

# Full year 2021 results: strong growth in results and pursuit of the strategic refocusing

Groupe Gorgé has taken major steps in the strategic refocusing and simplification of its activities in 2021. Following the distribution of most of its Prodways Group shares to its shareholders, Groupe Gorgé today announces plans to withdraw from its technical doors activity for the nuclear sector. The company's transformation will continue in 2022 with the acquisition of iXblue in order to create a French technological champion. These operations, combined with the strong growth in the results of the Drones & Systems division, are transforming the company's profitability profile

- **Further important steps in the strategic refocusing**
  - Distribution of most of the stake in **Prodways Group** at the end of 2021;
  - **Project to withdraw from the technical doors business for the nuclear sector** (subsidiary Baumert), now classified as "discontinued operations";
  - **Combination of ECA and iXblue**, scheduled for 2022, to create a world-class player in advanced technologies for critical applications.
- **A transformed profitability profile**
  - **Organic revenue growth of +21%** compared to 2020;
  - **Current EBITDA margin of 17%**, up +7 pts compared to 2020 in the former scope;
  - Net income of €46 million, largely driven by the capital gain recognized on the Prodways Group shares.
- **Drones & Systems: a growth driver**
  - **Ramp-up in revenues: +20%** in 2021
  - **Strong growth in current EBITDA of +49%**, reflecting a margin of 21%.
- **An improved extra-financial performance**
  - **Gaïa rating**: Groupe Gorgé ranks **12<sup>th</sup> in its category** thanks to a + 8 points improvement in its rating, with progress in all areas.

### Major progress in strategic refocusing

Initiated in 2018, the strategy of refocusing the Group's activities began with the disposal of certain subsidiaries in the Engineering & Protection Systems division positioned in highly cyclical sectors (automotive, Oil & Gas): sale of AI Group in 2018, followed by CIMLEC in 2019 and Van Dam in 2020. An important step in this refocusing was then taken in 2020 with the reinforcement in the Drones & Systems division, thanks to the merger with ECA, which is now owned at 100% by Groupe Gorgé.

The simplification of the group continued in 2021 with the achievement of new milestones.

### Groupe Gorgé distributes most of its Prodways Group shares to its shareholders



In December 2021, Groupe Gorgé distributed most of its shares in Prodways Group, a leading player in 3D printing, to its shareholders, representing 50.6% of the capital of its subsidiary. Prodways Group is now deconsolidated and classified as "discontinued operations". This operation has enabled Groupe Gorgé to take a major step forward in its simplification, and the company now benefits from increased visibility and a better profile on the stock markets.

In addition, the transaction generated a €44 million capital gain, which is recorded in net income for the year 2021.

### Withdrawal from the technical doors business for the nuclear sector



Groupe Gorgé announces today that it plans to withdraw from the manufacturing and installation of technical doors for the nuclear sector, carried out by its subsidiary Baumert. This new step in the simplification process is in line with the company's strategy of withdrawing from less technology-intensive activities in order to strengthen its position in high-tech markets. This division achieves virtually no synergies with the group's other activities and has been experiencing difficulties for several years. The prospects for the construction of new reactors in France are not expected to generate revenues before 2028.

The plan to withdraw from this activity, which is a negative contributor to earnings, materially strengthens Groupe Gorgé's profitability profile. The details of this withdrawal will be communicated as soon as the project is sufficiently advanced.

### Combination between ECA Group and iXblue: emergence of a French technology champion



On March 10, 2021, Groupe Gorgé entered into exclusive negotiations with the shareholders of iXblue to acquire 100% of the company's capital.

This major strategic project marks a turning point in the history of Groupe Gorgé and will create a world-class player in cutting-edge technologies for critical applications, notably in the defense, space and maritime sectors. The transaction is subject to customary regulatory approvals and could be completed in approximately 3 to 6 months.

More information is available in the dedicated press release ([link](#)).

The progress made in refocusing the activities demonstrates the ability of the teams to rapidly and successfully execute the strategic plan. Thanks to this transformation, Groupe Gorgé benefits from improved clarity and a significantly better profitability profile. The clear focus on the Drones & Systems business (through ECA Group), which represents 80% of current EBITDA in 2021, positions Groupe Gorgé as a recognized specialist in the field of autonomous robotics and integrated system.

## 2021 results: a transformed profitability profile

| (in €million)                                | 2021         | 2020 restated <sup>1</sup> | 2020 published | Change €m<br>2021 vs<br>2020 restated | Change %<br>(organic) |
|--|--------------|----------------------------|----------------|---------------------------------------|-----------------------|
| Revenues                                     | <b>178,3</b> | 150,9                      | 231,1          | <b>+27,4</b>                          | +18%<br>(org. : +21%) |
| Current EBITDA <sup>2</sup>                  | <b>30,2</b>  | 23,1                       | 24,1           | <b>+7,0</b>                           | +30%                  |
| Current EBITDA margin (%)                    | <b>16,9%</b> | 15,3%                      | 10,4%          | +1,6 pts                              | n.a.                  |
| Income from ordinary activities <sup>2</sup> | <b>15,4</b>  | 10,3                       | 2,5            | <b>+5,1</b>                           | +50%                  |
| Operating income                             | <b>14,2</b>  | 11,0                       | -9,0           | <b>+3,2</b>                           | +29%                  |
| Financial result                             | <b>-2,5</b>  | -0,9                       | -1,7           | <b>-1,6</b>                           | -                     |
| Tax  | <b>-3,2</b>  | -1,1                       | 0,2            | <b>-2,1</b>                           | -                     |
| Net income from discontinued activities      | <b>38,3</b>  | -20,6                      | -1,0           | <b>+58,9</b>                          | -                     |
| Net income                                   | <b>46,9</b>  | -11,5                      | -11,5          | <b>+58,4</b>                          | -                     |
| Net income in group share                    | <b>46,2</b>  | -5,8                       | -5,8           | <b>+52,0</b>                          | -                     |

The various operations linked to the group's refocusing make it necessary to restate the results of the previous year to ensure comparison with those of the year 2021. The main impacts are the classification as discontinued operations following:

- ▶ The distribution of Prodways Group shares, which results in its deconsolidation and the recognition of an exceptional income.
- ▶ The treatment of the technical doors activity in the nuclear sector as an activity held for sale.

<sup>1</sup> 2020 income statement adjusted for the contributions of Prodways Group and Baumert, reclassified in application of IFRS 5 concerning discontinued operations.

<sup>2</sup> See glossary in the appendix for a definition of alternative performance indicators.

### +21% organic revenue growth.

Groupe Gorgé achieved consolidated revenues of €178 million in 2021, excluding discontinued operations (subsidiaries Prodways Group and Baumert). This increase of +18% on a comparable consolidation basis and +21% on an organic basis is the combined result of:

- ▶ **The sustained growth momentum of the Drones & Systems business, up by +20% in 2021, reflecting:**
  - **Successes in the naval sector**, where the Group enjoys major competitive advantages and which now accounts for 70% of this division's revenues: +40% growth.
  - Consolidation of **leadership in on-board equipment** for the aerospace sector (about 20% of revenues): +6% growth.
  - The decline in revenues in **other activities, particularly industrial**, (about 10% of revenues) still marked by limited investments in the aerospace sector: -24% of revenues.
  
- ▶ The return to growth in the **Engineering & Protection Systems** division: +17% in 2021.

More details are available in the dedicated press release of February 23, 2022 ([link](#)).

### Profits increasing in absolute terms and as a percentage

Groupe Gorgé has generated a current EBITDA of €30 million in 2021, up +30% year-on-year. This performance represents a current EBITDA margin of 17%, a new record for the group. This level achieved represents an increase of +1.6 pt in continuing activities and +6.5 pts compared to 2020 under the previous consolidation scope. This significant improvement is explained by the strategic refocusing on a growing, high-margin division and the withdrawal from less profitable activities:

- The **Drones & Systems** division achieved €24 million in current EBITDA in 2021, up +49%. Its current EBITDA margin stands at 21%, a record level for over 10 years.
- **The withdrawal** from certain activities in the **Engineering & Protection Systems** division, which had a negative impact on current EBITDA.
- **The deconsolidation of Prodways Group**, whose margins have improved but remain below the group average.

As a result, the group generated an **income from ordinary activities of €15.4 m**, up +€5 million compared to 2020.

After taking into account exceptional costs of €1.2m (exceptional depreciation and amortization), **operating income** stands at €14.2 million.

As a consequence, Groupe Gorgé generated record **net income of €46 million in 2021 in group share**, including the €44 million capital gain recorded on the distribution of Prodways shares in December 2021, partly reduced by the negative contribution of Baumert.

## 2021 results by division

| In € million                                |                                 | FY2020 | FY2021 | Variation |
|---|---------------------------------|--------|--------|-----------|
| <b>Drones &amp; Systems</b>                 | Revenues                        | 96,2   | 115,3  | +19,9%    |
|   | Current EBITDA                  | 16,1   | 24,0   | +49,3%    |
|   | Current EBITDA margin (%)       | 16,7%  | 20,8%  | +4,1 pts  |
|   | Income from ordinary activities | 7,0    | 11,8   | +4,8 M€   |
| <b>Engineering &amp; Protection Systems</b> | Revenues                        | 54,8   | 64,0   | +16,8%    |
|   | Current EBITDA                  | 7,2    | 4,9    | -31,8%    |
|   | Current EBITDA margin (%)       | 13,2%  | 7,7%   | -5,5 pts  |
|   | Income from ordinary activities | 4,2    | 3,0    | -1,3 M€   |

### Drones & Systems (through ECA Group): +49% current EBITDA

The improvement in profits in the Drones & Systems division is the result of:

- ▶ **The ramp-up in revenues**, notably due to the successful execution of the BENL program;
- ▶ **The good cost control demonstrated** by ECA Group teams and the **resizing of the on-board equipment activity**, pulling the division's profitability upwards.
- ▶ **The negative impact in 2021 of the new AMR activity** (Autonomous Mobile Robot). The commercialization started during 2021 and is expected to ramp up.

### Engineering & Protection Systems: +27% current EBITDA on an organic basis

Following the divestments of Van Dam in 2020 and of Baumert in progress, this division now comprises **Consulting in Engineering & Technology** and **Fire Protection**, with active (sprinklers, water mist, fire networks, etc.) and passive (fire doors, partitions and glass) protection solutions.

Revenue growth of +17%, and +26% on an organic basis, was driven by the continued development of the consulting in engineering, with an increase in the number of employees and in the number of assignments in progress. The good performance of the fire protection business is also contributing to revenue growth in 2021.

The contribution to current EBITDA from this division reached €4.9 m this year, compared with €7.2 m in 2020. This decline is explained by a capital gain on the disposal of an asset (sale of the Van Dam company) that was recognized in 2020. On an organic basis and restated for this capital gain, current EBITDA is up 27%, in line with the growth in revenues.

## Significant progress in extra-financial performance

Groupe Gorgé has made significant progress in its ESG policy in all three areas of Environment, Social and Governance. This improvement has been rewarded by an increase of 8 points in the Gaïa Rating with a score of 78/100 at the end of the company's latest evaluation.

As a result of this improvement, Groupe Gorgé has been included for the first time in the Gaïa-Index, the French benchmark index for Small & MidCaps, which distinguishes the 70 most virtuous French SMEs in terms of extra-financial performance. The company is one of the 9 new entrants to the index and ranks 12<sup>th</sup> in its category<sup>3</sup>.

This progress is expected to continue in the coming years thanks to the setting of targeted objectives and the growing involvement of all Groupe Gorgé teams, supported by the Board of Directors.

## Dividend

On December 22, 2021, Groupe Gorgé paid an exceptional dividend to its shareholders in the form of a distribution in kind of Prodways Group shares. This distribution represented an amount of €4.11 per Groupe Gorgé share. Following this significant distribution, Groupe Gorgé will propose to the Annual General Meeting of 16 June 2022 that no ordinary dividend be paid for the 2021 financial year. This decision is made in the context of the operation of rapprochement between ECA Group and iXblue, the financing of which mobilizes the group's resources, thus avoiding a capital increase and dilution for shareholders.

## Upcoming events

An event to present the merger between ECA Group and iXBlue to the financial community will take place on April 6, 2022 at 9:00 am. Groupe Gorgé will take the opportunity to answer questions from analysts and investors regarding the 2021 annual results and growth prospects.

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<sup>3</sup> Category of evaluated companies with sales between €150 and €500 million, i.e. 85 companies



### **About Groupe Gorgé**

Groupe Gorgé is a high-tech industrial group driven by a strong entrepreneurial culture. The Group is present in drones, engineering and protection systems. The Group generated revenue of €202 million in 2021.

### **More information on [www.groupe-gorge.com](http://www.groupe-gorge.com)**

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

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## Appendices

### Consolidated income statement

| <i>(in thousands of euros)</i>                                | <b>2021</b>    | <b>2020<sup>4</sup></b> |
|---|----------------|-------------------------|
| <b>REVENUE</b>  | <b>178 273</b> | <b>150 913</b>          |
| Capitalized production  | 11 569         | 7 899                   |
| Inventories and work in progress                              | (1 907)        | 2 086                   |
| Other income from operations                                  | 8 185          | 5 151                   |
| Purchases and external charges                                | (84 003)       | (77 177)                |
| Personnel expenses  | (82 294)       | (68 197)                |
| Tax and duties  | (1 898)        | (1 862)                 |
| Depreciation, amortization, and provisions (net of reversals) | (14 784)       | (12 870)                |
| Other operating income and expenses                           | 2 253          | 4 329                   |
| <b>INCOME FROM ORDINARY ACTIVITIES</b>                        | <b>15 394</b>  | <b>10 271</b>           |
| Group share of the earnings of affiliated companies           | -              | -                       |
| Non-recurring items in operating income                       | (1 166)        | 776                     |
| <b>OPERATING INCOME</b>                                       | <b>14 228</b>  | <b>11 047</b>           |
| Interest on gross debt  | (2 293)        | (990)                   |
| Interest on cash and cash equivalents                         | 4              | 23                      |
| <b>NET BORROWING COST (a)</b>                                 | <b>(2 289)</b> | <b>(967)</b>            |
| Other financial income (b)                                    | 173            | 394                     |
| Other financial expense (c)                                   | (347)          | (285)                   |
| <b>FINANCIAL INCOME AND EXPENSES (d=a+b+c)</b>                | <b>(2 463)</b> | <b>(858)</b>            |
| Income tax  | (3 179)        | (1 066)                 |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>                  | <b>8 586</b>   | <b>9 123</b>            |
| Net income from discontinued operations                       | 38 286         | (20 634)                |
| <b>CONSOLIDATED NET INCOME</b>                                | <b>46 871</b>  | <b>(11 510)</b>         |
| <b>INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDER</b>      | <b>46 208</b>  | <b>(5 811)</b>          |
| <b>INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>       | <b>663</b>     | <b>(5 700)</b>          |
| Average number of shares                                      | 17 218 321     | 13 524 747              |

<sup>4</sup> Restated 2020 figures

## Consolidated statement of cash flows

| <i>(in thousands of euros)</i>   | <b>2021</b>     | <b>2020<sup>5</sup></b> |
|--|-----------------|-------------------------|
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>   | 8 586           | 9 123                   |
| Accruals   | 10 306          | 15 199                  |
| Capital gains and losses on disposals  | 13              | (8 520)                 |
| Group share of income of equity-accounted companies  | 0               | 0                       |
| <b>CASH FLOW FROM OPERATIONS (before neutralization of the net borrowing cost and taxes)</b> | <b>18 904</b>   | <b>15 803</b>           |
| Expense for net debt   | 2 289           | 967                     |
| Tax expense  | 3 179           | 1 066                   |
| <b>CASH FLOW (after neutralization of the net borrowing cost and taxes)</b>                  | <b>24 372</b>   | <b>17 835</b>           |
| Tax paid   | (1 448)         | (1 560)                 |
| Change in working capital requirements   | (34 752)        | 25 002                  |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>   | <b>(11 827)</b> | <b>41 277</b>           |
| <b>Investing activities</b>  |                 |                         |
| Payments/acquisition of intangible assets  | (12 799)        | (13 727)                |
| Payments/acquisition of property, plant and equipment  | (12 493)        | (4 062)                 |
| Proceeds/disposal of property, plant and equipment and intangible assets                     | 20              | 7 143                   |
| Payments/acquisition & Proceeds/disposal of non-current financial assets                     | (66)            | 124                     |
| Net cash inflow/outflow on the acquisition/disposal of subsidiaries                          | -               | (729)                   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>   | <b>(25 338)</b> | <b>(11 251)</b>         |
| <b>Financing activities</b>  |                 |                         |
| Capital increase or contributions  | -               | -                       |
| Dividends paid to parent company shareholders  | (5 509)         | (4 319)                 |
| Dividends paid to non-controlling interests  | (360)           | (1 484)                 |
| Other equity transactions  | (3 213)         | (32 654)                |
| Proceeds from borrowings   | 118 476         | 34 458                  |
| Repayment of borrowings  | (83 150)        | (12 600)                |
| Cost of net debt   | (1 811)         | (896)                   |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>   | <b>24 433</b>   | <b>(17 494)</b>         |
| <b>CASH FLOW GENERATED BY CONTINUING OPERATIONS (D = A+B+C)</b>                              | <b>(12 732)</b> | <b>12 531</b>           |
| Cash flow generated by discontinued operations   | (8 253)         | 9 116                   |
| <b>EFFECTS OF EXCHANGE RATE CHANGES</b>  | <b>(20 985)</b> | <b>21 647</b>           |
| <i>Effects of exchange rate changes</i>  | 16              | (18)                    |
| <b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>                                 | <b>57 857</b>   | <b>46 839</b>           |
| Restatement of cash and cash equivalents   | (2 308)         | (1 495)                 |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                      | <b>42 835</b>   | <b>57 857</b>           |

<sup>5</sup> 2020 restated for discontinued operations and a change in presentation of the costs of obtaining contracts restated as an intangible asset (in acquisition of fixed assets and in amortization) and no longer in the WCR.

## Consolidated balance sheet - Assets

| <i>(in thousands of euros)</i>      | <b>31/12/2021</b> | <b>31/12/2020</b> |
|-------------------------------------|-------------------|-------------------|
| <b>NON-CURRENT ASSETS</b>           | <b>116 244</b>    | <b>169 696</b>    |
| Goodwill                            | 23 792            | 63 245            |
| Other intangible assets             | 34 172            | 41 371            |
| Property, plant and equipment       | 38 355            | 47 038            |
| Investments in affiliated companies | 5                 | 1 139             |
| Other financial assets              | 18 543            | 12 090            |
| Deferred tax assets                 | 1 378             | 4 813             |
| Other non-current assets            | -                 | -                 |
| <b>CURRENT ASSETS</b>               | <b>203 565</b>    | <b>259 300</b>    |
| Net inventories                     | 23 003            | 33 400            |
| Net trade receivables               | 43 757            | 44 443            |
| Contract assets                     | 63 189            | 63 393            |
| Other current assets                | 17 115            | 21 334            |
| Tax receivables payable             | 13 375            | 14 061            |
| Other current financial assets      | 217               | 2                 |
| Cash and cash equivalents           | 42 909            | 82 668            |
| <b>Assets held for sale</b>         | <b>32 751</b>     | <b>-</b>          |
| <b>TOTAL ASSETS</b>                 | <b>352 560</b>    | <b>428 996</b>    |

## Bilan consolidé - Passif

| <i>(in thousands of euros)</i>                            | 31/2/2021      | 31/12/2020     |
|---|----------------|----------------|
| <b>EQUITY ATTRIBUTABLE TO OWNER OF THE PARENT</b>         | <b>59 300</b>  | <b>94 887</b>  |
| Stakes attributable to non-controlling interests          | 5 001          | 31 401         |
| <b>NON-CURRENT LIABILITIES</b>                            | <b>107 355</b> | <b>89 389</b>  |
| Long-term provisions                                      | 5 224          | 7 978          |
| Long-term liabilities – portion due in more than one year | 86 696         | 60 304         |
| Lease liabilities – portion due in more than one year     | 11 972         | 18 187         |
| Other financial liabilities                               | 3 138          | 2 133          |
| Deferred tax liabilities                                  | 150            | 447            |
| Other non-current liabilities                             | 175            | 341            |
| <b>CURRENT LIABILITIES</b>                                | <b>148 643</b> | <b>213 319</b> |
| Short-term provisions                                     | 4 881          | 8 810          |
| Long-term liabilities – portion due in less than one year | 41 114         | 54 357         |
| Lease liabilities – portion due in less than one year     | 3 279          | 5 945          |
| Operating payables  | 32 843         | 49 529         |
| Contract liabilities                                      | 22 504         | 38 749         |
| Other current liabilities                                 | 43 780         | 55 423         |
| Tax liabilities payable                                   | 242            | 506            |
| <b>Liabilities held for sale</b>                          | <b>32 260</b>  | <b>-</b>       |
| <b>TOTAL LIABILITIES</b>                                  | <b>352 560</b> | <b>428 996</b> |

## Definitions 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 debt excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock.