes 1, 2 & 3.

#### Working out the carbon footprint

The assessment was carried out by an external firm specialized in greenhouse gas emission assessments and was based on a questionnaire that was completed by each country in the scope. The assessment was conducted according to the GHG protocol and emissions were calculated for:

- > Offices emissions from energy consumption;
- > Vehicles emissions from total distances travelled;
- > Travel emissions from business trips by train, by plane, taxis, overnight stays at hotels and lunches;
- > IT expenditures for service calls: Two main suppliers declare their CO2 emissions across the 3 scopes. Their carbon intensity per million euros of sales was utilized. For the other suppliers, the spend-based emissions relevant to the industry sectors in question, as provided by ADEME (Environmental and Energy Management Agency), were taken into account.

Ultimately, 70% of the emissions were calculated using the spend-based method.

Information related to CO2 equivalencies may vary as a result of some degree of scientific and economic uncertainty and accuracy of external data.

Some information is also subject to the choice of methodology, assumptions and/or estimates used to produce these figures.

Data may therefore change or be updated over the next couple of years.

The carbon footprint, total emissions recorded in 2022 amounted to 9 096 tCO2e.

Scope 3, which accounts for 93% of the Group's CO2 emissions, includes 73% of the CO2 emissions related to the purchase of goods and services required for the company's business and 19% of emissions related to business travel, including the estimated commuting distances of employees to work.

The main aggregates of this assessment shown below:



## **31.2. COLLABORATION TOOLS**

There is no doubt about it that collaboration tools, that have become very popular and widely used, are essential to business. They contribute in reducing travel and CO2 emissions.

Nonetheless they do have an impact on the environment.

In 2022, the Group pursued its initiative of raising awareness among employees on their use of collaboration tools (e-mail, video-conferencing tools, documents stored in the cloud, etc.) and providing useful tips and best practices.

Each employee of the Group received a personalized readout on the impact of their tools.

Another communication piece that will benchmark against the previous readout is scheduled to be sent out in the next couple of months. These notifications will be sent out every semester, give or take, and will indicate progress made to achieving reduction in greenhouse gas emissions.

The Docusign solution that enables electronic signatures on documents is being used more and more within the Group.

# **31.3. CIRCULAR ECONOMY**

Prodware is subject to the requirements of the Waste Electrical and Electronic Equipment (WEEE) directive.

The companies of the Group have implemented an IT Equipment Disposal policy. All old and obsolete IT equipment still in working order is systematically donated or sold to employees for a very small fee or to a recycling association or company.

In France alone, recycling of IT equipment contributed to reducing 537 tCO2e.

Likewise, when replacing cell phones, employees are entitled to purchase the old ones for a very small fee.

## **31.4. OFFICE WASTE**

Like all service companies, office waste (paper) is the other type of waste generated by the Group.

As Group companies are subject to the above-mentioned WEEE Directive, these computer consumables are systematically recycled.

Extending the lifespan of cellphones from 2 to 3 years and to 4 years minimum for laptops are examples of initiatives that have been taken to reduce waste.

This impact that has not be measured in terms of tCO2e is probably the one that significantly reduces waste.

The Group subsidiaries and agencies are gradually being equipped with selective sorting bins.



## **32.1. L'ESCALATOR FOR YOUNG ENTREPRENEURS**

Prodware partnered with the startup incubator program initiated by Maurice Lévy, Chairman of the Supervisory Board of the Publicis Group, alongside many other companies like LVMH, TotalEnergies, Microsoft, Orange, Huawei.

L'Escalator is designed to help those young entrepreneurs who want a fair shot at starting their own business. Il targets those young talents in the digital economy who do not have the means or the connections to get their business off the ground.

L'Escalator provides:

- > office space for the startups;
- > access to IT and audiovisual equipment;
- > training that caters to the needs of startups;
- > access to a network of partners, experts and mentors part of L'Escalator's ecosystem.

After three years of activity, many projects have come to life, with more mature and reliable solutions for the majority of startups, some have signed their first deals, and others have been approached by potential financial backers...

# **32.2. OTHER SOCIETAL CONSIDERATIONS**

# 32.2.1. Developing and Promoting Ethical Behavior in Business

Prodware has adopted the Middlenext Anti-Bribery Code of Conduct, which makes reference to the United Nations Convention against corruption.

This anti-corruption code of conduct sets forth the fundamental principles and rules regarding corruption and influence peddling in the following areas:

- > Specific rules for public officials
- > Gifts and invitations
- > Donations to charities & political organizations
- > Patronage, sponsoring
- > Facilitation payments
- > Third party monitoring
- > Conflicts of interest
- > Accounting records and internal audits

The Group is committed to fighting against all forms of corruption.

# 32.2.2. General Data Protection Regulation (GDPR)

Prodware is committed to protecting the privacy of its employees and partners and is fully compliant with the General Data Protection Regulation.

# 32.2.3. Other Challenges

- Respect for human rights: the Group is a member of the UN Global Compact membership renewed every year reflecting its commitment to Human Rights and the conventions of the International Labor Organization;
- > Fighting tax evasion: the Group's tax policy is in line with its CSR strategy;
- > Fostering sustainable development through social engagement:

Category	% of each category/#employees
Fighting food waste	Not applicable
Fighting food insecurity	Not applicable
Respect for animal welfare	Not applicable
Food – responsible, fair and sustainable trade	Not applicable
Disability policy	The Group complies with the Disability Friendly Policy as per the Disabilities law in effect
Sports & Culture	Non-strategic for the Group

