2022 Half-Year Earnings Report

Operational transition of activities in France and ramp up of international activities

- Half-year revenue: €444.3 million
- Adjusted EBITDA: €29.6 million

Priority given to organic growth and maintaining a financial structure with low debt

- Cash net of debt: €20.4 million
- Gross bank debt: €64.6 million

Confirmation of long-term outlook driven by excellent momentum outside France

- €770 million in new orders since the beginning of 2022
- Total FTTH order deliverables over the next 3 to 5 years, including renewals: €2.6 billion
- Growth set to accelerate and profitability to improve during 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 announces its consolidated earnings for the first half of the year ended June 30, 2022, prepared in accordance with IFRS.

The consolidated financial statements of the Solutions 30 group for the period from January 1 to June 30, 2022 were reviewed by the Supervisory Board on September 28, 2022. The limited review of the half-yearly financial information by the auditor of the Company has been completed and his report has been published on the web site.

The consolidated financial statements (condensed interim financial statements and notes), reviewed by the auditor, as well as the presentation of the 2022 half-year results are available on the Solutions 30 website www.solutions30.com, under Investor Relations.

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

"*Business in the first half of the year was characterized by the continued transition in the French market and dynamic growth of activities outside France.*

Performance in France has been penalized by our historical markets reaching maturity and by the delay in our growth drivers—especially for the energy transition—due to supply chain disruptions. We now find ourselves in the midst of an operational transition. This is particularly true in the telecom market, which has undergone abrupt changes after peaking in the last two years. Our organization has had to adapt to this new situation and to the new demands of our customers, which is impacting all our processes and eroding our margins this year.

In the Benelux and other countries, business is growing dynamically, by around 30%. This underlying trend is supported by the deployment of fiber networks in almost all the countries we operate in and by new subscriber connections. In the Benelux, where we have reached critical size, our model has become virtuous, combining business growth with increasing margins. In other areas, where we have not yet reached critical size, we are financing rapid ramp-ups, which requires recruiting and training technicians. This has an automatic impact on short-term profitability, but puts us into a position to reach critical mass and maximize value creation for our shareholders.

In a volatile and rising interest rate environment, our focus is on organic growth and managing our cash flow. We have reached a low point and we anticipate a recovery in the final quarter that will continue throughout 2023. In the longer term, and despite an uncertain macroeconomic context, the group's outlook remains favorable given Solutions 30's positioning at the crossroads of promising structural trends—the digital transformation and the transition to more efficient and independent sources of energy."

Key figures – Consolidated data

In millions of euros	**06/30/2022**	06/30/2021	Change
Revenue	**444.3**	441.3	0.7%
Operating margin (Adjusted EBITDA)	**29.6**	49.5	-40.2%
As a % of revenue	**6.7%**	11.2%	
Adjusted EBIT[1]	**6.7**	29.6	-77.5%
As a % of revenue	**1.5%**	6.7%	
Operating income (EBIT)	**-8.9**	17.5	-
As a % of revenue	**-2.0%**	4.0%	
Consolidated net income	**-11.3**	14.6	-
As a % of revenue	**-2.5%**	3.3%	
Net income, group share	**-12.3**	14.1	-
As a % of revenue	**-2.8%**	3.2%	
Free cash flow[1]	**-15.8**	0.9	-16.7
Financial structure figures	**06/30/2022**	12/31/2021	Change
Equity	**183.2**	191.6	-8.4
Net debt	**76.6**	33,1	43.5
Net bank debt[1]	**-20.4**	-52.3	31.9

[1] See glossary at the end of this document

Activity

Consolidated revenue

Solutions 30's consolidated half-year revenue for 2022 amounted to €444.3 million, up +0.7% (-1.5% on an organic basis). After a limited decline in the first quarter, the group returned to modest growth in the second quarter. Solutions 30 posted the highest second quarter in its history despite an unfavorable base effect linked to record activity in the first half of 2021 caused by the boom in ultra-fast internet roll-outs in France during the COVID crisis.

In France, performance continues to be penalized by a maturing fiber-optic market and the scheduled halt to smart meter roll-outs, while new activities are starting up more slowly than expected. Although sales activity is encouraging, revenue generation has slowed due to the supply disruptions affecting the photovoltaic and electric vehicle charging station markets, with historically long delivery times for vehicles.

Elsewhere in Europe, business is buoyant with growth rates of around 30%. Solutions 30 has succeeded in capturing significant market share where fiber-optic deployments are booming.

A virtuous business model based on 3 pillars

Solutions 30's business model is based on 3 fundamental pillars:

1. Scalability. Solutions 30 prefers markets where its call-outs and operating methods can be standardized to maximize economies of scale.
2. Density. With its dense territorial coverage, Solutions 30 can reduce its response times and optimize the travel time of its technicians.
3. Automation. The group's IT platform automates repetitive and time-consuming tasks and optimizes technicians' schedules and routes in real time.

These three pillars underpin the group's profitability and explain its historically profitable growth trajectory, which has enabled it to finance all its organic growth from equity since its creation in 2003.

Transition of the business model in France:

- In the telecoms segment, which accounts for 72% of Solutions 30's revenue in France, the group is pursuing its operational transition in a now mature market after five years of exponential growth. As explained at the end of July, the geographical redeployment of one of the group's major contracts—following a call for tender that redistributed activities among the service provider's partners—is weighing on the operational efficiency of the French subsidiaries, especially in the southern half of France. To meet the new parameters of this contract, Solutions 30, like its competitors, has to review all its processes and methods, recruit and train staff to obtain new authorizations, and readjust its structures locally to prepare for the future. This has a significant impact on the group's operating profitability, as it has to bear the costs of personnel who are not yet productive, while the processes, which are still being adjusted, are not yet standardized. In addition, and pending the definitive stabilization of the geographic distribution of the contract, Solutions 30 has chosen to keep in place structures that are not operating at full capacity.
- In the energy segment, Solutions 30 is positioned—thanks to its historical know-how—in the markets for installing and maintaining electric charging stations, photovoltaic panels, and intelligent sensors aimed at optimizing energy consumption. These new businesses are currently experiencing supply chain disruptions and are ramping up more slowly than anticipated, preventing them from compensating for the end of smart electricity meter roll-outs. During this phase, Solutions 30 is adjusting its processes and adapting its operational organization.

Overall, in France, the group has implemented an action plan aimed at returning to growth and a more normal level of profitability. This plan is based on 3 pillars:

1. Gain market share in the mature telecoms sector, where a second wave of consolidation is expected to take place as the market remains relatively fragmented.
2. The development of new, fast-growing activities, particularly in the buoyant energy sector where demand remains strong, driven by the major challenges of energy independence, the transition to new energies, and the electrification of vehicles.
3. The strengthening of synergies between various activities, accompanied by a reassignment of technicians to activities with greater potential.

In the Benelux, the group is rolling out its business model and, thanks to the critical size achieved in this region, Solutions 30 is slightly improving margins despite the fact that major fiber contracts are just getting underway.

In the other countries, the group needs to reach critical size, i.e. about €100 million in revenue per country, to start optimizing its profitability. The growth of fiber throughout Europe and the group's proven ability to capture market share should enable it to achieve this objective in 2 to 5 years depending on the country. In these countries, the focus is on revenue growth and the signing of major contracts, as is the case in Italy and the United Kingdom, where the start-up and ramp-up phases, which are currently weighing on profitability, are underway. These start-up phases require the creation of new organizational structures and more robust processes, the adoption of new IT tools, and new trainings for on-site teams.

Profitability

Figures by geographical area are detailed below:

	06/30/2022	06/30/2021	Change
France			
Revenue	221.9	270.3	-17.9%
EBITDA	18.8	41.9	-55.1%
EBITDA margin (%)	8.5%	15.5%	
Benelux			
Revenue	98.4	74.9	31.3%
EBITDA	13.7	10.4	31.7%
EBITDA margin (%)	13.9%	13.8%	
Other countries			
Revenue	124.0	96.1	29.0%
EBITDA	2.4	1.7	41.2%
EBITDA margin (%)	2.0%	1.8%	

For the group as a whole, **adjusted EBITDA** is down 40% to €29.6 million at the end of June 2022, compared with €49.5 million a year earlier, attributable exclusively to the activity in France as explained above.

Operating costs have increased by +5.9% compared to the first half of 2021 and represent 84.1% of revenue, compared to 79.9% a year earlier, while structural costs increased by 4.9% to €40.9 million, compared to €39.0 million a year earlier.

After accounting for €9.1 million in impairments and operational provisions, and after amortizing the usage rights for leased assets (IFRS 16), worth €13.8 million, **adjusted EBIT** stood at €6.7 million at June 30, 2022, compared to €29.6 million a year earlier.

There were €10.3 million in non-current operating expenses during the first half of 2022, mainly related to restructuring costs and exceptional transition costs incurred in connection with new contracts won in France following the above-mentioned tender (€6.7 million), to exceptional costs incurred by the group to respond to an aggressive defamation campaign (€1.9 million), and to expenses related to share-based payments pursuant to IFRS 2 (€1.2 million).

Customer relationship amortization amounted to €7.1 million at June 30, 2022, compared to €7.3 million a year earlier.

Financial income represents an expense of €5.3 million from the adjustment of contingent consideration (earnout) values for €3.8 million. In the first half of 2021, financial income amounted to +€0.7 million.

After including tax income of €3.0 million due to loss carryforwards, compared to an expense of €3.6 million a year earlier, **the group share of net income** amounted to -€12.3 million, compared to €14.1 million for the same period in 2021.

Financial structure

At June 30, 2022, the group had €183.2 million in equity, compared to €191.6 million at December 31, 2021. The group had €85.0 million in gross cash, compared to €129.8 million at the end of December 2021. Gross bank debt stood at €64.6 million, compared to €77.5 million six months earlier, due to scheduled debt repayments. The group had €20.4 million in cash net of debt at the end of June 2022, compared to €52.3 million in cash net of debt at the end of December 2021.

Including €75.3 million in leasing liabilities (IFRS 16) and €21.7 million in potential financial debt on future call options and earnouts, the total net debt amounts to €76.6 million.

The group maintains a solid financial structure, with a net debt/EBITDA ratio of 1.3 and a net debt-to-equity ratio of 41.8%.

Outstanding receivables under the group's non-recourse factoring program amounted to €62.0 million at the end of June 2022, compared with €92.3 million at December 31, 2021. The decrease in the amount of receivables assigned is explained by the time required to ramp up new contracts. Despite the rising interest rate environment, factoring remains the most competitive short-term financing tool. Its cost remains largely under control thanks to the quality of the credit ratings of Solutions 30's customers.

Operating cash flow amounted to €15.7 million for the first half of 2022, compared to €37.9 million in the first half of 2021. The ramp-up of contracts and the reduced use of factoring generated an increase of €22.2 million in working capital requirements, which amounted to -€2.8 million. Adjusted for the change related to factoring, working capital decreased by €8.1 million.

Cash flow from business activities during the first half of 2022 stood at -€6.5 million, compared to €7.2 million a year earlier, and net investments reached €9.4 million.

This results in an overall free cash flow of -€15.8 million, compared to breakeven free cash flow in the first half of 2021.

Outlook

In the second half of 2022, growth should accelerate and continue to be driven by activities outside France. Full-year revenue is expected to be about €900 million, compared with €874 million in 2021. In terms of profitability, the group should return to a more normal, double-digit EBITDA at the end of the year, but this will remain below 10% over the entire year. This objective is based on the rate renegotiations undertaken with the group's customers, which began to take effect during the second quarter, as well as on the acceleration of the deployment and start-up of new contracts in Belgium, the Netherlands, Poland and the United Kingdom.

From the end of this year and into 2023, Solutions 30 should return to more dynamic growth. The group has solid growth drivers and an effective model to self-finance its development, both of which will help it consolidate its position at the crossroads of the digital transformation and the energy transition.

In each of these business segments, Solutions 30 has excellent references and a solid order book. With €770 million in orders taken since the beginning of the year, Solutions 30 is gaining market share in Europe, particularly in the deployment of fiber and the connection of homes to the ultra-fast network. In this segment alone, the group has won deals worth a total of €2.6 billion, to be delivered over the next 3 to 5 years. This figure includes new contracts and optical fiber renewals (deployment and connections). In the energy sector, Solutions 30 is pursuing it efforts, despite the shortages that are impacting supply chains. With 48 active customers for charging stations (charging service providers, energy companies, car manufacturers, and even manufacturers of charging stations), more than 20,000 charging points installed by 2022, nearly 1,000 solar panel installations already completed, and prestigious customer references, Solutions 30 is ideally positioned to become a major player in the European energy transition.

Upcoming event

2022 Q3 Revenue Report	October 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 includes the organic growth of acquired companies after they are acquired, which Solutions 30 assumes they would not have experienced had they remained independent. In 2022, the group's organic growth includes only internal growth from historical subsidiaries.

Adjusted EBITDA is the "operating margin" as reported in the group's financial statements.

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.

Calculation of free cash flow

In thousands of euros	**06/30/2022**	06/30/2021
Net cash flow from operating activities	**(6,460)**	**7,169**
Acquisition of non-current	(9,441)	(7,020)
Disposal of non-current assets after tax	55	763
Free cash flow	**(15,847)**	**912**

Cash net of debt corresponds to "Cash and cash equivalents" as it appears in the group's financial statements from which is deducted "Long-term loans from credit institutions" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 8.2 of the group's annual financial statements.

Adjusted EBIT corresponds to operating income as shown in the group's financial statements, to which are added "Customer relationship amortization," "Income from the sale of holdings," "Other non-current operating expenses" and from which are deducted "Other non-current operating income."

Reconciliation between operating income and adjusted EBIT

In thousands of euros	**06/30/2022**	06/30/2021
Operating income	**(8,880)**	**17,532**
Customer relationship amortization	7,134	7,276
Other non-current operating income	(1,850)	—
Other non-current operating expenses	10,266	4,789
Adjusted EBIT	**6,670**	**29,598**
% of revenue	*1.5%*	*6.7%*

Non-recurring transactions are expenses that are significant in their amount, unusual, and infrequent.

Net debt corresponds to "Debt, long-term," "Debt, short-term," and long and short-term "Lease liabilities" as they appear in the group's financial statements from which "Cash and cash equivalents" as they appear in the group's financial statements are deducted.

Net debt/EBITDA ratio corresponds to "net debt" divided by annualized EBITDA.

Net debt-to-equity ratio corresponds to "net debt" divided by equity.

Net debt

In thousands of euros	**06/30/2022**	12/31/2021
Bank debt	64,642	77,534
Lease liabilities	75,268	66,587
Future liabilities from earnouts and put options	21,694	18,785
Cash and cash equivalents	(85,027)	(129,839)
Net debt	**76,576**	**33,067**
Equity	**183,161**	**191,553**
% of net debt	*41.8 %*	*17.3 %*

Net bank debt corresponds to "Long-term loans from credit institutions" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 8.2 of the group's annual financial statements from which are deducted "Cash and cash equivalents" as they appear in the group's financial statements.

Net bank debt

In thousands of euros	**06/30/2022**	12/31/2021
Loans from credit institutions, long-term	38,187	50,512
Loans from credit institutions, short-term and lines of credit	26,455	27,022
Cash and cash equivalents	(85,027)	(129,839)
Net bank debt	**(20,386)**	**(52,305)**

Operating margin corresponds to the "operating margin" as reported in the group's financial statements.

Working capital corresponds to "current assets" as reported in the group's financial statements (excluding "Cash and cash equivalents" and "Current asset derivatives") less "current liabilities" (excluding "Debt, short-term," "Current provisions," and "Lease liabilities" adjusted for non-cash items).

Working capital:

In thousands of euros	**06/30/2022**	12/31/2021
Inventory and work in progress	44,817	39,011
Trade receivables and related accounts	181,016	166,439
Current contract assets	923	858
Other receivables	63,404	63,644
Prepaid expenses	2,025	873
Trade payables	(167,815)	(149,613)
Tax and social security liabilities	(116,320)	(129,804)
Other current liabilities	(7,632)	(10,705)
Deferred income	(3,865)	(5,698)
Adjustments to non-cash items	637	(1,395)
Working capital	**(2,810)**	**(26,390)**

Net investments correspond to the sum of the lines “Acquisition of current assets,” “Acquisition of non-current financial assets,” and “Disposal of non-current assets after tax” as they appear in the consolidated statement of cash flows.

Net investments:

In thousands of euros	**06/30/2022**	06/30/2021
Acquisition of current assets	(9,441)	(7,020)
Disposal of non-current assets after tax	55	763
Operational investments	**(9,386)**	**(6,257)**

Operational costs correspond to costs incurred for the group’s operations, included in the “operating margin” (Excluding structural costs).

Structural costs correspond to costs incurred by the group’s head office functions in various countries, included in the “operating margin” (Excluding operating costs).