2023 HY Earnings Report

Dynamic growth and improved EBITDA margin compared to the second half of 2022

- Revenue for the first six months of 2023 up +16.8% to €519.1 million
- EBITDA margin up 1.6 points compared to the second half of 2022
- Solid financial structure with minimal debt

Strong long-term outlook confirmed

- Structurally promising drivers of growth: the digital transformation and the energy transition
- Margins in France are gradually improving, the business model is being adjusted, and the transition to new activities is underway
- Continued strong growth in the Benelux and other countries where new markets are opening up
- Confirmation of 2023 objectives: over €1 billion in revenue and further improvement of margins

Solutions30 SE today announces its consolidated earnings for the first half of the year ended June 30, 2023, prepared in accordance with IFRS.

The consolidated financial statements of the Solutions30 group for the period from January 1 to June 30, 2023 were reviewed by the Supervisory Board on September 21, 2023. The review of the half-yearly financial information by the authorized auditor has been completed and their report has been published on the website. The half-yearly financial report, including the consolidated financial statements (condensed interim financial statements and notes) reviewed by the auditor, is available on the Solutions30 website, www.solutions30.com, in the “Investors Relations” section.

Key figures

In millions of euros	**H1 2023**	H2 2022	H1 2022
Revenue	**519.1**	460.3	444.3
Adjusted EBITDA	**27.5**	17.1	29.6
As a % of revenue (EBITDA margin)	***5.3%***	*3.7%*	*6.7%*
Adjusted EBIT	**5.0**	(7.0)	6.7
As a % of revenue	***1.0%***	*(1.5%)*	*1.5%*
EBIT	**(6.4)**	(17.6)	(8.9)
As a % of revenue	***(1.2%)***	*(3.8%)*	*(2.0%)*
Net income. group share	**(14.4)**	(37.8)	(12.3)
As a % of revenue	***(2.8%)***	*(8.2%)*	*(2.8%)*
Free cash flow	**(32.4)**	54.1	(16.9)

Financial structure data *In millions of euros*	**06/30/2023**	**12/31/2022**
Equity	**131.8**	**145.3**
Net debt	**95.3**	**38.9**
Net bank debt	**10.3**	**(54.0)**

Consolidated revenue

Solutions30's consolidated half-year revenue for 2023 amounted to €519.1 million, up 16.8% (reported and organic growth).

After a solid first quarter with organic growth of 14.5%, strong business momentum continued to build in the second quarter of 2023, with consolidated revenue of €263.9 million growing organically by 18.9% compared to the same period in 2022.

This excellent performance was driven by particularly robust growth in the Benelux, Poland, and the United Kingdom. This puts the group on target to exceed the milestone of €1 billion in revenue before the end of 2023.

Profitability

Figures by geographical area are detailed below:

	H1 2023	H2 2022	H1 2022
France			
Revenue	199.4	204.0	221.9
Adjusted EBITDA	15.8	2.0	18.8
EBITDA margin %	7.9%	1.0%	8.5%
Benelux			
Revenue	180.0	123.5	98.4
Adjusted EBITDA	17.5	14.7	13.7
EBITDA margin %	9.7%	11.8%	13.9%
Other countries			
Revenue	139.7	132.8	124.0
Adjusted EBITDA	(0.8)	4.7	2.4
EBITDA margin %	(0.5%)	3.5%	2.0 %

In France, revenue reached €199.4 million in the first half of 2023. Business continued to be negatively impacted by the transformation of the telecom sector and the transition into new activities in the energy sector. The telecom market, however, is showing signs of stabilizing in the second quarter, and the group has been very successful in the energy sector, as illustrated by the recent solar-power contract signed with Q Energy. Growth opportunities are gradually falling into place, while Amaury Boilot, recently named CEO of the group's French entities, is transforming its organization. Adapting the business model and readjusting the corporate structure to new market conditions have led to a significant recovery of the EBITDA margin compared to the second half of 2022. It rose to 7.9%, a level close to the first half of 2022 and a clear recovery from the 1.0% in the second half of 2022.

In the Benelux, revenue for the first half of 2023 grew +82.9% compared to the first half of 2022 to reach €180.0 million driven by fiber-optic roll-outs across the country and the group's ability to keep up with faster than anticipated installation schedules and consolidate its position as a market leader. This phase of hyper-growth and the fast pace of large-scale ramp-ups required to fulfill orders are temporarily impacting the EBITDA margin, which stood at 9.7% compared to 13.9% in the first half of 2022 and 11.8% in the second half of 2022.

In other countries, revenue is up +12.7% compared to the first half of 2022. It reached €139.7 million,whereas it was €124.0 million a year earlier. In Italy, the conditions under which ultra-fast broadband infrastructure is being deployed have deteriorated in recent months due to the national service provider's recurring operational difficulties. The entire sector has been affected, and Solutions30 decided to slow down the pace of call-outs until the situation returns to normal and a more efficient way of operating has been found, in agreement with our various partners. This situation is negatively impacting the segment's EBITDA margin. Elsewhere, margins are relatively stable but still below the group's normative levels. In the United Kingdom and Germany, Solutions30 is preparing to absorb the expected growth in the fiber sector, whereas it is focusing on the business activities that are the most profitable in the mature Spanish market. Meanwhile, business in Poland remains dynamic, driven by market share gains. The EBITDA margin for the "Other countries" segment was -0.5% compared with 2.0% for the first half of 2022 and 3.5% for the second half of 2022.

As a result, **adjusted EBITDA** for the entire group amounted to €27.5 million at the end of June 2023 (5.3% of revenue) compared to €29.6 million a year earlier (6.7% of revenue) and €17.1 million in the second half of 2022 (3.7% of revenue).

Operating costs increased by +18.9% compared with the first half of 2022 and by 10.9% compared with the second half of 2022. They amounted to €444.4 million, representing 85.6% of revenue. Structural costs increased by 15.6% compared with the first half of 2022 and by 10.5% compared with the second half of 2022. They amounted to €47.2 million, representing 9.1% of revenue.

After accounting for €8.9 million in impairments and operational provisions and after amortizing €13.6 million in usage rights for leased assets (IFRS 16), **adjusted EBIT** stood at €5.0 million at June 30, 2023, compared to €6.7 million a year earlier. This figure is clearly recovering compared to the second half of 2022.

The first half of 2023 includes €4.3 million in non-current operating expenses, which mainly consist of restructuring costs, compared to €10.3 million a year earlier.

Customer relationship amortization amounted to €7.1 million at June 30, 2023 stable compared to the same period of the previous fiscal year.

Net **financial income** represented an expense of €2.9 million in the first half of 2023 compared to an expense of €5.3 million a year earlier. This change is due to an increase in financial income, resulting from foreign exchange gains and a fair value adjustment, while expenses remained stable.

After including a tax expense of €1.3 million compared to €3.0 million a year earlier and accounting for €3.7 million in minority interests, the **group share of net income** amounted to -€14.4 million compared to -€12.3 million for the same period in 2022, and -€37.8 million for the second half of 2022.

Financial structure

At June 30, 2023, the group had €131.8 million in equity compared to €145.3 million at December 31, 2022. The group's gross cash amounted to €73.4 million, compared to €124.4 million at the end of December 2022 and €85.0 million at June 30, 2022, reflecting the usual seasonality of the working capital requirements.

Gross bank debt stood at €83.6 million compared to €70.4 million six months earlier. This increase is due to additional drawdowns on the "acquisitions" envelope of the financing secured on November 29, 2022. These drawdowns were made to pay earnouts to minority shareholders of group subsidiaries in the first half of the year. The group had €10.3 million in net bank debt at the end of June 2023 compared to €54.0 million in cash net of debt at the end of December 2022. Including €72.8 million in leasing liabilities (IFRS 16) and €12.2 million in potential financial debt on future call options and earnouts, the total net debt amounts to €95.3 million.

The group maintains a solid financial structure, with a net debt/EBITDA ratio of 1.7 and a net debt-to-equity ratio of 72.3%.

Outstanding receivables under the group's non-recourse factoring program amounted to €85.9 million at the end of June 2023, compared with €77.3 million at December 31, 2022, reflecting the increase in activity. The increase in mobilized receivables is due to ramp-ups in new contracts for which the factoring program is being implemented. Factoring can finance working capital from recurring activities that have fully developed, at a cost of less than 1% of the amount of assigned receivables. This program, combined with a solid financial structure, provides Solutions30 with the resources it needs to finance its growth strategy.

Operating cash flow amounted to €22.9 million for the first half of 2023, compared to €19.6 million in the first half of 2022. Though working capital increased by €39.1 million, it remained negative at -€25.6 million. This increase reflects strong growth over the half-year, particularly in the Benelux during the second quarter, and preparation for a new phase of growth in Other Countries. Measures have been put in place to optimize working capital by the end of the year. Cash flow from operating activities for the first half of 2023 was a negative €22.0 million, compared with negative cash flow of €6.5 million a year earlier.

Net investments amounted to €10.5 million, at a normative level of 2.0% of revenue, compared with 2.4% a year earlier. Overall, this means there was -€32.4 million in free cash flow, compared to -€16.9 million at the end of June 2022.

Outlook

At the end of this first half-year, the group remains confident in achieving its goal of double-digit growth in 2023, putting it on track to exceed €1 billion in revenue this year. Over the last six months, the group has seen growth paired with a steady increase in margins experienced. This improvement is due to ongoing adaptations in France and rapid expansion throughout the rest of Europe.

In France, operational and organizational efforts to restore margins and improve conditions for telecom contracts are bearing fruit. With the replacement of smart meter deployment activities accelerating and the return to normal in the telecoms market, revenue should begin to stabilize. The photovoltaic business is experiencing significant growth, fueled by Europe’s shift towards greener energy solutions and the goal of achieving energy independence. Notably, the backlog of orders has doubled compared to the same period last year. Through its subsidiaries, Solutions30 Sud-Ouest and Elec-EnR, the group is consolidating its position as one of the top 5 leaders in the renewable energy installation market in France. Solutions30 is now involved in major projects, including the construction of Europe’s largest floating solar park. Leveraging its wide-ranging expertise and advanced electrical know-how acquired from years of experience with fiber and smart meter deployments, Solutions30 is well positioned to undertake this significant initiative.

In the Benelux, the group should continue to experience sustained growth, and profitability should be back above 10% in the second half of the year since most of the ramp-ups had already occurred in the first six months.

In other countries, growth is expected to continue, carried by encouraging trends in the United Kingdom, while efforts to restore profitability in Italy should start to pay off soon. Giovanni Ragusa, Chief Operations Officer of Solutions30 Italy since 2008, has been appointed Chief Executive Officer for this country.

The group aims to maintain its leadership in its existing markets and to scale to a critical size everywhere it operates, all while working to improve profitability. The group will leverage the structural trends that are carrying its markets, returning to dynamic and profitable growth over the long term.

Upcoming event

2023 Q3 Revenue Report	November 8, 2023

About Solutions30 SE

Solutions30 provides consumers and businesses with access to the key technological advancements that are shaping our everyday lives, especially those driving the digital transformation and energy transition. With its network of more than 15,000 technicians, Solutions30 has completed over 65 million call-outs since its inception and led over 500 renewable energy projects with a combined maximum output surpassing 1,000 MWp. In pursuing its vision of a more connected and sustainable world, Solutions30 has become an industry leader in Europe with operations in 10 countries: France, Italy, Germany, the Netherlands, Belgium, Luxembourg, Spain, Portugal, the United Kingdom, and Poland.
The capital of Solutions30 SE consists of 107,127,984 shares, equal to the number of theoretical votes that can be exercised. Solutions30 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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Contact

Individual Shareholders:
Investor Relations - Tel: +33 1 86 86 00 63 - shareholders@solutions30.com

Analysts/Investors:
Nathalie Boumendil - Tel: +33 6 85 82 41 95 - nathalie.boumendil@solutions30.com

Press - Image 7:
Charlotte Le Barbier - Tel: +33 6 78 37 27 60 - clebarbier@image7.fr
Leslie Jung - Tel: +33 6 78 70 05 55 - ljung@image7.fr

Financial indicators not defined by IFRS

The group uses financial indicators not defined by IFRS:

- Profitability indicators and their components are key operational performance indicators used by the group to monitor and evaluate its overall operating results and results by country.
- Cash flow indicators are used by the group to implement its investment and resource allocation strategy.

The non-IFRS financial indicators used are calculated as follows:

Organic growth includes the organic growth of acquired companies after they had bien are acquired, which Solutions30 assumes they would not have experienced had they remained independent. In 2023, the group's organic growth includes only the internal growth of its long-standing subsidiaries.

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

EBITDA margin corresponds to "adjusted EBITDA" divided by revenue.

Free cash flow corresponds to the net cash flows from operating activities minus the acquisitions of fixed assets net of disposals.

Calculation of free cash flow

In thousands of euros	**H1 2023**	H2 2022	H1 2022
Net cash flow from operating activities	**(21,959)**	**64,642**	**(6,459)**
Acquisition of fixed assets	(10,901)	(10,643)	(10,503)
Disposal of non-current assets after tax	436	115	55
Free cash flow	**(32,425)**	**54,114**	**(16,907)**

Cash net of debt corresponds to "Cash and cash equivalents" as it appears in the group's financial statements from which is deducted "Loans from credit institutions, long-term" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 10.2 of the group's annual financial statements.

EBIT corresponds to earnings before interest and taxes as reported in the group's 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	**H1 2023**	H2 2022	H1 2022
Operating income	**(6,385)**	**(17,590)**	**(8,880)**
Customer relationship amortization	7,076	7,291	7,134
Other non-current operating income	—	—	(1,850)
Other non-current operating expenses	4,259	3,347	10,266
Adjusted EBIT	**4,950**	**(6,953)**	**6,670**
As a % of revenue	*1.0%*	*(1.5%)*	*1.5%*

Non-current transactions include other income and 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	**06/30/2023**	12/31/2022
Bank debt	83,628	70,368
Lease liabilities	72,844	67,370
Liabilities from earnouts and put options	12,230	25,516
Cash and cash equivalents	(73,373)	(124,387)
Net debt	**95,330**	**38,868**
Equity	**131,807**	**145,345**
% of net debt	*72.3%*	*26.7%*

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 10.2 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	**06/30/2023**	12/31/2022
Loans from credit institutions, long-term	65,401	56,769
Short-term loans from credit institutions, lines of credit, and bank overdrafts	18,227	13,599
Cash and cash equivalents	(73,373)	(124,387)
Net bank debt	**10,256**	**(54,019)**

Gross bank debt corresponds to "Loans from credit institutions, long-term" and "Short-term loans from credit institutions, lines of credit, and bank overdrafts" as they appear in note 10.2 of the group's annual financial statements.

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

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	**06/30/2023**	06/30/2022
Acquisition of fixed assets	(10,901)	(10,503)
Disposal of fixed assets assets after tax	436	55
Net investments	**(10,465)**	**(10,448)**

Operating 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).

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

Working capital:

In thousands of euros	**06/30/2023**	12/31/2022
Inventory and work in progress	26,908	25,427
Trade receivables and related accounts	196,265	192,966
Current contract assets	980	970
Other receivables	68,815	58,465
Prepaid expenses	4,454	1,466
Trade payables	(191,358)	(210,846)
Tax and social security liabilities	(110,937)	(112,287)
Other current liabilities	(13,242)	(13,384)
Deferred income	(7,444)	(7,480)
Working capital	**(25,559)**	**(64,703)**
Change in working capital	39,144	(39,707)
Non-monetary items	5,669	12,581
Change in working capital adjusted for non-monetary items.	**44,813**	**(27,126)**

Disclaimer