

Annual results 2023: €75 million of revenue and 8% current EBITDA margin.

Prodways Group achieved a turnover of €75 million with the change in revenue recognition for its software activity. Without this change, the revenue would have remained stable compared to 2022, at €81 million. The current EBITDA, which is not affected by this change, stands at €6 million, representing 8% margin, in line with the latest guidance communicated by the group.

Overall, the past exercise demonstrated Prodways Group's ability to remain profitable and maintain sound financial discipline in this transitional year of 2023 and despite the decline in sales of new printers. The company generated €4 million in cash from operations¹ and overall generated a positive cash flow variation.

Consolidated income statement 2023

<i>(in € millions)</i>	FY 2023	FY 2022	Change (M€)	Change (%)
Revenues	74,6	80,7	-6,1	-8%
Current EBITDA²	6,0	11,4	-5,4	-48%
<i>Current EBITDA margin</i>	<i>8%</i>	<i>14%</i>	<i>-6 pts</i>	<i>-</i>
Income from ordinary activities	1,0	5,8	-2,3	-82%
Other elements of operating income	-13,6	-0,8	-12,8	-
Operating income	-12,6	4,9	-17,5	-
Financial results, tax and minorities interest	-1,4	-3,3	+1,9	-
Net result	-14,0	1,6	-15,6	-

¹ Cash from operations after neutralizing the cost of net financial debt and taxes and before variation of working capital requirement (BFR).

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

2023 revenues: €75 million.

The revenues for the year 2023 have decreased compared to last year, mainly due to the change in recognition of Software activity revenues since July³ (impact of -6.5 million euros, with no effect on current EBITDA in absolute value). Furthermore, the weakness in sales of new 3D printers and associated materials, particularly in the fourth quarter, has weighed on Prodways' performance. The Products division remains well-oriented with a growth of +11% in 2023.

A dedicated press release on the 2023 revenue was published on February 14, 2024 ([link to the press release](#)).

A current EBITDA margin of 8%

Prodways Group achieved a current EBITDA of €6 million in 2023, below last year's level but in line with its expectations in this year of transition and investment.

This decrease in profitability of €5 million compared to the year 2022 is explained by:

- A exceptional product in 2022 linked to a debt waiver in the USA (- €1 million)
- Strengthening of commercial teams (- €0.4 million).
- A loss on the activity of small printers for jewelry (- €1 million).
- The decrease in sales of industrial printers in 2023 (- €1.5 million).

To get back on track and achieve a two-digit EBITDA margin, Prodways Group has taken a number of measures in 2023 and early 2024, including:

- The cessation of small printers activity for jewelry ([see the dedicated press release on this subject](#)).
- The expansion of the industrial printer commercial pipeline, resulting from the professionalization of the Sales & Marketing teams.
- Overall, reducing staff to regain an important operational lever by focusing on the profitable activities of the group.

An operating income exceptionally impacted by the cessation of small printer activity.

Depreciation and non-exceptional impairments remained at a relatively stable level. Therefore, in 2023, Prodways Group maintains a positive operating income of €1 million.

The other elements of the operating income, for - €13,6 million, correspond to exceptional impacts related to the decision to focus on the industrial segment for the printer activity. They include - €17 million of non-cash items (including depreciations of tangible and intangible assets and impairment) and + €3 million of capital gains related to the sale of Prodways Group's stake in Smilers, which has a positive effect on cash flow.

³ Accounting-wise, the recognition of revenue from this activity is changing due to Prodways Group's classification as an "agent" according to the IFRS 15 standard starting from July 2023, whereas the company was considered a "principal" until that date. As an agent, Prodways Group now recognizes the gross margin realized on these sales as revenue. This change therefore decreases the absolute value of recorded revenue by €6.5 million in the second half of 2023, with no impact on the result.

As a reminder, this stake in Smilers was acquired in 2014 for €1.1 million in a context of the emergence of 3D printing for the production of orthodontic alignment trays. She generated a revenue of €4 million in April 2023 and a significant capital gain of €2.9 million.

The operating income is therefore - €12.6 million in 2023.

After taking into account financial expenses and tax charges, the net result stands at - €14 million.

A positive cash-flow and sound financial discipline.

Prodways Group has transformed its cash result and generated a self-financing capacity of €4.1 million in 2023, despite a year of transition and declining printer sales. The group also significantly reduced its working capital requirement by + €1.4 million, as it had announced at the beginning of the year 2023.

The level of capex remained stable at €3.3 million, and the operations of acquiring and selling subsidiaries brought in €2.7 million in cash (sale of the stake in Biotech Dental for €4 million and payment of the purchase price supplement for Auditech).

Thus, Prodways Group achieved a positive cash flow variation of €2.1 million in 2023. The available cash has therefore increased, reaching €16 million, and the net debt has therefore decreased. It remains at a low level of - €2.9 million.

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

Results by division⁴

<i>(in €million)</i>	FY 2023	FY 2022	Change (M€)	Change (%)
Systems				
Revenues	39,5	49,3	-9,8	-20%
Current EBITDA	3,5	8,2	-4,8	-58%
<i>Current EBITDA margin (%)</i>	9%	17%	-8 pts	-
Income from ordinary activities	1,7	5,6	-3,9	-69%
Products				
Revenues	35,3	31,7	+3,6	11%
Current EBITDA	3,9	4,3	-0,4	-9%
<i>Current EBITDA margin (%)</i>	11%	14%	-3 pts	-
Income from ordinary activities	0,6	1,1	-0,6	n.a

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

The **Systems division** generated €40 million in revenue in 2023, mainly impacted by Prodways Group's change in classification from Principal to Agent as of July 1, 2023. This change results in a decrease in revenue (- € 6.5 million compared to the old classification) without any impact on the current EBITDA in absolute value.

The current EBITDA margin of this division was heavily impacted by the decline in printer sales in 2023 and stands at 9%. This division also benefited in 2022 from an exceptional item related to the abandonment of a receivable in the USA.

The **Products division** continued to grow in 2023, by +11%, both thanks to the successful integration of Auditech and organic performance (+5%).

This division recorded a decrease of €0.4 million in its current EBITDA in 2023, mainly due to the strengthening of the Sales & Marketing teams during the year. These actions will begin to bear fruit in early 2024 and should contribute to significantly larger results in the future.

Comparison base for 2024

The set of measures implemented and the change in revenue recognition in the Software activity significantly modify the group's revenue profile in 2024, while structurally improving the generation of current EBITDA in absolute value.

As an indication, if all the measures and changes previously announced had been effective from January 1st, 2023, the revenues generated by Prodways Group in 2023 would have been around €59 million⁵.

Outlook: revenue growth and improved results from 2024

The measures aimed at improving the profitability of the group, combined with the reorganization and professionalization of the Sales & Marketing teams, should produce structural effects as early as 2024. The important elements to monitor for the coming semesters are as follows:

- The cessation of jewelry activity and the refocusing on the MovingLight® range should be finalized by the end of the summer. This action plan will notably weigh on the profitability of the first half of 2024 (a little over €1 million in exceptional costs), but will have a positive impact on the current EBITDA from the second semester.
- Revenue recognition for software as an agent on a full-year basis and the transition to SaaS mode, with a smoothing effect on revenue over time. However, this change opens up an opportunity to gain new customers in a changing market.

For 2024, the company aims for an increase in its revenue compared to based on €59 million in 2023 and an increase in its current EBITDA rate.

⁵ This figure provides an indicative estimate of the revenues for the year 2023 adjusted with the following assumptions: Agent classification in the Software activity for the entire year 2023 (vs only H2 2023 under IFRS), exclusion of the Solidscape scope, exclusion of the Cristal scope.

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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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.
- Cash-flow from operations: Cash-flow from operating activities before change in working capital.

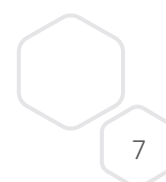
Quarterly Revenues

<i>(in €millions)</i>	Q4	Q3	Q2	Q1	2023
Systems	9,3	6,2	12,1	11,9	39,5
Products	8,6	7,6	9,4	9,7	35,3
Structures and eliminations	-0,1	-0,1	-0,1	-	-0,3
REVENUES	17,8	13,7	21,5	21,6	74,6

Consolidated income statement

<i>(in thousands of euros)</i>	2023	2022
REVENUE	74 565	80 663
Capitalized production	947	1 826
Inventories and work in progress	310	767
Other income from operations	424	1 401
Purchases and external charges	(36 910)	(42 587)
Personnel expenses	(32 407)	(30 380)
Tax and duties	(630)	(641)
Depreciation, amortization, and provisions (net of reversals)	(4 933)	(5 573)
Other operating income and expenses	289	340
INCOME FROM ORDINARY ACTIVITIES	8 104	5 817
Non-recurring items in operating income	(13 627)	(823)
Group-share of the earnings of affiliated companies	-	(74)
OPERATING INCOME	(12 592)	4 920
Interest on gross debt	(362)	(281)
Interest on cash and cash equivalents	(29)	-
NET BORROWING COST (a)	(391)	(281)
Other financial income (b)	155	279
Other financial expense (c)	(484)	(246)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)	(721)	(248)
Income tax	(710)	(3 088)
NET INCOME FROM CONTINUING OPERATIONS	(14 023)	1 584
Net income from discontinued operations	-	-
CONSOLIDATED NET INCOME	(14 023)	1 584
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDER	(14 009)	1489
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(14)	94

Average number of shares	51 553 948	51 210 638
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Consolidated statement of cash flows

<i>(in thousands of euros)</i>	2023	2022
NET INCOME FROM CONTINUING OPERATIONS	(14 023)	1 584
Accruals	19 614	5 037
Capital gains and losses on disposals	(2 621)	146
Group Share of income of equity-accounted companies	-	74
CASH FLOW FROM OPERATING ACTIVITIES (before neutralization of the net borrowing cost and taxes)	2 970	6 841
Expense for net debt	391	281
Tax expense	710	3 088
CASH FLOW FROM OPERATIONS (after neutralization of the net borrowing cost and taxes)	4 071	10 210
Tax paid	(1 780)	(1 447)
Change in working capital requirements	1 406	(4 457)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	3 697	4 306
Investing activities		
Payments/acquisition of intangible assets	(1 222)	(2 586)
Payments/acquisition of property, plant and equipment assets	(2 070)	(656)
Proceeds/disposal of property, plant and equipment & intangible assets	49	16
Payments/acquisition & Proceeds/disposal of non-current financial assets	6	163
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	2 674	(3 905)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(563)	(6 968)
Financing activities		
Capital transactions (increase, contributions, dividends, other)	(90)	(28)
Proceeds from borrowings	5 750	4 438
Repayment of borrowings	(6 260)	(4 337)
Cost of net debt	(347)	(264)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(947)	(191)
CASH FLOW GENERATED BY CONTINUING OPERATIONS (D = A+B+C)	2 186	(2 854)
CASH FLOW GENERATED BY DISCONTINUED OPERATIONS	(57)	-
CHANGE IN CASH AND CASH EQUIVALENTS	2 129	(2 854)
<i>Effects of exchange rate changes</i>	(9)	52
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	14 096	16 897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16 216	14 096

Consolidated balance sheet

<i>(in thousands of euros)</i>	31/12/2023	31/12/2022
NON-CURRENT ASSETS	61 075	74 382
Goodwill	39 056	45 981
Other intangible assets	6 111	12 360
Property, plant and equipment	15 267	15 206
Investments in affiliated companies	640	647
Other financial assets	2	188
ACTIFS COURANTS	43 829	43 607
Net inventories	6 141	9 157
Net trade receivables	14 324	15 877
Contract assets	65	53
Other current assets	5 560	3 173
Tax receivables payable	1 519	1 242
Cash and cash equivalents	16 221	14 104
Assets held for sale	558	1 139
TOTAL ASSETS	105 462	119 128

<i>(in thousands of euros)</i>	31/12/2023	31/12/2022
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT	52 437	67 064
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	93	131
NON-CURRENT LIABILITIES	20 691	20 012
Long-term provisions	794	803
Long-term liabilities – portion due in more than one year	14 667	13 557
Lease liabilities – portion due in more than one year	5 069	4 885
Deferred tax liabilities	161	767
CURRENT LIABILITIES	30 683	31 922
Short-term provisions	1 815	1 174
Long-term liabilities – portion due in less than one year	4 520	3 963
Lease liabilities – portion due in less than one year	1 630	1 661
Operating payables	9 423	10 443
Contract liabilities	543	1 397
Other current liabilities	12 618	12 827
Tax liabilities payable	135	457
LIABILITIES FOR SALE	558	-
TOTAL LIABILITIES	105 462	119 129