

FIRST HALF 2023 RESULTS

PROFIT MARGINS SUSTAINED DESPITE SLOWER GROWTH

European digital services group SQLI presents its first half 2023 results as approved at the Board of Directors meeting on 19 September 2023 chaired by Philippe Donche-Gay. The statutory auditors have conducted a limited review of the first half financial statements. The interim financial report will be published no later than 30 September 2023.

SQLI publishes first half results marked by a slight decline in operating margins, which nevertheless remained high despite the limited increase in turnover. Amid slower growth in global demand for digital platform projects, SQLI undertook a major organisational transformation among its French teams while making significant investments for the future.

€m - IFRS - audited	H1 2022	H1 2023	Change
TURNOVER	124.5	128.3	+3%
CURRENT OPERATING INCOME	11.2	9.9	-12%
EBIT	7.9	6.7	-15%
NET INCOME	2.6	3.4	+31%

REVENUE GROWTH

SQLI posted its fifth consecutive half-year of organic growth as first half 2023 turnover climbed to €128.3m (up 3% versus H1 2022 including 2.3% growth at constant exchange rates). The Group recorded sustained growth in key account revenues, its strategic priority, offsetting a slight decline across the rest of the customer base.

Both France (+2.4%) and the international market (+3.8%) contributed to Group revenue growth.

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TRANSFORMATION AND INVESTMENT FOR THE FUTURE

During the first half, SQLI rolled out a new organisational system in France based on areas of expertise, drawing on a model also applied to its international operations, in order to support its growth ambitions. The Group also invested in expanding technological expertise, improving sales performance and developing its service centre in Morocco.

The short-term impact of this transformation on business levels and of these investments on fixed expenses resulted in a reduction in the current operating profitability, mainly in France (4.1% of turnover versus 6.5% in H1 2022). Meanwhile, the international current operating profitability remained solid at 11.7%, stable versus H1 2022. As a result, Group current operating income came to €9.9m, compared to €11.2m in H1 2022.

EBIT amounted to €6.7m after €3.2m net non-recurring expenses (roughly half of these expenses are due to the accounting recognition of the long-term incentive plan set up in 2022, with no impact on cash).

The reduction in net cost of debt (€1.6m versus €2.3m in H1 2022, for which the figure includes the cost of setting up new financing arrangements) and tax expense (€1.7m versus €2.3m) had a positive impact on consolidated net income, up 31% year-on-year to €3.4m.

LOW NET DEBT TO EQUITY RATIO

At 30 June 2023, SQLI held gross cash and cash equivalents of €17.9m¹, down from €22.2m at the start of the year. The change is mainly due to a reduction in the use of off-balance sheet factoring and a seasonal increase in working capital requirement.

Net debt (excluding IFRS 16) remains very low at €9.2m, while shareholders' equity stands at €116.3m, giving a highly respectable net debt to equity ratio (gearing) of 8%.

OUTLOOK

Amid sluggish growth in demand and as the measures implemented since the start of the year begin to kick in, SQLI confirms its objectives to grow turnover in 2023, aims to preserve its margins while continuing to review acquisition opportunities.

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About SQLI: Founded in 1990, SQLI is a European digital services group that supports major international brands in creating value through Digital. Its creative and technical teams are committed to providing customers, consumers, and users with new and engaging experiences based on the best technologies and methodologies, as well as their skills and convictions. They design, develop, and deploy strong and effective architectures that improve companies' agility, increase their efficiency, and promote their growth. SQLI's 2,100 employees are spread over 13 countries: France, Switzerland, Luxembourg, Belgium, the United Kingdom, Germany, Sweden, the Netherlands, Denmark, Spain, Morocco, Mauritius, and Dubai. In 2022, the SQLI group generated revenues of €246m. SQLI has been listed on Euronext Paris (SQI) since 21 July 2000.

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¹ Net of short-term bank loans and overdrafts

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