



2022 Half-Year Results

SQLI, a European digital services group, presents its 2022 half-year results, approved by the Board of Directors meeting, chaired by Philippe Donche-Gay, on 20 September 2022. The statutory auditors performed a limited review of the results. The interim financial report will be published on 23 September 2022.

The half-year results were in line with management's targets of revenue growth (+9.4% as reported at end-June 2022) and a steady rise in margins (current operating margin up +3.2 points at mid-year). The Group is confident for the second half of the year but remains vigilant regarding the possible impacts of the deterioration in the economic climate (shortage of talent, inflationary pressure and economic slowdown) on market trends.

In €m – IFRS – Audited data	H1 2021	H1 2022
REVENUE	113.8	124.5
EBITDA ¹	8.0	12.1
CURRENT OPERATING INCOME	6.6	11.2
OPERATING INCOME (EBIT)	5.7	7.9
NET INCOME	2.8	2.6

REVENUE: +9.4%

In H1 2022, SQLI confirmed the return to significant growth that had begun in 2021. At end-June 2022, consolidated revenue was €124.5m, up +9.4% over 12 months on a reported basis. At constant exchange rates and in the absence of a scope effect, invoicing was up +8.0%.

Sales momentum was consistent between France (+9.1% to €66.1m, i.e. 53% of the Group's total) and international business (+9.8% to €58.4m, i.e. 47% of the total).

CURRENT OPERATING MARGIN: 9.0%

Thanks to the continuation of efforts to optimise operational indicators (employment rate, industrialisation of offers via the Service Centres and control of structural costs), this growth in activity allowed for an improvement in the current operating margin. EBITDA came in at €12.1m (9.7% of revenue) and current operating income at €11.2m (9.0% of revenue). While international activity maintained a solid margin (11.8% vs. 10.0% a year earlier), France continued its recovery (6.6% vs. 2.1% in H1 2021).

¹ EBITDA = earnings before interest, tax, depreciation and amortisation (excl. IFRS 16).

After taking into account other operating income and expenses (-€3.3m), mainly related to costs incurred in connection with the takeover bid initiated by DBAY Advisors and finalised on 15 February 2022, operating income (EBIT) amounted to €7.9m versus €5.7m in H1 2021.

H1 net profit was €2.6m versus €2.8m in H1 2021, including the cost of net financial debt (€2.3m, including expenses related to the full refinancing post-takeover, versus an expense of €0.9m at end-June 2021), other financial expenses of €0.7m (€0.5m in H1 2021) and a tax expense of €2.3m (€1.5m one year earlier). This net profit is impacted by approximately €3.0m of non-recurring expenses related to the tender offer and refinancing.

NET DEBT/EQUITY RATIO: 9%

In this context, SQLI generated solid gross cash flow (€9.8m excluding the impact of IFRS 16, versus €5.6m in H1 2021) and free cash flow, before cash flow from financing activities, of €9.5m. Partial use of factoring reserves (€5m) to finance growth helped reduce working capital requirements.

In February 2022, SQLI fully refinanced, giving it a financial capacity in line with its development strategy. The company issued a seven-year bullet bond for €28m, repaid all of its financial debt of €49m (including the State-guaranteed loan (PGE) of €25m) and negotiated two additional lines (CAPEX credit and 36-month RCF line) for a total amount of €30m, which had not been drawn down by June 30, 2022.

Thus, at end-June 2022, SQLI had gross cash of €16.9m (€32.6m at end-2021) and net financial debt (excluding IFRS 16) of €9.4m (€16.4m at end-December 2021) for shareholders' equity of €105.2m. The net debt to equity ratio stood at a very comfortable 9% and the net debt to 12-month EBITDA ratio is 0.5 times.

OUTLOOK

SQLI aims to maintain the revenue growth rate and increase in margins achieved in the first half of 2022, while remaining cautious given the macroeconomic tension and its potential impact.

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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 2,000 employees are spread over 13 countries: France, Switzerland, Luxembourg, Belgium, the United Kingdom, Germany, Sweden, the Netherlands, Denmark, Spain, Morocco, Mauritius and Dubai. In 2021, the SQLI Group generated revenues of €225m. SQLI has been listed on Euronext Paris (SQI) since 21 July 2000.

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