

Prodways achieves record profitability in the first half 2022

► A strong financial performance

- Revenue growth of +22% compared to the first half of 2021
- Current EBITDA up +75%, representing a 19% margin
- Record cash generation of €6.9 m, multiplied by 3 compared to H1 2021¹

► Systems division: an exceptional first half

- Success of Prodways' technologies for mass production, the result of 10 years of R&D
- International expansion, representing ~90% of Machines & Materials revenue
- +22% in revenues and +71% in current EBITDA

► Products division: sustained development

- Digital Manufacturing (printing on demand) : gaining new customers and taking larger orders
- Successful integration of Creabis generates twice as many synergies as expected
- Audiology continues its development momentum, reinforced by the acquisition of Auditech
- +21% revenues and +64% current EBITDA

► 2022 guidance

- Revenue growth expected to be around +15% (revised upwards end-July from ~+10%)
- Strong profitability also expected in the second semester. Prodways is aiming for a current EBITDA margin of between 15% and 20% for the full year 2022.

¹ Net cash flow from operating activities before changes in working capital.

Prodways Group: a rewarding long-term strategy

The strategic axis implemented since 2013 have proven their relevance

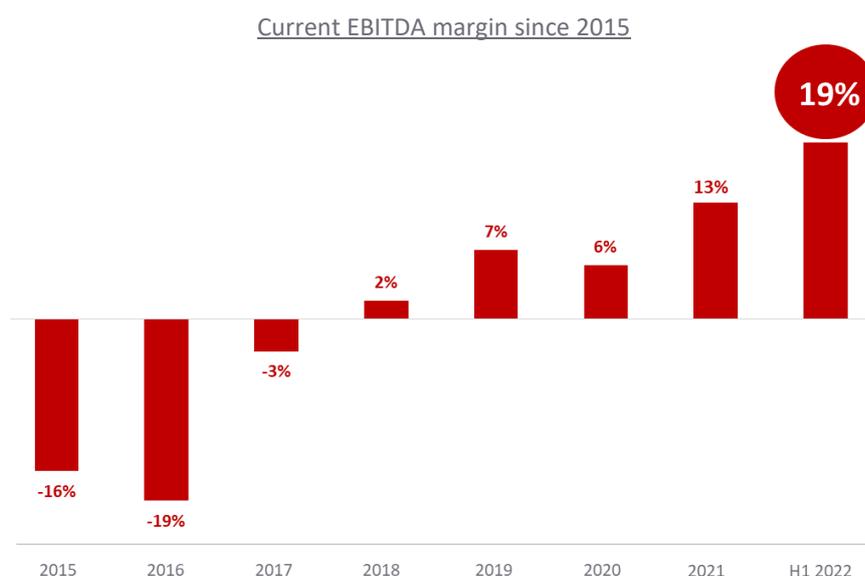
Since its creation, Prodways Group has focused on **technologies serving industrial production for mass manufacturing**. The company's expertise in printers was quickly complemented by the development of 3D materials and print-on-demand activities. The joint work of these teams, for nearly 10 years, has enabled Prodways to offer one of the most reliable technologies on the market for industrial production. The performance and quality of Prodways Machines & Materials have enabled the group to win international tenders in Europe, the USA and Asia-Pacific.

Prodways has also been able to focus at the right time on supportive markets in 3D printing. In particular, it has focused on the needs of **the medical sector** since 2014, which is now the largest consumer of 3D printing and offers significant opportunities against the backdrop of the digitalization of its processes. Prodways Group is now one of the world's reference players in 3D printing for the dental sector. Overall, customers in the **medical sector now represent nearly 50% of Prodways' revenues**.

These development paths have enabled Prodways to build up a **significant base of recurring revenues, representing around 65% of revenues at the end of June 2022**. These include recurring consumption of 3D materials, which has been rising sharply for several years, as well as recurring orders from numerous customers equipped with Prodways solutions, such as the network of over 1,000 audiologists in France.

A long-term strategy of growth and profitability that is bearing fruit

The strong revenue growth of 22% in the first half of 2022 was accompanied by a clear improvement in Prodways Group's profitability across all its indicators (current EBITDA, operating profit, cash generation). Prodways' strategy of pursuing both revenue growth and profitability is now proving its relevance in a context of rising interest rates and concerns about the sustainability of certain 3D printing companies that are still loss-making.



Since the launch of its activities in 2014, Prodways has achieved an average revenue growth of +46% per year, combining organic and external growth. At the same time, the current EBITDA margin has increased from -42% in 2014 to +19% in the first half of 2022, reaching €7.9 million. This result materialized in cash generation of +6.9 M€², 16% more than for the full year 2021. **This financial performance makes Prodways the most profitable company among the main listed 3D companies³.**

This financial strength confers significant competitive advantages to accelerate its growth trajectory, such as:

- The ability to convince customers to commit to ambitious long-term industrial projects
- Continued targeted investment in R&D
- The ramping up of commercial efforts to accelerate organic growth
- The pursuit of external growth.

Strong improvement in profitability in the first half of 2022

P&L statement of the first half 2022

<i>(in €million)</i>	H1 2021	H1 2022	Variation (€m)	Variation (%)
Revenues	34,1	41,5	+7,4	+22%
Current EBITDA⁴	4,5	7,9	+3,4	+75%
<i>Current EBITDA margin (%)</i>	<i>13,2%</i>	<i>19,0%</i>	-	<i>+6 pts</i>
Income from ordinary activities³	2,2	5,4	+3,2	+146%
Operating income	0,9	5,1	+4,2	+495%
Financial results, tax and minorities interest	-1,2	-1,6	-0,4	n.a
Net result in group share	-0,3	3,5	+3,8	n.a

² Net cash flow from operating activities before changes in working capital

³ Comparison of H1 2022 current EBITDA margin of 22 listed companies in North America, Europe and Asia, excluding China (PWG, DDD, SSYS, DM, MKFG, SLM, XMTR, VLD, VJET, PRLB, MTL, SHPW, NNDM, STKH, ONVO, FATH, NORSE, CFMS, FSRD, A3D, TTT, XAR)

⁴ See glossary in the appendix for definition of alternative performance indicators

Revenues of the first half 2022: +22% growth compared to the first half 2021

Prodways Group achieved strong revenue growth in the first half of 2022, driven by both organic growth of +15% and the momentum of external growth. This performance is the combined result of:

- The ramp-up in industrial production resulting in **significant sales of printers and materials**.
- **A record half-year for the Software activity**, which benefited in Q1 2022 from anticipated orders, securing part of the revenue for the year.
- **Solid growth in on-demand printing services**, both organically and through the successful integration of Creabis in 2021.
- **A good level of revenue from medical applications**, which remains close to that of the first semester 2021 despite the unfavorable base effect (significant catch-up effect in H1 2021 when medical practices re-opened).

More details on the evolution of revenues are available in the [dedicated press release](#) of July 25, 2022.

Record profitability

Prodways Group generated current EBITDA of €7.9 million in the first half of 2022, up 75% compared to the first half of 2021.

This improvement is the result of several factors:

- The capacity to maintain a gross margin of over 50%, reflecting good execution of operations and control of supplies in a context of global tensions.
- Significant operating leverage thanks to the investments made in recent years and the reorganization carried out in 2020-2021. Prodways' current industrial structure should enable the group to generate more revenues and pursue its growth trajectory.
- The growing contribution of 3D materials sales, with high added-value
- The benefit of a debt waiver in the United States in connection with public support during the health crisis, generating +€0.9 million in income for the period⁵.

As a result, Prodways' **operating profit for the first half of the year was five times higher than in the first half of 2021, at €5.1 million**

The consolidated financial statements are available in the appendix at the end of this press release.

⁵ As a reminder, Prodways Group also benefited from a waiver of €0.9 million in the first half of 2021.

Record cash generation and a solid balance sheet

Prodways is positioned as one of the few profitable companies in the 3D printing sector and has consolidated its balance sheet to support the foundations of sustainable growth. **The Group's cash flow from operations reached €6.9 million in the first half of 2022**, more than three times the amount generated in the first half of 2021 and already 16% higher than the amount generated over the full year 2021.

This performance is partially offset by the higher-than-normal change in working capital (+€3.4 million in H1 2022, to €3.8 million). This increase is explained by a rise in inventories as a precautionary measure for production needs, as well as the impact of the change in seasonality due to anticipated sales in the Software activity. The level of working capital should decrease by the end of the year back to a normal level of around 3% to 4% of annual revenues.

In the end, the Group is still in a positive net cash position (of €1.8 million), with €19 million of cash available at the end of June 2022.

Results by division

<i>(in €million)</i>		H1 2021	H1 2022	Variation €m	Variation %
Systems	Revenues	21,6	26,4	+4,8	22%
	Current EBITDA	3,5	6,0	+2,5	71%
	Current EBITDA margin (%)	16,3%	22,7%	6,4 pts	-
	Income from ordinary activities	2,5	5,0	+2,5	-
Products	Revenues	12,6	15,3	+2,7	21%
	Current EBITDA	1,4	2,3	+0,9	64%
	Current EBITDA margin (%)	11,2%	15,1%	3,9 pts	-
	Income from ordinary activities	0,0	0,8	+0,8	-

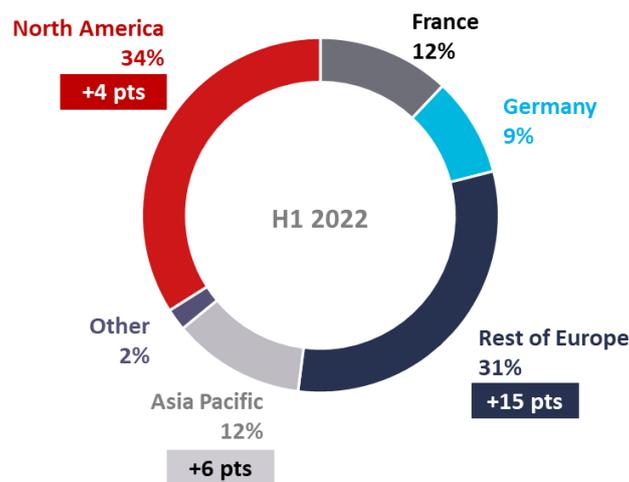
Systems Division: an exceptional semester

Reliable technologies that set the standards in the market

Prodways' Systems Division achieved a number of successes this semester, particularly in its Machines & Materials activity. The performance of the MovingLight® LD printers, the second generation of this technology, combined with Prodways' proprietary 3D resins (such as the Absolute Aligner resin), is now recognized by many players in the dental sector worldwide. The productivity of the machines, their precision over several years and the quality of the finished products are setting references in the market and have enabled Prodways to win industrial projects for multi-machine production sites. In addition to new customers, almost all of the group's existing customers are increasing their consumption of materials, taking advantage of the buoyant medical market.

These commercial successes, following on from those of 2021, have led to a strong expansion of Prodways' international business. France now accounts for only 12% of Machines & Materials revenues, while North America now accounts for 1/3 of revenues.

Breakdown of Machines & Materials revenues, evolution compared to 2020



Strong structural growth enhanced by exceptional items

The Systems Division's revenues are up by +22% this half-year compared to the first half of 2021. This performance is the combined result of:

- A +20% growth in the medical sector
- A +17% increase in revenues generated by the other industrial sectors
- +€0.9 million in sales achieved earlier than expected in the first half of the year, initially expected in the second half of the year⁶.

On the back of this strong revenue growth, **this division achieved a current EBITDA margin of 23% this half-year, up +6 pts compared with the 1st half of 2021**. This profitability is supported by good control of gross margins, the reduction in indirect costs as a proportion of revenues and the growing contribution of material sales. It was enhanced this half-year by the waiver of a debt in the United States in the context of public support during the health crisis, representing an impact of +€0.9 million.

⁶ Revenues generated in H1 2022 by customers who should have renewed their SOFTWARE licenses mainly in H2 2022.

Products Division: continuous progress since the end of 2021

Digital Manufacturing (3D printing on demand): robust and growing demand

This activity, which was slow to recover from the crisis last year, has grown organically by +8% and +47% including the acquisition of Creabis. This activity benefits from four growth levers:

- The adoption of Prodways' services by a **growing number of customers**: more than 150 new accounts since the beginning of the year.
- **A 13% increase in the average order size**, illustrating the gradual penetration of our technologies in manufacturing processes.
- **The success of the 3D Molding offer**, with more than 60 projects since the beginning of the year, compared to about 15 last year. This innovative technique enables to produce a mold in 3D printing and then inject the parts in the right material, thus freeing the clients from the costs, design constraints and lead times of traditional injection tools.
- **The volume of orders has increased by 85% via the digital platform [Propline](#)**, which allows customers to submit their digital models directly and order their parts.

The development of this activity has been accelerated by **the acquisition of Creabis, whose successful integration is generating twice as many synergies as initially planned**. The pooling of resources has made the new entity's offering more attractive and has resulted in a cross-selling volume that is well above expectations.

In total, nearly 55% of the Digital Manufacturing business' revenues are now generated from French customers and nearly 45% from foreign customers, notably in Germany, Italy and Switzerland.

Integrated medical activities: strong momentum in audiology

Integrated medical activities, in which Prodways offers complete digital solutions from impression taking to delivery to the client (practitioner or end user), are driven by the performance of audiology. It accounts for nearly 75% of the revenues of this segment, taking into account the recent acquisition.

Revenue growth was driven in particular by past commercial successes, which are having an impact this half-year. Prodways forged some twenty new partnerships with emblematic customers (such as EDF, Bouygues, Yves Rocher, Aéroports de Paris, SNCF, Derichebourg, Colas, BIC, etc.) to equip their employees with hearing protection. This momentum is now reinforced by the acquisition of Auditech Innovations, completed in early July 2022.



Significant improvement in results

Along with the 21% revenue growth, the Products division generated a current EBITDA of €2.3 million in the first half of the year, up 64%. The current EBITDA margin reached 15% and reflects:

- The improvement of the gross margin thanks to good price and cost control.
- Operating leverage, with indirect costs decreasing in proportion to revenues. Past investments, notably in the Annecy production site, give the existing industrial tool the capacity to generate more revenues in the future.

Thanks to this progress, the Products Division has achieved generated the highest income from ordinary operations of its history with €0.8 million.

Guidance 2022

At the end of July 2022, Prodways Group raised its revenue guidance for the year 2022, now targeting growth of around +15% including recent acquisitions (compared with "around 10%" previously).

The group's profitability, adjusted for exceptional items in the first half of the year, should remain at its current level. Prodways Group is therefore targeting a current EBITDA margin of between 15% and 20% for the full year 2022.

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).

Listed on Euronext Paris (FR0012613610 – PWG), the Group reported in 2021 revenue of €71 million.

For further information: www.prodways-group.com

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Appendix

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.

Consolidated income statement

<i>(in thousands of euros)</i>	30/06/2022	30/06/2021
REVENUE	41 470	34 118
Capitalized production	1 116	645
Inventories and work in progress	111	(531)
Other income from operations	1 066	1 105
Purchases and external charges	(20 448)	(16 326)
Personnel expenses	(15 298)	(14 196)
Tax and duties	(326)	(372)
Depreciation, amortization, and provisions (net of reversals)	(2 494)	(2 307)
Other operating income and expenses	195	60
INCOME FROM ORDINARY ACTIVITIES	5 393	2 196
Group share of the earnings of affiliated companies	71	82
Non-recurring items in operating income	(393)	(1 425)
OPERATING INCOME	5 071	852
Interest on gross debt	(112)	(91)
Interest on cash and cash equivalents	-	3
NET BORROWING COST (a)	(112)	(88)
Other financial income (b)	150	55
Other financial expense (c)	(134)	(45)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)	(97)	(78)
Income tax	(1 504)	(1 171)
NET INCOME FROM CONTINUING OPERATIONS	3 470	(397)
Net income from discontinued operations	-	-
CONSOLIDATED NET INCOME	3 470	(397)
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDER	3 468	(325)
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	2	(72)
Average number of shares	51,225,160	51,220,596

Consolidated statement of cash flows

<i>(in thousands of euros)</i>	30/06/2022	30/06/2021
NET INCOME FROM CONTINUING OPERATIONS	3 470	(397)
Accruals	1 835	1 420
Capital gains and losses on disposals	17	(76)
Group share of income of equity-accounted companies	(71)	(82)
CASH FLOW FROM OPERATING ACTIVITIES (before neutralization of the net borrowing cost and taxes)	5 251	865
Expense for net debt	112	88
Tax expense	1 504	1 171
CASH FLOW FROM OPERATIONS (after neutralization of the net borrowing cost and taxes)	6 867	2 124
Tax paid	(853)	(697)
Change in working capital requirements	(3 362)	(2 211)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2 652	(784)
Investing activities		
Payments/acquisition of property, plant and equipment & intangible assets	(1603)	(1097)
Proceeds/disposal of property, plant and equipment & intangible assets	11	81
Payments/acquisition & Proceeds/disposal of non-current financial assets	35	17
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	(225)	-
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(1 783)	(999)
Financing activities		
Capital transactions (increase, contributions, dividends, other)	22	(21)
Proceeds from borrowings	2 968	1 214
Repayment of borrowings	(1 840)	(1 766)
Cost of net debt	(112)	(86)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	1 038	(659)
CASH FLOW GENERATED BY CONTINUING OPERATIONS (D = A+B+C)	1 907	(2 442)
CASH FLOW GENERATED BY DISCONTINUED OPERATIONS	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	1 907	(2 442)
<i>Effects of exchange rate changes</i>	36	29
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16 897	22 478
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18 841	16 897

Consolidated balance sheet

<i>(in thousands of euros)</i>	30/06/2022	31/12/2021
NON-CURRENT ASSETS	72 743	73 203
Goodwill	41 831	41 831
Other intangible assets	11 936	11 033
Property, plant and equipment	16 039	16 815
Investments in affiliated companies	1 285	1 213
Other financial assets	782	815
Deferred tax assets	870	1 496
CURRENT ASSETS	44 645	40 464
Net inventories	8 006	6 502
Net trade receivables	13 063	12 175
Contract assets	48	20
Other current assets	2 796	3 049
Tax receivables payable	1 865	1 802
Cash and cash equivalents	18 868	16 917
TOTAL ASSETS	117 389	113 668

<i>(in thousands of euros)</i>	30/06/2022	31/12/2021
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT	68 893	64 812
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	38	41
NON-CURRENT LIABILITIES	21 156	20 215
Long-term provisions	691	949
Long-term liabilities – portion due in more than one year	14 424	13 031
Lease liabilities – portion due in more than one year	5 356	5 698
Deferred tax liabilities	684	538
Other non-current liabilities	-	-
CURRENT LIABILITIES	27 302	28 601
Short-term provisions	806	927
Long-term liabilities – portion due in less than one year	2 787	2 721
Lease liabilities – portion due in less than one year	1 701	1 779
Operating payables	7 697	9 155
Contract liabilities	2 086	1 585
Other current liabilities	11 731	12 273
Tax liabilities payable	493	161
TOTAL LIABILITIES	117 389	113 668