2023 Earnings Report

Margin growth is proving solid
Adjusted EBITDA up significantly (+59.6%)

Revenue has shown healthy growth, topping the billion euro mark

- €1.057 billion in revenue in 2023, in line with targets
- Strong +16.8% growth over the year, with +16.5% organic growth
- Excellent momentum in the Benelux region highlights the advantages of the group's geographic positioning

Operating margins have rebounded, with clear improvement in the second half of the year, as announced

- Adjusted EBITDA of €74.6 million in 2023, up sharply by +59.6% compared to 2022 and nearly triple what it was for the second half of that year
- The adjusted EBITDA margin was 7.1% for the year, up 190 basis points and reaching double digits in the Benelux
- The adjusted EBITDA margin was 8.8% for the second half of 2023, well above the first half of the year (5.3%) and the second half of 2022 (3.7%)
- The group share of net income was negative at -€22.7 million, but has improved compared to 2022 (-€50.1 million), alongside clear improvements in all group performance indicators

A solid balance sheet to support growth

- Cash net of bank debt: €5.7 million
- €13.4 million in free cash flow for the year, with a €26.2 million increase in working capital including exceptional impacts

Solid long-term prospects in fast-growing markets

- Powerful drivers of growth: the digital transformation and the energy transition
- We are focused on operational efficiency and cost control, favoring margins over volume
- 2024: Another year of revenue growth, with adjusted EBITDA margins closing in on their medium-term target of double-digit figures

Solutions30 SE today announces its consolidated earnings for the year ended December 31, 2023, prepared in accordance with IFRS. The 2023 consolidated financial statements of the Solutions30 group as approved by the Management Board were examined by the Supervisory Board on April 3, 2024. The statutory auditor, PKF Audit & Conseil, has substantially performed its audit of the consolidated financial statements for the year ended December 31, 2023. The auditor's report to certify these consolidated statements will be issued after verifying the management and corporate governance reports and the completion of procedures needed for the annual report. The group's 2023 consolidated financial statements are available on its website www.solutions30.com.

Gianbeppi Fortis, Chief Executive Officer of Solutions30, stated: *"In 2023, for our twentieth anniversary, we reached our symbolic target of one billion euros of revenue, as planned. All our business indicators have shown clear improvement. After a difficult and decisive period that has only made it stronger, the group returned to a sustained growth trajectory with improved margins in 2023. In the fourth quarter, the Benelux became our top geographic area in terms of revenue and margins, establishing itself as a powerful driver of value creation. In France, the situation has remained mixed, with a mature fiber market and an energy market that is still growing, especially in the solar sector. We will continue to adapt our business model there to prioritize resource flexibility, process optimization, and cost reduction. As for other countries, we have begun to expand in Germany and have had major commercial successes in the fiber segment, which should become an important growth driver for the group in 2024. While margins were under pressure in the first half of the year from costs related to the ramp-up of certain contracts, the second half of the year confirmed our increased profitability. We returned to double-digit EBITDA margins in the Benelux and saw significant improvements in France, where our operational optimization efforts are paying off. As Solutions30 enters a new phase of profitable growth, we are confident that the group has the capacity to reach our target of a double-digit EBITDA margin and to seize the many opportunities presented by the digital transformation and the energy transition."*

Key figures – Consolidated data

Key figures from the income statement (€ millions)	2023	2022	Change
Revenue	**1,057.0**	**904.6**	16.8%
Operating costs	**887.9**	**774.3**	14.7%
As a % of revenue	***84.0 %***	***85.6 %***	
Central org. costs	**94.8**	**83.6**	13.4%
As a % of revenue	***9.0 %***	***9.2 %***	
Adjusted EBITDA	**74.6**	**46.7**	59.6%
As a % of revenue	***7.1 %***	***5.2 %***	
Adjusted EBIT	**22.6**	**(0.3)**	-8097.2%
As a % of revenue	***2.1 %***	***— %***	
Net income, group share	**(22.7)**	**(50.1)**	-54.6%
As a % of revenue	***(2.2%)***	***(5.5%)***	
Financial position (€ millions)	**31.12.2023**	**31.12.2022**	**Change**
Equity	**124.6**	**145.3**	(20.7)
Net debt	**78.4**	**38.9**	+39.6
Net bank debt	**(5.7)**	**(54.0)**	+48.3
Free cash flow	**13.4**	**37.2**	(23.8)

In 2023, the group's consolidated revenue amounted to €1.057 billion, up +16.8% compared to 2022. This represents organic growth of +16.5%. Throughout the year, growth was driven by excellent momentum in the Benelux, where Solutions30 consolidated its position as one of the leaders in deploying ultra-fast Internet networks (FTTH), while also making significant investments in the energy sector. In the other countries segment, revenue was up slightly, while slightly down in France, as the fiber market reached maturity and the Linky meter roll-out came to an end.

Adjusted EBITDA stood at €74.6 million, rebounding by +59.6% from 2022 levels. 2023 also saw a clear improvement in the adjusted EBITDA margin, which came in at 7.1%, compared to 5.2% in 2022 (+190 basis points). As announced, this improvement is the result of strong growth in the second half of the year across all three geographic areas, with a consolidated adjusted EBITDA margin of 8.8%, compared to 3.7% in the second half of 2022 (+510 basis points), and even exceeding the second half of 2021 (7.6%). This adjusted EBITDA margin was also higher than during the first half of 2023 (5.3%), confirming the gradual improvement we have seen throughout the year.

The group's financial structure remains solid, with €5.7 million in cash net of debt at the end of 2023.

Analysis by geographical area

	2023	2022	Change
France			
Revenue	403.3	425.9	(5.3)%
Adjusted EBITDA	35.5	20.8	+70.7%
Adjusted EBITDA margin %	8.8%	4.9%	
Benelux			
Revenue	381.6	221.9	+72.0%
Adjusted EBITDA	43.6	28.4	+53.5%
Adjusted EBITDA margin %	11.4%	12.8%	
Other countries			
Revenue	272.1	256.8	+6.0%
Adjusted EBITDA	5.5	7.1	(22.5)%
Adjusted EBITDA margin %	2.0%	2.8%	
*HQ**	*(10.0)*	*(9.7)*	*+3.1%*
Revenue	**1,057.0**	**904.6**	**+16.8%**
Adjusted EBITDA	**74.6**	**46.7**	**+59.7%**
Adjusted EBITDA margin %	**7.1%**	**5.2%**	

Fees related to the group's centralized functions

In France, revenue amounted to €403.3 million, down 5.3% (-6.0% organic growth).

- The Connectivity business, which focuses mostly on fiber, was down 6.3% in a mature market where operators, service providers, and subcontractors have changed the way they collaborate to protect their business models over the long term.
- The Energy business is stable, with the positive impact from integrating ELEC ENR balanced by a 6.7% decrease in organic growth. Now that smart meter installations are winding down, the segment is pivoting to solar panel installation, driven by a renewable energy law passed in March 2023. In the fourth quarter, revenue from this business grew by 49% (+31% organic growth), as new dynamics settled into place.
- The Technology business shrank by -4.2% as major French customers reduced their post-COVID IT spending.

Adjusted EBITDA for France was €35.5 million, up sharply by +70.7% for a margin of 8.8%, compared to 4.9% in 2022. In the second half of the year, the margin was 9.6%, an improvement over the 7.9% during the first half of the year, as expected, and rebounding strongly from the second half of 2022. This positive momentum is built on the successful reorganization and efficiency measures that were implemented in 2022.

Revenue in the **Benelux** was €381.6 million, with purely organic growth +72.0%.

- The Connectivity business grew by +86.1%, driven by high activity levels in deploying and connecting fiber optics.
- The Energy business grew by +39.0% as smart meter deployments in Flanders continue, while activities related to the energy transition - especially for electric mobility, renewable energy, and smart grids - are expanding.
- The Technology business grew by +15.7%, driven by new offerings, notably in the security segment.

Adjusted EBITDA for the Benelux stood at €43.6 million, up sharply by +53.5%. The corresponding margin was 11.4% in 2023, down 140 basis points from 12.8% in 2022. After the first half of the year saw costs impacted by new contract ramp-ups (9.7% margin), the Benelux returned to a double-digit margin of 12.9% in the second half of the year. This performance highlights the success of the group's business model, which relies on reaching a critical size to create important economies of scale.

In other countries, the group generated €272.1 million in revenue in 2023, up by +6.0%. This growth was mostly driven by Poland (+47.3%) and England (+8%). Germany began to see growth (+2.2% for the full year) thanks to major commercial successes in the fiber segment in 2023. The entire geographic area should become a significant source of growth for the group starting in 2024. Spain and Italy were down by 5.0% and -3.1% respectively as the group decided to focus on its most profitable activities and to wait for one of the market-leading operators in Italy to announce a new strategic orientation.

Adjusted EBITDA stood at €5.5 million, down 22.5%. This decrease includes a first half of the year that was slightly negative, followed by a €6.3 million contribution in the second half of the year, up +33.6% compared to the second half of 2022. In Italy specifically, adjusted EBITDA margin improved materially in the second half. The group has entered into negotiations with its main customer with the aim of resolving difficulties related to the invoicing process and Solutions30 Italia SRL is under temporary legal protection measures from its suppliers. Depending on the outcome of these negotiations, the group will review all its options for improving its performance and where applicable, reducing its exposure to the country. In the latter scenario, the impact on the company's accounts would be approximately -€5 million.

Consolidated earnings

Group adjusted EBITDA for 2023 stood at €74.6 million, rising sharply from €46.7 million in 2022. As discussed in detail above, this performance was due to a significant gradual improvement of the adjusted EBITDA in the second half of 2023, increasing to €47.1 million from €27.5 million in the first half of the year and €17.1 million in the second half of 2022. Such marked improvements in the second half of 2023 were seen across all the group's geographic areas.

The group was able to bring operational costs under control, reducing them to 84.0% of revenue in 2023 from 85.6% in 2022, while structural costs fell to 9.0% of revenue in 2023 from 9.2% a year earlier.

After accounting for €22.8 million in depreciation and operational provisions (compared to €18.9 million in 2022), and after amortizing the usage rights for leased assets (IFRS 16), worth €29.2 million, nearly the same as in 2022, adjusted EBIT stood at €22.6 million, compared to near-zero levels in 2022.

Operating income, while remaining slightly negative at -€2.7 million in 2023, still saw on improvement compared to 2022 (-€26.5 million). Notably, it did see a positive uptick in the second half of 2023 for the first time in two and a half years, reaching €3.7 million thanks to much higher group operating margins.

Operating income for 2023 notably included:

- €11.4 million in non-current operating expenses, nearly the same as in 2022. They mainly consist of restructuring costs of €8.3 million for the final stages of the transformation plan initiated in 2022 in France, organizational transformation measures in Germany to prepare for the start-up of the fiber business, and the exit from an unprofitable former consortium in Belgium. This item also includes the cost of the long-term incentive plan, which is now worthless (€1.3 million, with no cash impact).
- €14.4 million in customer relationship amortization, with no change from 2022.

Financial income was negative at -€13.1 million, although this was an improvement over the net expense of -€17.1 million in 2022. This included €7.2 million in interest charges, up from 2022 (€2.7 million) due to rising interest rates and the amount drawn from new lines of credit. Also included were -€0.8 million of non-cash items related to earnout value adjustments for past acquisitions, compared to -€11.0 million in 2022.

After accounting for a net tax expense of -€1.8 million after taxes from group-level tax loss carryforwards, as well as the deduction of €5.2 million in minority interests, the group share of net income amounted to -€22.7 million, less than half of the loss seen in 2022 (-€50.1 million).

Cash flow

In 2023 operating cash flow was €60.3 million, compared to €31.1 million in 2022. This improvement was the direct result of the rebound in adjusted EBITDA.

Restated for non-monetary items, the change in working capital was +€26.2 million, compared to a decrease of -€27.1 million in 2022. Beyond the natural rise in working capital due to increased revenue, this was mainly due to the timing of customer advances and when they were received and consumed. We received advances from several customers at the end of 2022 to support the launch of new contracts, notably in the fiber deployment segment. These advances were gradually consumed throughout 2023 as these contracts ramped up. However, similar advances from contracts negotiated with German customers were only received in early 2024. It is important to note that, depending on their form, these advances were recorded as an increase in “trade and other payables” or as a decrease in “trade receivables and related accounts.” Finally, changes in working capital during 2023 were influenced by a slight increase in contract assets linked to the ramp-up of fiber deployment activities in the Benelux, which are contractually billed less frequently than connection activities.

As a result of the above, cash flow from operating activities in 2023 was €34.1 million, compared to €58.2 million in 2022.

Net investments amounted to €20.9 million, or 2.0% of revenue, compared with 2.3% a year earlier. This is within the group’s target range of around 2% and goes mostly to investing in IT infrastructure and technical equipment. The group relies mainly on a proprietary IT platform, a strategic resource for managing operations that accounts for most of these investments.

The Group generated a free cash flow of €13.4 million, down nearly €24 million from 2022, although there was a sharp increase in the second half of 2023 (positive cash flow of €45.8 million) compared to the first half of the year (negative cash flow of -€32.4 million).

After including rent paid (-€30.4 million), exceptionally high annual earnouts paid on past acquisitions (-€18.5 million), acquisitions for the year (-€2.3 million), interest paid (-€5.1 million), and other items (-€5.4 million), the change in the net cash position was -€48.3 million.

Financial position

At December 31, 2023, the group’s equity amounted to €124.6 million, compared to €145.3 million on December 31, 2022.

Group gross cash amounted to €118.2 million, compared to €124.4 million at the end of December 2022, while gross bank debt was €112.6 million, compared to €70.4 million the year before. The group had €5.7 million in cash net of debt at the end of December 2023, compared to €54.0 million at the end of December 2022.

Including €76.4 million in lease liabilities (IFRS 16) and €7.7 million in potential financial debt on future put options and earnouts, the group has total net debt of €78.4 million, compared to €38.9 million a year earlier. The group maintains a very solid financial structure, with a net debt/EBITDA ratio of 1.05 and a net debt-to-equity ratio of 62.9%.

Outstanding receivables under the group’s non-recourse factoring program amounted to €109 million on December 31, 2023, compared to €77 million at the end of 2022. The increase in mobilized receivables reflects the implementation of new factoring programs for the ramp-ups of new contracts. Factoring can finance working capital from recurring activities that have fully developed, at a very modest cost. This program, combined with a solid financial position, provides Solutions30 with the resources it needs to finance its growth strategy.

Corporate social responsibility

In 2023, the group continued to implement its CSR policy, based on the Sustainable Development Goals, and met or exceeded the main quantifiable targets it had set as described below.

Environment: Group CO_2 emissions (scope 1 and 2) only increased by 4.9% in 2023, 11.9 percentage points less than revenue growth, compared to a group target of an increase under 2 percentage points. Roughly 90% of group emissions (scope 1 and 2) came from the fleet of work vehicles, with the transition to hybrid and electric vehicles pushed back by delivery delays and a lack of electric charging stations where technicians live. The group has also committed to setting 2030 goals, in line with the Paris Agreement. These goals should be validated by the SBTi by the end of 2024.

Social: The group is making deliberate efforts to recruit and train young people. In 2023, people under the age of 30 accounted for 37.1% of recruitments, in line with the group target of over 35%. There were 27.2 hours of annual training per employee offered in 2023 (compared to 25.1 in 2022), in line with the target of above 23 hours. Finally, women now occupy 25.9% of management positions, compared to 22.3% in 2022, an increase of 16% that is in line with the target of at least 10%. For workplace safety, the workplace accident severity rate fell by 8.5% in 2023 compared to 2022.

Governance: The group restructured its Executive Committee, refocusing it on support functions (legal, finance, CSR, communication) and establishing gender parity. The purpose of the Executive Committee is to provide the support business units need to meet their operational goals.

The Supervisory Board is also made up of 7 members, all of whom are independent.

Outlook

In 2024, Solutions30 anticipates:

- Revenue growth to continue: In France, businesses related to the energy transition should make progress, while in the more mature Connectivity business, the group will continue to focus on margins over volume. The Benelux should grow somewhat compared to the high revenue levels seen in 2023, while elections in Belgium in the second half of the year may temporarily slow down fiber deployments. In other countries, growth will be driven by the ramp-up of business in Germany, thanks to major fiber contracts signed in 2023.

- Further improvements in margins: To meet this goal, the group will optimize both direct and fixed costs through targeted actions in every country. In France and the Benelux, the group is consolidating its processes to boost productivity and is continuing to diversify its activities. In the fast-growing markets of Germany, Poland, and the United Kingdom, achieving critical mass is a priority, building on the core of the Solutions30 model namely developing technicians' skill sets, automating processes, and keeping central costs under control. In Italy and Spain, the group is refocusing on its most profitable contracts, while maintaining a flexible cost structure.

Solutions30's funding strategy is based on self-financing and prudent debt management, ensuring financial flexibility and independence.

As it enters a new phase of profitable growth, the group is confident in its capacity to eventually reach its target of a double-digit adjusted EBITDA margin and to seize the many opportunities presented by the digital transformation and the energy transition.

Webcast for investors and analysts

Date: Wednesday, April 3, 2024
6:30 pm CET / 5:30 pm GMT

Participants:
Gianbeppi Fortis, Chief Executive Officer
Jonathan Crauwels, Chief Financial Officer
Amaury Boilot, Group General Secretary

Dial-in details:
Webcast in French: https://channel.royalcast.com/landingpage/solutions30-fr/20240403_1/
Webcast in English: https://channel.royalcast.com/landingpage/solutions30-en/20240403_1/

Upcoming event

2024 Q1 Revenue Report	May 13, 2024 (after market close)

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.
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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 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 (adjusted EBITDA)" 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 millions of euros	**31.12.2023**	31.12.2022
Net cash flow from operating activities	34.1	58.2
Acquisition of non-current assets	(21.4)	(21.1)
Disposal of non-current assets after tax	0.7	0.2
Free cash flow	**13.4**	**37.2**

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 (See "Net bank debt").

Adjusted EBIT corresponds to operating income as shown in the group's financial statements, to which "Customer relationship amortization" and "Other non-current operating expenses" are added and from which "Other non-current operating income" is deducted.

Reconciliation between operating income and adjusted EBIT

In millions of euros	**31.12.2023**	31.12.2022
Operating income	(2.7)	(26.5)
Customer relationship amortization	14.4	14.4
Other non-current operating income	(0.4)	(1.9)
Other non-current operating expenses	11.4	13.6
Adjusted EBIT	**22.6**	**(0.3)**
As a % of revenue	*2.1 %*	*— %*

Non-recurring transactions are expenses and income 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 millions of euros	**31.12.2023**	31.12.2022
Bank debt	112.5	70.4
Lease liabilities	76.4	67.4
Future liabilities from earnouts and put options	7.7	25.5
Cash and cash equivalents	(118.2)	(124.4)
Net debt	**78.4**	**38.9**
Operating margin (Adjusted EBITDA)	**74.6**	**46.7**
Net debt ratio	*1.05*	*0.83*
Equity	**124.6**	**145.3**
% of net debt	*62.9%*	*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 millions of euros	**31.12.2023**	31.12.2022
Loans from credit institutions, long-term	75.6	56.8
Loans from credit institutions, short-term and lines of credit	37.0	13.6
Gross bank debt	**112.6**	**70.4**
Cash and cash equivalents	(118.2)	(124.4)
Net bank debt	**(5.7)**	**(54.0)**
Cash net of debt	**5.7**	**54.0**

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 millions of euros	**31.12.2023**	31.12.2022
Inventory and work in progress	25.7	25.4
Trade receivables and related accounts	211.6	193.0
Current contract assets	1.0	1.0
Other receivables	66.5	58.5
Prepaid expenses	3.1	1.5
Trade payables	(213.0)	(210.8)
Tax and social security liabilities	(120.8)	(112.3)
Other current liabilities	(15.0)	(13.4)
Deferred income	(6.0)	(7.5)
Working capital	**(46.9)**	**(64.6)**
Change in working capital	17.7	(39.7)
Non-monetary items	8.5	12.6
Change in working capital adjusted for non-monetary items	**26.2**	**(27.1)**

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 millions of euros	**31.12.2023**	31.12.2022
Acquisition of current assets	(21.6)	(21.6)
Acquisition of non-current financial assets	0.2	0.4
Disposal of non-current assets after tax	0.7	0.2
Operational investments	**(20.7)**	**(21.0)**

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).

Disclaimer

This document may contain certain forecasts, projections and forward-looking statements, i.e. statements relating to future and not past events in connection with or with respect to the financial position, operations or activities of Solutions30 SE. Such statements imply risks and uncertainties because they relate to future events and circumstances. Many factors could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements, including, but not limited to, political, economic, commercial, competitive or reputational factors. Nothing in this document should be construed as a profit estimate or forecast. Solutions30 SE makes no commitment to update or revise any forward-looking statement to reflect any change in circumstances or expectations.