

ABO-GROUP - Annual Results for 2022

Ghent, 30 March 2023 – 18.30 CET – Press Release / Regulated Information

2022 highlights

- **ABO-GROUP sees its total revenue increase by 9.8%, to €70.9 million**
- **The EBITDA increases by 21.7%, from €8.1 to €9,9 million, resulting in a 13,9% margin**
- **The net debt ends at €10.6 million, a ratio of 1.1x EBITDA**

Outlook

- **Building synergies through further integration and cooperation with the recently acquired companies, accompanied by targeted investments**
- **Further development of the “green economy” (impact climate change, and other), with a strong demand for environmental and geotechnical services, amongst others, in relation to the search for raw materials via European mining**
- **Challenging market conditions with continuing inflation-uncertainty**



Frank De Palmenaer, CEO of ABO-GROUP Environment: *“With 10% revenue growth and an EBITDA of €10M, as in 2021 ABO-GROUP achieves its best year ever. The group succeeded in continuing its strong start to the year, achieving double-digit sales growth coupled with a recovery in margins through the integration of the acquisitions from 2021 and 2022, and strong cost control. The tight labour market, volatile energy prices and cost indexations nevertheless made the second half of 2022 a challenging period for our companies.*

We are also off to a flying start in 2023, with the already announced acquisitions of DynaOpt and SEGED in France. With these, ABO-GROUP once again broadens its service portfolio to include monitoring and water management, and we have gained a wealth of knowledge and experience that we can use throughout the group. Operationally, we have a well-filled order book that has already been strengthened early this year with a number of large contracts. Caution is required, however, given the continuing challenges in terms of recruitment and cost indexation. We believe, however, that the increasing awareness of the climate issue and the resulting initiatives, as witnessed by the recent announcements by the European Commission regarding the anchoring of the “green industry” and the corresponding search for “European resources”, will provide a new dynamic, to which the various companies from ABO-GROUP can contribute. A good example of this is the project that Géosonic carried out in 2022 for Imerys, where important lithium reserves were identified in an old quarry.”

in €000	FY2022	FY2021	% change
Turnover	69 868	63 511	10,0%
Total operating income	70 927	64 596	9,8%
EBITDA¹	9 880	8 117	21,7%
Depreciation, amortization and provisions	-6 354	-4 973	27,8%
Operating profit	3 526	3 144	12,1%
Financial result	- 721	- 552	30,5%
Profit before tax	2 805	2 592	8,2%
Net profit	2 216	2 062	7,4%
Total result	2 225	2 002	11,1%
Basic earnings per share for the shareholders	0,21	0,19	11,1%
Net cash flow from operating activities	7 108	6 777	4,9%

in €000	FY2022	FY2021 ²	% change
Total equity	21 760	20 495	6,2%
Net financial debt	10 639	9 742	9,2%
Balance sheet total	70 761	66 225	6,8%

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

² The Group has adjusted the figures of the 2021 annual report for the factoring debts of Geosonic France. In the consolidated financial statements for the year ending 31 December 2021, the factoring debts amounting to €0.5 million are reported as trade payables, whereas the factoring debts are presented as financial debts in the restated balance sheet as at 31 December 2021

2022 highlights

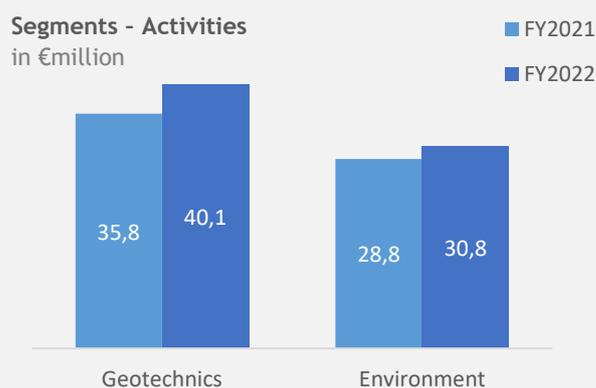
Increase of 9,8% in operating income

In 2022, the total operating income of ABO-GROUP increased to €70.9 million, an increase of 9.8% compared to 2021. The contribution from the acquisitions of the Geo-Supporting and Colsen trading companies acquired in 2022, and the previously unconsolidated portion of Asper and Geosonic acquired in 2021, represent a 2.7% growth in revenue, whereby the organic growth of the existing business now amounts to 7.1%.

Over the entire financial year, ABO-GROUP saw its revenue in the Geotechnical segment grow by 12.2% to €40.1 million (€35.8 million in FY2021), partly thanks to the above-mentioned acquisitions of Geo-Supporting and the extra month of Geosonic. Without this contribution,

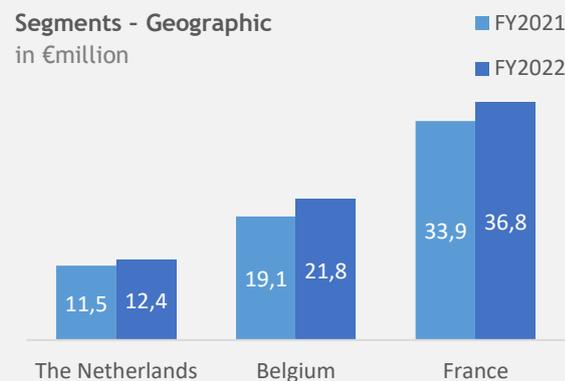
turnover would have grown by 8.4%. Activities in the Environmental branch rose by 6.8%, 5.4% of which organically, to €30.8 million (compared to €28.8 million in 2021). The share of the geotechnical activities increased further, from 55.4% to 56.6%.

Over the full year 2022, operations in France generated a total turnover of €36.8 million, an increase of 8.4%, 6.9% of which organically. After a strong increase in the first half of the year, thanks in part to the integration of Geosonic and GEO+ Environnement, several French entities were hampered by labour shortages, which slowed sales growth.



In the second half of the year, the geotechnical activities and environmental divisions in Belgium continued the momentum with which they had started 2022 – thanks to major infrastructure projects around Antwerp and Brussels and major framework contracts in the context of the PFAS issue, with the Belgian entities signing up for an organic turnover growth of 11.6%. Together with the 2.1% growth through the contribution of the asbestos specialist Asper, which joined the group in July last year, this resulted in a total growth of 13.7% for the Belgian activities, to a total turnover of €21.8 million in 2022 (compared to €19.1 million in 2021).

Environmental fieldwork in the Netherlands remained stable. In addition, the consultancy and geotechnical surveys experienced the impact of nitrogen regulation in the second half of the year, as well as the initial slowdown in the market. Organically, the Dutch activities consequently experienced a limited growth of 0.3%. Supported by the acquisitions of Colsen and Geo-Supporting, turnover for 2022 rose by 7.5%, to €12.4 million.



EBITDA to €9.9 million with a margin of 13.9%, despite continued cost pressure

The EBITDA for 2022 amounted to €9.9 million, compared to €8.1 million a year earlier. The integrations of the acquisitions from 2021 and early 2022 have largely been processed, thereby making a positive contribution to the profitability of the group. However, continued inflationary pressure from subcontracting, fuel and personnel costs put pressure on the margin in the second half of the year. In addition, the tight labour market forced various entities in the group to increase the share of subcontracting. Thanks to a strong cost focus, the group managed to land the EBITDA margin at 13.9% for the full year 2022, significantly better than the 12.6% achieved in 2021.

Depreciation and provisions increased from €5.0 million to €6.4 million. ABO-GROUP continues to invest in the renewal and expansion of its machinery in order to adequately meet the needs of its customers. In addition, a

specific provision was also recognised to the amount of €0.5 million with regard to the ruling in a legal dispute related to the international activities of ABO Logistics, which have since been sold.

Following the interest rate climb in the second half of the year, the financial result increased by 30%, to €-0.7 million. Despite the above-mentioned inflationary pressure and increased financial costs, the increase in margins led to an increase in net profit in 2022, from €2.1 million to €2.2 million (€0.21 per share).

Strong operating cash flow and net debt of 1.1x EBITDA

The net cash flow from operating activities amounts to €7.1 million (compared to €6.8 million in 2021). The group managed to significantly reduce the increase in working capital needs from the first half of the year, thanks to the start-up of billing for a number of large projects and the traditional annual settlements at the end of the year. Over the whole of 2022, trade receivables and other short-term assets increased by €3.2 million, partially offset by the increase in trade payables and other short-term debts of €0.9 million.

Given the recent acquisitions and the repurchase of part of the outstanding minority interest in Geosonda Nederland, as well as the investments in working capital and fixed assets, the net financial debt increased from €9.3 million at the end of 2021 to €10.6 million. The debt ratio is 1.1x compared to EBITDA (1.2x at the end of 2021), for example, thereby reaffirming the group's strong financial position.

The balance sheet total continued to grow, from €66.2 million to €70.8 million. On the asset side, this reflects the acquisitions and investments in machinery, as well as the above-mentioned growth in working capital, while, on the liabilities side, short and long-term debts are increasing. Total equity amounts to €21.7 million, compared to €20.5 million a year earlier. The impact of the purchase of the non-controlling interest in Geosonda and the accounting for the related contractual arrangements (and in particular put and call options) that were entered into at that time in relation to the remaining interest was largely offset at year-end by the reduction in the future value of pension liabilities as a result of the recent interest rate hike. The equity ratio ended at 30.8% (compared to 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 included below.

Outlook

Maintaining the group ambitions despite the challenging geopolitical and economic situation

Also in 2023, ABO-GROUP expects to respond to the increasing awareness and regulations concerning climate change, environment, health and well-being that are driving forces for the growth and diversification of its business. As in the context of the PFAS issue, ABO-GROUP intends to take a leading role in this matter. The unstable geopolitical situation and its influence on the volatile markets will continue to strongly influence the general economic situation for ABO-GROUP in 2023. As in 2022, ABO-GROUP will try to absorb these impacts by focusing on a correct commercial pricing strategy and internal efficiency.

In the medium term, the Board and the operational departments confirm the confidence in its plan to reach the turnover 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 will enable it to achieve the technical market leadership it aims for in its activities. The recent announced acquisitions of DynaOpt and SEGED will contribute to this, and as always, the group is in contact with various targets to support the execution of its plan.

Financial calendar

28/04/2023: Publication of the 2022 annual report and convocation of the General Meeting

30/05/2023: General Meeting

14/09/2023: Figures for the first half of 2023

Statement of the statutory auditor

The statutory auditor, EY Bedrijfsrevisoren BV, represented by Paul Eelen, has confirmed that its audit work, which has been substantially completed, has not revealed any significant correction with respect to the consolidated income statement, the consolidated total result, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement included in this press release.

About ABO-GROUP

ABO-Group is a specialised, listed engineering company focused on geotechnical engineering, the environment and soil remediation. Through its consultancy and testing & monitoring departments, ABO-Group is active in Belgium, the Netherlands and France, as well as internationally. ABO-GROUP offers and guarantees its clients a sustainable solution. For a more detailed description of the operations of the group, please consult the ABO-Group website (www.abo-group.eu).

For more information:

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

Consolidated income statement

in €000	For the year ending 31 December	
	2022	2021
Turnover	69 868	63 068
Other operating income	1 059	1 528
Total operating income	70 927	64 596
Purchases of goods and services for sale	-8 881	-7 568
Services and other goods	-21 803	-20 139
Employee remunerations	-29 436	-27 400
Depreciations	-5 792	-4 911
Other operating expenses	-1 489	-1 433
Operating profit	3 526	3 145
Financial charges	- 740	- 558
Financial revenue	19	5
Profit before tax	2 805	2 592
Taxes	- 589	- 529
Net profit	2 216	2 063
Net profit (loss) attributable to the		
shareholders of the parent company	2 225	2 003
minority interests	- 9	60
Basic earnings per share for the shareholders		
Basic and diluted	0,21	0,19

Segment split

Geographic - in €000	For the year ending 31 December	
	2022	2021
Belgium	21 755	19 142
<i>% total</i>	30.7%	29.6%
The Netherlands	12 394	11 528
<i>% total</i>	17.5%	17.8%
France	36 779	33 926
<i>% total</i>	51.9%	52.5%
Total	70 927	64 596

Activity - in €000	2022	2021
Geotechnics	40 130	35 764
<i>% total</i>	56.6%	55.4%
Environment	30 797	28 831
<i>% total</i>	43.4%	44.6%
Total	70 927	64 596

Consolidated total result

in €000	For the year ending 31 December	
	2022	2021
Net profit	2 216	2 063
Other comprehensive income - transferable to the profit and loss account		
Change in the fair value of financial assets with changes in fair value via the other comprehensive income	- 7	- 4
Other comprehensive income - not transferable to the profit and loss account		
Actuarial (profit) / losses	657	170
Impact of taxes	- 164	- 45
Revaluation of buildings	-	-
Impact of taxes	-	-
Other comprehensive income, after taxes	486	121
Total result after taxes	2 702	2 184
Total result attributable to the		
shareholders of the parent company	2 711	2 124
minority interests	- 9	60

Consolidated balance sheet

in €000	For the year ending 31 December	
	2022	2021
Fixed assets		
Goodwill	979	914
Intangible fixed assets	2 262	2 311
Tangible fixed assets	23 466	22 342
Deferred tax assets	759	868
Financial assets with fair value changes via the other comprehensive income	25	38
Other financial assets	588	613
Total fixed assets	28 079	27 086
Short-term assets		
Inventory	1 266	1 275
Trade receivables	14 035	12 805
Contract assets	9 539	7 756
Other short-term assets	1 095	1 132
Cash and cash equivalents	16 747	16 172
Total short-term assets	42 682	39 140
Total assets	70 761	66 226

in €000	For the year ending 31 December	
	2022	2021*
Total equity		
Capital	4 857	4 857
Consolidated reserves	14 315	12 563
Other comprehensive income	2 490	2 196
Equity attributable to the shareholders of the group	21 662	19 616
Minority interest	98	880
Total equity	21 760	20 496
Long-term debts		
Financial debts	11 110	11 592
Deferred tax liabilities	1 353	1 383
Provisions	1 112	1 211
Other long-term liabilities	914	-
Total long-term debts	14 489	14 186
Current liabilities		
Financial debts	16 276	14 322
Trade debts	7 770	7 040
Tax liabilities	1 330	972
Other short-term debts	9 136	9 210
Total short-term debts	34 512	31 544
Total equity and liabilities	70 761	66 226

* The Group has adjusted the figures of the 2021 annual report for the factoring debts of Geosonic France. In the consolidated financial statements for the year ending 31 December 2021, the factoring debts amounting to €0.5 million are reported as trade payables, whereas the factoring debts are presented as financial debts in the restated balance sheet as at 31 December 2021.

Consolidated statement of changes in equity

in €000	Attributable to the shareholders of the parent company					Total equity
	Capital	Consolidated reserves	Other comprehensive income	Total	Minority interest	
On 1 January 2021	4 857	10 540	2 265	17 662	1 317	18 979
Net profit		2 003		2 003	60	2 063
Other comprehensive income			121	121	-	121
Total result		2 003	121	2 124	60	2 184
Transfer depreciation of tangible fixed assets	-	190	- 190	-	-	-
Purchase of minority interest	-	- 170	-	- 170	- 497	- 667
On 31 December 2021	4 857	12 563	2 196	19 616	880	20 496
Net profit		2 225		2 225	- 9	2 216
Other comprehensive income			486	486	-	486
Total result		2 225	486	2 711	- 9	2 702
Purchase of minority interest Geosonda	-	- 302	-	- 302	- 258	- 560
Put option for minority interest in Geosonda	-	- 363	-	- 363	- 515	- 878
Transfer depreciation of tangible fixed assets	-	193	- 193	-	-	-
On 31 December 2022	4 857	14 315	2 490	21 661	98	21 760

Consolidated cash flow statement

in €000	For the year ending 31 December	
	2022	2021
Net profit	2 216	2 063
Non-cash costs and operational adjustments		
Depreciation of tangible fixed assets	5 369	4 536
Depreciation of intangible fixed assets	423	375
Profit on the sale of tangible fixed assets	- 104	- 4
Movements in the provisions	311	- 230
Changes in impairment losses on clients	251	293
Financial revenue	- 19	- 5
Financial charges	740	558
Badwill arising from business combinations	-	- 189
Deferred tax expense	-141	- 12
Tax cost	730	541
Others	-119	3
Adjustments to the working capital		
Decrease (increase) in other financial fixed assets, trade receivables and other short-term assets	-3 181	-4 142
Increase in stocks	9	- 29
(Decrease) Increase in trade payables and other debts	893	3 412
Cash flow from operating activities before interest and taxes	7 378	7 170
Interest received	16	4
Taxes paid	- 285	- 396
Net cash flow from operating activities	7 109	6 778

in €000	For the year ending 31 December	
	2022	2021
Investment activities		
Investments in tangible fixed assets	-3 608	-4 415
Investments in intangible fixed assets	-9	- 41
Sale of tangible fixed assets	138	507
Subsidiary acquisition, net with cash acquisition	- 641	- 622
Income from financial assets	6	-
Net cash flow (used in) investing activities	-4 114	-4 571
Financing activities		
Income from loans	5 425	7 781
Repayment of loans	-3 977	-5 339
Repayments of leasing debts	-2 571	-2 275
Interest paid	- 428	- 390
Other financial income (costs)	- 309	- 166
Purchase of minority interests	- 560	- 667
Net cash flow from financing activities	-2 420	-1 056
Net increase in cash and cash equivalents	575	1 151
Cash and cash equivalents at the beginning of the year	16 172	15 021
Cash and cash equivalents at the end of the year	16 747	16 172