Solutions30
Solutions for New Technologies

PRESS RELEASE
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Audited annual accounts at December 31, 2021 and financial information for Q1 2022

Full year 2021 earnings

Operational performance reflected our changing geographic mix and the rapid ramp-up of telecoms and energy in Europe

- 2021 revenue: €874.0 million
- Adjusted EBITDA: €82.4 million
- Cash net of debt: €52.3 million

Q1 2022 revenue: €222.7 million

Confirmation of long-term outlook

- Profitable growth for 2022 confirmed and set to accelerate in the second half of the year
- With fundamentals and an organizational structure that are stronger than ever, we are ready for a new phase of dynamic and sustainable growth

Solutions 30 SE today published its consolidated results for the year ended December 31, 2021, as well as its revenue figures for Q1 2022, ending March 31, 2022, prepared in accordance with IFRS.

The supervisory board of Solutions 30 met on April 27th and examined and approved the results for the year, as approved by the company's management board. The audit has been carried out and the audit report relating to the certification of the accounts is available on Solutions 30's website. The audit procedures are detailed at the end of the press release.

Gianbeppi Fortis, Chairman of the Management Board of Solutions 30, states:

"*After the disruptions of the pandemic and of successive lockdowns in 2020 that helped to drive our telecoms activity in France, 2021 saw a return to more normative levels of growth in this mature market segment for France, as well as supply chain difficulties and strong growth in the Benelux and Italy.*

France and Spain were some of the first European countries to roll out ultra-fast Internet networks. Today, other countries are also beginning to deploy their fiber-optic networks. In such a context, the group will take advantage of these growth opportunities everywhere it operates. This can already be seen in the first contracts signed in Italy and in the Benelux in 2021.

We have thus begun to duplicate the success of our model in France.

Over the coming months, the most important challenge will be to seize these growth opportunities throughout Europe and to put the tools, processes, and teams in place to ensure that this growth takes place in the right conditions, just as we did in France between 2015 and 2020.

While the negotiation and implementation phases of these new major contracts are having periodic negative effects on profitability, with our experience, our expertise, and our solid financial structure, we will make it through this learning curve and scale up our processes to quickly bring our margins up into the double digits.

At the same time, in both France and Spain, we will need to consolidate our position in the more mature telecoms roll-out market and to increase our market share in fiber-optic network maintenance, electric mobility, energy savings, and renewable energy. This requires updating our tools and services, as we did in 2021, and will continue to do throughout 2022.

The group is on the verge of a new period of growth, which should begin to show more clearly in the second half of 2022.

All our teams are ready, composed, and confident going into this new growth phase, *thanks to the work we've done to improve governance, compliance, and risk management, and our proven know-how."*

Key figures – Consolidated data

In millions of euros	**12/31/2021**	12/31/2020	Change
Revenue	**874.0**	819.3	6.7%
Operating margin (Adjusted EBITDA)	**82.4**	106.5	-22.7%
As a % of revenue	***9.4%***	13.0%	
Adjusted EBIT[(1)]	**40,8**	60.9	-32.9%
As a % of revenue	***4.7%***	7.4%	
Operating income (EBIT)	**12,9**	48.3	-73%
As a % of revenue	***1.5%***	5.9%	
Consolidated net income	**22.5**	35.8	-37.3%
As a % of revenue	**2.6%**	4.4%	
Net income, group share	**21.5**	34.5	-37.7%
As a % of revenue	***2.5%***	4.2%	
Free cash flow[(1)]	**32.4**	124.8	- 92.4
Financial structure figures	**12/31/2021**	12/31/2020	Change
Equity	**191.6**	170.0	+21.5
Net debt	**33.1**	28.9	+4.1
Net bank debt[(1)]	**- 52.3**	- 59.2	+6.9

(1) See glossary at the end of this document

Activity

For 2021, Solutions 30 posted revenue of €874.0 million compared to €819.3 million for 2020, representing growth of +6.7% (+3.6% organic growth) compared to 2020 and +26.4% compared to 2019, before the pandemic.

After solid initial growth of 20.9% in the first half of the year, the second half of the year stood in sharp contrast:

- A mature market in France, which is returning to normal after a highly unusual 2020, with growth drivers (energy transition, 5G) scaling up less quickly than forecasted due to supply chain issues.
- The end-of-year impact of high rates of quarantine-related absences due to more contagious variants, despite the continued use of prevention measures and procedures to protect the health of our employees and our customers.
- Strong sales momentum in other countries where we operate, with higher and higher growth rates masking the effects of supply chain disruptions. There are new opportunities cropping up everywhere, driven by unprecedented recovery plans. The Benelux and other countries are now driving the group's growth, with revenue up 17.7% and 28.7% respectively.

Profitability

Adjusted EBITDA was €82.4 million at the end of December 2021, down 23% compared to 2020.

Operating costs increased by +4.1 percentage points compared to 2020 and represented 81.3% of revenue, compared to 77.2% a year earlier, while the burden of structural costs fell to 9.3% of revenue compared with 9.8% in 2020.

The operating margin stood at 9.4% of revenue, compared to 13.0% one year earlier.

Besides less absorption of fixed costs due to falling revenue in France and a changing geographic mix to focus on activities that have yet to reach a critical size, this decrease can be explained by:

- Effects from the COVID-19 pandemic and supply chain disruptions for €4 million
- Evolving business needs and the operational transition needed to adapt and to develop new activities in France for €6.7 million
- Ongoing and upcoming ramp-up initiatives, especially for new businesses and countries that have not reached their critical size for €9.8 million

Removing these factors, the EBITDA margin amounts to 11.8%, a decrease of only 120 basis points.

The start-up phases of important contracts—which is currently the case in the Benelux and Italy—require the creation of new organizational structures and more robust processes, the adoption of new IT tools, and new trainings for on-site teams. Solutions 30 is making the most of the expertise it has built up in France to shorten this investment phase, although it is an essential step for improving profitability before the industrial phase begins.

After accounting for €16.2 million in impairments and operational provisions, and after amortizing the usage rights for leased assets (IFRS 16), worth €25.3 million, **adjusted EBIT** stood at €40.8 million, a 32.9% decrease compared to the previous year.

2021 saw €13.3 million in non-current operating expenses, including €7.1 million in group spending to combat an aggressive smear campaign. The remaining balance came from restructuring operations to adapt our organizational structure to changes in the market, especially in Germany and France.

Customer relationship amortization amounted to €14.7 million in 2021, compared to €13.0 million a year earlier.

Financial income rose to €4.2 million in profit, from the (downward) adjustment of contingent consideration (earnout) values for €6.4 million, compared to an expense of €4.1 million in 2020.

After including tax income of €5.4 million due to loss carryforwards, compared to an expense of €8.4 million a year earlier, **the group share of net income** amounted to €21.5 million, compared to €34.5 million in 2020.

Financial structure

At December 31, 2021, the group had €191.6 million in equity, compared to €170.0 million at December 31, 2020. The group had €129.8 million in gross cash, compared to €159.3 million at the end of December 2020. Gross bank debt stood at €77.5 million, compared to €100.0 million on December 31, 2020, due to scheduled debt repayments. The group had €52.3 million in cash net of debt at the end of December 2021, compared to €59.2 million at the end of December 2020.

Including €66.6 million in leasing liabilities (IFRS 16) and €18.8 million in potential financial debt on future call options and earnouts, the group has a total net debt of €33.1 million, compared to €28.9 a year earlier. The group maintains a solid financial structure, with a net debt/EBITDA ratio of 40% and a net debt-to-equity ratio of 17.3%.

Outstanding receivables under the group's non-recourse factoring program amounted to €92.3 million on December 31, 2021, compared to €94 million on December 31, 2020. This program finances working capital requirements from recurring activities that are fully developed.

The use of factoring frees up the cash generated by these receivables to finance the group's growth strategy, specifically the ramp-up of new contracts, at a cost of less than 1% of the amount of assigned receivables. This program, combined with a solid financial structure, provides Solutions 30 with the resources it needs to finance its ambitious growth strategy.

Operating cash flow amounted to €60.8 million, compared to €89.0 million in 2020. The ramp-up of contracts and the return to more normal payment terms than in 2020 resulted in a €13.3 million increase in working capital requirements, which are negative at €25.0 million.

Cash flow from business activities stood at €47.5 million in 2021, compared to €136.8 million a year earlier, and net investments reached €15.1 million, or 1.7% of revenue, compared to 1.4% a year earlier. This falls within a normal range, generally considered to be between 1.5% and 4% of revenue, and goes mostly to investing in the group's IT infrastructure and technical equipment. Overall, this means there was €32.4 million in free cash flow, compared to €124.8 million in 2020.

Data by segment

	2021	2020	Change
France			
Revenue	507.3	522.7	-2.9%
EBITDA	66.4	86.6	*-23.3%*
%	*13.1%*	*16.6%*	
Benelux			
Revenue	160.4	136.3	17.7%
EBITDA	22.9	21.4	7.0%
%	14.3%	15.7%	
Other countries			
Revenue	206.3	160.2	28.8%
EBITDA	2.2	7.6	-71.1%
%	1.1%	4.8%	

In France, revenue came to €507.3 million at December 31, 2021, compared to €522.7 million a year earlier. After peaking in the second half of 2020 and the first half of 2021, the telecom business returned to normal levels in this more mature ultra-fast Internet market. By the end of December 2021, 29.7 million locations were eligible for a fiber connection, for a total coverage rate of 70%, and the country already has 14.5 million fiber subscribers, i.e. 48% of eligible households or 34% of all locations. At the same time that the roll-out of smart electricity meters is winding down, the growth of other market segments connected to the energy transition has slowed due to periodic disruptions in the supply chain. A decrease in revenue in the second half of the year ate into profits in France, which will need to adapt to this new context. For these reasons, adjusted EBITDA reached €66.45 million, for a margin of 13.1%, compared to 16.6% a year earlier. Changing activity levels and preparations for launching new businesses reduced EBITDA by €6.7 million, while supply chain delays decreased it by another €1.1 million.

In the Benelux, revenue reached €160.4 million, up +17.7% (+14.3% organic growth). The group is entering a high-growth phase in Belgium and the Netherlands, in both its telecoms and energy businesses. The installation of smart meters for the energy company Fluvius began at the start of the year and is continuing at a rapid pace. As for telecoms, previously signed contracts for rolling out ultra-fast Internet are now entering the production phase. As explained above, such ramp-up phases may periodically impact group profitability. Thus, adjusted EBITDA was €22.9 million, for a margin of 14.3%, compared to 15.7% a year earlier.

In other countries, Solutions 30's revenue stood at €206.3 million for 2021, an increase of 28.7% (+15.6% organic growth).

- In Germany, 2021 revenue amounted to €63.3 million compared to €67.2 million the previous year.
- In Italy, revenue grew by 70% (55% like-for-like) in 2021, reaching €46.8 million, and will continue to be driven by the contract we signed with TIM at the beginning of the year.
- In Spain, the group generated revenue of €53.1 million, with purely organic growth of 36.0%.
- In Poland, revenue remained stable, at €24.9 million.
- Finally, in the United Kingdom, Solutions 30 generated €18.2 million in revenue for 2021.

Adjusted EBITDA was €2.2 million, equivalent to 1.1% of revenue, compared with 4.8% a year earlier. This reflects the start-up of a contract signed in Italy, the integration of acquisitions made in the United Kingdom, and the reorganization initiative in Germany to make the most of expected growth in the telecoms sector in the second half of 2022.

Q1 2022 revenue:

In millions of euros	**Q1 2022**	Q1 2021	*% change*
Total	**222.7**	**225.2**	**-1.1%**
From France	116.7	142.1	-17.9%
From Benelux	46.7	37.0	+26.3%
From other countries	59.3	46.1	+28.5%

Solutions 30's consolidated revenue for the first quarter of 2022 amounted to €222.7 million, down slightly (1.1%) compared to the same period in 2021 (down (3.0%) organically).

The first quarter is a continuation of the last quarter 2021 with:

- On the one hand, activity in France penalized by the triple effect of maturing markets, supply chain difficulties, and the high rate of quarantined technicians, especially at the beginning of the year, due to the pandemic.
- On the other hand, business is growing strongly in the rest of the countries and this positive trend is masking supply chain disruptions and the impact of the pandemic.

In France, revenue for the first quarter of 2022 amounted to €116.7 million compared to €142.1 million a year ago.

With €84.5 million in revenue, the telecom business is down by 18% compared to the first quarter of 2021. The market is in the midst of an operational transition as fiber roll-out has peaked and the market for new subscriber connections is under consolidation after being driven by widespread remote working and measures to limit social interactions. These two market conditions are still only partially compensated by maintenance activities.

For the energy business, revenue stood at €15.9 million, compared to €23.3 million the previous year, a decrease of 32%. The business has been strongly impacted by the end of smart electricity meter roll-outs in France, revenue from which is down by 60%. Other activities, related to electric mobility and renewable energies, are not yet compensating for this decrease in revenue. They are growing by 8%, but their ramp-up remains delayed by current supply chain problems.

The IT business posted revenue of €11.9 million, up 8% for the quarter, while the security and payments business generated €4.4 million in revenue, compared to €4.6 million a year earlier.

In the Benelux, revenue in the first quarter of 2022 amounted to €46.7 million compared to €37.0 million a year earlier, up 26.3% (26.6% organic growth).

The telecoms business, which grew organically by 14%, generated quarterly revenue of €33.0 million. Sales activity remains strong and the first roll-outs began with the start-up of contracts signed with Fiberklaar and Open Dutch Fiber in the second half of 2021.

Revenue for the energy business amounted to €9.6 million, compared with €3.9 million a year earlier, representing purely organic growth of 145%. The deployment of smart meters in Flanders on behalf of Fluvius began during the first quarter of 2021 and is now fully developed.

Revenue from the IT business remained stable at €2.3 million, compared with €2.4 million a year earlier. Quarterly revenue from the retail and security businesses was €1.9 million compared to €1.7 million for the first quarter of 2021.

In all other countries, the group posted annual revenue of €59.3 million, an increase of 29% (19% organic growth) compared to the same period in 2021.

In Germany, revenue amounted to €14.4 million compared to €16.2 million the previous year. The return to growth is expected in the second half of 2022, when the efforts made by the group to adapt its organization should begin to bear fruit.

In Italy, revenue grew by 67% in the first quarter of 2022 to €14.6 million, driven by the contract signed at the beginning of the year with TIM to deploy its ultra-fast infrastructure in Piedmont and the Aosta Valley.

In Spain, revenue grew organically by 24% to €14.5 million, thanks to strong momentum in the telecoms business (fiber and 5G mobile networks).

In Poland, the group confirmed its return to growth and posted revenue of €6.7 million, representing organic growth of 19%.

Finally, in the United Kingdom, Solutions 30 posted quarterly revenue of €9.0 million, up 131% (23% organic growth), thanks to the excellent momentum in the telecoms sector and the start-up of new ultra-fast Internet and 5G deployment programs.

Outlook

In 2021, Solutions 30 announced that it would be accelerating the improvement plan it began in 2019, which has already seen concrete progress, including the adoption of IFRS in 2019, the transfer of company shares to a regulated exchange, and enhanced governance. As part of these actions to support its strong growth, Solutions 30 created a transformation plan with the goal of improving and harmonizing governance, risk management, and compliance procedures.

This project has led to (i) a review of the existing group policies and procedures, (ii) gap analysis against applicable laws and regulations, (iii) interviews with the management teams of Solutions 30 and its subsidiaries, and (iv) consolidation and analysis of the information gathered in the above-mentioned steps to define areas for improving governance, risk management, and compliance. Six workstreams have been identified

1. Uniform third parties' due diligence processes
2. Uniform risk mitigation procedures and enhanced internal control
3. Revised code of conduct
4. Improve whistleblower processes
5. Training
6. Definition of disciplinary actions

New procedures and policies were defined and harmonized throughout 2021 and the beginning of 2022. They are being implemented gradually over the first half of 2022.

Solutions 30 is thus opening a new chapter in its growth in markets that, no matter their maturity, have significant potential for growth and are supported by unprecedented stimulus plans that are channeling public investment into the digital transformation and energy transition.

With a solid financial structure and a business model that allows it to self-fund its growth, Solutions 30's priority this year will be increasing its market share. We are therefore expecting a new period of dynamic growth starting in the second half of the year, while the first half of the year will more closely resemble the second half of 2021. The group should also be able to return to a more active acquisitions policy than over the last two years, helping to drive growth.

Audit procedures

Considering that the previous auditor was unable to express an opinion on Solutions 30's consolidated financial statements at 12/31/2020, the group's new auditor, PKF Audit & Conseil, carried out in-depth due diligence on the opening balance sheet at January 1, 2021, in accordance with professional standards.

This work included:

1. A detailed review and analysis of the findings of independent investigations conducted by Deloitte and Didier Kling Expertises & Conseil in the first half of 2021.
2. A review of the various items in the opening balance sheet and the performance of additional due diligence if deemed necessary.
3. A review of measures Solutions 30 put into place in 2021, especially in terms of risk management and internal control.

The analysis of the opening balance sheet did not reveal any anomalies.

As the previous auditor was unable to express an opinion on the group's annual consolidated financial statements at 12/31/2020, PKF's audit opinion on the consolidated financial statements of the group for the year ended December 31, 2021 includes, in accordance with IAS 710, a technical reservation relating to the comparability of the figures in the consolidated statement of comprehensive income with the corresponding figures of the previous year.
Subject to this qualification, upon completion of the audit of the 2021 annual accounts, PKF Audit & Conseil confirms that the consolidated financial statements present fairly, in all material respects, the financial position of the group at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Upcoming event

HY1 2022 revenue	July 27, 2022

About Solutions 30 SE

The Solutions 30 group is the European leader in solutions for new technologies. Its mission is to make the technological developments that are transforming our daily lives accessible to everyone, individuals and businesses alike. Yesterday, it was computers and the Internet. Today, it's digital technology. Tomorrow, it will be technologies that make the world even more interconnected in real time. With more than 50 million call-outs carried out since it was founded and a network of more than 15,000 local technicians, Solutions 30 currently covers all of France, Italy, Germany, the Netherlands, Belgium, Luxembourg, the Iberian Peninsula, the United Kingdom, and Poland. The share capital of Solutions 30 SE consists of 107,127,984 shares, equal to the number of theoretical votes that can be exercised.
Solutions 30 SE is listed on the Euronext Paris exchange (ISIN FR0013379484- code S30). Indexes: MSCI Europe ex-UK Small Cap | SBF 120 | CAC Mid 60 | NEXT 150 | CAC Technology | CAC PME.
Visit our website for more information: www.solutions30.com

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Glossary

Organic growth

Organic growth includes the organic growth of acquired companies after they are acquired, which Solutions 30 assumes they would not have experienced had they remained independent.

The group's growth is detailed in the table below:

	2020	2021							
	Total	Organic growth of existing subsidiaries		Organic growth from acquired companies		Acquisitions		**Total**	
		Value	%	Value	%	Value	%	**Value**	**Change**
Total	819.3	27.8	3.4%	1.3	0.2%	25.6	3.1%	**874.0**	**6.7%**
From France	522.7	-15.4	-3.0%	0.0	0.0%	0.0	0.0%	**507.3**	**-3.0%**
From Benelux	136.3	19.3	14.2%	0.2	0.1%	4.6	3.4%	**160.4**	**17.7%**
From Other Countries	160.3	23.9	14.9%	1.1	0.7%	21.0	13.1%	**206.3**	**28.7%**

These figures have been rounded and their sum may not perfectly match the totals given.

EBITDA

Earnings before interest, taxes, depreciation, and amortization, as well as non-recurring income and expenses. It corresponds to the "operating margin" in the consolidated statement of comprehensive income.

In thousands of euros	12/31/2021	12/31/2020
Operating income	**12,880**	**48,276**
Depreciation of IFRS 16 rights of use	25,317	23,502
Increases in operational provisions	16,225	22,168
Customer relationship amortization	14,705	12,996
Other non-current operating income	-10	-464
Other non-current operating expenses	13,255	—
Adjusted EBITDA	**82,372**	**106,528**

Adjusted EBIT

Operating income before amortization of intangible assets, including customer relationships, and non-recurring income and expenses.

In thousands of euros	12/31/2021	12/31/2020
Operating income	12,880	48,276
Customer relationship amortization	14,705	12,996
Earnings on sale of holdings	0	49
Other non-recurring operating income, including negative goodwill	-10	-464
Other non-current operating expenses	13,255	0
Adjusted EBIT	40,830	60,857

Non-recurring transactions Income and expenses that are infrequent, unusual, and significant in amount are considered non-recurring transactions.

Customer relationships Intangible assets related to the fair value measurement of acquired companies at the time of consolidation. The amortization period of 3 to 15 years is the estimated time for the consumption of the majority of economic benefits flowing to the company.

Net debt Net debt includes loans from credit institutions, bank overdrafts, lease liabilities, and future liabilities from earnouts and put options, less cash and cash equivalents.

In thousands of euros	**12/31/2021**	12/31/2020
Bank debt	**77,534**	**100,045**
Lease liabilities	66,587	63,548
Future liabilities from earnouts and put options	18,785	24,618
Cash and cash equivalents	-129,839	-159,279
Net debt	**33,066**	**28,933**

Net bank debt Net bank debt includes loans from credit institutions and bank overdrafts, less cash and cash equivalents. This represents net debt excluding the impact of IFRS 16. Net bank debt is used as a reference in calculating the covenants included in the group's debt contracts.

In thousands of euros	**12/31/2021**	12/31/2020
Loans from credit institutions, long-term	**50,512**	**71,977**
Loans from credit institutions, short-term and lines of credit	**27,022**	28,068
Cash and cash equivalents	**(129,839)**	(159,279)
Net bank debt	**(52,305)**	**(59,234)**

Free cash flow Free cash flow corresponds to the net cash flow from operating activities minus the acquisitions of intangible assets and property, plant and equipment net of disposals.

In thousands of euros	**12/31/2021**	12/31/2020
Net cash flow from operating activities	**47,545**	136,488
Acquisition of non-current assets	**(15,722)**	12,670
Disposal of non-current assets after tax	**614**	639
Free cash flow	**32,437**	124,817