

## Full-year 2020 results: recovery dynamic started in the second half, strong ambitions for the coming years

- **Activity 2020: many commercial and operational successes in challenging environment**
  - Commercial successes and major partnerships signed, particularly in the medical industry
  - Implementation of new innovative solutions confirming the position of Prodways as a key player in 3D Printing for industrial production
  
- **Operational transformation set to drive performance starting 2021**
  - New organization of printer production to create synergies and improve profitability
  - Increased material production capacity for the medical industry by +50%
  
- **Uptrend in the second half of 2020 despite the second lockdown**
  - Revenue down by -€6 million compared to the second half of 2019, vs -€8 million in the first half
  - Positive EBITDA of €1.9 million despite the decrease in revenue
  - Limited decrease in Income from ordinary activities of -€0.4 million vs the second half of 2019
  
- **Outlook: Prodways well positioned in a high potential market**
  - Target 2021: double-digit revenue growth
  - Strong growth of the 3D printing market expected to reach approximately €100 billion by 2029<sup>1</sup>
  - Unique strategic positioning opening the way for strong medium-term ambitions.

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<sup>1</sup>Source: Wohlers report 2020

● **2020 activity: many successes despite a difficult context**

**Commercial successes and partnerships signed**

In the context of a wait-and-see market, Prodways Group demonstrated its ability to continue its activities and **sign new orders and partnerships**. The strategy implemented for several years, which today makes it possible to harness the entire 3D printing value chain (machines, materials, software and manufacturing), has delivered success in multiple areas.

Prodways signed a contract in the first half for **the sale of liquid resins** with several European dental specialists, using materials specifically developed for this industry, such as PLASTCure Model liquid resin, which provides a very high degree of precision for mass production. Two customers acquired a fleet of ProMaker LD10 and LD20 machines to increase their production by more than one million orthodontic aligners per year. This positive trend **continued in early 2021** with the signature of a **four-year agreement with a leading global player** in the dental industry, focusing on the development and supply of 3D resins for applications such as castable resin, individual impression trays, aesthetic fittings, surgical guides or temporary crowns and bridges. These products, solutions and services are sold in more than 100 countries through a network of distributors and partners.

These industrial customers should **consume several dozen tons of materials** once their production has stabilized, reflecting the growing use of 3D printing in this industry.

The commercial dynamic is also tangible in **the jewelry industry**, with two contracts to equip two customers with a dozen machines each, as well as in **3D modeling software distribution**, which won an unprecedented record contract in 2020.

The Group also recorded two new **commercial successes in its range of printers using powder sintering technology**. Two international industrial customers in Spain and the United States, in the steel and food packaging industries respectively, each ordered a ProMaker P1000X printer, enabling the 3D printing of parts in materials with high mechanical performance. This last order was secured by Solidscape, Prodways' American subsidiary, acquired two years ago, and thus materializes the commercial synergies being implemented in the Machine division since this acquisition.



## Implementation of new innovative solutions delivering sector-leading accuracy and speed for industrial production

In the first half, Prodways launched a **new business line for the integration of Cloud solutions** from the Dassault Systèmes 3DEXPERIENCE® platform, both in Europe and in North America, through the acquisition of a non-controlling interest in XD Innovation for the latter region. **Prodways is thus positioned as one of the only manufacturers of industrial 3D printers in the world to offer software expertise to master the creation, modification and simulation of 3D files**, which are major assets for customers. Cloud technologies, which are reaching maturity, are opportunities to gain market share on a global level in this business which offers strong recurring business.

In the second half, the Group announced **new innovative features** integrated into its range of compact 3D printers MOVINGLight® ProMaker LD Series: **Super-Resolution 3D based on a new generation of algorithms and post-processing by centrifuge** for aligners production. These improvements allow for an improved surface finish, a faster manufacturing time and a better recycling rate of the non-polymerized material. This printer range can now achieve precision beyond its native performance of 42 micrometers while increasing production speed by 30%.

These features have translated into **two commercial successes** with the Polish company Brightalign, which recently acquired two new machines for the production of its orthodontic aligners, and the Italian company GEO which has just confirmed a recent order for two machines.

**Prodways thus confirms its position as a key player in industrial production, offering its customers unique solutions to increase their productivity and improve their results.**

### ● **Operational transformation set to drive performance from 2021**

To consolidate the ramp-up of the business for several years, with revenues that have more than doubled over the past three years, and to meet future demand in a very buoyant market, Prodways has been gradually setting up a **new organization for the production of its machines** since the end of 2020. This transformation will make it possible to achieve synergies between its business lines, improve profitability by reducing the fixed cost structure and thus focus on the development of new high-potential markets. Manufacturing of the SLS and MovingLight printers, historically located in the Paris region, will be transferred to the sites of Merrimack in the United States for the MovingLight printers, which already manufactures the Solidscape models (in particular the S-Series line) and Annecy for the SLS printers, where the workshops of the Products division are located (design and manufacturing of parts on demand and medical applications). Four French sites have been grouped together in Annecy.



In addition, in view of the good commercial prospects for medical applications, the Group has once again increased its production capacity in order to meet the growing demand in this industry. **The capacity has increased by 50% in eight months and can now reach 100 tons per year.** This high-margin business is one of the Group's main growth drivers.

This transformation **will deliver results in 2021** with an uptrend in sales and revenue growth.

● **Results for 2020: continued recovery in the second half of 2020**

<i>(€ million)</i>	<i>H1 2019</i>	<i>H2 2019</i>	<i>FY 2019</i>	<i>H1 2020</i>	<i>H2 2020</i>	<i>FY 2020</i>	<i>Change H2 2020 vs H2 2019</i>	<i>Change FY 2020 vs. FY 2019</i>
Revenues	35.3	36.0	71.3	26.8	30.4	57.2	-5.6	-14.1
EBITDA <sup>2</sup>	2.6	2.7	5.3	1.4	1.9	3.3	-0.8	-2.0
Income from ordinary activities <sup>3</sup>	-1.0	-0.5	-1.5	-2.9	-0.9	-3.8	-0.4	-2.3
Operating income	-2.4	-1.3	-3.8	-10.0	-4.8	-14.8	-3.5	-11.0
Financial result	-0.1	-0.2	-0.3	-0.2	-0.1	-0.3	+0.1	-0.0
<b>Net income group share</b>	<b>-2.8</b>	<b>-1.4</b>	<b>-4.2</b>	<b>-8.7</b>	<b>-5.3</b>	<b>-13.9</b>	<b>-3.8</b>	<b>-9.7</b>

*The consolidated financial statements for 2020 were approved by the Board of Directors which met on March 16, 2021. The financial statements have been reviewed by the Statutory Auditors and their reports are in the process of being issued.*

Consolidated revenue at December 31, 2020 amounted to €57.2 million, down by 20% compared to 2019 due to the health crisis. **Business recovery began in the second half of the year for all activities**, down -€5.6 million compared to 2019, versus -€8.5 million in the first half of 2020.

**EBITDA amounted to €1.9 million in the second half**, down only €0.8 million versus €1.1 million in the first half. In full-year 2020 it totaled €3.3 million, just €2 million below the performance in 2019 despite a decrease in revenue of €14.1 million.

<sup>2</sup> Operating income before "depreciation, amortization and provisions", "other items of operating income" and "Group share of the earnings of affiliated companies".

<sup>3</sup> Operating income before "other items of operating income" and "Group share of the earnings of affiliated companies".

The decrease in depreciation, amortization and provisions in the second half (€2.8 million, i.e. -14% compared to the second half of 2019) also contributed to the increase in operating income, which amounted to -€0.9 million.

Other operating income items amounted to -€11 million in 2020 compared with -€2.4 million in 2019 and had no effect on cash for the main part. Due to the unusual context of the health crisis, the Group performed in-depth reviews of the value of all its assets this summer. Impairment losses were recorded with respect to inventory, R&D projects and intangible assets recognized at fair value at the time of acquisition. These factors largely explain the drop in operating income of €11 million in 2020.

Net result in group share amounted to -€13.9 million in 2020.

### Performance by division<sup>4</sup>

(€ million)	H1 2019	H2 2019	FY 2019	H1 2020	H2 2020	FY 2020	Change H2 2020 H2 2019	Change FY 2020 vs. FY 2019	
<b>Systems</b>	Revenues	21.3	23.6	44.9	16.8	19.2	36.0	-23.6	-8.9
	EBITDA	1.3	2.0	3.3	1.4	1.5	2.9	-2.0	-0.4
	EBITDA margin (%)	6.10%	8.6%	7.4%	8.1%	8.0%	8.0%	-8.6 pts	+0.7 pts
	Income from ordinary activities	-0.8	0.4	-0.4	-1.4	0.1	-1.3	-0.4	-0.9
<b>Products</b>	Revenues	14.2	12.8	27.0	9.9	11.3	21.1	-12.8	-5.8
	EBITDA	1.8	1.4	3.1	0.6	1.2	1.8	-1.4	-1.4
	EBITDA margin (%)	12.5%	10.7%	11.7%	6.3%	10.3%	8.4%	-10.7 pts	-3.3 pts
	Income from ordinary activities	0.3	-0.2	0.1	-1.0	-0.2	-1.2	+0.2	-1.3

The **Systems division** – which comprises 3D software, 3D printers and related materials and services – achieved revenue of €36 million in 2020 (-20% vs. 2019). Revenues are still affected by deferred investments by customers, both for machines and software, with **very good performance in materials sales at the end of 2020**. This largely recurring business recorded market share gains, up by 26% in the fourth quarter compared to last year.

Despite the decrease in revenue, EBITDA was only slightly down by €0.4 million over the year and stood at around €3 million. It benefited from the division's structuring, cost reduction and implementation of government initiative measures in France, Germany and the United States. **EBITDA margin was 8.0%**, an improvement since 2019 (7.4%).

<sup>4</sup> The performance of the divisions excludes structural costs, which are added to obtain the consolidated net income presented above



The **Products division** – including the design and manufacture of on-demand parts and medical applications – recorded revenue of €21 million in 2020 (-22% compared to the previous year). **Medical activities** (audiology, chiropody and dentistry), which were on pause during 3 months in the first half of the year, **recovered well** and posted good performance at the end of the year, with a fourth quarter 2020 in line with the level of 2019.

**EBITDA margin** returned to above 10% in the second half of the year, on track to quickly get back to the levels of 2019.

### ● **Sound financial position**

Cash flow from operations improved significantly since the end of June 2020 but remained slightly negative (-€0.2 million compared to -€1 million at end-June). However, this change was largely offset by the significant drop in working capital requirement (-95%). **Operating cash flow reached €4.4 million in 2020.**

The Group used State-Guaranteed Loans in the amount of €8.4 million. At December 31, 2020, available cash amounted to €22.5 million. Net cash and cash equivalents<sup>5</sup> were €5.8 million, versus net cash and cash equivalents of €9.6 million at December 31, 2019.

### ● **Outlook: Prodways well positioned in a high potential market**

#### **A deep, fast-growing 3D printing market with a positive structural outlook**

The economic crisis that hit the 3D printing market in 2020 does not call into question the structural fundamentals of the industry which remain very positive. The growing adoption of 3D solutions for the production of functional components, whether finished products or components, tools or spare parts, will result in strong market growth over the next years. The application possibilities are very broad and can address all sectors on a global scale.

Latest projections<sup>6</sup> anticipate **strong market growth in the coming years, reaching an estimated size of €100 billion** by 2029 (compared to around €10 billion in 2020). These growth forecasts led to strong growth in the securities of US companies in the industry (close to +300% average growth in one year<sup>7</sup>) which has not yet materialized in Europe.

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<sup>5</sup> Net cash and cash equivalents excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock

<sup>6</sup> Source: Wohlers report 2020

<sup>7</sup> Average share price growth of major US 3D Printing players since 16/03/2020



### Strategic positioning to benefit from promising trends

In this environment, **Prodways Group is very well positioned** thanks to the strategy implemented since its creation in 2013 around 3 main axes:

- 1- **Control over the entire 3D printing value chain:** machines, materials, software and manufacturing, enhanced in 2020 with new features on its printers and a new software offering.
- 2- **Technology excellence** offered for industrial production, offering **unique performance in terms of precision and speed**.
- 3- **Development of new partnerships** with the ambition to address new large-scale applications in the upcoming years, such as optics or precision casting. The three-year partnership with Essilor, aimed at developing the MOVINGLight® 3D printing technology for spectacle lenses, is an example. A new milestone was reached in early 2021 with the installation of a second Prodways printer.

Thanks to this positioning, Prodways is one of the **European leaders in its industry**, a specialist in professional and industrial 3D printing. The Group is one of the few players able to offer **an integrated model with turnkey solutions for industrial production, offering greater precision and speed than market standards**.

### 2021 guidance and future ambition

Drawing on its strengths, Prodways has set itself strong ambitions for the upcoming years:

- In the short term, if the health context does not further deteriorate, Prodways has set itself a target of **double-digit revenue growth for 2021**, benefiting in particular from the good trends in the Products business.  
At the same time, **the profitability of the Company is expected to post a strong improvement** starting from the first half of 2021.
- In the medium term, the Group is aiming for **strong growth across its business lines, supported by a fast-growing market and its unique strategic positioning**.



**Conference call on Wednesday, March 17, 2021 at 8:30 am CET**

The presentation will be available on the Prodways Group website: [www.prodways-group.com](http://www.prodways-group.com), under "Financial Information".

On Wednesday, September 17, 2021, Raphaël Gorgé, Executive Chairman, Olivier Strebelle, Chief Executive Officer, and Laurent Cardin, Chief Financial Officer, will comment to the financial community on the Prodways Group full-year results and will answer questions from analysts during a conference call in English starting at 8:30 am (Paris time).

To participate in the conference call, you may dial any of the following telephone numbers approximately ten minutes prior to the scheduled start time:

- France: +33 (0)1 72 72 74 03
- United Kingdom: +44 (0)2 07 19 43 759
- Germany: +49 (0)6 92 22 22 54 29

Access code: 12014036#

A replay will be available as soon as possible on the Prodways Group investors' website, under "Financial Information".

## 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 right across the 3D printing value chain (software, machines, materials, parts & services) with a high value added technological industrial solution. Prodways Group offers a wide range of 3D printing systems and premium composite, hybrid and powder materials (SYSTEMS division). The company also manufactures and markets parts on demand, prototypes and small production run 3D printed items in plastic and metal (PRODUCTS division). The Group targets a significant number of sectors, from aeronautics to healthcare.

Listed on Euronext Paris, the Group reported in 2019 revenue of €57 million.

Prodways Group is a Groupe Gorgé company.

For further information: [www.prodways-group.com](http://www.prodways-group.com)

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