

ABO-GROUP - Annual Results for 2021

Ghent, 25 March 2022 – 18.30 CET – Press release / regulated information

2021 highlights

- **ABO-GROUP again achieves record figures with a 28% growth in revenue to € 63.1 million**
- **EBITDA increases from € 7.5 to € 8.1 million**
- **Net financial debt remains low at € 9.3 million, despite acquisitions and investments**

Outlook

- **Further organic growth thanks to increasing awareness of PFAS issues, climate change and the circular economy**
- **Continued focus on external M&A opportunities, demonstrated by the first acquisition of 2022, being the soil department of the Dutch company Colsen**
- **Priority given to the development of expert teams in the different niches in our three domestic markets**

Frank De Palmenaer, CEO of ABO-GROUP Environment: *“In 2021, our Group demonstrated the strength of the DNA of ABO again, in particular the power to couple strong organic growth of the existing business with the complex but successful integration of the recent Geosonic, Geoplus, Subgeo and Asper acquisitions. The rebound of the operating margins in the second half of the year shows that the new activities are becoming well integrated. Together with the additional listing on Euronext Paris, we have already taken an 8% lead on the targeted growth path to € 100 million revenue in 2025.”*

in € 000	2021	2020	% change
Revenue	63,068	49,352	27.8%
Total operating income	64,596	49,959	29.3%
EBITDA¹	8,117	7,518	8.0%
Depreciation, amortization and provisions	-4,973	-4,478	11.1%
Operating profit	3,145	3,040	3.4%
Financial result	-552	-503	9.7%
Profit before tax	2,592	2,537	2.2%
Net profit	2,062	2,094	-1.5%
Total result	2,003	2,133	-6.1%
Earnings per share for the shareholders	0.19	0.20	-6.1%
Net cash flow from operating activities	6,778	8,689	-22.0%
Total equity	20,496	18,979	8.0%
Net financial debt	9,255	7,431	24.5%
Balance sheet total	65,602	57,002	15.1%

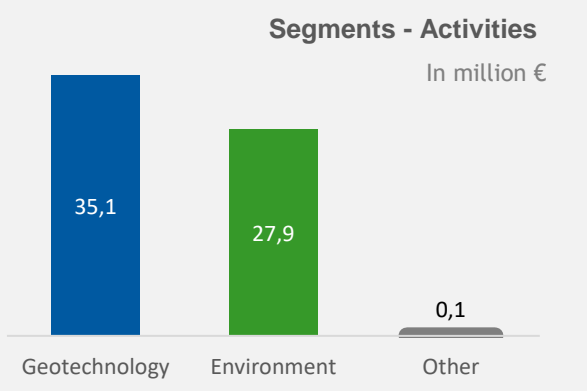
¹ EBITDA defined as operating profit before depreciation, amortization and provisions

2021 highlights

Strong 28% growth in revenue, both acquisitive and organic

In the course of 2021, ABO-GROUP revenue increased from € 49.4 to € 63.1 million, or by 28%, the strongest revenue growth ever. The acquisitions of Geosonic France, Geoplus, Subgeo and Asper represent 11% revenue growth, in addition to the organic growth of 17% of the existing activities in 2021.

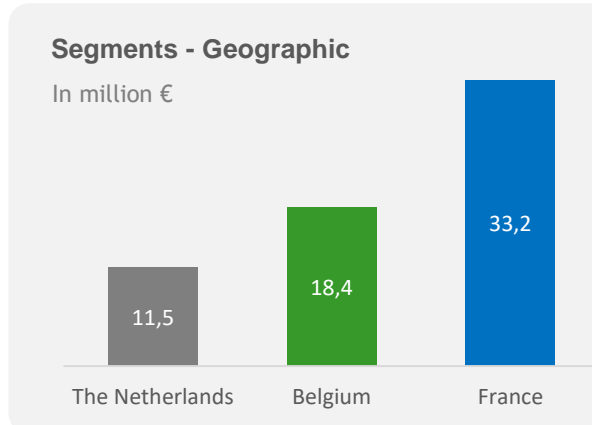
In terms of the activities, both the Environment and the Geotechnology segments grew at virtually the same rate: the revenue of the Environment department increased by 24%, to an annual turnover of € 27.9 million (compared to € 22.4 million in 2020), while, thanks in part to the integration of Geosonic in France, Geotechnology achieved a growth of 31% and ended the year with a revenue of € 35.1 million (€ 26.8 million in 2020). With this, the share of the geotechnical activities increased from 54% to 56%.



The French operations confirmed their strong performance of the first half of the year and, with 53% of the revenue, now represent more than half of the Group. The overall 38% growth in revenue, from € 24.1 million in 2020 to € 33.2 million this year, was largely driven by the above-mentioned acquisitions, i.e. 21%, while the existing activities improved by 17%.

The geotechnical activities in Belgium continued their strong growth, and the Environment divisions benefited from the strongly increased demand, both in terms of PFAS and asbestos. The Translab subsidiary bridges both activities here, and has expanded its originally asbestos-focused operations using environmentally-targeted laboratory tests. In addition to the 3% growth due to the contribution from the newly acquired Asper in July, this results in an organic growth of 17%, which led to an increase in the total revenue in Belgium from € 15.4 million to € 18.4 million in 2021.

The Dutch companies in the Group also confirmed their strong performance of the first half of the year, with a purely organic growth of 16%. Although the consultancy services were under pressure in an increasingly tight employment market, the environmental leg was the growth factor here, thanks to a large increase in field work.



EBITDA increases to € 8.1 million

The EBITDA amounted to € 8.1 million, an increase of € 559 thousand. After a margin decline in the first half of the year due to the integration costs of the French acquisitions, a clear recovery is now visible, with an EBITDA margin of 13.3% compared to the revenue in the second half of the year. The integration of the acquisitions is advancing well, and it is expected that they will be able to contribute positively to the profitability of the Group in 2022.

The tightness in the employment market remains an issue, however. In order to further support growth, the Group continues to actively search for competent profiles, while maintaining a continued focus on the training and education of existing employees. Rising salary costs due to the additional recruitment, both recent and

expected indexations, as well as the short-term absorption of staff shortages through temporary employment agencies, will remain a focus of attention in the future.

Depreciations increased from € 4.5 to € 5.0 million. ABO-GROUP continues to invest in the renovation and expansion of its machinery in order to be able to respond adequately to the needs of its customers. Several new machines were purchased in 2021, including several drill and probing machines, as well as specialised laboratory equipment.

The financial result has slightly increased, in line with the increased debt level. In France, the Group could again rely on a R&D tax credit amounting to € 355 thousand (compared to € 270 thousand in 2020). The net profit remained stable at € 2.0 million (€ 0.19 per share).

Solid € 6.8 million operating cash flow and net debt of 1.1x EBITDA

The net cash flow from operating activities amounted to € 6.8 million (-22% compared to 2020), driven by the increase of the working capital requirements due to the strong growth in revenue. The trade receivables and other short-term assets increased by € 3.5 million, while the trade payables and other short-term liabilities increased by € 2.8 million, resulting in the operating capital increasing by € 730 thousand at the end of the year.

As a result of the recent acquisitions, as well as the investments in operating capital and fixed assets, the net financial debt increased by 25%, from € 7.4 million at the end of 2020 to € 9.3 million. With a ratio of 1.1x to the operating result before depreciation, the debt ratio remains very healthy and provides the Group with room to consider new acquisitions.

The balance sheet total increased from € 57.0 to € 65.6 million. On the assets side, this mainly reflects the recent acquisitions, as well as the above-mentioned increase in operating capital, while, on the liabilities side, the short and long-term debts increased. Total equity also increased further to € 20.5 million (compared to € 19.0 million at the end of 2020). The equity ratio settled at a healthy 31.2%.

The full consolidated income statement and balance sheet, the statement of changes in equity and the consolidated cash flow statement are shown below.

Outlook

2022 started with the momentum from 2021, with a first acquisition being an indicator of further growth ambitions

In 2022, ABO-GROUP is continuing with the momentum of 2021, with a strong commercial performance in the first months of the year. The order books of the various subsidiaries are well filled, and provide confidence for the rest of the year.

In addition, the Group was already able to announce its first acquisition in 2022, i.e. the acquisition of the soil activities of Colsen in Zeeland (the Netherlands) and, as always, is actively looking for other interesting targets that can further strengthen the Group's product portfolio and geographic reach within its domestic markets. The Group considers it likely that additional announcements will follow.

The Board and the operating managements are convinced that the Group is on-track to achieve the targeted development that was outlined last year, with the aim of reaching the revenue cap of € 100 million by the end of 2025 at the latest. The strong organic growth figures in 2021 demonstrate that the Group has the capacity to expand its activities on its own. In combination with targeted acquisitions that tap into new markets, segments or skills, ABO-GROUP is well positioned to deliver the technical market leadership it is aiming for in its domestic markets.

Financial calendar

22/04/2022: Publication of the 2021 annual report and invitation to the General Meeting

25/05/2022: General Meeting

16/09/2022: Figures for the first half of 2022

Statement of the statutory auditor

The statutory auditor, EY Bedrijfsrevisoren BV, represented by Paul Eelen, has confirmed that the audit, which is substantially complete, has to date not revealed any material misstatement in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity or the consolidated statement of cash flow as included in this press release.

About the ABO-GROUP

ABO-GROUP is a specialised, listed engineering office focussing on geotechnology, environment and soil remediation. Through its Consultancy and Testing & Monitoring departments, ABO-GROUP operates in Belgium, the Netherlands and France, as well as internationally. ABO-GROUP guarantees its clients a sustainable solution. Please consult the ABO-GROUP website (www.abo-group.eu) for a more detailed description of the activities of the Group.

For more information:

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

Consolidated profit and loss account

in € 000	For the year ending on 31 December	
	2021	2020
Revenue	63,068	49,352
Other operating income	1,528	607
Total operating income	64,596	49,959
Purchases of goods and services for sale	-7,568	-5,163
Services and miscellaneous goods	-20,139	-15,009
Employee remunerations	-27,400	-21,509
Depreciation	-4,911	-4,453
Other operating expenses	-1,433	-785
Operating profit	3,145	3,040
Financial charges	-558	-516
Financial income	5	13
Profit before tax	2,592	2,537
Tax	-529	-443
Net profit	2,063	2,094
Net profit (loss) attributable to the		
shareholders of the parent company	2,003	2,133
Minority interests	60	-40
Earnings per share for the shareholders		
Basic and diluted	0.19	0.20

Segment split

Geographic - in € 000	For the year ending on 31 December	
	2021	2020
Belgium	18,383	15,354
<i>% total</i>	29.1%	31.1%
The Netherlands	11,500	9,927
<i>% total</i>	18.2%	20.1%
France	33,185	24,071
<i>% total</i>	52.6%	48.8%
Total	63,068	49,352

Activity - in € 000	2021	2020
Geotechnology	35,129	26,798
<i>% total</i>	55.7%	54.3%
Environment	27,891	22,448
<i>% total</i>	44.2%	45.5%
Others	48	106
<i>% total</i>	0.1%	0.2%
Total	63,068	49,352

Consolidated total results

in € 000	For the year ending on 31 December	
	2021	2020
Net profit	2,063	2,094
Non-realised results - transferable to the profit and loss account		
Change in the fair value of financial assets with fair value changes via the non-realised results	-4	11
Non-realised results - non-transferable to the profit and loss account		
Actuarial (profit)/losses	170	-89
Tax impact	-45	25
Revaluation of buildings	-	225
Tax impact	-	-34
Unrealised results, after tax	121	138
Total result after taxes	2,184	2,232
Total result, attributable to the		
shareholders of the parent company	2,124	2,272
Minority interests	60	-40

Consolidated balance sheet

in € 000	For the year ending on 31 December	
	2021	2020
Fixed assets		
Goodwill	914	844
Intangible fixed assets	2,311	1,485
Tangible fixed assets	22,342	21,126
Deferred tax assets	868	921
Financial assets with fair value changes via the non-realised results	38	42
Other financial assets	613	623
Total fixed assets	27,086	25,041
Short-term assets		
Stocks	1,275	941
Trade receivables	19,937	15,029
Other short-term assets	1,132	970
Cash and cash equivalents	16,172	15,021
Total short-term assets	38,516	31,961
Total assets	65,602	57,002

in € 000	For the year ending on 31 December	
	2021	2020
Total equity		
Capital	4,857	4,857
Consolidated reserves	12,563	10,540
Non-realised results	2,196	2,265
Equity attributable to the shareholders of the group	19,616	17,662
Minority interests	880	1,317
Total equity	20,496	18,979
Long-term liabilities		
Financial debts	11,592	7,737
Deferred tax liabilities	1,383	1,222
Provisions	1,211	1,143
Total long-term debts	14,186	10,102
Short-term debts		
Financial debts	13,835	14,715
Trade payables	7,527	6,698
Tax liabilities	972	657
Other short-term debts	8,586	5,851
Total short-term debts	30,920	27,921
Total equity and debts	65,602	57,002

Consolidated statement of changes in equity

in € 000	Attributable to the shareholders of the parent company				Minority interest	Total equity
	Capital	Consolidated reserves	Non-realised results	Total		
On 1 January 2020	4,857	8,216	2,318	15,391	1,357	16,748
Net profit		2,133		2,133	-40	2,094
Non-realised results			138	138	-	138
Total result		2,133	138	2,271	-40	2,232
Transfer of depreciation of tangible fixed assets	-	191	-191	-	-	-
On 31 December 2020	4,857	10,540	2,265	17,662	1,317	18,979
Net profit		2,003		2,003	60	2,063
Non-realised results			121	121	-	121
Total result		2,003	121	2,124	60	2,184
Transfer of depreciation of tangible fixed assets	-	190	-190	-	-	-
Acquisition of minority interest	-	-170	-	-170	-497	-667
On 31 December 2021	4,857	12,563	2,196	19,616	880	20,496

Consolidated cash flow statement

in € 000	For the year ending on 31 December	
	2021	2020
Net profit	2,063	2,094
Non-cash costs and operating adjustments		
Depreciation of tangible fixed assets	4,536	4,161
Depreciation of intangible fixed assets	375	292
Capital gain on the sale of tangible fixed assets	-4	-49
Movements in provisions	-230	-162
Movements in impairments on customers	293	187
Financial income	-5	-13
Financial charges	558	516
Badwill arising from business combinations	-189	-
Deferred tax expenses	-12	-61
Tax expenses	541	504
Others	3	-
Changes to the working capital		
Decrease (increase) in other financial fixed assets, trade receivables and other short-term assets	-3,518	1,588
Increase (decrease) in stocks	-29	-129
Increase (decrease) in trade payables and other debts	2,788	318
Cash flow from operational activities before interests and taxes	7,170	9,246
Interest received	4	12
Tax paid	-396	-569
Net cash flow from operating activities	6,778	8,689

in € 000	For the year ending on 31 December	
	2021	2020
Investment activities		
Investments in tangible fixed assets	-4,415	-2,238
Investments in intangible fixed assets	-41	-30
Sales of tangible fixed assets	507	91
Acquisition of subsidiary, net with acquisition of cash	-622	-
Net cash flow (used in) from investment activities	-4,571	-2,177
Financing activities		
Income from loans	7,781	8,113
Repayment of loans	-5,339	-2,963
Repayment of leasing debts	-2,275	-1,868
Interest paid	-390	-374
Other financial income (costs)	-166	-141
Dividend payment to minority interest	-	-1
Purchase of minority interests	-667	-
Net cash flow from financing activities	-1,056	2,766
Net increase in cash and cash equivalents	1,151	9,278
Cash and cash equivalents at the beginning of the year	15,021	5,743
Cash and cash equivalents at the end of the year	16,172	15,021