2022 Earnings Report

A transition year with a return to double-digit growth in the 4th quarter

- Sustained growth in the Benelux and other countries, operational and management structures reinforced
- Operational transition in France while maintaining a structure capable of quickly seizing opportunities as the market consolidates
- Revenue up for the year: €904.6 million
- Adjusted EBITDA: €46.7 million

A solid balance sheet to support a new phase of growth

- Net cash position: €54.0 million
- Free cash flow: €37.2 million

Strong long-term outlook confirmed

- Structurally promising drivers of growth: the digital transformation and the energy transition
- Continued strong growth in the Benelux and other countries where new markets are opening up
- Sights set to exceed €1 billion in revenue for 2023

Solutions30 SE today announces its consolidated earnings for the financial year ended December 31, 2022, prepared in accordance with IFRS.

The annual consolidated financial statements of the Solutions30 Group were certified with an unqualified opinion. They were approved by the company' Management Board and examined by the Supervisory Board on April 20, 2023.

The annual report at December 31, 2022 has been made available to the public and filed in the European Single Electronic Format (ESEF) with the Commission de Surveillance du Secteur Financier (CSSF) and the Autorité des Marchés Financiers (AMF). It includes the financial report and the report on corporate governance and internal control.

All these documents can be consulted on the company's website at www.solutions30.com, in the "Financial Reports and Documents" section.

Gianbeppi Fortis, Chief Executive Officer of Solutions30, stated:

"2022 has brought positive signals for the future, even though our business was disrupted in France, where our organization has had to adapt as some of our mature activities are winding down while new activities are ramping up. Activities in the Benelux and other countries showed their capacity to take the lead in capturing dynamic growth in the telecoms sector and the Group continued to strengthen its position to benefit from the energy transition.

Solutions30 has just gone through a pivotal period in its history which has allowed it to improve its model and move forward by capitalizing on new processes, better governance, and new commitments in terms of social responsibility.

The Group now aims to surpass the symbolic milestone of €1 billion in revenue in 2023, while continuing to position ourselves as a leader in several European markets.

New opportunities are cropping up every day in markets driven by the two megatrends shaping tomorrow's world: the digital transformation and the energy transition. We are ideally positioned to seize them."

Key figures – Consolidated data

Due to post-COVID uncertainty, persistent supply chain shortages, the war in Ukraine, and high inflation, 2022 was more difficult than initially anticipated. The operational transition that was supposed to happen in France suffered from these turbulent conditions.

In millions of euros	**12/31/2022**	12/31/2021
Revenue	**904.6**	874.0
Operating margin (Adjusted EBITDA)	**46.7**	82.4
As a % of revenue	5.2%	9.4%
Adjusted EBIT[(1)]	**-0.3**	40.8
As a % of revenue	-	4.7%
Operating income (EBIT)	**-26.5**	12.9
As a % of revenue	**-2.9%**	1.5%
Consolidated net income	**-49.1**	22.5
As a % of revenue	**-5.4%**	2.6%
Net income, group share	**-50.1**	21.5
As a % of revenue	**-5.5%**	2.5%
Free cash flow[(1)]	**37.2**	32.4
Financial structure figures	**12/31/2022**	12/31/2021
Equity	**145.3**	191.6
Net debt	**38.9**	33.1
Net bank debt[(1)]	**-54.0**	-52.3

[(1)] See glossary at the end of this document

Consolidated revenue

In 2022, Solutions30's consolidated revenue amounted to €904.6 million, up +3.5% compared to 2021 (+1.4% organic growth). After virtually stable revenue during the first nine months of the year (-2.4% organic growth), the Group returned to double-digit growth in the fourth quarter, with revenue up 12.4% (+10.9% organic growth).

This year stood out because of the contrasting dynamics between France, which is undergoing a transition from mature activities to new ones, and all other countries which are entering a period of strong growth.

Analysis by geographical area

Figures by geographical area are detailed below:

	12/31/2022	12/31/2021	Change
France			
Revenue	425.9	507.3	-16.0%
EBITDA	20.8	66.4	-68.7%
EBITDA margin %	4.9%	13.1%	
Benelux			
Revenue	221.9	160.4	+38.3%
EBITDA	28.4	22.9	+24.0%
EBITDA margin %	12.8%	14.3%	
Other countries			
Revenue	256.8	206.3	+24.5%
EBITDA	7.1	2.2	+227.7%
EBITDA margin %	2.8%	1.1%	

In **France**, revenue was €425.9 million, down 16.0%, after 6 years of very strong growth and revenue that increased from €88 million in 2015 to €507 million in 2021 (average annual growth of +34%). This decline in activity is explained by:

(i) The maturation of the FTTH network deployment and construction markets, and above all the return to normal of the subscriber connection market after the exceptionally high peak in activity during the health crisis. Now, the number of fiber subscribers continues to grow but at more moderate levels.

(ii) The planned end of smart meter deployments that could not be compensated by the ramp-up of activities related to the energy transition given the shortages of components that are delaying these markets from taking off.

This situation has also forced players in the industry, customers as well as service providers and subcontractors, to adapt at a rapid pace and adjust how they work with each other. The operational conditions for performing contracts, in particular one of the Group's largest contracts in France, have become significantly tougher in recent months in the telecommunications sector, with a geographic redistribution of market share and repercussions for the entire sector.

In this environment, Solutions30 has sought to capitalize on its solid financial structure and its competitive positioning to maintain its ability to seize opportunities that may arise in this difficult market, even if this means occasionally penalizing its profitability. The EBITDA margin is thus well below its normal level of around 15%, but this strategy allowed the Group, at the very end of the year, to compensate for the failure of a major player in the sector and to capture an important market in southeastern France. This contract has made a positive contribution to revenue and the profit margin since the beginning of 2023.

In the **Benelux**, revenue reached €221.9 million, with purely organic growth of 38%, reflecting the excellent dynamics of the Belgian and Dutch markets. This performance is based on the ramp-up of contracts signed to deploy optical fiber and the continuation of smart meter installations in Flanders.

These very rapid ramp-ups require, on the one hand, the recruitment and training of technicians and, on the other hand, the reinforcement of management structures, but the Group maintains a high EBITDA margin of 12.8% of revenue in this geographical area. This double-digit profitability reflects the Group's historical business model, which has proven that once a critical size of €100 million in revenue has been reached for a given geographical area, the Group can capitalize on the increasing volume of standardized call-outs and the density of its geographical coverage.

In **all other countries**, the Group posted annual revenue of €256.8 million, an increase of 24.5% (15.5% organic growth) compared to the same period in 2021. Business was driven by momentum in Italy (deployment of TIM's FTTH network), Poland (market share gains in the telecoms sector) and the United Kingdom (integration of Mono's activities in the telecoms sector). Revising pricing conditions for certain contracts and controlling operating expenses have helped improve the EBITDA margin. This margin was 2.8% for countries that have not yet reached a critical size.

Consolidated earnings

For the Group as a whole, **adjusted EBITDA** was €46.7 million at the end of December 2022, compared with €82.4 million a year earlier. As explained above, activities outside of France performed exceptionally well, becoming the pillar of future growth, although their impact was overshadowed by low performance within France.

Adjusted EBITDA includes:

- €20.9 million to restructure operations after (i) part of the telecommunications business in France was geographically redistributed, and (ii) a competitor in the Southeast went bankrupt.
- €10.1 million to adapt operations following the discontinuation of smart meter roll-outs.

Restated with these items, adjusted EBITDA would be €77.7 million, representing 8.6% of revenue.

Operating costs have increased by 9.0% compared to 2021 and represent 85.6% of revenue, compared to 81.3% a year earlier, while structural costs increased by 2.9% and accounted for 9.2% of revenue, compared to 9.3% a year earlier.

After accounting for €18.9 million in impairments and operational provisions, and after amortizing €28.1 million worth of usage rights for leased assets (IFRS 16), adjusted EBIT stood at - €0.3 million.

Fiscal year 2022 includes €13.6 million of non-recurring operating expenses, which consist mainly of restructuring expenses (€7.9 million), exceptional expenses incurred by the Group in response to the violent smear campaign against it in 2020-21 (€2.4 million) and expenses for the long-term incentive plan which is currently worthless (€1.9 million).

Customer relationship amortization amounted to €14.4 million in 2022, compared to €14.7 million a year earlier.

Financial income was negative €17.1 million, compared to actual income of €4.2 million in 2021. This item includes €11.0 million of non-cash items to adjust the value of earnouts mainly linked to the purchase of minority interests in the Group's German subsidiaries. This revaluation of the earnout is due to the potential of the German market and the new contracts expected in this region. Interest expenses remained stable at €2.7 million compared to €2.8 million a year earlier.

After including tax expenses of €5.6 million, compared to the gain of €5.4 million a year earlier, the Group share of net income amounted to a loss of - €50.1 million, compared to earnings of €21.5 million in 2021.

Financial structure

At December 31, 2022, the Group had €145.3 million in equity, compared to €191.6 million at December 31, 2021. The Group had €124.4 million in gross cash, compared to €129.8 million at the end of December 2021. Gross bank debt stood at €70.4 million compared to €77.5 million at December 31, 2021. The Group had €54.0 million in net cash position at the end of December 2022, compared to €52.3 million at the end of December 2021.

Including €67.4 million in leasing liabilities (IFRS 16) and €25.5 million in potential financial debt on future put options and earnouts, the Group has a total net debt of €38.9 million, compared to €33.1 million a year earlier. The Group maintains a very solid financial structure, with a net debt/EBITDA ratio of 0.83 and a net debt-to-equity ratio of 26.7%.

Outstanding receivables under the Group's non-recourse factoring program amounted to €77.3 million on December 31, 2022, compared to €92 million on December 31, 2021. The decrease in mobilized receivables reflects 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 ambitious growth strategy.

Operating cash flow amounted to €31.1 million, compared to €70.2 million in 2021. Working capital decreased by €40 million and remained negative at - €64.7 million. It includes advances negotiated with several of the Group's customers to participate in the effort required to launch major new contracts, especially when fiber is being deployed. Depending on their form, these advances are recorded as an increase in "trade and other payables" or as a decrease in "trade receivables and related accounts." This explains the decrease in working capital despite the increase in ramp-ups.

Cash flow from operating activities in 2022, which includes advances from customers, was €58.2 million, compared with €47.5 million a year earlier. Net investments amounted to €21.0 million, i.e. 2.3% of revenue, compared with 1.7% a year earlier. This falls within a normal range, generally considered to be between 1.5% and 4% of revenue, and goes mostly to investing in the Group's IT infrastructure and technical equipment. The Group relies on a proprietary IT platform to manage its operations, organize, optimize and plan operations and associated logistics, and to manage back-office support. This platform, which is strategic for the Group, accounts for most of its investments.

Overall, this means there was €37.2 million in free cash flow, up by nearly €5 million compared to 2021.

Corporate social responsibility

Since 2019, Solutions30 has structured its corporate social responsibility commitments around the Sustainable Development Goals.

In 2022, the Group stepped up its governance efforts by implementing several measures to better manage its progress towards its objectives:

- Strengthening the expertise and responsibilities of the Supervisory Board's Strategy Committee, now the Strategy and ESG Committee, so that environmental, social and governance (ESG) criteria can become an integral part of the company and its decision-making processes.
- Reinforcing the ESG team with the arrival of two key people: a CSR manager and an analyst.
- Reviewing and working to make the strategy, objectives, and ESG performance indicators easier to understand via a dedicated action plan.
- Improving measurement of its CO_2 emissions via the Carbon Footprint project.
- Raising team awareness through dedicated internal communication and promotion.
- Rolling out policies, procedures, and codes of conduct, and informing teams about the Group's ethics and compliance systems.
- Creating a whistleblowing platform.

Solutions30, transforming talent for the needs of tomorrow's workplace
As a major employer in France and Europe, Solutions30 has for several years had a recruitment, skills development, and vocational training policy designed to help young people land their first job or give those who failed their studies a second chance. The policy also helps people undergoing professional retraining to position them in the digital and energy professions of the future.

In 2022, 924 young people under the age of 30 were recruited, i.e. nearly 40% of hires over the year, representing 21% of the total workforce. More than 180,000 hours of training, or 25 hours per employee, were provided in 2022 in promising technical fields or in training modules on interpersonal skills and customer service.

Outlook

The momentum at the end of 2022 has laid the foundations for a sustainable return to growth in markets that remain structurally buoyant. Despite the current environment of inflation and rising interest rates, the Group confirms that it expects double-digit growth in 2023, which will enable it to pass the €1 billion mark in revenue while gradually improving its margins throughout the year.

Solutions30 is approaching this new phase with confidence and has relaunched a medium-term strategic planning process to anticipate changes in the markets in which it operates. The aim is to assess the duration of the underlying technological cycles of its activities and to implement the necessary operational transitions early on.

In the coming years, and faced with markets opening up in many European countries, in particular FTTH deployments in the United Kingdom, Germany, and Poland, in addition to Belgium, the Netherlands, and Italy, the Group will continue to prioritize growth to achieve critical mass in all the geographical areas where it operates. A solid financial structure and secure financing, combined with careful cost control and rigorous cash management, provide the Group with the means to finance its ambitions.

Solutions30 will celebrate its 20th anniversary in October 2023. The Group has solid growth drivers and an effective business model that will help it strengthen its position at the crossroads of the digital transformation and the energy transition. Solutions30 is now targeting €2.5 billion in revenue over the medium term.

Upcoming event

2023 Q1 Revenue Report	May 10, 2023

About Solutions30 SE

The Solutions30 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 65 million call-outs carried out since it was founded and a network of more than 15,000 local technicians, Solutions30 currently covers all of France, Italy, Germany, the Netherlands, Belgium, Luxembourg, the Iberian Peninsula, the United Kingdom, and Poland. The share 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.
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Glossary

Organic growth includes the organic growth of acquired companies after they are acquired, which Solutions30 assumes they would not have experienced had they remained independent. In 2022, 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.

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	**12/31/2022**	12/31/2021
Net cash flow from operating activities	58,183	47,544
Acquisition of non-current assets	-21,146	-15,722
Disposal of non-current assets after tax	170	614
Free cash flow	37,207	32,436

Net cash position 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 10.2 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	**12/31/2022**	12/31/2021
Operating income	**-26,470**	**12,880**
Customer relationship amortization	14,425	14,705
Other non-current operating income	-1,851	-10
Other non-current operating expenses	13,613	13,255
Adjusted EBIT	**-283**	**40,830**
% of revenue	- %	4.7%

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	**31.12.2022**	31.12.2021
Bank debt	70,368	77,534
Lease liabilities	67,370	66,587
Future liabilities from earnouts and put options	25,516	18,785
Cash and cash equivalents	(124,387)	(129,839)
Net debt	**38,868**	**33,067**
EBITDA	**46,742**	**82,372**
Ratio de dette nette	*0.83*	*0.40*
Equity	**145,345**	**191,554**
% of net debt	*26.7 %*	*17.3 %*

Net 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 from which are deducted “Cash and cash equivalents” as they appear in the Group’s financial statements.

Net bank debt

In thousands of euros	**12/31/2022**	12/31/2021
Loans from credit institutions, long-term	56,769	50,512
Short-term loans from credit institutions, lines of credit, and bank overdrafts	13,599	27,022
Cash and cash equivalents	(124,387)	(129,839)
Net bank debt	**(54,019)**	**(52,305)**

Operating margin corresponds to the “operating margin” as reported in the Group’s financial statements.

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.

Working capital corresponds to “current assets” as reported in the Group’s financial statements (excluding “Cash and cash equivalents” and “Derivative financial instruments”) less “current liabilities” (excluding “Debt, short-term,” “Current provisions,” and “Lease liabilities.”

Working capital:

In thousands of euros	**12/31/2022**	12/31/2021
Inventory and work in	25,427	20,339
Trade receivables and	192,966	185,111
Current contract assets	970	858
Other receivables	58,465	63,644
Prepaid expenses	1,466	873
Suppliers	(210,846)	(149,613)
Tax and social security	(112,287)	(129,804)
Other current liabilities	(13,384)	(10,705)
Deferred income	(7,480)	(5,698)
Working capital	**(64,703)**	**(24,995)**
Change in working capital	(39,707)	14,654
Non-monetary items	12,581	7,978
Change in working capital adjusted for non-monetary items.	**(27,126)**	**22,631**

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	**12/31/2022**	12/31/2021
Acquisition of current assets	(21,595)	(15,267)
Acquisition of non-current financial assets	449	-455
Disposal of non-current assets after tax	170	614
Operational investments	**(20,976)**	**(15,108)**

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).