

Prodways Group refocuses its Printers activity on the industrial segment and discontinues its small printers business for the jewellery market

Prodways today Group announces the cessation of its activity of small printers for jewelry. The disappointing performance in 2023, mainly due to weak machinery sales, leads the group to take measures to improve its results quickly and structurally.

This decision reflects the “growth and profitability” strategy implemented by the company since its creation. Prodways Group remains one of the best players in 3D printing on a global scale, both technologically and in terms of financial profitability. This decision should strengthen this position by allowing the group to focus on the segment of large industrial printers with high added value.

A strategic choice to allocate resources to high-volume industrial applications

For several years, Prodways Group has been marketing small printers for the high-end jewellery sector under the Solidscape brand. The sales of these small printers (with a unit value of around €15k), as well as the associated materials and services, generated a turnover of around €5 million in 2023 and a significant operating loss. The cessation of this activity will therefore have a positive structural impact on Prodways' profitability.

Although the 3D market for jewelry is still growing, the weak performance of 2023 has led the group to reassess the efforts needed to turn around this small printer business in a sustainable way, especially in comparison with the prospects for industrial printers. As a result, Prodways Group has decided to discontinue the jewellery application in order to focus on the segment of large high value-added printers and associated materials, in particular the MovingLight range. The growth levers in this segment are easier to activate and have a higher profitability profile. Prodways Group also benefits from its good positioning in existing markets, such as the medical sector, and could generate opportunities through new industrial applications for sectors such as aeronautics.

The shutdown of the jewellery activity is being implemented now and should be finalized by the end of summer 2024. The impact in the 2023 financial statements is estimated at this stage at around €15 million in depreciation (non-cash impact)¹. In 2024, the costs related to this shutdown are expected to represent just over €1 million, mainly in the first half of the year.

¹ The final figure will be finalized during the ongoing consolidation of the 2023 financial statements.

Next publication: full-year 2023 revenues

Prodways Group will publish its 2023 revenues on 14 February and will provide details on the performance of the group's other activities and the outlook for 2024.

The company is already indicating significant changes in the recognition of revenues from the Software business. From an accounting point of view, the recognition of revenues from this activity is changing due to the classification of Prodways Group as an "agent" under IFRS 15 standard as of July 2023, whereas the company was considered "principal" until that date². As an agent, Prodways Group now recognizes the gross margin earned on these sales as turnover. This change therefore reduces the absolute value of the revenues recognized, by around €5 to €7 million in 2023, but has no impact on current EBITDA in absolute value. The precise figures are not available yet and will be communicated with the full-year revenue on 14 February.

The other notable development in this activity is the shift in sales to the SaaS (*Software as a Service*) model, which has been becoming significant since the second half of 2023 and will be even more so in 2024. Unlike traditional "on-premises" sales, SaaS sales generate a recurring revenue stream that is smoothed over time, with a mechanical drop in revenues during the transition period. Supported by Dassault Systèmes, this change of model now gives Prodways the opportunity to gain market share and increase the number of customers in this business to offset this effect.

Overall, these measures and changes are expected to improve Prodways' recurring revenue generation and growth opportunities. In particular, the refocusing of the Printers business will have a positive impact on profitability and cash generation starting from the second half of 2024.

² This change is due to the modification of a contractual clause in Prodways' partnership with Dassault Systèmes. The estimated financial impact of this clause is not significant but modifies the IFRS 15 classification.

About Prodways Group

Prodways Group is a specialist in industrial and professional 3D printing with a unique positioning as an integrated European player. The Group has developed across the entire 3D printing value chain (software, printers, materials, parts & services) with an industrial solution with high technological added value. Prodways Group offers a wide range of 3D printing systems and premium composite, hybrid or powder materials (SYSTEMS division). The Group also manufactures and markets on-demand parts, prototypes and small series of 3D printed plastics and metal (PRODUCTS division). Prodways Group addresses a large number of sectors, particularly in the medical field.

Listed on Euronext Paris (FR0012613610 - PWG), the Group generated revenue of €81 million in 2022.

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