

Activity in the first half of 2022: commercial success, acceleration of the development and strong revenue growth

Prodways Group generated strong revenue growth of +22% in the first half of the year, including +15% organic growth. Thanks to the recognition of the quality of its 3D printers, combined with dedicated materials, the group is gaining momentum in industrial production applications. Sales efforts are bearing fruit across all activities, resulting in partnerships with new, well-known customers who are leaders in their sectors. The sound financial health of Prodways, one of the few profitable 3D printing companies, has enabled the company to pursue its external growth strategy, with the acquisition of Auditech Innovations in early July 2022. In a supportive market environment for the digitalization of industrial and medical activities and the search for more responsible production methods, all of the company's signals are well oriented for the future.

Commercial successes and ramp-up in the dental sector

At the end of 2021, Prodways Group had achieved two major commercial successes, with a leading US-based medical and dental distributor and with the Australian leader in orthodontic aligners. Initial orders for a total of 12 MovingLight® LD20 printers had been received, with the potential for additional orders. This potential started to materialize in the first half of 2022, with an order for 6 additional machines.

Recognition of the technical quality of Prodways' solutions has also enabled the group to form a strategic distribution partnership with Dental Axess, a leading integrator of digital dental systems present in Europe, North America and South-East Asia. Prodways has thus broadened its access to major players in the dental industry who print large volumes of parts, with multi-printer installations.

This ramp-up in industrial production is accompanied by ever greater demand for 3D materials, in particular the liquid resin PLASTCure Absolute Aligner, a proprietary high-performance material. Material sales generated the equivalent of their 2019 annual revenues in the first half of 2022 alone, illustrating the dynamism of this high-margin business

Acceleration of the audiology business with the acquisition of Auditech Innovations

Prodways Group is currently the leader in France in the segment of medical custom earmolds for hearing aids and is developing strongly in the segment of hearing protection for industrial clients. This latter segment, which grew by more than 30% in the first half of 2022, has been strengthened by the acquisition of 100% of Auditech Innovations, which was completed in early July 2022 ([link to the dedicated press release](#)).

Auditech is a French specialist in custom-made individual hearing protection. The company currently equips a highly diversified base of more than 300,000 users exposed to noise in all types of industries. It generated sales of approximately €3 million in 2021, with an operating margin similar to that of Prodways Group's Products division.

This transaction marks an acceleration of the company's development strategy with the continuation of its external growth dynamic. Thanks to this acquisition, Prodways Group has significantly increased the size of its custom audiology division, a high value-added and highly recurrent activity. The complementary nature of the companies will enable Auditech Innovations' teams to benefit from all of Prodways' expertise in 3D printing and, more generally, in the digital transformation of medical activities, a vector of value creation for the company and its customers.

H1 2022 revenue: +22% growth compared to H1 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).

Revenues by division

<i>In € million</i>	H1 2022	H1 2021	<i>Variation (%)</i>	<i>Organic variation (%)</i>
Systems	26.6	21.6	+23.0%	+23.0%
Products ¹	15.3	12.6	+21.3%	+3.1%
Structure & intra-group eliminations	-0.2	0.0	n.a	n.a
Consolidated revenues	41.6	34.1	+21.9%	+15.2%

¹The change in scope concerns the acquisition of Creabis in July 2021

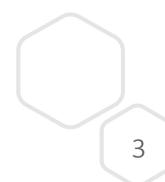
Systems division: an engine driven by a growing base of recurring revenues

Strong revenue growth generated by machines and material sales

The growth in Prodways Group's installed base of printers provides an ever-widening base of recurring revenues. **Machines and Materials sales reached record levels** this half-year, up by more than 20%, driven by the anticipation of orders by some customers, but also by higher than expected material consumption on certain industrial projects. Prodways is thus supporting the development of its clients, such as Straumann Group, in a growing dental market.

Good trend in the Software business

The **Software business (distribution of 3D design software)** realized an exceptional first half (also over 20% growth), relying on its highly diversified revenue base, a good renewal rate with its existing customers and the quality of its teams to gain market share. Expectations of price increases at the end of March prompted some companies to renew their licenses early, thus securing a portion of the revenue earlier than expected this year.



Products division: commercial success with major accounts and external growth momentum

Digital manufacturing (on-demand printing service)

The positive momentum that began at the end of 2021 is continuing in this activity. The good organic performance (+8%) reflects the interest of new customers who believe in the potential of additive manufacturing technology. The average size of orders is clearly increasing, with a growing number of small series for well-known industrial players such as Salomon, Somfy, Kuka, Continental or Jungheinrich. The adoption of Prodways printing solutions by certain departments of major accounts also enables the group to address other industrial departments of these same clients, thereby strengthening the commercial prospects.

The growing interest in 3D Molding noted in the first half of the year also strengthened revenues and offers significant potential. This innovative technique consists of printing the mold in 3D and then injecting the parts into the right material, thus freeing the users from the costs, design constraints and lead times of traditional tools.

The acquisition of Creabis in 2021 also contributes to the revenue growth. The increase in this business compared with its 2021 performance is reinforced by the successful integration into Prodways group, which generates cross-orders between France and Germany.

Medical applications driven by audiology.

Medical applications are continuing their gradual development against a backdrop of digitalization of their activities. In audiology in particular, the increase is driven by sales of hearing protection for industrial customers (more than +30%). This strong growth is the result of past commercial successes, which are producing their effects this half-year. Prodways has forged some twenty new partnerships with emblematic customers such as EDF, Bouygues, Yves Rocher, Aéroports de Paris, SNCF, Derichebourg, Colas, BIC, etc. This fast-growing business is now reinforced by the acquisition of Auditech Innovations, completed in early July 2022.

Revenues of the second quarter 2022

Prodways reported second quarter 2022 sales of €18.9 million, up 8% compared with the second quarter of 2021 and slightly positive on an organic basis (the detailed figures by division are available in the appendix). The comparison with the 2nd quarter of 2021 is disrupted by several factors, which make it quite irrelevant. These include:

- the revenue secured in advance in the first quarter 2022 in the Software and Materials businesses, which contributed to the exceptional growth of +37% over this period. As a result, the seasonality between Q1 and Q2 is reversed compared to previous years.
- the base effect linked to the health restrictions, with a significant catch-up effect in the second quarter of 2021, particularly in medical activities. Prodways had generated growth of +50% in this quarter.

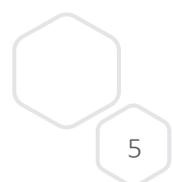
Outlook

The very good figures for the first half of the year, combined with the positive trend in all activities, give the group full confidence in its ability to pursue its growth trajectory. Prodways Group has therefore raised its revenue target for 2022, now aiming for growth of around +15% including recent acquisitions (compared with "around 10%" previously).

In addition, the control over costs and supply chain management, despite the tense global environment, enabled the group to generate record profitability, significantly higher than last year. Detailed half-year results will be presented on September 14 during a video webcast.

Upcoming financial events

- 14 September 2022 : half-year 2022 results
- 17 October 2022 : Revenues of the third quarter 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

Revenues of the 2nd quarter 2022 by division

<i>(In € million)</i>	Q2 2022	Q2 2021	Variation (%)	Organic variation (%)
Systems	11,0	11,1	-0,8%	-0,8%
Products ¹	7,9	6,4	+24,1%	+4,0%
Structure & intra-group eliminations	-0,1	0,0	n.a	n.a
Consolidated revenues	18,9	17,5	+8,0%	+0,7%