

Good resilience of the Group in an unfavourable economic context in H1 2023.

First half year 2023 in line with expectations in an economic context adversely affected by inflation, rising interest rates and a decline in the digital asset distribution market

- Revenue up¹ 3.9% at €1,337 million
- Operating margin of €44.2 million, or 3.3% of revenue
- Consolidated Net Profit of €24.7 million

Revenue growth across all businesses. As expected, profitability was impacted by various cyclical effects.

The Econocom Group generated revenue of €1,337 million in the first half of 2023, up¹ 3.9% compared with the same period in 2022, with all businesses contributing to this growth. On an organic basis, revenue slightly decreased² by 0.4% due to the P&S business. In an adverse economic context, the Group benefited from the contribution of companies acquired in 2022.

Over the period, trends in continued activities were as follows:

- Products & Solutions (P&S) revenue amounted to €585 million, up¹ 5.5%. P&S benefited from the successful integration of SEMIC and LYDIS. After strong growth in the first half of 2022, thanks notably to its backlog returning gradually to normal, the business posted a limited organic decline² of 2.8% in the first half of 2023, in a digital asset distribution market down more than 10% year-on-year and affected by pressure on prices. As a result, Operating margin was €15.9 million, or 2.7% of revenue.
- Technology Management & Financing (TMF) posted revenue of €498 million, an increase¹ of 2.8%, or 0.9% on an organic² basis. As anticipated at the time of the release of Q1 2023 revenue, growth slowed down in the second quarter, with fewer operations generating strong contributions to revenue and margins than in the first half of 2022. However, the commercial prospect for the coming months allows Econocom to aim for a return to a faster-paced growth in the second half. Operating margin was €17.3 million, representing 3.5% of revenue.
- After a slight decline in the first quarter, Services revenue for the six months of 2023 was up 2.6%, purely organic², at €254 million. However, Operating margin was adversely affected by the increase in personnel costs in the digital industry in 2023, which has been partially passed through for the time being. Operating margin accordingly was €11.0 million, representing 4.3% of revenue. Better recharging of cost increases should enable the Services business to deliver a higher margin in the second half.

Overall, the Group's Operating margin was €44.2 million, representing 3.3% of revenue.

Other operating income and expenses amounted to (€4.7) million, reduced by more than 50% compared to the amount recorded for the same period in 2022.

Net financial expense, impacted mainly by the rise in interest rates (for €3.5 million), amounts to €9.7 million. After a tax expense of €8.4 million and a net profit from discontinued operations of €4.6 million, following the disposal of a P&S business classified as a discontinued operation in 2022, consolidated net profit was €24.7 million for the first half of 2023.

Slight increase in Net Financial Debt³

Net Financial Debt³ was €321 million on 30 June 2023, compared to €272 million a year earlier. The increase was attributable mainly to the purchase of treasury shares, the repayment of share premiums and cash outflows on acquisitions totalling €60 million, plus a temporary increase in working capital requirements.

Operating Debt, i.e. Net Financial Debt³ less expected future receipts from own-booked TMF contracts (€285 million), amounted to €36 million.

2023 outlook

Despite difficult economic conditions, Econocom maintains its 2023 objectives of both a 5% revenue growth and an improvement in its consolidated net profit for 2023 as a whole.

2024-2028 Strategic Plan

Econocom is currently pursuing the development of its strategic plan with the definition of action plans for each business and region. The Group confirms it will be presented to the financial community at a dedicated Investor Day in November.

Next publication: information meeting on H1 2023 results, 26 July 2023

¹ For continuing operations, at constant accounting standards.

² For continuing operations, at constant scope and accounting standards, including organic growth of acquired companies.

³ Net financial debt including current and non-current financial debt excluding debt resulting from the application of IFRS 16 to leases (premises, vehicles, etc.) for which Econocom is lessee.

ABOUT ECONOCOM

Econocom is a digital general contractor (DGC). The group conceives, finances and facilitates the digital transformation of large firms and public organisations. It has 49 years' experience and is the only market player offering versatile expertise through a combination of project financing, equipment distribution and digital services. The group operates in 16 countries, with over 8,750 employees. It made €2.718m in revenue in 2022. Econocom is listed on Euronext in Brussels, on the BEL Mid and Family Business indexes.

FOR MORE INFORMATION

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INCOME STATEMENT

(€M)	H1.2022 restated	H1.2023
Revenue	1,286.7	1,337.2
Operating margin	60.0	44.2
Depreciation of acquisition-related intangible assets	(1.0)	(1.2)
Other operating income and expenses	(10.2)	(4.7)
Operating profit	48.8	38.3
Other financial income	0.3	0.8
Other financial expenses	(6.5)	(10.5)
Profit before tax	42.6	28.6
Income tax	(6.6)	(8.4)
Net profit from continuing operations	36.0	20.1
Net result from discontinued operations	(2.2)	4.6
Net profit for the period	33.8	24.7
Adjusted net profit	44.8	24.6

BALANCE SHEET

(€m) ASSETS	31.12.2022	30.06.2023
Goodwill	554	556
Other long-term assets	212	210
Residual interest in leased assets	165	168
Trade and other receivables	879	854
Other current assets	181	179
Cash and cash equivalents	405	133
Assets held for sale	106	53
TOTAL ASSETS	2,502	2,154
(€m) EQUITY & LIABILITIES	31.12.2022	30.06.2023
Equity attributable to owners of the parent	390	389
Non-controlling interests	67	63
EQUITY	457	452
Bonds	360	209
Financial liabilities	188	245
Commitments on residual value	103	107
Provisions	59	59
Trade payables	932	753
Other liabilities	346	317
Liabilities related to assets held for sale	57	12
TOTAL EQUITY AND LIABILITIES	2,502	2,154

Appendix: Reconciliation between financial data at the end of H1 2022 as reported in the 2022 half-yearly report and data contained in the 2023 half-yearly report.

“H1 2022 reported” corresponds to revenue and Operating margin as presented in the 2022 half-year report.

“H1 2022 restated” corresponds to H1 2022 revenue and Operating margin as presented in the 2023 half-yearly report released today and takes into account changes in discontinued activities as per IFRS 5 and changes in accounting presentations. It serves as the basis for calculating growth rates at constant standards.

“H1 2022 pro forma” corresponds to H1 2022 restated revenue and Operating margin also adjusted for the effects of exchange rates and changes in the scope of consolidation (acquisitions and disposals). It serves as the basis for calculating growth rates at constant standards and scope.

<i>Revenue (€m)</i>	Group total	TMF	P&S	Services
H1 2022 reported	1,240	499	493	248
Deconsolidation of discontinued activities and other adjustments for comparability purposes	47	(14)	61	-
H1 2022 adjusted	1,287	485	554	248
Forex change	(1)	-	(1)	-
Change in consolidation scope (acquisitions)	58	9	49	-
H1 2022 Pro Forma	1,343	494	602	248

<i>Operating margin in €m</i>	Group total	TMF	P&S	Services
H1 2022 reported	58.8	21.6	17.0	20.3
Deconsolidation of discontinued activities and other adjustments for comparability purposes	1.2	-	1.2	-
H1 2022 adjusted	60.0	21.6	18.1	20.3
Forex change	-	0.1	-	-
Change in consolidation scope (acquisitions)	0.9	0.2	0.8	-
H1 2022 Pro Forma	60.9	21.8	18.9	20.2