

Full-year 2021 results: robust and growing activities generating record results for Prodways Group

Strong revenue growth and structural improvement in profitability

- ▶ Strong revenue growth of +23% and +20% on an organic basis, exceeding the 2021 guidance.
- ▶ Current EBITDA up by +163% to €8.8 million, bringing the margin to 12.5%, the result of the implementation of synergies within the Group since 2020 and the favorable mix of activities.
- ▶ Cash flow from operations of +€5.9 million, evidence of the streamlined structure and good management of Prodways Group.

A strengthened structure supporting improved extra-financial performance

- ▶ Significant improvement in ESG performance, awarded in the Gaïa rating with a grade of 62/100, an improvement of +7 points thanks to an increase in all aspects of the rating.
- ▶ The arrival of a new CEO, Michaël Ohana, who joined Prodways Group on 1 March 2022.
- ▶ Major changes in Prodways Group's shareholding structure, with free float increasing significantly from 34% to 62% and share liquidity doubling following the distribution of the bulk of the stake held by Groupe Gorgé to its shareholders.

Positive outlook

- ▶ 2022 revenue growth target of around +10%, revised upwards thanks to the good start to 2022.
- ▶ Revenue growth and continued cost control should lead to improved results.

<i>(in millions of euros)</i>	FY 2020	FY 2021	<i>Change FY 2021 vs. FY 2020</i>	<i>%</i>
Revenue ¹	57,2	70,6	+13,4	+23%
Current EBITDA ²	3,3	8,8	+5,5	+163%
<i>Current EBITDA margin</i>	5,8%	12,5%	+6,6 pts	-
Income from ordinary activities ²	-3,8	4,3	+8,1	-
Operating income	-14,8	1,8	+16,5	-
Cost of financial debt, taxes & non-controlling interests	0,8	-1,2	-2,0	-
Net income	-13,9	0,6	+14,6	-

Revenue up by +23% in 2021

Prodways Group recorded **consolidated revenue of €71 million in 2021, up by 23%, and +20% on an organic basis**. This performance is the combined result of:

- ▶ good momentum in sales of **Machines & Materials**, particularly in the dental sector: +24% in 2021;
- ▶ the strong performance of the **on-demand 3D printing service**: growth of 29%, of which 10% on an organic basis;
- ▶ an increase of 25% in **the medical activities of the Products division** driven in particular by **audiology** which is experiencing good momentum despite medical appointments disrupted by the health context.

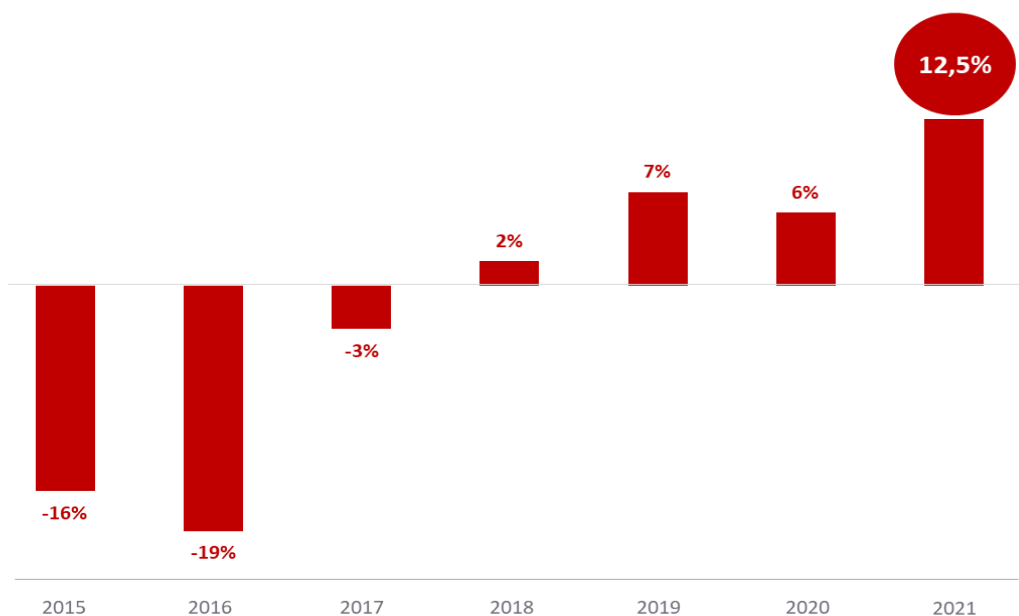
Further details are available in the dedicated press release of 16 February 2022 ([link](#)).

¹Revenue was €70.6 million compared to €70.8 million indicated in the communication of 16 February 2022 following a cut-off adjustment in the Systems division.
² See the glossary in the appendix for a definition of alternative performance indicators

Current EBITDA up by +163%

As a direct result of the operational transformation plan and consolidation of acquired companies, Prodways' profit margin profile has improved significantly. Current EBITDA was up by 163%, with a **margin of 12.5%**, a level never reached before, making Prodways Group one of the most profitable listed companies in the 3D printing sector worldwide.

Change in Prodways Current EBITDA margin since 2015



This significant improvement is mainly due to **the significant reduction in the operating cost base**, reflected in several ways in the two divisions, SYSTEMS and PRODUCTS:

- the volume effect, with a strong increase in revenue;
- an improvement in the business margin supported by a favorable mix of activities;
- limited indirect costs, in particular thanks to the reorganization carried out at the end of 2020 and finalized in 2021.

US subsidies of €0.9 million were received at the beginning of 2021.

For the first time in its history, PRODWAYS GROUP has achieved **a positive operating result, with income from ordinary activities of €4.3 million** in 2021 (compared to -€3.8 million in 2020 and -€1.5 million in 2019). This change in the profit margin profile confirms the success of the Group's transformation and testifies to the operational efficiency achieved by the company.

Income from ordinary activities also stood at a record level of €1.8 million, despite the exceptional costs amounting to €2.6 million this year, mainly related to restructuring costs resulting from the plan implemented since 2020 and exceptional depreciation and provisions.

The consolidated financial statements and results by division may be found in the appendix at the end of this press release.

Sound balance sheet backed by a disciplined financial policy

Prodways is one of the few companies already profitable in the 3D printing sector and has consolidated its balance sheet in order to fortify the foundations of its sustainable growth. **Cash flow from operations³ reached +€5.9 million in 2021**, compared to -€0.2 million in 2020 and representing an increase of 29% compared to 2019.

In addition, Prodways has adopted **a disciplined investment policy while maintaining focused efforts in R&D**. R&D represents approximately 14% of the revenue generated by sales of Machines and Materials, the only activities requiring R&D. Overall investments (R&D and capex) represented €3 million in 2021 and are financed in part by subsidies and tax credits.

Prodways has re-launched in 2021 its external growth dynamic with the acquisition of Creabis, a German specialist in 3D printing services for plastics. The group now has one of the largest printing facilities in Europe, offering its customers increased production capacity, a wide range of technologies and greater responsiveness.

At the end of December 2021, Prodways Group was still in a **positive net cash position**, at €1.3 million, and had nearly €17 million in cash to finance external growth operations.

Significant improvement in ESG performance

In addition to the structurally positive impact of 3D printing as a responsible and local production method, Prodways Group has made significant progress on all three aspects of its ESG policy: Environment, Social and Governance.

This material progress was rewarded with **an improvement of +7 points in the Gaïa Rating** with a score of 62/100 at the end of the last assessment of the company. This increase is expected to continue in the coming years thanks to the setting of targets and the growing involvement of Prodways' management, supported by the Board of Directors.

Appointment of a new Chief Executive Officer

Michaël Ohana joined Prodways group as Chief Executive Officer on 1 March 2022, replacing Raphaël Gorgé who had held the position since the departure of the previous CEO. He brings to the company his rich experience in digital transformation, both within diversified industrial activities and also in the dental field, the most important application sector of 3D printing today and one of the growth drivers of Prodways Group. His contribution will enable the Group to continue its development as a leading player in Industry 4.0.

³ Cash flow from operating activities after neutralization of the cost of net financial debt and taxes and before change in working capital

Major changes in Prodways Group's shareholding structure

On December 22, 2021, Groupe Gorgé, the majority shareholder of Prodways Group until the end of 2021, distributed most of its Prodways Group shares to its shareholders in kind, representing 50.6% of the company's capital.

This operation has significantly improved the stock market profile of Prodways Group, whose **free float has increased from 34% to 62%**. The Gorgé family remains the company's largest shareholder with 28% of the capital⁴. Prodways Group thus benefits from increased liquidity, with daily trading volume doubling since the distribution (to nearly €400k per day), and a strengthened ability to raise capital to seize growth opportunities and forge development partnerships in France and abroad

Outlook and guidance for 2022

Thanks to the good performance of all its activities, Prodways Group intends to continue to grow its revenue in the coming years. In the short term, for the year 2022, the Group has set itself the target of an increase in revenue of around +10%. This objective have been revised upwards following a good start of the year 2022 for Prodways. The first quarter of 2022 should be particularly strong.

The growth is expected be amplified by external growth transactions. The increase in revenues and continued cost control should also lead to an improvement in results.

⁴ Percentage of direct ownership by the Gorgé family and Groupe Gorgé

Appendices

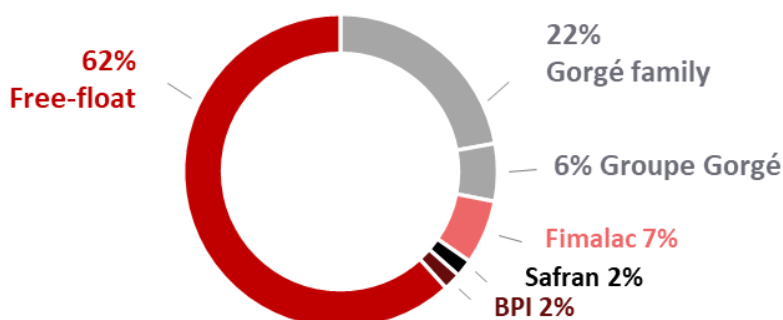
Definition of alternative performance indicators

- Current EBITDA: Operating income before “depreciation, amortization and provisions”, “other items of operating income” and “Group share of the earnings of affiliated companies”.
- Income from ordinary activities: Operating income before “other items of operating income” and “Group share of the earnings of affiliated companies”.
- Net Debt/Net Cash: Net debt/Net cash excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock.

Income by division

<i>(in millions of euros)</i>	FY 2020	FY 2021	Change (in millions of euros)	Change (%)	
Systems	Revenue	36.0	43.9	+7.9	+22%
	Current EBITDA	2.9	6.9	+4.0	+139%
	Current EBITDA margin (%)	8.0%	15.8%	+7.7 pts	-
	Income from ordinary activities	(1.3)	5.2	+6.4	-
Products	Revenue	21.1	26.9	+5.8	+27%
	Current EBITDA	1.8	2.8	+1.0	+57%
	Current EBITDA margin (%)	8.4%	10.4%	+2.0 pts	-
	Income from ordinary activities	(1.2)	(0.1)	+1.1	-

Prodways shareholding structure at 31 December 2021



Consolidated income statement

<i>(in thousands of euros)</i>	2021	2020
REVENUE	70 645	57 206
Capitalized production	1 510	1 150
Inventories and work in progress	(555)	85
Other income from operations	1 937	897
Purchases and external charges	(35 319)	(30 177)
Personnel expenses	(28 422)	(25 280)
Tax and duties	(767)	(758)
Depreciation, amortization, and provisions (net of reversals)	(4 491)	(7 174)
Other operating income and expenses	(226)	219
INCOME FROM ORDINARY ACTIVITIES	4 312	(3 832)
Group share of the earnings of affiliated companies	(2 610)	(10 935)
Non-recurring items in operating income	79	9
OPERATING INCOME	1 782	(14 758)
Interest on gross debt	(206)	(282)
Interest on cash and cash equivalents	0	2
NET BORROWING COST (a)	(206)	(280)
Other financial income (b)	179	110
Other financial expense (c)	(148)	(158)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)	(176)	(327)
Income tax	(1 054)	1 041
NET INCOME FROM CONTINUING OPERATIONS	552	(14 044)
Net income from discontinued operations	-	-
CONSOLIDATED NET INCOME	552	(14 044)
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDER	626	(13 946)
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(74)	(98)
Average number of shares	51 263 951	51 026 823

Consolidated statement of cash flows

<i>(in thousands of euros)</i>	2021	2020
NET INCOME FROM CONTINUING OPERATIONS	552	(14 044)
Accruals	4 348	14 481
Capital gains and losses on disposals	(149)	140
Group share of income of equity-accounted companies	(79)	(9)
CASH FLOW FROM OPERATING ACTIVITIES (before neutralization of the net borrowing cost and taxes)	4 672	568
Expense for net debt	206	280
Tax expense	1 054	(1 041)
CASH FLOW FROM OPERATIONS (after neutralization of the net borrowing cost and taxes)	5 933	(193)
Tax paid	(1 267)	(914)
Change in working capital requirements	(835)	5 492
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3 831	4 385
Investing activities		
Payments/acquisition of property, plant and equipment & intangible assets	(3 121)	(5 058)
Proceeds/disposal of property, plant and equipment & intangible assets	169	127
Payments/acquisition & Proceeds/disposal of non-current financial assets	49	(282)
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	(3 394)	-
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(6 297)	(5 214)
Financing activities		
Capital transactions (increase, contributions, dividends, other)	(43)	22
Proceeds from borrowings	1 208	11 830
Repayment of borrowings	(4 143)	(3 203)
Cost of net debt	(200)	(273)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(3 179)	8 375
CASH FLOW GENERATED BY CONTINUING OPERATIONS (D = A+B+C)		
<i>Cash flow generated by discontinued operations</i>	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	(5 644)	7 546
<i>Effects of exchange rate changes</i>	64	(70)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22 478	15 002
Restatement of cash and cash equivalents ⁽¹⁾	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16 897	22 478

Consolidated balance sheet

<i>(in thousands of euros)</i>	31/12/2021	31/12/2020
NON-CURRENT ASSETS	73 203	68 334
Goodwill	41 831	38 094
Other intangible assets	11 033	9 889
Property, plant and equipment	16 815	17 086
Investments in affiliated companies	1 213	1 134
Other financial assets	815	857
Deferred tax assets	1 496	1 274
CURRENT ASSETS	40 464	43 075
Net inventories	6 502	6 280
Net trade receivables	12 175	9 954
Contract assets	20	-
Other current assets	3 049	2 250
Tax receivables payable	1 802	2 091
Cash and cash equivalents	16 917	22 500
TOTAL ASSETS	113 668	111 409

<i>(in thousands of euros)</i>	31/12/2021	31/12/2020
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT	64 812	63 665
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	41	(277)
NON-CURRENT LIABILITIES	20 215	21 864
Long-term provisions	949	1 120
Long-term liabilities – portion due in more than one year	13 031	14 690
Lease liabilities – portion due in more than one year	5 698	5 608
Deferred tax liabilities	538	447
Other non-current liabilities	-	-
CURRENT LIABILITIES	28 601	26 156
Short-term provisions	927	1 865
Long-term liabilities – portion due in less than one year	2 721	2 083
Lease liabilities – portion due in less than one year	1 779	1 964
Operating payables	9 155	8 741
Contract liabilities	1 585	447
Other current liabilities	12 273	10 686
Tax liabilities payable	161	371
TOTAL LIABILITIES	113 668	111 409

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 (FR0012613610 - PWG), the Group generated revenue of €71 million in 2021.

For further information: www.prodways-group.com/en/

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