

Due Diligence and Valuation Report

Arrowhead Code:	75-02-04
Coverage initiated:	06 April 2018
This document:	12 November 2018
Fair share value bracket-DCF:	€ 11.9 and € 24.9
Share price (12 November 18):	€ 9.78 ⁱ

Analysts

Parvati Rai	Sumit Wadhwa
+1 212 619-6889	+1 212 619-6889
parvati.ra@arrowheadbid.com	sumit.wadhwa@arrowheadbid.com

Market Data

52-Week Range:	€ 9.40– € 14.38 ⁱⁱ
Average Daily Volume (3M Avg.):	10,168.1 ⁱⁱⁱ
Market Cap (12 November 2018):	€ 76 million

Financial Forecast (in €) (FY Ending – Dec.)

€ '000	'18E	'19E	'20E	'21E	'22E	'23E
High NI	15	13	16	20	24	28
High EPS	1.56	1.42	1.72	2.10	2.54	2.93
Low NI	14	11	12	12	14	14
Low EPS	1.49	1.17	1.24	1.27	1.44	1.47

Company Overview: Headquartered in France, Prodware SA (Prodware) is an IT company which is involved in Consulting, Publishing and Information Technology (IT) integration services for small and medium sized companies. Founded in 1989, the company is located across 15 countries and serves around 19000 customers. It operates through its subsidiaries such as Prodware Belgium, Prodware Luxembourg (NEREA), Prodware Czech Republic, Prodware Deutschland, Prodware East Europe, Prodware Georgia, Prodware Netherlands, Prodware Spain, Prodware UK, Prodware Israel, Prodware Maroc, Prodware Tunisie. The company provides enterprise resource planning (ERP), customer relationship management (CRM) and business solutions, business intelligence (BI) tools, security and telecommunication solutions. It is the leading partner of Microsoft in Europe, Middle East and Africa (EMEA) and Sage in French-speaking countries.

H1 2018 results: Prodware generated consolidated revenues of € 90.1 million in H1 2018 compared to € 87.2 million in H1 2017, thus, registering a growth of 3.2% on a year-on-year (YoY) basis. EBITDA margin increased 100 basis points (bps) to 21.1% in H1 2018 from 20.1% in H1 2017. Operating profit increased 13.3% YoY to € 11.1 million in H1 2018 from € 9.8 million in H1 2017. Net profit increased 11.8% YoY to € 7.6 million in H1 2018, compared to € 6.8 million in H1 2017.



Company:	PRODWARE SA
Ticker:	ALPRO
Headquarters:	Paris, France
Chairman	Phillipe Bouaziz
MD/CEO	Alain Conrard
CFO	Stephane Conrard
Website:	www.prodware.fr

Arrowhead is updating coverage on Prodware with a fair value bracket of € 11.9 in the low bracket and € 24.9 in the high bracket scenario using the Discounted Cash Flow (DCF) Valuation Method.

Key Highlights: (1) Prodware provides IT solutions to small and medium-sized companies. (2) The company operates in three segments: 1) Software as a service (SaaS) & Infrastructure 2) Publishing 3) Services and Consulting. (3) SaaS contributed 17.4% to the total revenue in H1 2018 compared to 14.3% in H1 2017. (4) Revenue contribution from the publishing segment remained flat at 34.3%. (5) Revenues from the international segment decreased marginally by 2.9% to € 43.4 million in H1 2018. (6) Recurring revenues accounted for 37% in H1 2018, compared to 34% in H1 2017, (7) In October 2018, Prodware finalized the senior debt financing to the amount of € 92.5 million, including € 62.5 million from private equity with a maturity of 6 to 7 years. (8) Prodware Netherlands acquired Ctac's Microsoft Dynamics activities in September 2018. (9) Prodware was included in Microsoft's elite "Inner Circle" for the year 2018/2019. (10) Onatera, specializing in the distribution of health and nutrition products, chose Microsoft technology, enriched by Prodware's industry and business expertise, for digitalization of its information system. (11) By following its strategy of entering into leading partnerships with recognised technology leaders, Prodware is moving towards becoming a major player in the digital transformation of its clients.

Key Risks: (a) With the introduction of senior debt financing to the amount of € 92.5 million, the debt-to-equity ratio has risen above 1x. It would be important to track this ratio, as any further rise could put strain on the company's financials. (b) Since the IT consulting market is very competitive, therein lies the risk of departure of the key employees of the company which can impact performance and profitability

Valuation and Assumptions^{iv}: Given the due diligence and valuation estimates, Arrowhead believes that Prodware's fair share value lies in the € 11.9 to € 24.9 bracket calculated using the DCF method.

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1. Summary and Outlook

We are updating coverage on Prodware. The Company, headquartered in France, specializes in providing IT solutions such as Publishing, Business Consulting and SaaS. The company's fair value is € 11.9 in the low bracket scenario and € 24.8 in the high bracket scenario (DCF Valuation Method).

Key Highlights^v:

- 1) Founded in 1989, Prodware is engaged in software publishing, integration, hosting management solutions for small and medium sized companies. The company is the leading partner of Microsoft in Europe, Middle East and Africa. Prodware is a partner of Sage in French speaking countries. It is also one of the first companies in Gaia Index.
- 2) Prodware helps the clients in digital transformation, customer experience management and business transformation. It is also into publishing which is a bit stagnant. Now, the company is more focused on SaaS and Infrastructure under which it provides cloud hosting, security and network, outsourcing, operator solutions.
- 3) Prodware was included in Microsoft's elite "Inner Circle" for the year 2018/2019. This distinction, which is given to partners of the US tech giant whose professional ethics and commitment to supporting its clients on their path to success are exemplary, bolsters Prodware's position as a key strategic partner for selling and promoting Microsoft's Business Application solutions.
- 4) Prodware Netherlands acquired Ctac's Microsoft Dynamics activities in September 2018. This acquisition marks Prodware's willingness to strengthen its digital footprint. The move brings Prodware additional offerings while reinforcing its market-ready portfolio of innovative solutions intended for the trading, non-profit and manufacturing verticals.
- 5) Prodware finalized the senior debt financing to the amount of € 92.5 million, including € 62.5 million from private equity with a maturity of 6 to 7 years. This development is part of a refinancing strategy for the company's outstanding bank loans and existing debt, which currently stands at ~€ 93.4 million in FY 2017. It will allow Prodware to make use of new stable resources on better terms, while extending the overall maturity of its debt. It will also give the company the necessary means to develop organically with a targeted external growth policy.
- 6) Onatera, specializing in the distribution of dietary supplements, essential oils, beauty and hygiene products as well as health nutrition products, chose Microsoft technology, enriched by Prodware's industry and business expertise, for digitalization of its information system.
- 7) In January 2018, Prodware entered strategic alliances in Belgium and Luxembourg. It was chosen by six companies across four sectors: finance, manufacturing, institutions and services. Along with Alliance Bokiau, another major insurance broker has chosen Prodware to carry out digital transformation and manage Dynamics 365 online platform. In the manufacturing sector, Prodware entered into a strategic alliance with Normacorc (wine corks manufacturer) where Prodware will be managing the Dynamics 365 platform for it. UNESCO and Santhea have both chosen Prodware. In the services sector, Tiama has chosen Prodware to set up its Dynamics platform.
- 8) Financial Overview: Prodware's consolidated revenues increased 3.2% YoY to € 90.1 million in H1 2018 from € 87.2 million in H1 2017. Net profit grew by 11.8% YoY to € 7.6 million in H1 2018 from € 6.8 million in H1 2017.

Key risks: a) In the past two years, the company's debt has considerably increased as Prodware adopts external funding to finance its growth plans. Recently, with the introduction of senior debt financing to the amount of € 92.5 million, the debt-to-equity ratio has risen above 1 to ~1.3x. It would be important to track this ratio, as any further rise could put a strain on the company's financials; b) IT consulting industry is very competitive in nature and is dependent on its employees for generating revenue. So, therein lies the risk of departure of the key employees which could impact the profitability of the company.

2. Business Overview^{vi}

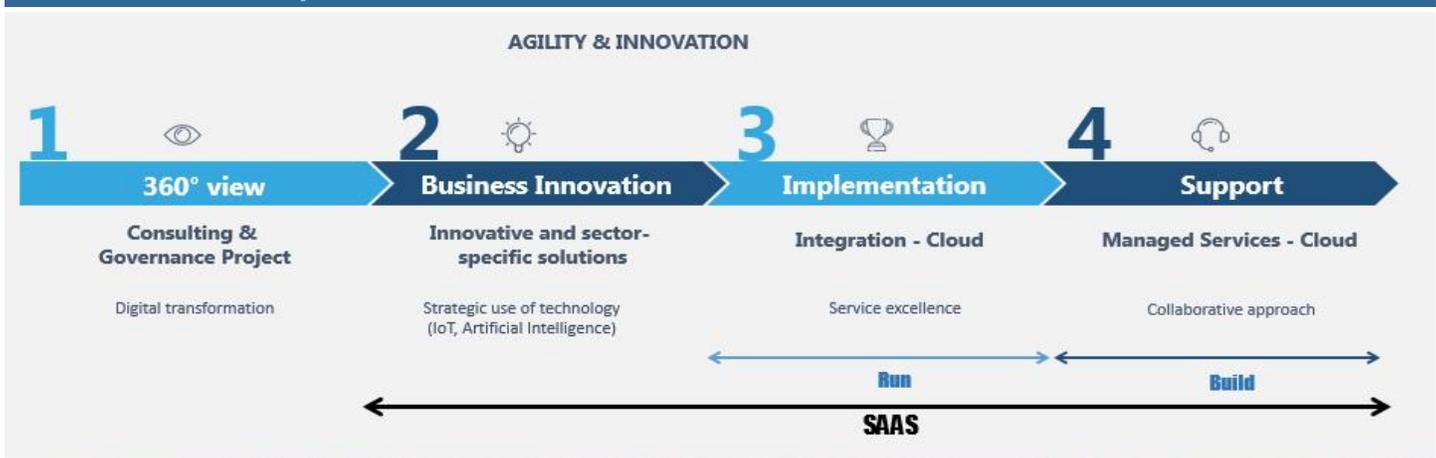
Founded in 1989, Prodware SA is a France-based company that specializes in computer and information technology integration services for small- and medium-sized enterprises (SMEs) across varied industries. Prodware leverages its technological expertise and knowledge of new technologies and business lines to support clients in their digital transformation. The company’s service offerings include ERP, CRM systems, business solutions, BI tools and networks, along with security and telecommunications solutions.

Prodware provides Consulting, Publishing and Information Technology (IT) integration services for small and medium sized companies. During H1 2018, consulting and publishing contributed 48.2% and 34.4%, respectively, to the total revenues, and SaaS contributed 17.4%.

Prodware also invested further in resources to support its Consultancy Services, bolster its sales force abroad and capitalise on the development of its own products. This initiative is an evidence of the Prodware Group's desire to enhance the value of its human resources in a field where innovation, expertise and adaptability are essential assets. By drawing on its strategy of entering into leading partnerships with recognized technology leaders such as Microsoft Dynamics, Sage and Autodesk, Prodware is strategically moving forward towards positioning itself as a major player in the digital transformation of its clients.

The development of SaaS is expected to continue to be a growth driver in the medium term, as it has an advantage of higher recurring and predictable revenues.

Exhibit 1: Value Proposition^{vii}



Prodware has operations in 15 countries and is presently serving more than 19,000 customers through an employee base of ~1,300. It operates through its subsidiaries, such as Prodware Belgium, Prodware Luxembourg (NEREA), Prodware Czech Republic, Prodware Deutschland, Prodware East Europe, Prodware Georgia, Prodware Netherlands, Prodware Spain, Prodware UK, Prodware Israel, Prodware Maroc, Prodware Tunisie. Additionally, through its international partner network and sub-contractors, the company has presence in more than 75 countries, meeting clients’ aspirations for growth across the world.

Its acquisition of Netherlands-based pan-European integrator Qurius’s operations in 2011 and 2012, has, over the years, resulted in Prodware becoming a leading partner for Microsoft Dynamics in EMEA. Prodware has been recognized as one of the top ten Microsoft Business Solutions partners in the world and been honored as a member of 2016 Inner Circle for Microsoft Dynamics. In addition, the company also acts a value-added reseller for Sage software products in the French-speaking regions along with being a partner for Autodesk offerings. Prodware has also entered into a strategic joint venture with US-based ILOVEMOBILE Group, developer of retail solutions with an objective of enhancing its global visibility. Prodware holds 45% of the shares in the joint venture without having made any financial investments.

2.1 Financial Overview^{viii}:

Prodware generated consolidated revenues of € 90.1 million in H1 2018 compared to € 87.2 million in H1 2017, thus, registering a growth of 3.2% on a YoY basis. This growth was mainly driven by the SaaS segment and the international revenues.

Revenues from the SaaS segment grew strongly by 25.6% YoY to € 15.7 million in H1 2018 from € 12.5 million in H1 2017, representing 17.4% of the total sales in comparison to 14.3% of H1 2017.

Revenues from publishing increased by 3.3% to € 30.9 million in H1 2018 from € 30.0 million in H1 2017, representing a stable contribution of 34.4% of the total revenues.

Revenues from the integration and management solutions segment declined by 2.9% YoY to € 43.4 million in 1H 2018 from € 44.7 million in 1H 2017. Hence, contribution to the total revenues also declined to 48.2% in 1H 2018 from 51.3% in 1H 2017.

French-speaking-world revenues stood at € 40.4 million in H1 2018, thus, constituting 44.8% of the total revenues. International revenues amounted to € 49.7 million in H1 2018, thus, constituting 55.2% of the total revenues. Further, international revenues registered a healthy 16.2% growth on a YoY basis. Recurring revenues also grew by 12.9% YoY to € 33.3 million in H1 2018 from € 29.5 million in H1 2017.

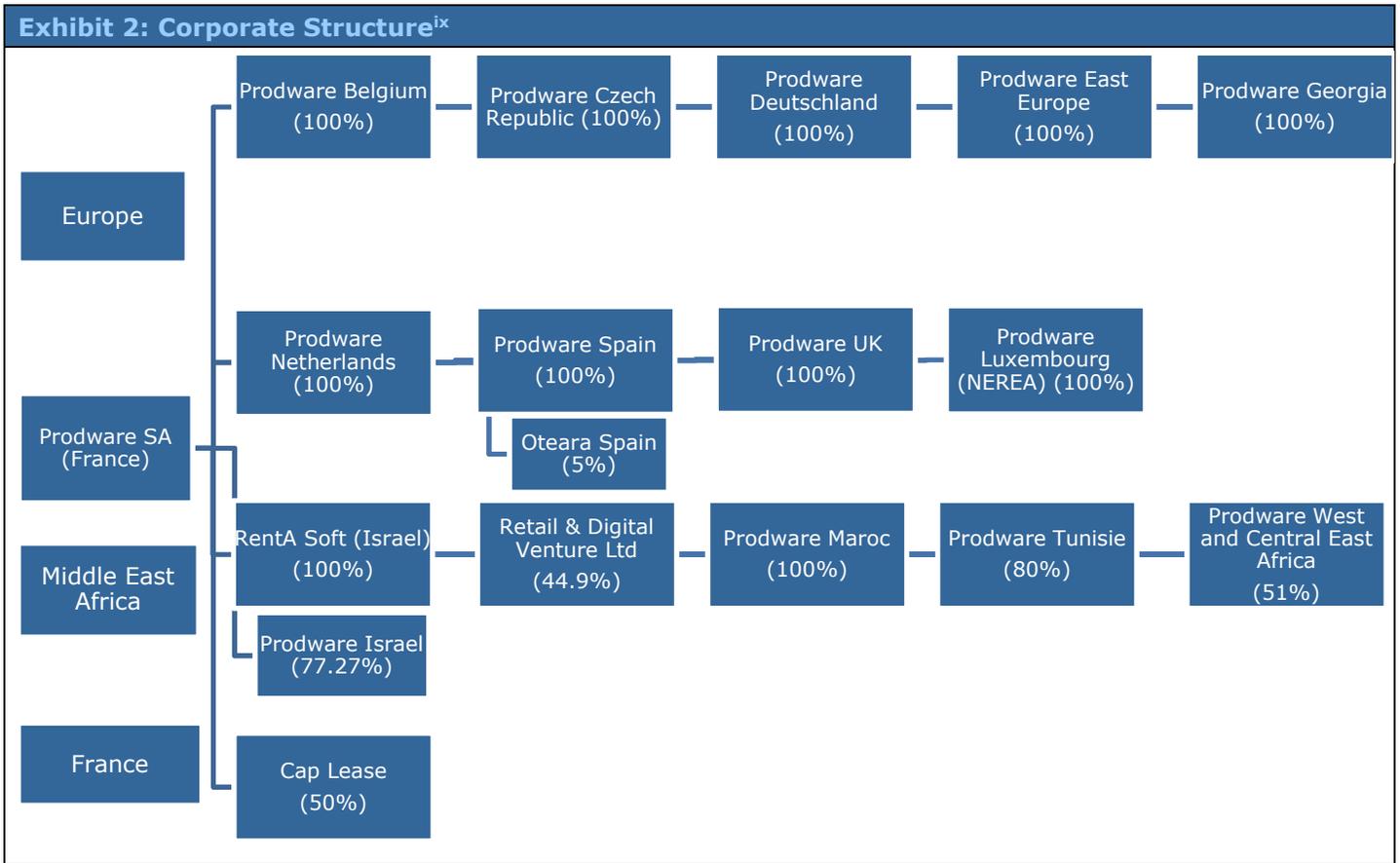
EBITDA margin increased 100 basis points (bps) to 21.1% in H1 2018 from 20.1% in H1 2017, driven by revenue growth, better management of subcontracting, the transformation to the SaaS mode and no restructuring costs. This led to offsetting of the surge in staff costs related to the recruitment of people with greater expertise to meet customer demand.

Operating profit increased 13.3% YoY to € 11.1 million in H1 2018 from € 9.8 million in H1 2017.

Net profit increased 11.8% YoY to € 7.6 million in H1 2018, compared to € 6.8 million in H1 2017, as a result of exceptional factors recorded in 2017 pertaining to shutdowns in activity.

On October 3, 2018, Prodware finalized the senior debt financing for a total of € 92.5 million, including € 62.5 million from bond holders with a maturity of 6 and 7 years. This is expected to provide the company with new stable resources on better terms, while extending the overall maturity of its debt. It is also expected to give the company the necessary means to develop organically with a targeted external growth policy.

2.2 Corporate Structure

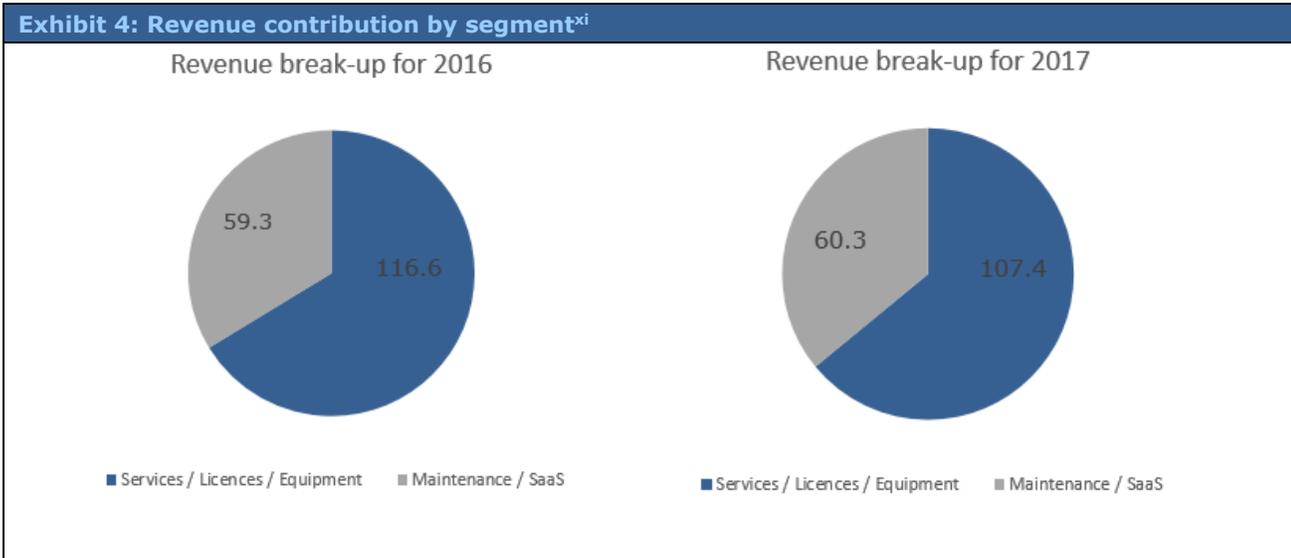


2.3 Company Milestones

Exhibit 3: Prodware Milestones*	
Year/Period	Event
1989	<ul style="list-style-type: none"> Incorporated in the year 1989 by Philippe Bouaziz and Francois Richard
1993-2005	<ul style="list-style-type: none"> Launched 4 lines of business: ERP integration, BI solutions, network infrastructures and security on two platforms, i.e., Sage and Microsoft Prodware acquired Datasoft in Toulouse, France
2005-2007	<ul style="list-style-type: none"> Acquired Interface Data, EDIC, Tecso and M2I companies Took over big players such as C2A, Interface Data to consolidate French speaking areas Focused on operational marketing and performance optimization
2006-2007	<ul style="list-style-type: none"> Acquired sectoral software publishers and traders Prodware issued an IPO and got listed on Euronext Stock Exchange
2008-2009	<ul style="list-style-type: none"> Acquired Anelia which was into integration of systems for SMEs Acquired WinIT, Belgian specialist in Microsoft ERP solutions Acquired C2A to become an international player
2010	<ul style="list-style-type: none"> Resumed its Ares Innovation and Design activity, which became Prodware Innovation & Design Continued to invest in R&D Developed its indirect sales through partnering with Microsoft
2011	<ul style="list-style-type: none"> Acquired Qurius Belgium and Spain Acquired French and Spanish subsidiaries of Columbus IT
2012	<ul style="list-style-type: none"> Prodware acquired Qurius Netherlands, Germany, Czech Republic and the UK
2013	<ul style="list-style-type: none"> Revamped its visual identity and repositioned itself with Prodware Adjust Solutions
2014-2016	<ul style="list-style-type: none"> Accelerated its growth efforts in Benelux and Germany
2018	<ul style="list-style-type: none"> Formed Strategic alliances in Belgium and Luxembourg Acquired Ctac's Microsoft Dynamics activities

2.4 Business Model

Prodware differentiates itself through its integrated approach to deliver end-to-end services for digital transformation across business lines. The company primarily generates revenues through three business verticals namely SaaS, Publishing and Services (consulting, integration and maintenance).



The company mainly operates through the following segments: Business Consulting, Software Development & Integration and SAAS and Infrastructure.

2.4.1 Business Consulting

Business consulting and integration is the company’s core solution offerings wherein it supports clients in business transformation, achieving goals and challenges; and managing technical, human and financial resources. Prodware helps clients resolve the challenges of digital transformation. The company provides guidance to clients regarding digital strategy, which generally creates change, challenges strategies, impacts business offers, modifies organizations and reorganizes economic models.

2.4.2 Software Development and Integration

The company is into software development and integration based on Microsoft Dynamics ERP and Microsoft Dynamics CRM which can be adjusted by customer’s as per their functional and technical needs.

The company also provides customized solution as per clients’ requirements. It has a team of experts who have a strong understanding of the business, and customers’ needs according to which they develop the most appropriate solution for the client.

2.4.3 SaaS and Infrastructure

Prodware provides SaaS to quickly meet business needs. The company also offers Infrastructure as a Service (IaaS) cloud solutions which are customized for technical and service requirements. The company provides cross-platform infrastructure support, maintenance and monitoring on networks, servers, peripherals and communications hardware from a number of leading vendors. Prodware provides Remote Telephone Support and Maintenance, IT Manager Services, Return to Service, Communications Monitoring and Hardware Repairs. The company also helps clients design hardware architecture which offers an IT platform apt for business solutions and is cost-effective. Prodware offers its clients disaster recovery planning, implementation and maintenance. Apart from this, Prodware also offers security and back-up services.

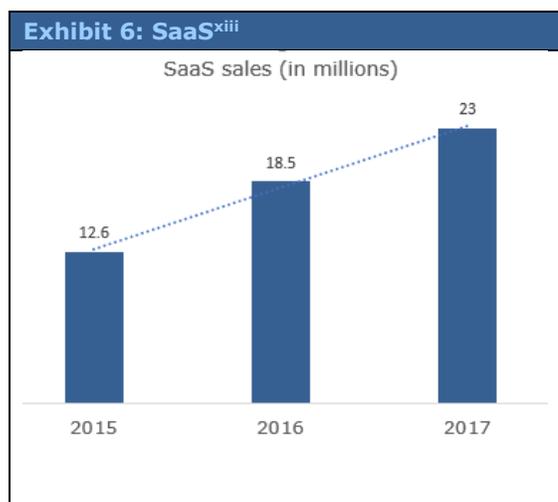
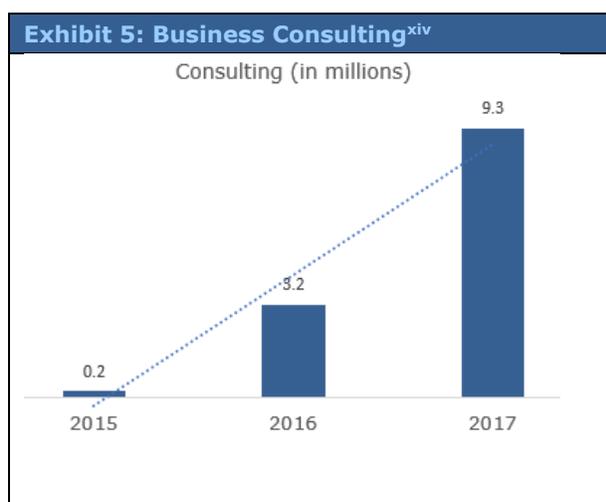
2.5 Corporate Strategy and Future Outlook

2.5.1 Strategy^{xii}

The company's strategy mainly focuses on optimizing profitability by focusing attention on the most profitable segment which consulting is, while laying lower emphasis on publishing. Prodware plans to improve profitability through:

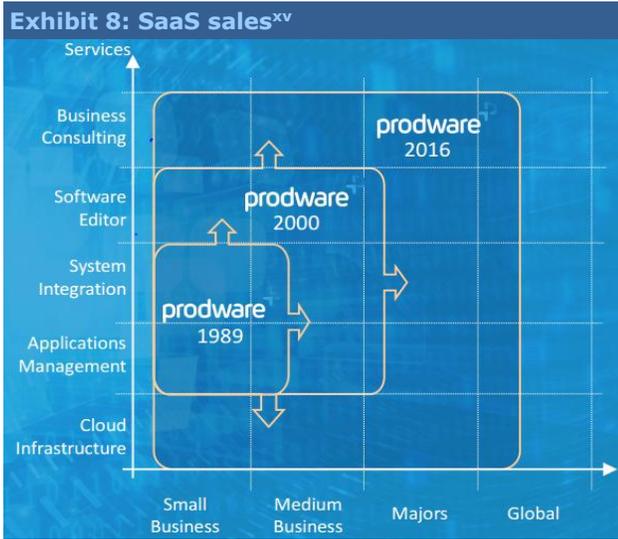
- Continued acceleration of the Services segment backed by development of consulting offerings
- Increase in own software vendor activity
- Focus on acceleration of recurring sales with SaaS being the most profitable offering
- Integration of the new Microsoft offerings with MS 365 to create significant growth opportunities

Revenue from consulting went up to € 3.2 million in 2016 from € 0.2 million in 2015. Further, in 2017, there was a rise of 191% in the consulting segment from € 3.2 million in 2016 to € 9.3 million in 2017. There has been a steady stream of projects, based on monitoring and advising customers better in a constantly changing and transforming IT sector. Prodware has also made some strong investments in recruitment over 2017.



SaaS sales improved by 24.3% in 2017 in comparison to 2016. In 2017, SaaS contributed € 23.0 million to the sales whereas in 2015 and 2016, sales from SaaS accounted for € 12.6 million and € 18.5 million respectively. Most recently, the revenue from SaaS stood at € 15.7 million in H1 2018, compared to € 12.5 million in H1 2017. The company is now more focused on SaaS. There has been a strong order intake with a prospect of sustainable organic growth. There will be a recurrence of revenue signed over a period of 3 years. Because of a shift towards SaaS, sales efforts will be reduced, which will lead to significant productivity gains.

2.5.2 Outlook



Prodware is looking to accelerate its recurring sales in SaaS and enhance its business consulting while focusing on the intersection between consulting, IT systems and its customers’ business operations. The company aims at becoming the leader in rapid digital transformation for medium-sized and large enterprises. It is continuously making efforts to capture new high-potential markets.

2.6 Certifications:



2.7 Company Premiums^{xvii}

Partnership with Microsoft and Sage: Prodware is a leading partner of Microsoft in EMEA, where it is engaged in providing Microsoft Management Solutions. These solutions help the employees manage functions such as finance, supply chain management, manufacturing and operations. Sage is a global leader in accounting, business management, payroll and online payment solutions, and has a strong client base in France. Prodware, with its 150-expert staff, offers a wide variety of services to the customers of Sage.

Strong geographical presence: The company has established itself in France, Morocco, Belgium, Tunisia, Luxembourg, Romania, Spain, Czech Republic, UK, Ivory Coast, Netherlands, Cameroon, Germany, Georgia and Israel.

2.8 Company Risks^{xviii}

Leveraged: The company has increased its level of debt to boost its external growth. There has been a drastic increase in the debt from December 2015 until now because Prodware is focusing on its 2020 strategic plan. On December 31, 2015, the company's financial debt stood at € 55.6 million in comparison with € 92.9 million on December 31, 2016. In 2017, the company's debt increased to € 93.4 million. On October 3, 2018, Prodware finalized the introduction of senior debt financing to the amount of € 92.5 million, including € 62.5 million from private equity with a maturity of 6 to 7 years. This brings the total debt to ~€ 150 million, and a debt to equity ratio of above 1x. In the future, any further increase in this ratio could pose challenges for the company and be a strain on its financials.

Human Resources Risk: Since the IT consulting market is very competitive, the company needs to retain appropriate talent to serve customers and satisfy their needs. So, therein lies the risk of departure of the key employees of the company which can impact performance and profitability.

2.9 Shareholding Pattern

The Company had 7,748,042 shares of common stock issued and outstanding on November 12, 2018.

Top 5 Equity Holders	No. of ordinary shares held	Percentage shareholding
Mandarine Gestion SA	155,000	2.00%
Talence Gestion SAS	102,157	1.32%
Meeschaert FCP	87,500	1.13%
FMR LLC	80,585	1.04%
La Francaise AM International	20,000	0.26%
<i>Source: Bloomberg</i>		

2.10 Listing and Contact Details^{xix}

Prodware is listed on Euronext Stock Exchange (EPA-ALPRO)

Company Contacts

Address: 45, quai de la Seine, 75019 PARIS
 Contact No: +33 (0) 979 999 000
 Fax: +33 (0) 979 999 001
 Website: www.prodware.fr

3. News^{xx}

- **Announced H1 2018 - half yearly - results:** Revenue in H1 2018 increased 3.3% to € 90.1 million from € 87.2 million in H1 2017. EBITDA margin improved by 140 basis points to 19.0% in H1 2018 from 17.6% in H1 2017. Current operating income improved by 6.7% to € 11.3 million in H1 2018 from € 9.8 million in H1 2017. Net income increased by 12.5% to € 7.6 million in H1 2018 from € 6.8 million in H1 2017.
- **To handle rapid growth, Onatera chose Microsoft Dynamics NAV:** In order to manage exponential growth (25 to 30% per year) and an Information System that no longer supported these changes, Onatera chose Microsoft technology, enhanced by Prodware's industry and business expertise.
- **Prodware included in Microsoft's elite "Inner Circle" for the year 2018/2019:** Prodware, partner for consultancy, software development and integrating enterprise solutions was named as an Elite member of the 2018/2019 Inner Circle for Microsoft Business Applications.
- **€ 92.5 million syndicated loan signed:** On October 3, 2018, Prodware announced that it had finalized the introduction of senior debt financing of € 92.5 million, including €62.5 million from private equity with a maturity of 6 to 7 years. This development is part of a refinancing strategy for the company's outstanding bank loans and existing debt.
- **Prodware Netherlands acquires Ctac's Microsoft Dynamics activities:** Prodware Netherlands acquired Ctac's Microsoft Dynamics in September 2018, and this marks Prodware's willingness to strengthen its digital footprint. The move brought Prodware additional offerings while reinforcing its market-ready portfolio of innovative solutions intended for the trading, non-profit and manufacturing verticals.
- **Prodware Germany chosen by Microsoft to host Microsoft Inspire 2018 in Las Vegas:** Prodware Germany team was selected by Microsoft Corporation to co-host the Leading initiatives using Azure IoT (Internet of Things): connected site services' conference.
- **Announced H1 2018 sales numbers:** Prodware's revenue increased by 3.2% from € 87.2 million in H1 2017 to € 90 million in H1 2018. The company registered a growth of 4.1% on like-for-like basis in revenue.
- **Prodware named "Partner of the Year" by Microsoft:** Prodware Spain was chosen from among Microsoft's key partners for its level of expertise and innovation, as well as its ability to implement solutions based on Microsoft technologies.
- **Announced Q1 2018 sales numbers:** In May 2018, Prodware announced the sales numbers for Q1 2018. The company registered a growth of 4.1% on YoY basis and 4.9% on comparable basis. Sales from the SaaS segment improved by 37.2% and reached € 5.7 million. Also, Business Consulting contributed € 2.8 million to the total sales.
- **Prodware chosen by Jerusalem for Digital Transformation:** Prodware was chosen by Jerusalem municipality to empower the city to be more sustainable, prosperous and inclusive. Prodware will provide the municipality of Jerusalem with a new web site, Omni-channel solutions, a modified CRM solution and call center solutions, all delivered within Microsoft's cloud services. After Tel Aviv and Ramat Gen, Jerusalem is the third municipality in Israel to choose Prodware to implement D365.
- **New contract signed in Spain:** In March 2018, Prodware announced the signing of three contracts in Spain. The group was selected by three companies in Spain in agri-food, industrial, and leisure sectors. Prodware was chosen by Liasa, Bandalux and Parques Reunidos in the agri-food, industrial and leisure sectors respectively.
- **Prodware extends its roots to Belgium and Luxembourg:** Prodware has been chosen by six companies which are present in Belgium and Luxembourg. Alliance Bokiau, an insurance broking firm from Belgium, signed a contract with Prodware to carry out its entire digital transformation. Normacor, manufacturer of wine works, appointed Prodware to provide Dynamic 365 online platform. Prodware will also provide solutions to UNESCO and Santhea. Quality control company, "Tiama" appointed Prodware to set up Dynamics 365 online for customer service.
- **Prodware announced 2017 annual results:** Revenue in 2017 fell by 4.6% to € 167.7 million from € 175.8 million on an annual basis. EBITDA margin improved by 0.2 basis point to 18.3% in 2017 from 18.2% in 2016. Current

operating income improved by 10.5% to € 17.4 million from € 15.8 million in 2016. Net income of the group improved by 22.4%.

- **Prodware launched Hololens technology at SIEMENS:** Prodware introduced Hololens technology at SIEMENS which is an environment-friendly solution.
- **Prodware group acquired NEREA Group:** Prodware has acquired Nerea, leading company in Belgium and Luxembourg for Microsoft Dynamics CRM solutions. As per Alain Conrard, CEO of Prodware, this acquisition would help Prodware to strengthen its geographical position in Belgium and Luxembourg.
- **Prodware enters Georgian market:** Microsoft's leading partner in Europe for the installation and management of global IT solutions and applications announced that all the services provided by the group are available for companies operating out of Georgia where a team of 27 professionals would be available to provide 24/7 customized services based on customers' requirements.
- **Prodware Group refinances debt with Euro PP and loan:** In 2016, Prodware issued € 79 million Euro PP, which was mainly because of advice from Atout Capital & Marsac Advisory, French independent corporate finance firms and law firms D'Alverny and Gide Loyrette Nouel. The deal is divided into 4 tranches. One is a € 25 million seven-year piece, bought as an unlisted bond by Novo 2 which is a French small and medium sized enterprise loan fund managed by Tikehau Investment Management. Apart from this, Zen Cap and Federis each bought bonds of € 10 million and € 15 million, respectively. The fourth tranche was a new € 28 million senior bank loan, provided by BIL and Bank of China.
- **Prodware issued 5 million euro bond:** Prodware SA issued 50 bonds with a face value of € 100,000 and a market value of \$ 108,810 each to be listed on Marche Libre as of January 15, 2016.

4. Management and Governance^{xxi}

The Management and Governance team has vast experience in the artificial intelligence and in managing operations and finance for multiple businesses. They also have an extensive background in investment matters.

Exhibit 12: Management and Governance		
Name	Position	Past Experience
Phillipe Bouaziz	Chairman	<ul style="list-style-type: none"> • Philippe graduated from the Institute of Business Computing in 1988. • He completed his PHD from Pierre and Marie Curie University. • He started his career with Texas Instruments Europe's R& D & Support department. • He has performed technical activities and has been the consultant to different companies until 1995. • His articles on software and languages have been published in international conferences.
Alain Conrard	Managing Director / CEO	<ul style="list-style-type: none"> • Alain holds a degree in Computer Science from University Institute of Technology, France in 1984. • He also holds a degree in Company Management from Institute of Business Administration, France in 1988. • He has worked with Sage where he held different commercial and marketing positions. • In 2000, Alain became Marketing Manager of Sage's Mid-Market Department. • In 2003, he became the CEO of Prodware.
Stephane Conrard	Deputy Managing Director / CFO	<ul style="list-style-type: none"> • Stephane completed his degree in Public Accounting in 1996. • He also holds a degree in Eastern Civilization and languages. • He served as a manager in PricewaterhouseCoopers. • He also worked with "Organization, Conseil, Audit", Parisian Public Accounting Firm. • He joined Prodware in 2006.
Viviane Neiter	Administrator	<ul style="list-style-type: none"> • Viviane has done his graduation from Reims Management School in 1980. • She also served as a Financial communication professor in Reims Management School, ICN Business School and Esa. • She is serving as a director in Dolphin International, Ginger and Kertel which are listed companies. • She has also been in charge of local investment funds' press relations in eastern France. • She has been the member of French Institute of Administrators and Savings Commission of the Autorite des Marches Financiers.

5. Industry Overview

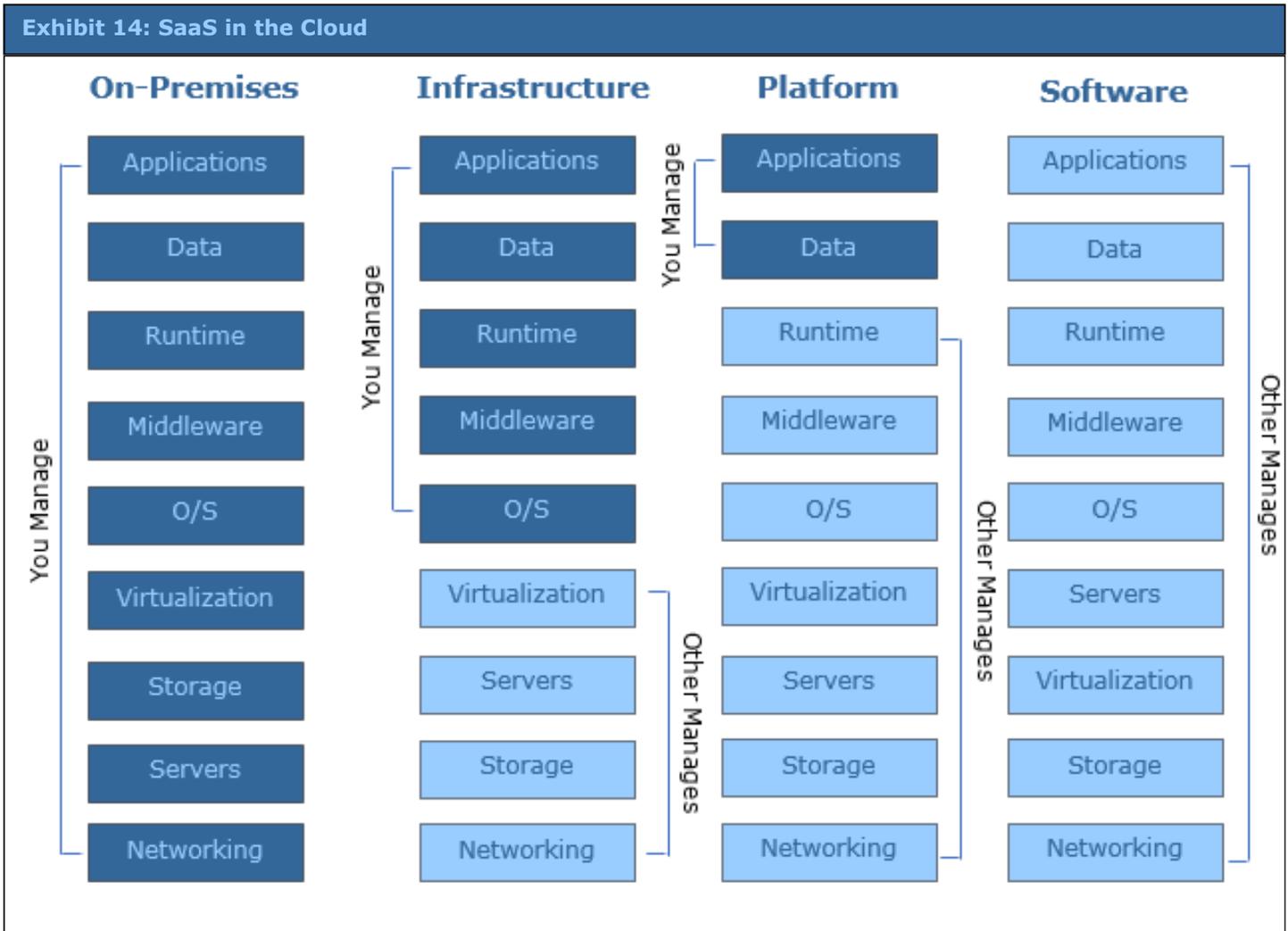
The IT services sector is likely to grow at 5.5% in 2018 and by 4.6% in 2019. Global IT spending is expected to witness a 4.5% growth in 2018 compared with the previous year. The industry started to experience the turn-around in 2017 wherein continued growth was expected over the next few years. Businesses will continue to invest in the IT sector as companies expect growth in the top-line, but their spending pattern will swing. The projects which will continue to drive the markets would be ventures in digital business, blockchain, Internet of Things (IoT), and progression from big data to algorithms to machine learning to artificial intelligence (AI). However, uncertainty will remain as the organizations consider currency fluctuations, and a possible global recession.

Enterprise software continues to showcase a strong growth with global expenditure forecast to grow at 9.8% in 2018 followed by growth of 8.3% in 2019 and reach a total of € 340 billion. Further, the companies are also expected to raise spending on enterprise application software in 2018, with more of the budget oriented towards SaaS. The rising availability of SaaS-based solutions is encouraging, new adoption and expenditure across many subcategories, such as financial management systems (FMS), human capital management (HCM) and analytic applications.

Particulars	2017 Expenditure	2017 Growth (%)	2018 Expenditure	2018 Growth (%)	2019 Expenditure	2019 Growth (%)
Data Center Systems	144	4.4	145	0.7	144	0.7
Enterprise Software	286	8.9	314	9.8	340	8.3
Devices	538	5.7	568	5.6	573	0.9
IT Services	753	4.3	795	5.6	831	4.5
Communications Services	1,124	1.3	1,152	2.5	1,164	1.0
Total	2,846	3.8	2,972	4.4	3,054	2.8

5.1 SaaS

SaaS differs from traditional software in that it is deployed and made accessible to users over the internet or in the “cloud”. Traditional software in comparison is deployed “on-premises” meaning the software is implemented on the premises of a business client on their own servers whereby employees access the software through a desktop interface connected to a local network.



5.1.1 Horizontal Vs. Vertical SaaS^{xxiii}

SaaS companies provide a range of different needs for businesses around the world which are mentioned in the table below:

Exhibit 15: Horizontal SaaS Vs. Vertical SaaS	
Horizontal SaaS	Vertical SaaS
CRM	Construction
Human Resources	Hospitality
Finance and Accounting	Real Estate
Customer Service and Engagement	Insurance
Workforce Collaboration	Manufacturing
BI	Legal
Data Analytics	Transportation

Budgeting, Reporting and Planning	
Procurement, Spending and Sourcing	
Software Development	
Governance, Risk and Compliance	
Ecommerce	

The public cloud services market witnessed a growth of 28.6% in H1 2017 wherein the top-line totaled to € 58.4 billion. However, the growth was unevenly spread across SaaS, Platform as a Service (PaaS) and IaaS. There are now thousands of SaaS applications, available from internet giants to startups. The SaaS segment holds nearly 69 % of overall public cloud market share, but it's Y-o-Y growth rate of 22.9% is the slowest of the three primary segments.

The rise of the SaaS industry has continued to captivate the business community at large given the impressive growth rate the segment has witnessed over the past three decades. The industry's strong momentum into an even brighter future is hard to refute; and SaaS executives and investors are keen to play bigger and bolder roles as the industry evolves.

Venture capitalist, growth equity, private equity, asset managers, hedge funds as well as individual investors are among the range of investors helping to fuel the industry's growth. At present, the traditional enterprise application software industry is estimated to be generating approximately € 242 billion annually. Comparatively, the emerging SaaS industry, a part of the overall "Cloud Services" market, generates € 37 billion annually and it is expected to grow further to € 61 billion by 2020. On the other hand, the usage of traditional enterprise software is anticipated to witness reduction as companies experience multiple benefits of SaaS including its lower relative cost compared to traditional software, its continuous and seamless platform technology upgrades, and the increasing trust in security protocols offered by cloud providers.

Exhibit 16: Global Public Cloud Services Projection (Millions of €)^{xxiv}				
Particulars	2017	2018	2019	2020
Cloud Business Process Services	39.0	38.4	41.6	45.4
Cloud Application Infrastructure Services	7.9	8.6	10.2	11.9
Cloud Application Infrastructure Services	41.1	44.5	52.4	61.1
Cloud Management and Security Services	7.8	8.4	9.8	11.3
Cloud System Infrastructure Services	30.7	36.8	46.7	57.8
Cloud Advertising	92.7	95.6	107.8	121.9
Total Market	219.0	232.2	268.6	309.4

5.2 Software Publishing^{xxv}

Software Publishing covers developing and distributing different types of computer software. The other aspects of software publishing include designing, providing documentation, assisting in installation and providing customer support services. There are several types of products, namely: operating systems and productivity software, business analytics and enterprise software, database, storage and backup software, design, editing and rendering software and videogame software. The term "publishing" indicates the production and distribution of information in printed form. The same task is performed by the software publishing industry, but through other methods such as CD-ROMs, sale of new computers preloaded with software or through distribution via the Internet.

In terms of geography, the Asia Pacific was the largest software publishing market in 2017 with around 40% share. North America stood at the second place with around 31% share.

Also, mergers and acquisitions in this industry are increasing. Large companies are acquiring smaller companies to expand their product and service portfolio. Start-ups are advancing into the market because of low barriers to entry, to capture niche markets. Because of this, big players such as Oracle and Microsoft are especially pursuing acquisitions in the industry to acquire more market share, leading to higher profit margins and lack of price competition.

5.3 Consulting

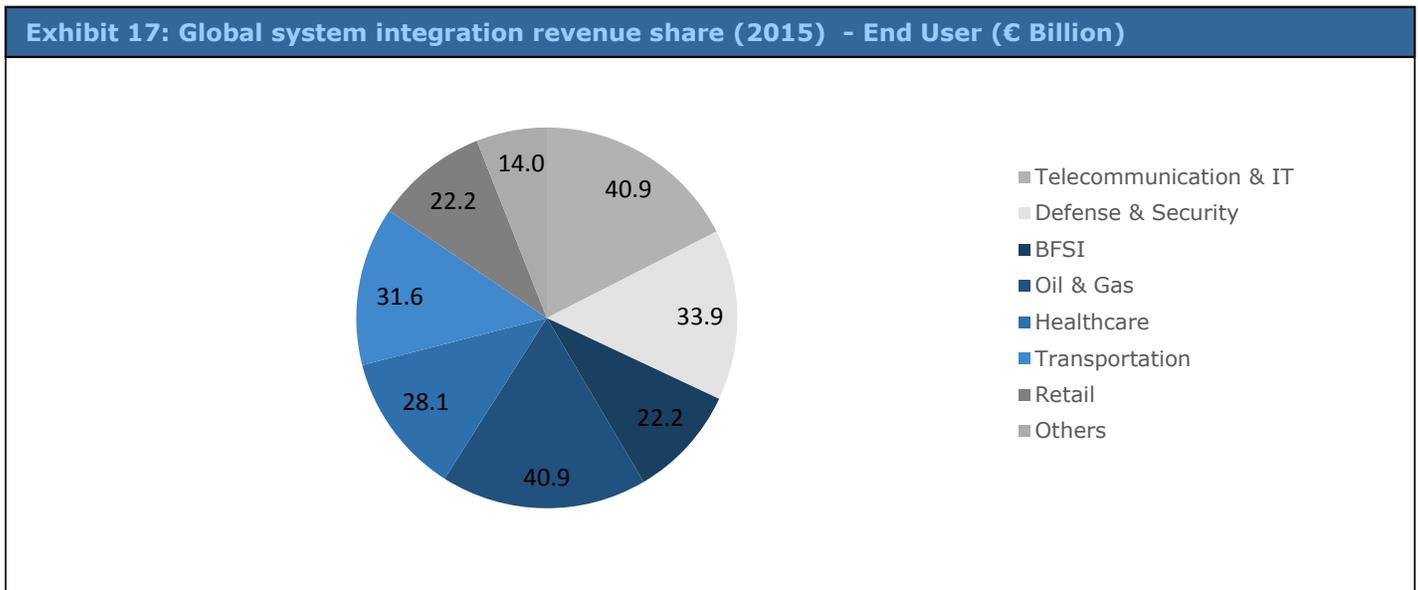
5.3.1 System Integration

The system integration market size is expected to increase at a CAGR of 7.5%, from € 243.7 billion in 2016 to € 313.0 billion by 2021^{xxvi}. The system integration market is driven by parameters such as the concern for automation & integrated approach in business process and advancements in cloud technologies & virtualization. Nevertheless, high implementation costs, time constraints, and absence of framework limit the advancement of the integration market.

The benefits from cloud integration such as scalability, minimal investment in hardware, utility style costing, geography independence, no single point of failure, promote the acceptance and implementation of cloud integration services and solutions. Therefore, the cloud integration segment is anticipated to surge at the maximum CAGR during the forecast period. The network integration segment is expected to witness a maximum share of the system integration market from 2016 to 2021.

On the other hand, integrated social software segment is expected to experience the highest CAGR and dominate the system integration market from 2016 to 2021, mainly driven by increased transparency, better communication of business ideas & information, flexibility, and performance along with simplified operations.

5.3.1.1 End-User Insights^{xxvii}



As we understand, infrastructure integration, application integration, and consulting services together form the system integration services. Further, application integration services include unified communication, data integration, integrated social, and security software. Data integration is forecast to increase at a substantial rate over the next few years.

Business process integration, application lifecycle management, and business transformation are part of consulting services. It is expected that business process integration is expected to emerge as a key market owing to its automated governance and efficiency.

Infrastructure system integration is estimated to increase at a substantial rate owing to the widespread use of cloud-based services and network management. Further, cloud system integration is anticipated to experience significant growth due to its various features such as dynamic scaling, utility price and variable cost.

5.3.1.3 Regional Insights

Given the huge investments made by the government for the adoption of innovative solutions within various departments, North America held the highest market share in 2015 and accounted for more than 30% of top-line share. On the other hand, Asia-Pacific is estimated to be the fastest-growing geography and is expected to grow at a CAGR of over 11.0% from 2016 to 2025.

Moreover, Latin America and the Middle East & Africa are also expected to make significant investments in the market which would be primarily driven by several benefits offered by system integration solutions.

5.3.1.4 Competitive Insights

The Services integration market is characterized by intense competition with the presence of a few major global companies having a substantial market share. Further, the industry is experiencing consolidation between the key players.

5.3.2 Digital Transformation^{xxviii}

The global digital transformation market is expected to reach a value of € 647 billion by 2025. The key drivers for this market are introduction of innovative solutions that are capable of engaging customers or employees to integrate process, data, IT and business and the increasing demand for the adoption of IoT. Through digital transformation organizations can tackle disruptive changes such as marketplace fluctuation, corporate restructuring.

5.3.3 Customer Experience Management Market^{xxix}

The customer experience management market is expected to grow from an estimated € 4.81 billion in 2017 to € 15.38 billion by 2022 at a CAGR of 23.1% from 2017 to 2022. The key drivers for this market are increasing adoption of customer experience management solutions to reduce the customer churn rate across the globe.

5.4 Competitive Landscape^{xxx}

There are various services offered by the players in the industry. The following table presents an overview of the main Competitors of Prodware.

Exhibit 18: Services offered by various players in the market				
Company	Business Description	Country	Founding Year	Market Cap (Mn €) ^{xxxi}
	The company provides information and communications technology (ICT) services. The Company offers service packages for management and business consultancy, ICT consultancy, ERP consultancy and management, applications development and management, and embedded software development	Netherlands	1973	149.4
	The company offers consulting services, including strategy execution and transformation, IT strategy, sales and marketing, supply chain management, performance management, operational excellence, business technology, governance and organization, and sourcing and procurement services	Sweden	1986	314.2
	The company provides information technology consulting solutions for financial service organizations in Germany, Austria and Switzerland	Italy	1987	120.7
	The company products and solutions cover billing, network management, ERP systems, IT security, CRM and loyalty management, EDI, sales support, electronic communication, and BI	Poland	1991	322.0
	Business & Decision SA is a France-based consulting and data engineering company. It specializes in BI, CRM, as well as e-business and digital marketing, enterprise information management (EMI) and enterprise consulting	France	1992	61.7
	The company provides IT services and software in Europe, North America, the Oceania, and Asia	Luxembourg	2001	327.9
	The company provides independent consulting and ICT services. The Company's activities are focused on providing solutions for clients in all sectors of economic activity: public administration, banking, telecommunications, industry and services	France	1986	12.2
	The company is a publisher and integrator of innovative software solutions, Visiativ accelerates the digital transformation of companies through its collaborative and social oriented business platform.	France	1987	60.0
	It is an IT services company that specializes in legacy modernization. The Company is also engaged in application development, IT infrastructure and software solutions dedicated to application life-cycle optimization,	France	1986	66.1

	optimization of application development processes, data management, digital transformation, system maintenance services and training			
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5.5 Comparison with listed Peers^{xxxii}

Exhibit 19: Services offered by various players in the market (Million €)

Company Name	Market Cap.	Revenue (Trailing 12 Months)	EBITDA (Trailing 12 Months)	EV	EV/ EBITDA
Ordina NV	149.4	349.9	17.7	146.5	8.3
Acando AB	314.2	268.8	28.7	325.7	11.3
Be Think Solve Execute SpA	120.7	140.2	16.4	140.3	8.6
Comarch SA	322.0	287.2	34.0	323.4	9.5
Business & Decision	61.7	213.7	0.6	93.0	143.7
Sword Group SE	327.9	183.3	24.4	326.5	13.4
IT Link SA	12.2	42.9	1.5	16.2	11.1
Visiativ SA	60.0	124.4	8.9	52.3	5.9
Sodifrance	66.1	110.6	1.7	84.4	48.8
Sum/ Average	1,434.2	1,720.9	134.1	1,508.2	28.9x

6. Valuation

The Fair Market Value for all the Company shares stands between € 92.2 million and € 192.9 million as of November 12, 2018. The Fair Market Value for one Company publicly traded share stands between € 11.9 and € 24.9 as of November 12, 2018. The valuation approach followed is the DCF method.

6.1 DCF Method

Valuation	
WACC	
Risk-free rate	1.00% ^{xxxiii}
Beta	1.1 ^{xxxiv}
Equity Market return	10.0% ^{xxxv}
Country Risk Premium	0.0% ^{xxxvi}
Cost of Equity	10.5%
Cost of Debt	4.2%
Terminal Growth Rate	1.0%
WACC (Discount Rate)	8.7%

Year Ending- Dec	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
FCFF (Low)								
Net cash from operating activities	24	31	33	32	34	32	35	29
Capital Expenditure	(18)	(19)	(19)	(20)	(18)	(19)	(19)	(19)
Free Cash Flow to Firm	6	12	14	12	16	13	16	11
Discount factor	0.99	0.91	0.84	0.77	0.71	0.65	0.60	0.55
Present Value of FCF	6	11	12	9	11	9	10	6
FCFF (High)								
Net cash from operating activities	24	32	36	38	42	44	50	46
Capital Expenditure	(18)	(20)	(21)	(22)	(22)	(24)	(23)	(24)
Free Cash Flow to Firm	6	12	15	15	21	20	27	21
Discount factor	0.99	0.91	0.84	0.77	0.71	0.65	0.60	0.55
Present Value of FCF	6	11	13	12	15	13	16	12

Arrowhead Fair Value Bracket	Low	High
Terminal Value (TV) (€ million)	143	282
Present Value of TV (€ million)	79	156
Present Value of FCF (€ million)	74	98
Net Debt (€ million)	60	60
Equity Value Bracket (€ million)		
Shares O/s (million)	7.7	7.7
Fair Share Value Bracket (€)	11.9	24.9
Current Market Price (€ million)	9.78	9.78
Upside/(Downside)	21.6%	154.6%
Current Market Cap. (€ million)	75.8	75.8
Target Market Cap. Bracket (€ million)	92.2	192.9

Sensitivity Analysis

Sensitivity Table - High		WACC (%)				
		7.7%	8.2%	8.7%	9.2%	9.7%
GROWTH RATE (%)	0.0%	26.5	24.3	22.4	20.7	19.1
	0.5%	28.1	25.7	23.6	21.7	20.0
	1.0%	30.0	27.3	24.9	22.8	21.0
	1.5%	32.1	29.0	26.4	24.1	22.1
	2.0%	34.6	31.1	28.1	25.6	23.4

Sensitivity Table - Low		WACC (%)				
		7.7%	8.2%	8.7%	9.2%	9.7%
GROWTH RATE (%)	0.0%	12.8	11.7	10.6	9.7	8.9
	0.5%	13.6	12.3	11.2	10.2	9.4
	1.0%	14.5	13.1	11.9	10.8	9.8
	1.5%	15.6	14.0	12.7	11.5	10.4
	2.0%	16.9	15.1	13.5	12.2	11.0

Approach for DCF Valuation

Time Horizon: The Arrowhead fair valuation for PRODWARE is based on a DCF method. The time period chosen for the valuation is 84 months (2018E-2025E).

Terminal Value: Terminal value is estimated using terminal growth rate of 1.0%.

Prudential nature of valuation: It should be noted that this Arrowhead Fair Value Bracket estimate is a relatively prudential estimate, as it discounts the eventuality of any new products being launched in the market or any significant change in the strategy.

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent depending on the subsectors in which the research is conducted, but all Arrowhead valuation research possesses an underlying set of common principles and a generally common quantitative process.

With Arrowhead Commercial and Technical Due Diligence, Arrowhead extensively researches the fundamentals, assets and liabilities of a Company, and builds solid estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance, such as price/earnings ratios, indicated as applicable, are present mainly for reference purposes. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

Elements of comparison, such as multiple analyses may be to some limited extent integrated in the valuation on a project-by-project or asset-by-asset basis. In the case of this PRODWARE report, there are no multiple analyses integrated in the valuation.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analysis, such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to those projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a tool for valuation. The high-bracket DCF valuation is derived from the high-bracket key variables, while the low-bracket DCF valuation is based on the low-bracket key variables.

In principle, an investor who is comfortable with the high-brackets of our key variable analysis will align with the high-bracket in the Arrowhead Fair Value Bracket, and likewise in terms of low estimates. The investor will also take into account the Company intangibles – as presented in the first few pages of this document in the analysis on strengths and weaknesses and other essential Company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in the investor's own analysis.

The bracket should be understood as a tool provided by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that on one hand, global capital markets contain inefficiencies, especially in terms of information, and that on the other hand, corporations and their commercial and technical positions evolve rapidly: this present edition of the Arrowhead valuation is for a short to medium-term alignment analysis (one to twelve months). The reader should refer to important disclosures on page 27 of this report.

7. Appendix

7.1 Prodware's Financial Summary

Exhibit 20: Financial Summary		Low Bracket Estimates						
Year Ending Dec	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue (€ million)	176	183	189	194	198	203	206	207
Operating Profit (€ million)	21	20	20	20	21	20	20	18
Net Income (€ million)	14	11	12	12	14	14	14	13
EPS	1.49	1.17	1.24	1.27	1.44	1.47	1.52	1.39
Growth rates (%)								
Revenue	4.7%	4.5%	3.1%	2.4%	2.3%	2.2%	1.7%	0.3%
Operating Profit	38.6%	(7.2%)	2.1%	(1.2%)	4.2%	(2.2%)	(0.2%)	(9.7%)
Net Income	21.9%	(21.5%)	5.7%	2.8%	13.0%	2.0%	3.6%	(8.5%)
EPS	21.9%	(21.5%)	5.7%	2.8%	13.0%	2.0%	3.6%	(8.5%)
EBITDA	18.2%	2.3%	1.9%	(0.5%)	1.5%	(0.4%)	(1.0%)	(2.5%)
Margins (%)								
Gross Margins	54.0%	54.3%	54.5%	54.8%	55.0%	55.0%	55.0%	55.0%
Operating Profit Margin	12.1%	10.8%	10.7%	10.3%	10.5%	10.0%	9.8%	8.9%
Net Profit Margin	8.0%	6.0%	6.2%	6.2%	6.9%	6.8%	7.0%	6.4%
EBITDA Margins	20.7%	20.3%	20.0%	19.5%	19.3%	18.8%	18.3%	17.8%
Ratios								
ROA	4.1%	2.8%	3.0%	3.1%	3.5%	3.6%	3.8%	3.5%
ROE	10.3%	7.5%	7.4%	7.1%	7.5%	7.2%	7.0%	6.0%
Debt/Equity	1.3x	1.1x	1.0x	0.8x	0.7x	0.6x	0.5x	0.4x
Interest Coverage	3.5x	2.5x	2.6x	2.8x	3.4x	3.8x	4.2x	4.4x

Exhibit 21: Financial Summary		High Bracket Estimates						
Year Ending Dec	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue (€ million)	179	192	205	219	233	249	260	267
Operating Profit (€ million)	22	22	25	29	32	36	37	37
Net Income (€ million)	15	13	16	20	24	28	30	30
EPS	1.56	1.42	1.72	2.10	2.54	2.93	3.16	3.16
Growth rates (%)								
Revenue	6.4%	7.4%	7.0%	6.7%	6.7%	6.6%	4.4%	2.7%
Operating Profit	43.4%	1.6%	12.6%	13.7%	12.9%	10.2%	5.1%	(1.5%)
Net Income	27.7%	(9.0%)	20.8%	22.5%	20.8%	15.3%	7.9%	0.2%
EPS	27.7%	(9.0%)	20.8%	22.5%	20.8%	15.3%	7.9%	0.2%
EBITDA	20.8%	7.6%	8.3%	8.7%	7.9%	7.8%	3.2%	1.5%
Margins (%)								
Gross Margins	54.1%	54.9%	55.6%	56.5%	57.3%	58.0%	58.0%	58.0%
Operating Profit Margin	12.3%	11.7%	12.3%	13.1%	13.9%	14.3%	14.4%	13.8%
Net Profit Margin	8.3%	7.0%	7.9%	9.1%	10.3%	11.1%	11.5%	11.2%
EBITDA Margins	20.8%	20.9%	21.1%	21.5%	21.8%	22.0%	21.8%	21.5%
Ratios								
ROA	4.3%	3.4%	4.0%	4.9%	5.9%	6.7%	6.9%	6.7%
ROE	10.8%	9.0%	9.9%	11.0%	11.9%	12.2%	11.8%	10.6%
Debt/Equity	1.2x	1.1x	1.0x	0.8x	0.6x	0.5x	0.4x	0.3x
Interest Coverage	3.6x	2.8x	3.3x	4.0x	5.2x	6.5x	7.7x	8.7x

7.2 Prodware's Balance Sheet Forecast

Exhibit 22: Consolidated Balance Sheet		All figures in € million, unless stated differently							<i>Low Bracket estimates</i>
<i>Year Ending-Dec</i>	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Total current assets	200	200	200	187	176	171	168	161	
Total non-current assets	189	193	197	202	206	210	214	217	
TOTAL ASSETS	389	394	397	389	381	381	381	378	
Total current liabilities	88	89	88	88	87	88	88	86	
Total non-current liabilities	158	152	145	126	106	93	80	67	
TOTAL LIABILITIES	246	240	233	214	194	181	168	152	
Total shareholder's equity	143	153	164	175	187	200	213	225	
TOTAL LIABILITIES & EQUITY	389	394	397	389	381	381	381	378	

Exhibit 23: Consolidated Balance Sheet		All figures in € million, unless stated differently							<i>High Bracket estimates</i>
<i>Year Ending-Dec</i>	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	
Total current assets	200	203	206	199	196	202	211	216	
Total non-current assets	190	194	200	207	213	221	229	236	
TOTAL ASSETS	390	397	406	406	409	423	440	453	
Total current liabilities	88	89	89	90	89	90	91	88	
Total non-current liabilities	158	152	145	126	106	93	80	67	
TOTAL LIABILITIES	246	241	234	216	196	183	171	155	
Total shareholder's equity	144	156	171	190	213	240	268	297	
TOTAL LIABILITIES & EQUITY	390	397	406	406	409	423	440	453	

8. Analyst Certifications

I, Parvati Rai, certify that all the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public Company disclosures.

I, Sumit Wadhwa, certify that all the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public Company disclosures.

Important disclosures

Arrowhead Business and Investment Decisions, LLC will receive fees in 2018 from Prodware for researching and drafting this report and for a series of other services to Prodware including distribution of this report and networking services. Neither Arrowhead BID nor any of its principals or employees own any long or short positions in Prodware. Arrowhead BID's principals intend to seek a mandate for investment banking services from Prodware and expect to receive compensation for investment banking activities for Prodware in 2018.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of Arrowhead BID's judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary.

Investors are advised to gather and consult multiple sources of information while preparing their investment decisions. Recipients of this report are strongly advised to read the Information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value

Bracket integrate alongside the rest of their stream of information and within their decision-making process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

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9. Notes and References

- i Source: Bloomberg, retrieved on November 12, 2018
- ii Source: Bloomberg: 52 weeks to November 12, 2018
- iii Source: Bloomberg: 3 months to November 12, 2018
- iv Arrowhead Business and Investment Decisions Fair Value Bracket-AFVBTM. See information on valuation on pages 23-27 of this report and important disclosure on pages 28 of this report
- v Source: Company Filings, Company Website and Press Releases
- vi Source: Company website and Company Filings
- vii Source: Company Filings
- viii Source: Company Filings and Press Releases
- ix Source: Company Filings
- x Source: Company Website
- xi Source: Company Filings and Website
- xii Source: Company Filings
- xiii Source: Company Reports
- xiv Source: Company Reports
- xv Source: Company Filings
- xvi Source: Company Website
- xvii Source: Company Filings
- xviii Source: Company Filings
- xix Source: Company Website
- xx Source: Company Website
- xxi Source: Company Website
- xxii Source: <https://www.gartner.com/newsroom/id/3845563>
- xxiii Source: <https://thesaasreport.com/saas/>
- xxiv Source: <https://thesaasreport.com/saas/>
- xxv Source: <http://www.softwarepublishing.com/>
- xxvi Source: <https://www.grandviewresearch.com/industry-analysis/system-integration-market>
- xxvii Source: <https://www.grandviewresearch.com/industry-analysis/system-integration-market>
- xxviii Source: <https://www.grandviewresearch.com/press-release/global-digital-transformation-market>
- xxix Source: <https://www.marketsandmarkets.com/PressReleases/customer-experience-management.asp>
- xxx Source: Bloomberg and Thomson Reuters
- xxxi Source: Bloomberg
- xxxii Source: Bloomberg
- xxxiii Source: Bloomberg
- xxxiv Source: Arrowhead Estimate
- xxxv Source: Bloomberg
- xxxvi Source: Bloomberg