

First half 2023 results: sound financial results and preparation of future growth

Prodways Group achieved results in line with its expectations in the first half of 2023 with revenues growing by +4%, allowing it to reach a level of income close to that of the same period last year despite the unfavorable base effect. The current EBITDA margin, which stands at 11%, is lower than last year but in line with the group's expectations for the first half thanks to good control of margins and structural costs.

This first part of the year also demonstrated Prodways' ability to remain profitable and maintain sound financial discipline in this transition year of 2023 with the launch of the BOOST plan. The company generated €4.6 million of cash from operations¹ and received €4 million from the sale of its stake in the company Biotech Dental.

Overall, the company's net profit stood at €3.6 million, above the level of the first half of 2022.

P&L statement of the first half 2023

<i>(in €million)</i>	H1 2023	H1 2022	Variation (€m)	%
Revenues	43.0	41.5	+1.6	+4% -1% org.
Current EBITDA²	4.8	7.9	-3.1	-39%
<i>Current EBITDA margin</i>	<i>11%</i>	<i>19%</i>	-	-
Income from ordinary activities²	2.4	5.4	-3.0	-55%
Operating income	4.7	5.1	-0.4	-7%
Financial results, taxes and minorities interests	-1.2	-1.6	+0.5	-28%
Net income, group share	3.6	3.5	+0.1	+3%

¹Cash from operations after neutralization of the cost of net financial debt and taxes and before variation in WCR

²See the glossary in the appendix for a definition of alternative performance indicators.

Revenue growth of +4% in the first half of 2023

The revenue of the 1st half 2023 stands at a good level given the return to more normal seasonality at the start of the year³.

In the Systems division, revenues are 9% lower in the first half of 2022, in particular due to the unfavorable base effect on the 3D Software activity. This effect is partially offset by the good performance of recurring sales of 3D Materials, which constitute a solid revenue base year after year.

The Products division has seen good momentum since the start of the year, with growth of +26% in the first half of 2023, including +12% organic growth. This performance is driven by the increase in orders in Digital Manufacturing, both in France and Germany, the continued growth of audiology and external growth with the acquisition of Auditech in 2022.

A dedicated press release on turnover for the first half of 2023 was published on July 24 ([link to the press release](#)).

A current EBITDA margin of 11%

Prodways Group achieved a current EBITDA of €4.8 million in the first half of 2023, below last year's level but in line with its expectations in this 2023 year of transition and investment.

The decrease in profitability compared to the first half of 2022 is explained by the unfavorable base effect due to abnormal seasonality in 2022, the exceptional impact of +€900 thousands linked to a debt waiver last year and by the increase in the workforce, announced several months ago in the context of the launch of the BOOST plan.

The current EBITDA margin thus stands at 11% thanks to the good control of the group's gross margin, which remains around 50%, and structural costs.

Results by division⁴

<i>(in €million)</i>	H1 2023	H1 2022	Variation €m	Variation %	
Systems	Revenues	24.0	26.4	-2.5	-9%
	Current EBITDA	2.5	6.0	-3.5	-58%
	Current EBITDA margin (%)	10%	22.7%	-12.3 pts	-
	Income from ordinary activities	1.7	5.0	-3.3	-66%
Products	Revenues	19.1	15.3	+3.9	26%
	Current EBITDA	3.0	2.3	+0.7	30%
	Current EBITDA margin (%)	16%	15.1%	0.6 pts	-
	Income from ordinary activities	1.4	0.8	+0.6	n.a

³ As a reminder, H1 2022 benefited from exceptionally high revenues in anticipation of H2 2022 in the Systems division.

⁴The sum of the aggregates of the two divisions must be supplemented with intra-group eliminations and the structure to obtain the consolidated result presented above.

An increasing net result

Maintaining healthy profitability, combined with the sale of a minority stake in the company Biotech Dental Smilers, allows Prodways Group to achieve a net profit of €3.6 million in the first half of 2023, slightly above the level of the first half 2022.

This stake was acquired in 2014 for €1.1 million in a context of the emergence of 3D printing for the production of orthodontic alignment trays. It generated €4 million of cash in April 2023 and a significant capital gain of €2.9 million.

This investment made it possible to establish a long-term partnership with Biotech Dental, which has become the French champion of highly technological dental care by introducing digital workflow to dentists. The company relied in particular on the MOVINGLight® technology developed by Prodways, combined with new developments of 3D materials dedicated to orthodontics.

This sale took place during the acquisition of a majority stake in Biotech Dental by the American medical giant Henry Schein, also a client of Prodways Group. This customer recently ordered 3 new MovingLight LD20 printers to complete its production capacity, which now stands at 17 printers.

Prodways maintains a solid financial position

Prodways Group generated €4.6m in cash flow from operations⁵ in the first half, demonstrating its ability to convert earnings into cash effectively and to finance its development plan.

This performance was partially offset by the abnormally high peak in working capital requirements at 30 June 2023 (+€1.5m compared with 31 December 2022), due to the harmonization of the Group's accounting tools, which resulted in payment delays. The Working capital requirements should decrease by the end of 2023.

As a result, Prodways Group's financial position once again reflects the discipline that the Group has demonstrated for many years. With €15m of available cash, Prodways Group has net debt⁵ of €0.9m (compared with € -3.3m at the end of 2022).

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

⁵ See appendix for definition of financial indicators

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 start of the year lead Prodways to share its confidence in the future growth trajectory. The large-scale industrial projects currently under negotiation are moving forward with various successful technical evaluations which enable milestones to be reached. In the event of significant new commercial success, part of this work could turn into orders towards the end of 2023 or the beginning of 2024 with several dozen orders for MovingLight® printers, associated with large volumes of 3D materials.

Signals regarding the consumption of 3D materials are also well oriented for existing customers. Several large consumers of the group have already indicated their intentions to increase their consumption through framework contracts for increasing deliveries of materials in 2024.

The start of the geographic expansion of Software 3D activity began in the first half of the year in Germany and the United Kingdom and makes it possible to address a new network of industrial SMEs in the Prodways coverage area for its 3D printers and services. printing on demand.

Activities with a shorter sales cycle are currently preparing to increase their production capacity in 2024 and to follow the trend of increasing the number of customers, which should be reinforced by the dynamism of the sales teams. The Digital Manufacturing activity was equipped with a new printer in the second quarter and the audiology activity is optimizing the organization of end-user impressions as well as production flows.

The performance for the first half of 2023 confirms the revenue and profitability outlook communicated in June for the year 2023, of around +5% revenue growth and around 8% current EBITDA margin.

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 across the entire 3D printing value chain (software, printers, materials, parts & services) with an industrial solution with high technological added value. Prodways Group offers a wide range of 3D printing systems and premium composite, hybrid or powder materials (SYSTEMS division). The Group also manufactures and markets parts on demand, prototypes and small series printed in 3D, in plastic and metal (PRODUCTS division). Prodways Group addresses a large number of sectors, particularly in the medical field.

Listed on Euronext Paris (FR0012613610 - PWG), the Group achieved a turnover of 81 million euros in 2022.

More information on <https://www.prodways-group.com>

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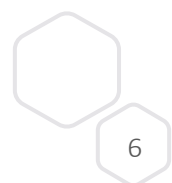
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Prodways Group press releases may contain forward-looking statements stating objectives. These forward-looking statements reflect Prodways Group's current expectations. Their materialization, however, depends on risks, known or unknown, and random elements and other factors which could lead to a significant divergence between the actual results, performances or events and those envisaged. The risks and random elements which could affect the Group's ability to achieve its objectives are included and presented in detail in our Financial Report available on the Prodways Group website (www.prodways-group.com). These risks, hazards and other factors are not exhaustive. Other unanticipated factors, unknown or unpredictable could also have significant negative effects on the achievement of our objectives. This press release and the information it contains constitute neither an offer to sell or subscribe, nor the solicitation of a purchase or subscription order for the shares of Prodways Group or its subsidiaries in any country.

Appendix

Definition of alternative performance indicators

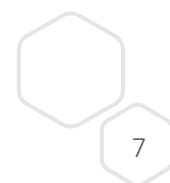
- Current EBITDA: Operating income before “net allocations to depreciation and provisions”, “other elements of operating income” and “share in the results of associated companies”
- Income from ordinary activities: Operating income before “other elements of operating income” and “share in the results of associated companies”.
- Debt / Net Cash: Net debt / Net cash including treasury, excluding IFRS 16 rental debt
- Self-financing capacity: Cash flow generated by the activity before variation in working capital requirements and after neutralizing the cost of net financial debt and taxes.



Consolidated income statement

<i>(in thousands of euros)</i>	H1 2023	H1 2022
REVENUE	43 031	41 470
Capitalized production	487	1 116
Inventories and work in progress	(347)	111
Other income from activities	183	1 066
Purchases and external charges	(21 792)	(20 448)
Personnel expenses	(16 755)	(15 298)
Tax and duties	(299)	(326)
Allocations to depreciation and provisions net of reversals	(2 358)	(2 494)
Other net product operating expenses	291	195
INCOME FROM OPERATING ACTIVITIES	2 441	5 393
Non-recurring items in operating income	2 278	(393)
Share in the results of associated companies	-	71
OPERATING INCOME	4 719	5 071
Interest on gross debt	(169)	(112)
Interest	-	-
COST OF NET FINANCIAL DEBT (A)	(169)	(112)
Other financial products (b)	29	150
Other financial charges (c)	(123)	(134)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)	(263)	(97)
Income tax	(909)	(1 504)
NET INCOME FROM CONTINUING OPERATIONS	3 547	3 470
Net income from discontinued operations	-	-
CONSOLIDATED NET INCOME	3 547	3 470
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDER	3 566	3 468
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(19)	2

Average number of shares	51,442,228	51,210,638
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Consolidated statement of cash flows

<i>(in thousands of euros)</i>	H1 2023	H1 2022
NET INCOME FROM CONTINUING OPERATIONS	3 547	3 470
Accruals	2,841	1,835
Capital gains and losses on disposals	(2 885)	17
Group share of income of equity-accounted companies	-	(71)
CASH FLOW FROM OPERATING ACTIVITIES (before neutralization of the net borrowing cost and taxes)	3 503	5 251
Expense for net debt	169	112
Tax expense	909	1,504
CASH FLOW FROM OPERATIONS (after neutralization of the net borrowing cost and taxes)	4 581	6 867
Tax paid	(916)	(853)
Change in working capital requirements	(1 553)	(3 362)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2 112	2 652
Investing activities		
Payments/acquisition of property, plant and equipment & intangible assets	(1378)	(1 603)
Proceeds/disposal of property, plant and equipment & intangible assets	4	11
Payments/acquisition & Proceeds/disposal of non-current financial assets	(6)	35
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	2899	(225)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	1 519	(1 782)
Financing activities		
Capital transactions (increase, contributions, dividends, other)	(30)	22
Proceeds from borrowings	-	2 968
Repayment of borrowings	(2 909)	(1 840)
Cost of net debt	(153)	(112)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(3 092)	1 038
CASH FLOW GENERATED BY CONTINUING OPERATIONS (D = A+B+C)	539	1 907
CASH FLOW GENERATED BY DISCONTINUED OPERATIONS	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	539	1 907
<i>Effects of exchange rate changes</i>	<i>(4)</i>	<i>36</i>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	14 096	16 897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14 631	18 841

Consolidated balance sheet

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
NON-CURRENT ASSETS	75 137	74 382
Deviations acquisition	45 981	45 981
Intangible assets	12 198	12 360
Tangible assets	16 304	15 206
Interests in associated companies	-	-
Other financial assets	653	647
Deferred tax assets	1	188
CURRENT ASSETS	43 965	43 607
Net stocks	8 662	9 157
Net trade receivables	15 124	15 877
Contract assets	56	53
Other current assets	4,012	3 173
Current tax assets	1 473	1 242
Cash and other equivalents	14 638	14 104
Assets held for sale		1 139
ASSET TOTALS	119 102	119 128

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
EQUITY (GROUP SHARE)	70 861	67 063
MINORITY INTERESTS	88	131
NON-CURRENT LIABILITIES	19 262	20 011
Long-term provisions	775	803
Long-term financial debts - more than one year	11 936	13 557
Rent debts – more than one year old	5 810	4 885
Deferred taxes	741	767
Other non-current liabilities	-	-
CURRENT LIABILITIES	28 891	31 922
Short-term provisions	1 142	1 174
Long-term financial debts - less than one year	3 745	3 963
Rent debts – less than one year	1 913	1 661
Operating supplier debts	8 524	10 443
Liabilities on contracts	737	1 397
Other current liabilities	12 409	12 827
Current tax liabilities	422	457
LIABILITY TOTALS	119 102	119 128