

ABO-GROUP - Half-Year Results 2022

Ghent, 16 September 2022 – 6.30 p.m. CET – Press release / regulated information

Highlights of the first half of 2022

- **ABO-GROUP realises a 16% growth in revenue to € 36.8 million**
- **EBITDA increased with 39% from € 3.9 to € 5.4 million, resulting in a margin of 15% thanks to the further integration of acquisitions from 2021**
- **Net debt increased to € 14.2 million, due to the acquisitions and continued investments**
- **Smooth integration of the Dutch acquisitions from the first half of the year**

Outlook

- **Further increase in PFAS research and guidance on environmental regulation**
- **Increasing demand for study on climate change, circular economy and geotechnics**
- **Continued focus on M&A to additionally support organic growth**



Frank De Palmenaer, CEO of ABO-GROUP Environment: *“In the first half of the year, ABO-GROUP managed to bring the French companies acquired in 2021, all active in the mining and quarrying market, to positive results. Moreover, despite these difficult crisis times, ABO-GROUP managed to absorb energy price increases and general indexation of costs through partial pass-through and efficiency gains. Finally, the demand for PFAS research in Belgium continues to grow, and with the accumulated experience and experts, ABO-GROUP is now also taking steps in this area in the French market.*”

Going forward, we expect to invest further in geotechnical equipment to continue to support the strong increase in geotechnical investigations in our three home countries and to enable the implementation of new techniques. Despite the challenges on several fronts, ABO-GROUP expects to successfully realise its growth plans for the coming years. All this thanks to the pooling of experience of all our motivated employees who continue to develop themselves into true experts in our activities.”

in € 000	1H 2022	1H 2021 ²	% change
Revenue	36,354	31,131	16.8%
Total operating income	36,758	31,752	15.8%
EBITDA ¹	5,418	3,905	38.8%
Depreciation, impairments and provisions	-3,299	-2,541	29.8%
Operating profit	2,120	1,364	55.4%
Financial result	-346	-291	19.0%
Profit before tax	1,773	1,073	65.3%
Net profit	1,242	359	245.9%
Total result	1,252	494	153.3%
Earnings per share for the shareholders	0.12	0.05	153.3%
Net cash flow from operating activities	-84	1,383	-106.1%
in € 000	1H 2022	FY 2021	% change
Total equity	20,294	20,495	-1.0%
Net financial debt	14,177	9,255	53.2%
Balance sheet total	69,776	66,225	5.4%

¹ EBITDA defined as operating profit before depreciation, impairments and provisions

² The results for 1H2021 were adjusted to reflect the accounting of the business combinations GEO+ Environment, Geosonic and Asper, as included in the consolidated financial statements of FY2021

2022 highlights

Strong 16% growth in operating income

In the first six months of 2022, the total operating income of ABO-GROUP amounted to € 36.8 million, a growth of 16% compared to the result in the first half of 2021. The contribution of the 2022 acquisitions of the trade funds of Geo-Supporting and Colsen, and the previously non-consolidated results from 2021 acquisitions Asper and Geosonic represent a 4% growth in revenue, which brings the organic growth of the existing business activities in 2022 to 12%.

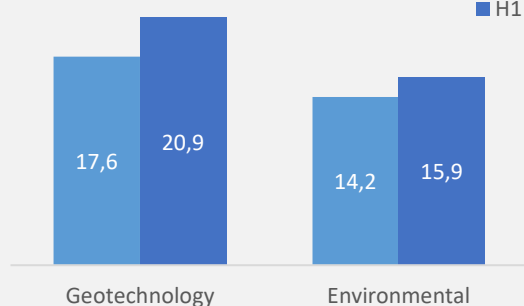
In terms of activities, Geotechnology shows a significant growth of 19%, to € 20.9 million (€ 17.6 million in 1H 2021), to which the above-mentioned acquisitions of Geo-Supporting and the additional month of Geosonic have contributed. Without these contributions, revenue would still have risen by 14%. The revenue of the Environmental division increased by 12% to € 15.9 million (compared to € 14.2 million in 1H2021), 9% of which is organic. As a result, the share of the geotechnical activities further increased from 55% to 57%.

Segments - Activities

In millions of €

■ H1 2021

■ H1 2022



The contribution of the French operations increases with 16% to € 19.1 million, 13% of which organic. In particular the integration of Geosonic and GEO+ Environment turns out to be a strong growth drivers, both individually and through their impact on the activities of the other entities in France.

In Belgium, both the geotechnical activities – driven

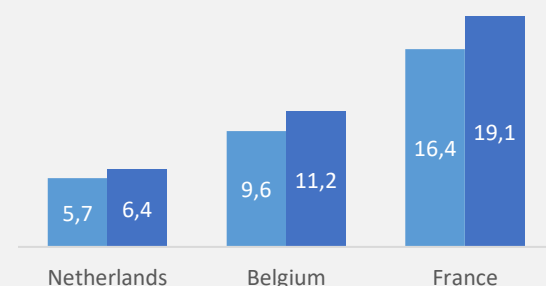
by large infrastructure projects around Antwerp and Brussels - and the environmental divisions – thanks to the implementation of major framework contracts in the context of the PFAS issue - register strong growth figures, accounting for an organic revenue growth of 13%. Together with the 4% growth through the contribution of asbestos specialist Asper, who joined the Group in July of last year, this resulted in a total growth of 17% for the Belgian activities, to a total revenue of € 11.2 million in the first six months of 2022 (against € 9.6 million in the first half of last year).

Segments - Geographical

In millions of €

■ H1 2021

■ H1 2022



Environmental field work in the Netherlands has been under pressure in the first half of the year. This is compensated, however, by the strong performance in the consultancy division and geotechnical studies. Supported by the acquisitions of Colsen and Geo-Supporting, this raised the revenue to € 6.4 million, an increase of 12% compared to 2021, of which 7% is organic.

EBITDA increases by 39% to € 5.4 million, representing a 15% margin

The EBITDA for the first six months of 2022 amounted to € 5.4 million, an increase of € 1.5 million compared to the previous year. The integration of the acquisitions from 2021 has been largely accounted for, and they are now providing a positive contribution to the profitability of the Group. In addition, the Group is successfully compensating for the sharply increased costs of subcontracting, fuel and staff for the time being, by increasing prices where contracts allow for this, and by enhancing the efficiency within the organisation.

Depreciation and provisions increased from € 2.5 to € 3.3 million. ABO-GROUP is continuing to invest in the renovation and expansion of their machinery in order to be able to respond adequately to the needs of its customers. In addition, a specific provision amounting to € 0.5 million was included in connection with the ruling on a legal dispute relating to the previously sold international activities of ABO Logistics.

The financial result has risen slightly, in line with the increased debt level. Following the increased profitability, net profit increased significantly from € 0.4 million to € 1.2 million (€ 0.12 per share).

Revenue growth leads to an increase in working capital and net debt of 1.3x EBITDA

Net cash flow from operating activities amounts to € -0.1 million (compared to € 1.4 million in the first half of 2021). This is due to the fact that the operating capital requirement increased quite significantly in the first six months as a result of a combination of the seasonal increase in trade receivables and work in progress, with the start-up of several major projects at various entities. This substantial growth of € 7.8 million (versus € 4.8 million in the first half of 2021) was only partially compensated by the increase in trade receivables and other short-term liabilities by € 2.8 million (€ 1.9 million in the first six months of 2021), thereby increasing operating capital by € 5 million by the end of June.

In view of the recent acquisitions and the repurchase of part of the outstanding minority interest in Geosonda Netherlands, as well as the investments in operating capital and fixed assets, the net financial debt increased from € 9.3 million at the end of 2021 to € 14.2 million. The annualised debt ratio of 1.3x, compared to the EBITDA (1.1x at the end of 2021) remains very healthy, and provides the Group with room for further investments in assets and/or acquisitions.

The balance sheet total increased further, from € 66.2 to € 69.8 million. On the assets side, this mainly reflects the recent acquisitions, as well as the above-mentioned increase in operating capital, while short and long-term debts increased on the liabilities side. Total equity amounts to € 20.3 million, status quo against the situation at the end of 2021 as the realised result for the first part of 2022 is offset by the purchase of the minority interest in Geosonda as well as the accounting of the contractual agreements (specifically put and call options) that were entered into at that time with regard to the remaining stake. The equity ratio settled at 29.1% (against 30.9% at the end of last year).

The full consolidated income statement and balance sheet, the statement of changes in equity and the consolidated cash flow statement are shown immediately below.

Outlook

Maintaining group ambitions despite challenging geopolitical and economic situation

The first half of the year was characterised by a strong result and the order books for the coming period are well-filled, with some entities needing to refuse orders. Although the Group has up to now managed to pass on some of the cost increases resulting from the geopolitical situation and volatile markets, and is focussing on internal efficiency to counteract high inflation, the overall economic situation in which the Group is operating remains fragile. The various entities are working hard to provide suitable solutions for these challenges, both internally and for their customers.

Based on the current results and the expectations for the coming periods, the board and the operational management confirm their confidence in its plan to reach the revenue cap of € 100 million by the end of 2025 at the latest. ABO-GROUP expects that its proven concept of combining strong organic growth with targeted acquisitions should enable achieving the technical market leadership in its home markets. As always, the Group is actively seeking the right acquisition targets to support the implementation of its plan.

Financial calendar

30/03/2023: 2022 annual figures

31/05/2023: General Meeting

Statement regarding the fair presentation of the interim condensed consolidated financial information and the fair overview of the interim report

Frank De Palmenaer, CEO, declares that, to his knowledge, the interim condensed consolidated financial information for the six-month period ending 30 June 2022, which was prepared in accordance with IAS 34 “Interim Financial Reporting” as approved by the European Union, gives a true and fair view of the assets, the financial position and the results of the company and the companies included in the consolidation. The interim report gives a fair overview of the most significant events and key transactions with associated parties that have taken place during the first six months of the financial year and their effect on the interim condensed financial information, as well as a description of the most significant risks and uncertainties for the remaining months of the financial year.

About the ABO-GROUP

ABO-GROUP is a specialised, listed engineering office focussing on geotechnology, environment and soil remediation. Through its Consultancy and Testing & Monitoring divisions, ABO-GROUP is operating in Belgium, the Netherlands and France, as well as internationally. ABO-GROUP guarantees its clients a sustainable solution. Please consult the ABO-GROUP website (www.abo-group.eu) for a more detailed description of the activities of the Group.

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This press release is available on our website www.abo-group.eu

Consolidated interim profit and loss account (unaudited)

in € 000	for the 6 months ending 30 June	
	2022	2021
Revenue	36,354	31,131
Other operating income	404	620
Total operating income	36,758	31,751
Purchases of goods and services for sale	-4,704	-3,653
Services and miscellaneous goods	-11,066	-9,942
Employee remunerations	-15,035	-13,798
Depreciation	-2,789	-2,430
Other operating expenses	-1,044	-565
Operating profit	2,120	1,363
Financial charges	-349	-294
Financial income	2	3
Profit before tax	1,773	1,072
Taxes	-531	-554
Net profit	1,242	518
Net profit (loss) attributable to the		
shareholders of the parent company	1,252	494
Minority interests	-10	24
Earnings per share for the shareholders		
Basic and diluted	0.118	0.049

Segment information

Geographical - in € 000	For the 6 months ending 30 June	
	2022	2021
Belgium	11,228	9,580
<i>% total</i>	30.5%	30.2%
The Netherlands	6,404	5,725
<i>% total</i>	17.4%	18.0%
France	19,126	16,446
<i>% total</i>	52.0%	51.8%
Total	36,758	31,752

Activity - in € 000	2022	2021
Geotechnology	20,863	17,579
<i>% total</i>	56.8%	55.4%
Environment	15,896	14,173
<i>% total</i>	43.0%	44.6%
Total	36,758	31,752

Consolidated interim total result (unaudited)

in € 000	For the 6 months ending 30 June	
	2022	2021
Net profit	1,242	518
Non-realised results - transferable to the profit and loss account		
Change in the fair value of financial assets with fair value changes via the non-realised results	-5	-7
Unrealised results, after tax	-5	-7
Total result after taxes	1,237	511
Total result, attributable to the		
shareholders of the parent company	1,247	511
Minority interests	-10	-

Consolidated interim balance sheet (unaudited)

in € 000	30 June 2022	31 December 2021
Fixed assets		
Goodwill	982	914
Intangible fixed assets	2,466	2,311
Tangible fixed assets	23,407	22,342
Deferred tax assets	825	868
	32	38
Financial assets with fair value changes via the non-realised results		
Other financial assets	574	613
Total fixed assets	28,286	27,086
Short-term assets		
Stocks	1,269	1,275
Trade receivables	15,582	12,805
Contract assets	12,516	7,756
Other short-term assets	1,608	1,132
Cash and cash equivalents	10,514	16,172
Total short-term assets	41,489	39,140
Total assets	69,775	66,226

in € 000	30 June 2022	31 December 2021
Total equity		
Capital	4,857	4,857
Consolidated reserves	13,246	12,563
Non-realised results	2,094	2,196
Equity attributable to the shareholders of the group	20,197	19,616
Minority interests	97	880
Total equity	20,294	20,496
Long-term liabilities		
Financial debts	10,993	11,592
Deferred tax liabilities	1,402	1,383
Provisions	1,633	1,211
Other long-term debts	486	-
Total long-term debts	14,514	14,186
Short-term debts		
Financial debts	13,698	13,835
Trade payables	9,395	7,527
Tax liabilities	1,247	972
Other short-term debts	10,627	9,210
Total short-term debts	34,967	31,544
Total shareholders' equity and debts	69,775	66,226

Consolidated overview of changes in equity (unaudited)

in € 000	Attributable to the shareholders of the parent company					Total equity
	Capital	Consolidated reserves	Non-realised results	Total	Minority interest	
On 1 January 2021	4,857	10,540	2,265	17,662	1,317	18,979
Net profit, as reported		335		335	24	359
Restatement 2021 - Geoplus & Geosonic		159		159		159
Net profit		494		494	24	518
Non-realised results			-7	-7	-	-7
Total result		494	-7	487	24	511
Purchase of minority interest	-	-169	-	-169	-498	-667
Transfer depreciation tangible fixed assets	-	95	-95	-	-	-
On 30 June 2021	4,857	10,960	2,163	17,980	843	18,823
On 1 January 2022	4,857	12,563	2,196	19,616	880	20,496
Net profit		1,252		1,252	-10	1,242
Non-realised results			-5	-5	-	-5
Total result		1,252	-5	1,247	-10	1,237
Acquisition minority interest Geosonda	-	-302	-	-302	-258	-560
Put option minority interest Geosonda	-	-363	-	-363	-515	-878
Transfer depreciation tangible fixed assets	-	96	-96	-	-	-
On 30 June 2022	4,857	13,246	2,094	20,197	97	20,294

Consolidated cash flow statement (unaudited)

in € 000	For the 6 months ending 30 June	
	2022	2021
Net profit	1,242	518
Non-cash costs and operating adjustments		
Depreciation of tangible fixed assets	2,579	2,261
Depreciation of intangible fixed assets	210	168
Loss (profit) on sale of tangible fixed assets	-33	17
Movements in provisions	435	47
Movements in impairments on customers	239	182
Financial income	-2	-3
Financial charges	349	294
Badwill arising from business combinations	-	-185
Deferred tax expenses (income)	4	26
Tax expenses	527	528
Fair value adjustment of the amount to be recovered on acquisition	-107	-
Others	-	1
Changes to the working capital		
Decrease (increase) in other financial fixed assets, trade receivables and other short-term assets	-7,980	-4,205
Decrease (increase) in stocks	6	65
Increase (decrease) in trade payables and other debts	2,823	1,948
Cash flow from operational activities before interests and taxes	292	1,662
Interest received	2	2
Tax paid	-378	-281
Net cash flow from operating activities	-84	1,383

in € 000	For the 6 months ending 30 June	
	2022	2021
Investment activities		
Investments in tangible fixed assets	-2,212	-2,508
Investments in intangible fixed assets	-	-31
Sales of tangible fixed assets	66	485
Acquisition of subsidiary	-641	-172
Acquisition of minority interest	-560	-667
Net cash flow (used in) from investment activities	-3,347	-2,893
Financing activities		
Income from loans	1,291	4,846
Repayment of loans	-1,948	-3,108
Repayment of leasing debts	-1,222	-1,080
Interest paid	-224	-207
Other financial income (costs)	-124	-87
Net cash flow from financing activities	-2,227	364
Net increase in cash and cash equivalents	-5,658	-1,146
Cash and cash equivalents at the beginning of the year	16,172	15,021
Cash and cash equivalents at the end of the year	10,514	13,875