Half-year results at June 30, 2021

Accelerating growth in Europe

Sound operational performance in the context of the rapid ramp-up of major telecom and energy customers contracts

- +20.9% growth in revenue
- 19.8% growth in EBITDA
- Cash net of debt: €44 million

Confirmation of long-term outlook

- Excellent sales momentum: solid growth prospects based on structurally buoyant market trends
- Continued transformation of the group

No misstatement on the review of the opening balance-sheet

Solutions 30 SE today released its consolidated results for the first six months of 2021. The Solutions 30 Supervisory Board, at its meeting on September 28th, reviewed and approved the financial results for the first half of 2021 presented by the Management Board. The statutory auditor has reviewed the consolidated half-year financial statements in accordance with professional standards (ISRE 2410). The audit procedures are detailed at the end of the press release,

Key figures

In millions of euros	**06/30/2021**	06/30/2020 (1)	Change
Revenue	**441.3**	365.1	+20.9%
Adjusted EBITDA	**49.5**	41.3	+19.8%
As a % of revenue	***11.2%***	11.3%	
Adjusted EBIT	**29.6**	21.5	+37.5%
As a % of revenue	***6.7%***	5.9%	
Consolidated net income	**14.6**	10.5	+39.5%
As a % of revenue	**3.3%**	2.9%	
Net income, group share	**14.1**	10.4	+35.3%
As a % of revenue	***3.2%***	2.9%	
Free cash flow	**0**	78.6	
Financial structure figures	**06/30/2021**	12/31/2020	Change
Equity	**184.7**	170.0	+14.7
Net debt	**42.9**	28.9	+14.0
Net bank debt	**-44.0**	-59.2	+15.3

(1) Data for the first half of 2020 have been restated for corrections made to the 2020 annual financial statements, to include the company Worldlink as at 01/01/2020. In the first half of 2020, Worldlink contributed €1.5 million to revenue and -€0.2 million to adjusted EBITDA.

+20.9% growth in revenue in the first half of 2021

Solutions 30's consolidated revenue for the first six months of 2021 amounted to €441.3 million, up +20.9% (+17.5% organic growth) compared to the same period in 2020. Maintenance activities, which are recurrent, represent 58% of revenue. The group is accelerating its expansion outside of France, illustrating the relevance of its strategy to duplicate its success in France.

In **France**, over the first six months of the year, revenue reached €270.3 million, a purely organic increase of +20.5%. This growth has been bolstered by:

- A +22.3% increase in revenue from the telecom business, which remains very dynamic. Momentum for the fiber business remains strong with roll-outs in lower-density areas, increasing subscriber connections, and maintenance— Solutions 30's core business— which accounts for 75% of its fiber business.
- An +18.1% increase in the energy business due to a favorable base effect since smart meter installations were interrupted during the first lockdown from March 17 to May 11, 2020. This activity generates half of the revenue for the energy business, i.e. 10% of revenue in France.
- The performance of the IT business, which is back on track for growth over the six-month period, posting a +24.1% increase in revenue.

In the **Benelux**, over the first half of 2021, revenue was up +13.1% (+9.8% organic growth) to €74.9 million. The roll-out of ultra high-speed networks is beginning to take shape and is driving the group's sales momentum, while the start of the smart meter roll-out program in Flanders, which has been contributing to the top line since March, has been driving growth for the first six months of the year.

In **other countries**, the group posted revenue of €96.1 million for the first half of 2021, up +28.8% (+15.5% organic growth) compared to the first half of 2020. In Italy, revenue was up +54% thanks to the rapid ramp-up of the contract signed at the beginning of the year with TIM. In Spain, revenue was up +44% thanks to the telecoms portfolio. Half-yearly revenue was stable for Germany and Poland. In the United Kingdom, where the group has been operating since the end of 2020, revenue reached €7.4 million.

Stability of the EBITDA margin, considering the rapid ramp-up of new contracts

During the first half of 2021, the priority was to invest in recruiting and training teams to take on the significant increase in workload from contracts the group signed and to support the roll-out of new technologies in several European countries. The group is preparing to accelerate its growth in several countries, given the sales momentum and new contracts signed since the end of 2020.

Adjusted EBITDA was €49.5 million at the end of June 2021, up +19.8% compared to the first half of 2020. The operating margin was 11.2% of revenue, virtually unchanged compared to the first half of 2020 (11.3%). Because of the workload ramp-up, operating costs increased by +1.7 points compared with the first half of 2020 and represented 79.9% of revenue, while the burden of structural costs fell to 8.8% of revenue compared with 10.4% in the first half of 2020.

In **France**, adjusted EBITDA amounted to €41.9 million, representing a margin of 15.5%, up +1.1 points compared to the first half of 2020. The sheer volume of the fiber business is driving margins, while the energy business is preparing to wind down smart electricity meter roll-outs, which will be offset by the need to install charging stations and activities related to the energy transition and renewable energies.

In the **Benelux**, adjusted EBITDA was €10.4 million, resulting in a margin of 13.8% compared to 14.1% a year earlier due to ramp-ups in the energy and telecom businesses.

In **other countries**, adjusted EBITDA was €1.7 million, representing 1.8% of revenue, compared with 3.4% a year earlier. In Italy and Spain, the ramp-up of major contracts signed in the telecoms sector has had a temporary impact on profitability. In Germany, restructuring the organization to prepare for future growth is weighing on profitability.

After accounting for €7.7 million in impairments and operational provisions, and after amortizing the usage rights for leased assets (IFRS 16), worth €12.3 million, adjusted EBIT stood at €29.6 million, i.e. 6.7% of revenue compared with 5.9% for the first half of 2020.

The first half of the year includes €4.8 million of other current operating expenses, which mainly consist of exceptional expenses incurred by the group to put an end to the violent smear campaign against it.

Customer relationship amortization amounted to €7.3 million in 2021, compared to €5.6 million a year earlier.

After taking into account a tax expense of €3.6 million, compared to €3.7 million a year earlier, and financial income of €0.7 million, compared to (€2.0) million at June 30, 2020, the group's share of net income reached €14.1 million, compared to €10.4 million in the first half of 2020.

A continued solid financial structure, a foundation for sustainable growth

As of June 30, 2021, the group's equity amounted to €184.7 million, compared with €170.0 million as at December 31, 2020. The group's gross cash position reached €130.8 million, compared to €159.3 million at the end of December 2020. Gross bank debt was €86.8 million compared with €100.0 million six months earlier, due to scheduled debt repayments. The group posted a net cash position of €44.0 million at the end of June 2021, compared to a net cash position of €59.2 million at the end of December 2020.

After taking into account €64.4 million in leasing debt (IFRS 16) and €22.5 million in potential financial debt related to earnouts and future call options, total net debt amounts to €42.9 million.

Operating cash flow amounted to €37.9 million for the first half of 2021, compared to €34.6 million for the first half of 2020. The ramp-up of contracts and the return to more normal payment terms than in 2020[1] resulted in a €30.7 million increase in working capital requirements, which amount to -€9 million. In the first half of 2020, WCR was down €50 million and negative at €42.9 million. Cash flow from operations in the first half of 2021 was €7.2 million, compared with €84.6 million a year earlier, and net investments amounted to €7.2 million.

This results in an overall balanced free cash flow, compared to cash generation of €78.4 million in the first half of 2020.

Outstanding receivables transferred under the group's non-recourse factoring program amounted to €73.2 million at the end of June 2021, compared to €93.5 million at 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.

Continued transformation of the Group

Solutions 30 is committed to an improvement plan aimed at accelerating its transformation and strengthening its governance, shareholder structure, risk management processes, and compliance. This plan will reinforce the group so it can pursue a strategy of sustained and sustainable growth and continue to capture growth opportunities in booming European markets.

Growth forecast confirmed

For the current year as a whole, the group expects profitable double-digit growth, although the basis for comparison will be higher from the second half of 2020 due to the catch-up effect at the end of the first lockdown. The ramp-ups will continue thanks to the excellent sales momentum in the second and third quarters of 2021, during which the group signed more than €500 million in new contracts, particularly in the telecoms sector in Belgium, the Netherlands, and the United Kingdom. However, if sourcing some materials remains difficult, this could slow down some roll-outs.

Solutions 30 is tapping into excellent market momentum, thanks to solid structural and economic drivers: the acceleration of the digital transformation and the energy transition as well as recovery plans of an unprecedented scale throughout Europe. In addition, the group is returning to a more normative situation that should allow it to restart its targeted acquisition policy and strengthen its role as a market leader.

[1] In 2020, several of the group's customers accelerated their invoice settlement times to help their partners cope with the health crisis.

Solutions 30 can resume its proven strategy of balancing organic growth and acquisitions, capitalizing on its drivers in the telecoms business to reach a critical size everywhere it operates, then diversify into new activities, such as electric mobility and the energy transition.

Audit procedures for the first half of 2021: no misstatement identified during the review of the opening balance-sheet

Since the previous statutory auditor issued a disclaimer of opinion report on Solutions 30's consolidated financial statements as at 12/31/2020, the group's new auditor, PKF Audit & Conseil, carried out extensive procedures on the opening balance sheet as 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 procedures if deemed necessary
3. A review of the working papers of the previous auditor
4. A review of the measures taken by Solutions 30 in 2021

The review of the opening balance sheet did not reveal any misstatement.
However, as the previous statutory auditor issued a disclaimer of opinion report on the group's annual consolidated financial statements as at 12/31/2020, in accordance with the requirements of IAS 710, PKF Audit & Conseil issued a qualified opinion related to the comparability of the income statement for the first half of 2020.

Following the review of the accounts for the first half of 2021, **PKF Audit & Conseil did not identify any other items that suggest that the accounts have not been prepared in accordance with IAS 34 on interim financial reporting.**

Upcoming event

2021 Q3 Earnings Report	November 3, 2021

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 30 million call-outs carried out since it was founded and a network of more than 15,700 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 Small Cap | Tech40 | CAC PME | SBF 120 | CAC Mid 60. 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:

	H1 2020	H1 2021							
	Total	Organic growth of existing subsidiaries		Organic growth from acquired companies		Acquisitions		**Total**	
		Value	%	Value	%	Value	%	**Value**	**Change**
Total	**365.1**	62.7	17.2%	1.4	0.4%	12.1	3.3%	**441.3**	**20.9%**
From France	**224.3**	45.9	20.5%	0	0%	0	0%	**270.3**	**20.5%**
From Benelux	**66.2**	5.8	878%	0.8	1.1%	2.2	3.3%	**74.9**	**13.1%**
From other countries	**74.6**	10.9	14.6%	0.7	0.9%	9.9	13.3%	**96.1**	**28.8%**

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	06/30/2021	06/30/2020
Operating income	**17,532**	**16,193**
Depreciation of IFRS 16 rights of use	12,268	11,195
Increases in operational provisions	7,658	8,628
Customer relationship amortization	7,276	5,602
Other non-current operating income	—	(270)
Other non-current operating expenses	4,789	—
Adjusted EBITDA	**49,525**	**41,348**
As a % of revenue	*11.2%*	*11.3%*

Adjusted EBIT

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

In thousands of euros	06/30/2021	06/30/2020
Operating income	**17,532**	**16,193**
Customer relationship amortization	7,276	5,602
Other non-current operating income	—	(270)
Other non-current operating expenses	4,789	—
Adjusted EBIT	**29,598**	**21,525**
As a % of revenue	*6.8%*	*6.0%*

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	**06/30/2021**	12/31/2020
Bank debt	**86,842**	**100,045**
Lease liabilities	64,370	63,548
Future liabilities from earnouts and put options	22,535	24,618
Cash and cash equivalents	-130,807	-159,279
Net debt	**42,940**	**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	**06/30/2021**	12/31/2020
Loans from credit institutions, long-term	**62,204**	**71,977**
Loans from credit institutions, short-term and lines of credit	24,638	28,068
Cash and cash equivalents	(130,807)	(159,279)
Net bank debt	**(43,964)**	**(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	**06/30/2021**	06/30/2020
Net cash flow from operating activities	**7,169**	**84,638**
Acquisition of non-current assets	-7,957	-12,321
Acquisition of Elmo assets	—	5,238
Disposal of non-current assets after tax	763	1,020
Free cash flow	**(25)**	**78,576**