Press release

Paris, 16 September 2021 at 18h00

Good profitability in the first half 2021

Groupe Gorgé has generated its best first-half operating income. This performance, which should have already materialized in 2020 without the impact of the health crisis, is the first result of an innovation strategy initiated several years ago and aiming at improving the group's margins.

- **Solid and fast-growing financial results**
  - **Organic growth of +30%** in revenues compared to H1 2020
  - EBITDA growth of 125%, reaching a margin of 12%
  - **Operating income of €4.3m**, up by €19 m vs H1 2020

- **Sustained activity in the group's 3 divisions**
  - **Drones & Systems**: several milestones achieved in the BENL program and progress on other types of drones
  - **3D Printing**: a successful operational transformation
  - **Engineering & Protection Systems**: order intake up +10%.

- **Solid perspectives and revising guidance 2021 upwards**
  - **Backlog of €600 million well renewed**
  - **2021 guidance revised upwards**: >15% organic growth in revenue (i.e > €265 million) and profitability level to be maintained over the rest of the year.

Groupe Gorgé: a high-tech specialist involved in three activities

For several years, Groupe Gorgé has been implementing a strategy based on three main pillars:

1. **Reinforcement on high-tech activities** with high added value
2. **Focus on sectors with strong growth prospects**
3. **A leading player in its activities** with a strong development ambition.

This strategy is deployed across three divisions, which generated consolidated revenue of €135 m in H1 2021:

- **43% of revenues come from the Drones & Systems division**. Recognized as one of the world leaders in autonomous robotics, this division provides its customers with the most effective and technologically advanced solutions in the field of naval, underwater, land and air drones.
- **25% is generated by the 3D Printing division** (through Prodways Group, owned at 56%), which focuses on 3D plastic printing for industrial production, drawing on its expertise in the entire 3D value chain: software, machines, materials and parts manufacturing.
- **The Engineering & Protection System activity represents 32% of revenues** and includes the Engineering and Technology Consulting division as well as solutions for the protection of high-risk sites, with fire safety and nuclear doors.

Financial results: revenue growth and operating income at the highest level for a first half

(in €million)	H1 2021	H1 2020	Change €m	Change %
Revenue	**135.5**	108.0	**+27.5**	*+25% (+30% organic)*
EBITDA[1]	**16.0**	7.1	**+8.9**	*+125%*
EBITDA margin (%)	***11.8%***	*6.6%*	*+5.2 pts*	-
Income from ordinary activities[1]	**6.2**	(4.3)	**+10.5**	-
Operating income	**4.3**	(14.3)	**+18.6**	-
Financial income	**(0.9)**	(0.4)	**-0.4**	-
Tax	**(3.8)**	1.0	**-4.9**	-
Net income from discontinued activities	**0.7**	(1.0)	**+1.7**	-
Net income	**0.3**	(14.7)	**+15.0**	-
Profit (loss) for the period attributable to the owners of the parent	**0.3**	(10.0)	**+10.4**	-

[1] See glossary in the appendix for definitions of the alternative performance indicators

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+30% organic growth in revenue

Groupe Gorgé posted revenues of €135 million in the first half of 2021, up 30% on a like-for-like basis. This growth was driven by good momentum in all three divisions with several growth drivers:

- **The increase in revenues generated by the Drones & Systems** division, particularly dynamic with +36%,
- **Accelerated growth in 3D Printing**, driven by the recovery (+27%),
- **The good performance of the Engineering & Protection Systems business** (+25% organic growth).

More details are available in the press release dedicated to sales published in July (link).

An improving profitability level

Groupe Gorgé generated an **EBITDA of €16 million** in the first half of the year, up 125% year-on-year and 11.8% above the 2019 level. This performance resulted in **an EBITDA margin of 12%**, a new record for Groupe Gorgé.

As a result, this growth allowed the group to generate **an income from ordinary activities of €6.2 million**, up +€10 m compared to H1 2020 and **almost double the result of H1 2019**. This increase is the first sign of an underlying trend towards improved margins that should continue for several years.

This performance is the combined result of several effects:

- **The strategic refocusing** carried out since 2018 in favor of high value-added activities, in particular the strengthening in the Drones & Systems division.
- The latter is continuing **to gain momentum**, with an EBITDA margin of 21% in the first half.
- **The successful transformation of the 3D Printing division**, which achieved its best result ever with an EBITDA margin of 13%. It benefited from a significant reduction in the operating cost base and the positive impact of a subsidy awarded in the United States.
- In the Engineering & Protection Systems division, **the negative impact of old contracts in the nuclear sector** signed several years ago, the finalization of which is behind schedule, as well as the ramp-up of **StedY, which has not yet reached its breakeven point.**

Financial situation: 1st sustainability-linked credit of €145 million and changes in net debt

During the first half of the year, Groupe Gorgé successfully secured its **first corporate syndicated loan of €145 million**. It consists of a confirmed portion of €120 million with an average maturity of 5 years and including a €35 million renewable portion (RCF) and an unconfirmed portion of €25 million dedicated to external growth. This financing could enable the group to seize new opportunities to strengthen its current businesses. The margin scale is defined according to the level of debt (net debt/EBITDA) and the achievement of certain ESG objectives, measured by indicators that are currently being finalized with the lenders.

Groupe Gorgé's net debt[2] amounted to €56.8 million on June 30, 2021, up €26 million compared to December 31, 2020. This change is explained by the reconstitution of working capital requirements, a natural consequence of the good pace of our business recovery, the payment of the dividend in full in the first half of the year, share buybacks at the beginning of 2021 and the significant investments that are continuing in R&D and, notably, the construction of a production site in Ostend (Belgium). The deterioration in working capital is partly due to the unfavourable financing cycle in the year 2021 alone of the major contract in the Drones & Systems division.

Available cash is maintained at a high level of €70 million.

1st half of 2021: sustained activity in the Group's three divisions

Performance by division

In € million		H1 2021	H1 2020	Change
Drones & Systmes	Revenue	58.8	43.1	*+36%*
	EBITDA	12.1	5.3	*+130%*
	EBITDA margin (%)	*20.6%*	*12.2%*	*+8.4 pts*
	Income from ordinary activities	6.5	0.8	+5.7 m€
3D Printing	Revenue	34.1	26.8	*+27%*
	EBITDA	4.5	1.4	*+214%*
	EBITDA margin (%)	*13.2%*	*5.3%*	*+7.9 pts*
	Income from ordinary activities	2.2	(2.9)	+5.1 m€
Engineering & Protection Systems	Revenue	43.3	38.5	*+13%*
	EBITDA	(0.1)	0.9	*-116%*
	EBITDA margin (%)	*(0.3%)*	*2.2%*	*-2.6 pts*
	Income from ordinary activities	(1.9)	(1.6)	-0.3 m€

2 See glossary in the appendix for definitions of the alternative performance indicators

Drones & Systems: progress on several types of drones

Groupe Gorgé has successfully reached several important milestones in the first half of 2021 as part of the large-scale €450 m contract with the Belgian and Dutch navies. In addition to the successful sea trials of the UMISAS sonar developed by the group since 2014, the group announced **the success of the "Preliminary Design Review"**, which confirms that the overall design meets all the client's requirements.

The preparation of next steps, including the production phase, is also well underway. The management team in Belgium has been set up and the group will inaugurate the new R&D site in Mouscron on September 22. In addition, the construction of the Ostend plant, which will house the drone's assembly line, is progressing well.

At the same time, the company has made significant progress on its **autonomous drone dedicated to logistics (AGV)**. Real-life tests since the end of 2020 have validated the quality of this solution: designed to transport pallets indoors and outdoors, the drone has been operating for several months in a variety of weather conditions without complications. Demonstrations to potential customers will be taking place in September.

Good order intake in the Engineering & Protection Systems division, difficulties in the nuclear sector

The commercial momentum of this division continues, particularly driven by the consulting in engineering and fire protection businesses, and has resulted in order intake of €44 million, up 10% on the level of the first half of 2019 and 2020. While the nuclear business has a good medium-term outlook, the emphasis must still be placed on restoring profitability, which is taking longer than expected and is penalized by old contracts, including one for the ITER project. The nuclear activities represented 8% of group revenues in the first half.

Successful transformation of the 3D Printing division

In line with the operational transformation plan launched in 2020, most of Prodways' teams and technologies from 5 different locations in France were grouped together at the new site in Annecy in first half 2021.The new 4,500 sq. m. building now houses the Products division's printer fleet, the parts development and design office, and the SLS printer production unit (powder sintering technologies). **The new organizational system is already generating operational synergies**, promoting the development of new products and services, and enabling the 3D printing division to meet the growing demands of its customers.

Slowed by the health crisis, **the revenue growth curve** has recovered well in 2021. The 3D division's revenue **has grown by an average of +27% per year since 2015**, posting first half 2021 revenues of €34 million, up from €8 million in first half 2015. This sustained growth over time reflects the combination of strong organic growth and acquisitions that has transformed the Group's revenue profile.

While **recurring revenues** accounted for only 25% of total revenues in 2015, **they now represent nearly 60%:** the Group's robust revenue base primarily consists of materials sales, where growth is compounded by customers' increasing use of their own machinery. The software integration business also enjoys a high rate of recurrence, as do sales of custom medical devices (audiology, dental, podiatry).

Solid outlook and increase in 2021 guidance

A well-renewed backlog of €600 million

The commercial momentum has enabled the renewal of the order book, which remains stable compared with the same period last year (-0.7% on a like-for-like basis). **This performance is all the more positive as it takes place in a context of economic recovery and the reopening of borders**, **which is still partial**, delaying investment decisions. **With more than €600 million secured in backlog** for the coming years, equivalent to 2.6 years of revenues, Groupe Gorgé benefits from a solid revenue base and a good level of visibility for the future.

Acceleration of 3D printing development: integration of Creabis well underway

In early July 2021, the Group announced the acquisition of Creabis, a German company specializing in 3D printing services for plastics. The deal marked an acceleration of the development strategy with the resumption of the acquisition program (link to special press release). This acquisition has given the 3D printing division **one of the most extensive ranges of 3D printing services in Europe**, with a fleet of 52 printers offering customers a wide variety of technologies and materials.

The integration of Creabis is well underway and will continue in the second half. The sales and operational teams have already integrated both companies' offerings and will be able to offer new technologies and services from the end of September. In the wake of other acquisitions in recent years, the group has once again confirmed its ability to integrate new companies efficiently and leverage potential synergies.

Guidance for 2021 revised upwards

Groupe Gorgé's performance in the first half of the year confirms its positioning and development ambitions in the short and medium term. In each of its businesses, Groupe Gorgé can rely on deep and structurally sound markets, a solid revenue base and growth opportunities. The Group's changes in dimension, both in terms of revenue generation and profitability, are reflected in its results.

Consequently, Groupe Gorgé has raised its guidance for 2021, targeting revenue growth of over 15% on a like-for-like basis (compared to "close to 15%" previously), i.e. over €265 m. The profitability level should remain around the current level for the rest of the year.

About Groupe Gorgé

Groupe Gorgé is a high-tech industrial group driven by a strong entrepreneurial culture. The Group is present in 3D printing, drones, engineering, and protection systems and employs nearly 1,850 people. The Group generated revenue of €231 million in 2020.

More information on www.groupe-gorge.com

Groupe Gorgé is listed on Euronext Paris Compartment B (GOE).

Upcoming events

• 28/10/2021 (after market): Q3 2021 revenue

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Appendices

Consolidated income statement

(in thousands of euros)	06/30/2021	06/30/2020
REVENUE	**135,497**	**107,992**
Capitalized production	8,274	4,430
Inventories and work in progress	(1,767)	1,310
Other income from operations	4,272	3,006
Purchases and external charges	(65,880)	(59,053)
Personnel expenses	(62,528)	(49,446)
Tax and duties	(1,519)	(1,173)
Depreciation, amortization, and provisions (net of reversals)	(9,783)	(11,356)
Other operating income and expenses	(386)	17
INCOME FROM ORDINARY ACTIVITIES	**6,181**	**(4,273)**
Group share of the earnings of affiliated companies	46	(14)
Non-recurring items in operating income	(1,922)	(9,969)
OPERATING INCOME	**4,305**	**(14,257)**
Interest on gross debt	(1,214)	(668)
Interest on cash and cash equivalents	5	-
NET BORROWING COST (a)	**(1,209)**	**(668)**
Other financial income (b)	452	373
Other financial expense (c)	(103)	(137)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)	**(860)**	**(431)**
Income tax	(3,830)	1,034
NET INCOME FROM CONTINUING OPERATIONS	**(385)**	**(13,653)**
Net income from discontinued operations	700	(1,000)
CONSOLIDATED NET INCOME	**315**	**(14,653)**
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDER	**339**	**(10,042)**
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**(24)**	**(4,611)**

Average number of shares	17,237,390	13,508,105

Consolidated statement of cash flows

(in thousands of euros)	06/30/2021	06/30/2020
NET INCOME FROM CONTINUING OPERATIONS	**(385)**	**(13,653)**
Accruals	5,768	17,324
Capital gains and losses on disposals	(172)	192
Group share of income of equity-accounted companies	(46)	14
CASH FLOW FROM OPERATIONS (before neutralization of the net borrowing cost and taxes)	**5,164**	**3,877**
Expense for net debt	1,209	668
Tax expense	3,830	(1,034)
CASH FLOW (after neutralization of the net borrowing cost and taxes)	**10,204**	**3,511**
Tax paid	(1,788)	(1,215)
Change in working capital requirements	(11,487)	5,987
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**(3,070)**	**8,283**
Investing activities		
Payments/acquisition of property, plant and equipment and intangible assets	(14,687)	(7,198)
Proceeds/disposal of property, plant and equipment and intangible assets	166	214
Payments/acquisition & Proceeds/disposal of non-current financial assets	56	(386)
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(14,464)**	**(7,369)**
Financing activities		
Capital increase or contributions	-	-
Dividends paid to parent company shareholders	(5,509)	-
Dividends paid to non-controlling interests	(277)	(1,348)
Other equity transactions	(1,687)	(5,956)
Proceeds from borrowings	91,676	33,681
Repayment of borrowings	(76,992)	(6,487)
Cost of net debt	(1,038)	(590)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**6,173**	**19,300**
CASH FLOW GENERATED BY CONTINUING OPERATIONS (D = A+B+C)	**(11,361)**	**20,214**
Cash flow generated by discontinued operations	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	**(11,361)**	**20,214**
Effects of exchange rate changes	*33*	*(7)*
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**80,868**	**59,308**
Restatement of cash and cash equivalents [1]	-	(729)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**69,539**	**78,785**

Consolidated balance sheet - Assets

(in thousands of euros)	06/30/2021	12/31/2020
NON-CURRENT ASSETS	**177,790**	**169,696**
Goodwill	63,245	63,245
Other intangible assets	45,466	41,371
Property, plant and equipment	52,930	47,038
Investments in affiliated companies	1,221	1,139
Other financial assets	12,256	12,090
Deferred tax assets	2,672	4,813
Other non-current assets	-	-
CURRENT ASSETS	**257,049**	**259,300**
Net inventories	31,917	33,400
Net trade receivables	52,052	44,443
Contract assets	64,324	63,393
Other current assets	22,292	21,334
Tax receivables payable	14,001	14,061
Other current financial assets	216	2
Cash and cash equivalents	72,249	82,668
ASSETS HELD FOR SALE	**-**	**-**
TOTAL ASSETS	**434,839**	**428,996**

Consolidated balance sheet – Equity and liabilities

(in thousands of euros)	06/30/2021	12/31/2020
EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT	**87,798**	**94,887**
Capital (1)	17,425	17,425
Share premiums (1)	28,614	28,614
Retained earnings and consolidated net income	41,759	48,849
STAKES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**31,502**	**31,401**
NON-CURRENT LIBAILITIES	**141,069**	**89,389**
Long-term provisions	7,442	7,978
Long-term liabilities – portion due in more than one year	110,106	60,304
Lease liabilities – portion due in more than one year	19,990	18,187
Other financial liabilities	2,734	2,133
Deferred tax liabilities	492	447
Other non-current liabilities	305	341
CURRENT LIABILITIES	**174,471**	**213,319**
Short-term provisions	6,404	8,810
Long-term liabilities – portion due in less than one year	22,053	54,357
Lease liabilities – portion due in less than one year	5,782	5,945
Operating payables	45,153	49,529
Contract liabilities	32,290	38,749
Other current liabilities	62,302	55,423
Tax liabilities payable	489	506
LIABILITIES HELD FOR SALE	**-**	**-**
TOTAL LIABILITIES	**434,839**	**428,996**

Definitions of alternative performance indicators

- EBITDA: Operating income before “depreciation, amortization and provisions”, “other items of operating income” and “Group share of the earnings of affiliated companies”.

- Income from continuing operations: Operating income before “other items of operating income” and “Group share of the earnings of affiliated companies”.

- Net Debt: Net debt excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock