

Activity of the second quarter 2023: +14% revenue growth and positive signals for 2024 performance

Prodways Group revenues amounted to €22 million in the second quarter 2023, €2.6 million above the level for the same period in 2022. This performance enabled to achieve a revenue level close to last year's in the 1st half despite an unfavorable base effect. The efforts made in 2023 will allow Prodways to release its growth levers in 2024, for which the Group is starting to get positive signals in all activities, such as the rising consumption of 3D materials.

Revenues by division

<i>(in € million)</i>	Q2 2023	Q2 2022	Variation (%)	Organic variation (%)	H1 2023	H1 2022	Variation (%)	Organic variation (%)
Systems	12.1	11.0	+10%	+10%	24.1	26.6	-9%	-9%
Products	9.4	7.9	+19%	+6%	19.1	15.3	+25%	+12%
Structure & intra-group eliminations	-0.1	-0.1	n.a	n.a	-0.1	-0.2	n.a	n.a
Consolidated revenues	21.5	18.9	+14%	+8%	43.1	41.6	+4%	-1%

Revenues for the 2nd quarter and 1st half of 2023 stand at a good level given the return to a more normal seasonal pattern at the start of the year¹. Overall, the activity in the 2nd quarter was sustained across all activities, with a large number of actions deployed as part of the BOOST development plan which will only produce their full effects next year.

¹ As a reminder, the 1st half of 2022 had benefited from exceptionally high revenues in anticipation of the second half of 2022 in the Systems division

These actions focused on:

- **Industrial projects for mass production**, with various world-class players in industrial and the medical sectors evaluating Prodways 3D printers and 3D materials.
- **3D materials framework contracts** with existing customers, who are planning their 2024 production with increasing material consumption.
- **The launch of a new generation of printer** for the jewelry market, the Muse, which could generate a few hundred of orders by 2024.
- **The reinforcement of sales teams**, with recruitments and major changes in order to increase the reach and quality of execution in this area.
- **The start of geographic expansion** of certain activities, notably in Software, which will enable us to serve new customers in additive manufacturing.

Systems Division: robust revenues generated from 3D materials, but delay in orders for new 3D printers

Revenues for the Systems division (which includes sales of 3D printers, 3D Materials and 3D Software) rose by 10% this quarter compared with the second quarter 2022. Sales were driven by both recurring revenues generated by 3D Materials and the commercialization of 3D Software. This latter activity once again experienced a change in seasonality this half-year, albeit on a smaller scale than last year, with revenues realized in anticipation in the second quarter (of the order of €1 million transferred from the second half to the second quarter).

However, the level of printer orders was penalized by the postponement of customer investments in new industrial projects. As a result, deliveries of new 3D printers, as well as sales of materials associated with these new printers, have been revised downwards for 2023, impacting revenue forecasts for the year (a dedicated press release was issued on this subject in June 2023).

Printer orders have also been impacted by the concentration of sales efforts on key accounts, as illustrated by two recent orders for emblematic industrial customers ([link to dedicated press release](#)). These two orders involve a single printer each and small volumes of materials at this stage, but represent key milestones in the penetration of 3D printing for large-scale series production.

Products Division: rising volumes and customer numbers

The Products division, which includes Digital Manufacturing (print-on-demand service) and Integrated Businesses (essentially the manufacture of custom parts for the audiology sector), has enjoyed good momentum since the start of the year, with growth of +19% in the second quarter of 2023.

The Digital Manufacturing business continues to make structural progress, gaining around a hundred new customers since the start of the year, while increasing the average volume of orders per customer thanks to growth in small series. Revenue growth in this business, at +9% for the second quarter and +17% for the first half as a whole, came from a wide range of industrial sectors.

In the manufacture of custom parts for audiology, the integration of Auditech is now complete, with the pooling of production tools and sales channels. Growth of more than +30% this quarter testifies to Prodways' growing market share in the supply of custom hearing protection for all types of industrial customers. Revenue growth, already high, is however limited by an ongoing industrial optimization project to increase production capacity to meet growing demand from new clients. The effects of the new industrial organization should be felt as early as next year.

Outlook: positive signals for 2024

Despite the downward revision of the 2023 outlook during this year of preparation and transition, the various actions deployed internally and with the Group's customers since the beginning of the year lead Prodways to share its confidence in the future growth trajectory. **The major industrial projects** currently under negotiation are progressing well, with a number of successful technical assessments enabling to reach milestones. In the event of new large commercial success, some of this work could turn into orders towards the end of 2023 or the beginning of 2024, with **several dozen orders for MovingLight® printers at stake**, associated with significant volumes of 3D materials.

3D material consumption signals are also positive for existing customers. Several of the Group's major customers have already announced their intention to increase their consumption through framework contracts for growing deliveries of materials in 2024.

Geographic expansion of the 3D Software business began in Germany and the UK in the first half of this year, enabling Prodways to address a new fabric of industrial SMEs in its coverage area for 3D printers and print-on-demand services.

Activities with shorter sales cycles are currently gearing up to **increase their production capacity by 2024**, and to keep pace with the trend towards greater customer numbers, which should be reinforced by the revitalization of sales teams. The Digital Manufacturing business acquired a new printer this quarter, and the Audiology business is optimizing the organization of end-user impressions and production workflows. The forthcoming arrival of a new sales manager will also enable this division to extend its sales scope beyond France.

The performance of the second half of 2023 confirms the revenue and profitability outlook recently communicated for 2023, of around +5% revenue growth and around 8% current EBITDA margin. It also comforts Prodways' ability to bounce back in 2024 and achieve its ambition of reaching €200 million in revenues and a minimum current EBITDA margin of 15% by 2028.

Next financial events

- September 20, 2023: half-yearly results 2023
- October 16, 2023: activity of the third quarter 2023

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 2022 revenue of €81 million.

For further information: <https://www.prodways-group.com>

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