

Press release

Sopra Steria achieves further substantial increase in operating performance in financial year 2023

- Revenue came to €5.805 billion, up 13.8%. Organic growth¹ was 6.6% (target revised in July 2023 to “at least 6%”).
- Operating margin on business activity came in at 9.4%, up 0.5 points from 2022 (target: “slightly over 9%”).
- Free cash flow was very strong at €390.2 million, equating to 6.7% of revenue, significantly exceeding the initial target (“at least €300 million”).
- Net profit attributable to the Group came to €183.7 million (€247.8 million in 2022). It included an €89 million non-recurring impairment charge on Sopra Banking Software, with no impact on cash or on the dividend proposed in respect of financial year 2023.
- Proposed dividend in respect of financial year 2023: €4.65 per share (€4.30 for 2022).

Paris, 22 February 2024, 7:00 a.m. – At its meeting on 21 February 2024 chaired by Pierre Pasquier, Sopra Steria Group SA's Board of Directors approved the financial statements for the financial year ended 31 December 2023².

Sopra Steria: 2023 consolidated full-year results

	2023			2022	
	Amount	Margin	Change	Amount	Margin
Key income statement items					
Revenue	€m	5,805.3	13.8%	5,101.2	
Organic growth	%	+6.6%			
Operating profit on business activity	€m	548.2	9.4%	21.0%	8.9%
Profit from recurring operations	€m	467.2	8.0%	17.5%	7.8%
Operating profit	€m	329.9	5.7%	-8.7%	7.1%
Net profit attributable to the Group	€m	183.7	3.2%	-25.9%	4.9%
Weighted average number of shares in issue excl. treasury shares	m	20.22	-0.2%	20.26	
Basic earnings per share	€	9.08	-25.7%	12.23	
Recurring earnings per share	€	15.51	13.6%	13.66	
Key balance sheet items					
		31/12/2023		31/12/2022	
Net financial debt	€m	946.0	522.5%	152.0	
Equity attributable to the Group	€m	1,876.7	1.4%	1,850.3	

* Alternative performance measures are defined in the glossary at the end of this document

¹ Alternative performance measures are defined at the end of this document.

² Audit procedures have been carried out and the audit report is being issued.

Cyril Malargé, Chief Executive Officer of Sopra Steria Group, commented:

"Thanks to the commitment of our 56,000 employees, who work hard every day to advance their clients' digital transformation, Sopra Steria performed very well in financial year 2023. I'd like to commend all our teams on the results they achieved as we comfortably reached the financial targets we had set for ourselves.

We made significant headway with a range of transformative initiatives: developing our Consulting business, shifting our technology solutions further up the value chain, gradually adjusting our operating model, reinforcing our human resources policy and boosting our operational efficiency. We plan to keep scaling up our efforts in these areas over the coming quarters.

In the first half of 2023, we launched rAlso: a large-scale programme to embrace generative AI, which will feed into our internal development tools, our partnership strategy and everything our business consulting teams do.

With the acquisition of CS Group, we have considerably strengthened our positions in Defence & Security and established a presence in the Space segment which has substantial growth potential. The acquisitions of Tobania and Ordina have given us a key presence in the Benelux market, with over 4,000 employees and around €700 million in revenue on a full-year basis.

Lastly, I'm very proud to share that Sopra Steria has once again made the CDP³ A List – recognising the world's most transparent and most proactive companies in the fight against climate change – for the 7th year in a row.

Our priorities for 2024 are clear: successfully integrate the companies we have acquired, execute the recently announced plan to dispose of our banking software activities, speed up our internal transformation initiatives and boost our performance."

Details on 2023 operating performance

Consolidated revenue totalled €5,805.3 million, an increase of 13.8%. Changes in scope had a positive impact of €420.6 million, and currency fluctuations had a negative impact of €74 million. At constant scope and exchange rates, revenue growth was 6.6%.

Operating profit on business activity came to €548.2 million, up 21.0% relative to 2022. The operating margin on business activity increased by 0.5 points to 9.4% (8.9% in 2022).

In France (41% of the Group total), revenue grew sharply (16.9%) to €2,384.3 million. CS Group was consolidated in Sopra Steria's accounts for ten months and contributed €257.4 million in revenue, posting 10.2% growth. Excluding changes in scope, organic growth came to 5.0%. Growth continued – albeit at a slower pace – in the fourth quarter, with organic growth running at 2.3%. The year's best-performing vertical markets overall were defence, aerospace and transport. The operating margin on business activity came to 9.6% (10.0% in 2022). As expected, the consolidation of CS Group had a dilutive effect on the operating margin on business activity for the financial year. The benefits of operational complementarities are expected to show up from 2024.

Revenue for the **United Kingdom** (16% of the Group total) was €940.9 million, representing organic growth of 7.7%, driven by the aerospace, defence and security sector, which posted growth of 23.1%, as well as by NHS SBS and SSCL, the two business process services platforms for the public sector, which posted growth of 9.7% and 15.3%, respectively. The private sector posted full-year growth of 2.4%. The reporting unit's operating margin on business activity improved by 0.5 points to 11.0%.

The **Other Europe** reporting unit (30% of the Group total) posted revenue growth of 18.6% to €1,746.9 million. At constant scope and exchange rates, revenue grew 8.8%. The fastest growth was seen in Scandinavia and Spain, which both posted double-digit growth. Following the consolidation of Ordina in the final quarter of 2023, Benelux contributed €309.7 million to full-year revenue, representing organic growth of 5.3%. The reporting unit's overall operating margin on business activity was 8.7%, up 2.5 points from 2022 (6.2%).

³ Every year, around 21,000 companies and organisations around the world provide details on their environmental performance to CDP for independent assessment against its scoring methodology for the benefit of investors, purchasers and other stakeholders.



Revenue for **Sopra Banking Software** (8% of the Group total) came to €445.1 million, representing organic growth of 4.8%, driven in particular by the digital solutions offered by Sopra Banking Platform and Sopra Financing Platform. This resulted in a 9.8% increase in subscription revenue. Software revenue was up 4.2% while services revenue grew 5.8%. The operating margin on business activity came to 5.4%, as anticipated, equating to a moderate decline from 6.5% in 2022.

The **Other Solutions** reporting unit (5% of the Group total) posted revenue of €288.2 million, representing organic growth of 5.9%. The Human Resources Solutions business grew by 6.7%. Property Management Solutions posted a 4.1% increase in revenue. The operating margin on business activity grew 0.7 points to 13.7% (13.0% in 2022).

Comments on the components of net profit attributable to the Group in 2023

Profit from recurring operations came in at €467.2 million, equating to growth of 17.5%. It included a €43.0 million share-based payment expense, the increase in which was mainly due to the increase in the Sopra Steria share price in financial year 2023. It also included a €38.0 million amortisation expense on allocated intangible assets.

Operating profit came to €329.9 million (compared with €361.3 million in 2022), after a net expense of €137.4 million for other operating income and expenses (€36.3 million in 2022), which included an €89 million asset impairment charge on Sopra Banking Software. This non-recurring charge has no impact on cash or on the dividend proposed in respect of financial year 2023.

Net interest expense was €35.9 million (versus €14.4 million in 2022), driven by the increase in financial debt relating to financing for acquisitions and higher interest rates.

The tax expense totalled €111.7 million, for an effective tax rate of 38.0%. Restated for non-recurring items, the normative tax rate for 2023 is estimated at 25%.

Net profit from associates amounted to profit of €6.7 million (compared with an expense of €14.7 million in 2022).

Minority interests totalled €5.4 million. As SSCL is now wholly owned, following the acquisition of the remaining 25% stake previously held by the UK Cabinet Office, no non-controlling interests were recognised.

Net profit attributable to the Group came to €183.7 million (€247.8 million in 2022).

Restated for the impairment charge on Sopra Banking Software, net profit attributable to the Group would have been €272.7 million in 2023, 10.0% higher than in 2022.

Basic earnings per share came to €9.08 (€12.23 in 2022).

Restated for asset impairment, basic earnings per share would have been €13.48.

Proposed dividend in respect of financial year 2023

At the next General Meeting of Shareholders⁴, Sopra Steria will propose the payment of a dividend of €4.65 per share, vs €4.30 per share in respect of financial year 2022.

Financial position at 31 December 2023

Free cash flow was very strong, at €390.2 million, in particular due to a 21.2% increase in EBITDA, strict management of the average payment period of trade receivables and early net inflows.

Net financial debt totalled €946.0 million. It included the impact of outflows related to the acquisitions of CS Group, Tobania, Ordina and SSCL. As at end-December 2023, it was equal to 49.1% of equity and 1.5x pro forma EBITDA for 2023 before the impact of IFRS 16 (with the financial covenant stipulating a maximum of 3x).

⁴ General Meeting to be held on Tuesday, 21 May 2024. The ex-dividend date will be 28 May 2024. The dividend will be payable as from 30 May 2024.



Strategy

Sopra Steria's business model is focused on independence and sustainable value creation for its stakeholders.

Sopra Banking Software's software business – developed since 2012 based on Sopra's legacy banking software assets and acquisitions – is not a core strategic priority for a European digital services company like Sopra Steria. As such, the Group is clarifying its strategy with the announcement of the plan to refocus on digital services and solutions and to dispose of its banking software activities (see press release published yesterday evening at 6:15 p.m.).

This decision reflects Sopra Steria's aim to expand its development of digital services and solutions in Europe and focus its investments on consulting and digital technology in its strategic markets: financial services, defence & security, aeronautics, space and the public sector. The Group's ambition is to become a compelling European alternative to global providers, particularly with regard to issues of digital sovereignty, for major European clients in its strategic markets.

Over the course of financial year 2024, the Group will draw up a new strategic plan for 2025–2027, with details and financial targets to be announced at a Capital Market Day in early December 2024.

Workforce

At end-December 2023, the Group's **net headcount** came to 55,833 employees, compared with 49,690 employees at year-end 2022. A total of 9,202 staff were employed at international service centres.

The **workforce attrition rate** was 14.0%, compared with 17.0% in 2022.

Social and environmental footprint

Sopra Steria sees its contribution to society as **sustainable, human-focused and purposeful**, guided by the firm belief that making digital solutions work for people is a source of opportunity and progress.

With regard to the **environment**, CDP confirmed in February 2024 that Sopra Steria had made its A List – recognising the world's most transparent and most proactive companies in the fight against climate change – for the 7th year in a row. This recognition notably reflects the Group's new Net-Zero target⁵ of achieving a 52% reduction in its greenhouse gas emissions from Scopes 1 & 2 and a 37.5% reduction for Scope 3 by 2030. As at end-December 2023, the Group had achieved a 63.6% reduction in Scope 1 & 2 emissions and a 9.8% reduction in Scope 3 emissions. The Group's energy consumption, for example, was reduced by 20% relative to 2021.

In the **social** arena, progress was made on the Group's gender equality policy in 2023, with a 0.4-point increase in the proportion of women in the workforce (33.5%), a higher proportion of women hired and promoted, and a 1.1 point increase in the proportion of women in the 10% most senior positions (21.5%).

With regard to **human resources**, the annual Great Place To Work survey conducted in 2023 found that 77% of employees say Sopra Steria is a great place to work, making the vast majority of the Group's entities eligible for Great Place to Work® certification.

⁵ Target approved by the Science Based Targets initiative (SBTi) on 16 June 2023 and aligned with the aim of limiting the increase in the average global temperature to 1.5°C (reduction targets baseline: 2019).



Targets for 2024

- Organic revenue growth of between 2% and 4%, including a relatively stable Q1
- Operating margin on business activity of between 9.5% and 10.0%, including a dilutive effect of around 0.2 points related to recent acquisitions
- Free cash flow in excess of €350 million

Meeting to report 2023 full-year results

The 2023 full-year results will be presented to financial analysts and investors in a French/English webcast on Thursday, 22 February 2024 at 8:30 a.m. CET.

- Register for the French-language webcast [here](#)
- Register for the English-language webcast [here](#)

Or by phone:

- French-language phone number: +33 (0)1 70 37 71 66
- English-language phone number: +44 (0)33 0551 0200

Practical information about the presentation and webcast can be found in the 'Investors' section of the Group's website: <https://www.soprasteria.com/investors>

Upcoming financial releases

Friday, 26 April 2024 (before market open): Publication of Q1 2024 revenue

Tuesday, 21 May 2024 (2:30 p.m.): General Meeting of Shareholders

Wednesday, 24 July 2024 (after market close): Publication of H1 2024 results

Thursday, 31 October 2024 (before market open): Publication of Q3 2024 revenue



Glossary

- **Restated revenue**: Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.
- **Organic revenue growth**: Increase in revenue between the period under review and restated revenue for the same period in the prior financial year.
- **EBITDA**: This measure, as defined in the Universal Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Free cash flow**: Net cash from operating activities; less investments (net of disposals) in property, plant and equipment, and intangible assets; less lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.
- **Operating profit on business activity**: This measure, as defined in the Universal Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations**: Operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share**: This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Return on capital employed (RoCE)**: (Profit from recurring operations after tax + Profit from equity-accounted companies) / (Equity + Net financial debt).
- **Downtime**: Number of days between two contracts (excluding training, sick leave, other leave and pre-sales) divided by the total number of business days.

Disclaimer

This document contains forward-looking information subject to certain risks and uncertainties that may affect the Group's future growth and financial results. Readers are reminded that licence agreements, which often represent investments for clients, are signed in greater numbers in the second half of the year, with varying impacts on end-of-year performance. Actual outcomes and results may differ from those described in this document due to operational risks and uncertainties. More detailed information on the potential risks that may affect the Group's financial results can be found in the 2022 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 17 March 2023 (see pages 40 to 45 in particular). Sopra Steria does not undertake any obligation to update the forward-looking information contained in this document beyond what is required by current laws and regulations. The distribution of this document in certain countries may be subject to the laws and regulations in force. Persons physically present in countries where this document is released, published or distributed should enquire as to any applicable restrictions and should comply with those restrictions.

About Sopra Steria

Sopra Steria, a major Tech player in Europe with 56,000 employees in nearly 30 countries, is recognised for its consulting, digital services and software development. It helps its clients drive their digital transformation and obtain tangible and sustainable benefits. The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to putting digital to work for its clients in order to build a positive future for all. In 2023, the Group generated revenue of €5.8 billion.

The world is how we shape it.

Sopra Steria (SOP) is listed on Euronext Paris (Compartment A) – ISIN: FR0000050809

For more information, visit us at www.soprasteria.com

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – FY 2023

€m	2023	2022	Growth
Revenue	5,805.3	5,101.2	+13.8%
Changes in exchange rates		-74.0	
Revenue at constant exchange rates	5,805.3	5,027.2	+15.5%
Changes in scope		420.6	
Revenue at constant scope and exchange rates	5,805.3	5,447.9	+6.6%

Sopra Steria: Changes in exchange rates – FY 2023

For €1 / %	Average	Average	Change
	rate 2023	rate 2022	
Pound sterling	0.8698	0.8528	-2.0%
Norwegian krone	11.4248	10.1026	-11.6%
Swedish krona	11.4788	10.6296	-7.4%
Danish krone	7.4509	7.4396	-0.2%
Swiss franc	0.9718	1.0047	+3.4%

Sopra Steria: Revenue by reporting unit (€m / %) – Q4 2023

	Q4 2023	Q4 2022 Restated*	Q4 2022	Organic growth	Total growth
France	617.5	603.6	537.4	+2.3%	+14.9%
United Kingdom	249.1	220.0	219.1	+13.2%	+13.7%
Other Europe	548.9	511.1	393.0	+7.4%	+39.7%
Sopra Banking Software	124.7	117.0	117.1	+6.7%	+6.5%
Other Solutions	79.6	73.8	73.8	+7.8%	+7.8%
Sopra Steria Group	1,619.8	1,525.5	1,340.5	+6.2%	+20.8%

* Revenue at 2023 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) – FY 2023

	2023	2022 Restated*	2022	Organic growth	Total growth
France	2,384.3	2,271.7	2,039.0	+5.0%	+16.9%
United Kingdom	940.9	873.3	890.6	+7.7%	+5.6%
Other Europe	1,746.9	1,606.1	1,473.0	+8.8%	+18.6%
Sopra Banking Software	445.1	424.6	426.5	+4.8%	+4.3%
Other Solutions	288.2	272.2	272.1	+5.9%	+5.9%
Sopra Steria Group	5,805.3	5,447.9	5,101.2	+6.6%	+13.8%

* Revenue at 2023 scope and exchange rates



Sopra Steria: Performance by reporting unit – FY 2023

	2023		2022	
	€m	%	€m	%
France				
Revenue	2,384.3		2,039.0	
Operating profit on business activity	229.5	9.6%	204.4	10.0%
Profit from recurring operations	196.8	8.3%	187.0	9.2%
Operating profit	189.4	7.9%	167.9	8.2%
United Kingdom				
Revenue	940.9		890.6	
Operating profit on business activity	103.2	11.0%	93.8	10.5%
Profit from recurring operations	89.4	9.5%	80.7	9.1%
Operating profit	79.1	8.4%	91.6	10.3%
Other Europe				
Revenue	1,746.9		1,473.0	
Operating profit on business activity	152.2	8.7%	91.9	6.2%
Profit from recurring operations	140.0	8.0%	85.6	5.8%
Operating profit	118.1	6.8%	72.3	4.9%
Sopra Banking Software				
Revenue	445.1		426.5	
Operating profit on business activity	23.9	5.4%	27.6	6.5%
Profit from recurring operations	4.5	1.0%	11.1	2.6%
Operating profit	-92.9	-20.9%	-1.1	-0.3%
Other Solutions				
Revenue	288.2		272.1	
Operating profit on business activity	39.4	13.7%	35.4	13.0%
Profit from recurring operations	36.6	12.7%	33.2	12.2%
Operating profit	36.2	12.6%	30.6	11.3%

Sopra Steria: Consolidated income statement – FY 2023

	2023		2022	
	€m	%	€m	%
Revenue				
Staff costs	5,805.3		5,101.2	
Operating expenses	-3,577.1		-3,150.5	
Depreciation, amortisation and provisions	-1,501.4		-1,355.9	
Operating profit on business activity	548.2	9.4%	453.1	8.9%
Share-based payment expenses	-43.0		-23.2	
Amortisation of allocated intangible assets	-38.0		-32.3	
Profit from recurring operations	467.2	8.0%	397.6	7.8%
Other operating income and expenses	-137.4		-36.3	
Operating profit	329.9	5.7%	361.3	7.1%
Cost of net financial debt	-19.5		-8.7	
Other financial income and expenses	-16.3		-5.7	
Tax expense	-111.7		-83.2	
Net profit from associates	6.7		-14.7	
Net profit	189.1	3.3%	249.0	4.9%
Attributable to the Group	183.7	3.2%	247.8	4.9%
Non-controlling interests	5.4		1.2	
Weighted average number of shares in issue excl. treasury shares (m)	20.22		20.26	
Basic earnings per share (€)	9.08		12.23	



Sopra Steria: Change in net financial debt (€m) – FY 2023

	2023	2022
Operating profit on business activity	548.2	453.1
Depreciation, amortisation and provisions (excl. allocated intangible assets)	176.1	144.4
EBITDA	724.3	597.5
Non-cash items	0.4	5.4
Tax paid	-82.6	-87.8
Change in current operating working capital requirement	44.9	6.1
Reorganisation and restructuring costs	-62.8	-17.8
Net cash flow from operating activities	624.2	503.4
Lease payments	-106.0	-94.5
Change relating to investing activities	-93.7	-94.1
Net interest	-22.0	-8.6
Additional contributions related to defined-benefit pension plans	-12.3	-18.9
Free cash flow	390.2	287.2
Impact of changes in scope	-1,049.2	-13.8
Financial investments	-11.8	-8.7
Dividends paid	-94.5	-71.6
Dividends received from equity-accounted companies	2.7	2.8
Purchase and sale of treasury shares	-26.1	-17.5
Impact of changes in foreign exchange rates	-5.2	-3.4
Other changes	0.0	0.0
Change in net financial debt	-794.0	175.1
Net financial debt at beginning of period	152.0	327.1
Net financial debt at end of period	946.0	152.0

Sopra Steria: Simplified balance sheet (€m) – 31/12/2023

	31/12/2023	31/12/2022
Goodwill	2,668.9	1,943.9
Allocated intangible assets	124.8	108.3
Other fixed assets	304.3	261.3
Right-of-use assets	457.1	359.9
Equity-accounted investments	185.9	183.5
Fixed assets	3,740.9	2,857.0
Net deferred tax	98.3	58.5
Trade accounts receivable (net)	1,372.4	1,104.2
Other assets and liabilities	-1,556.4	-1,347.6
Working capital requirement (WCR)	-184.0	-243.4
Assets + WCR	3,655.2	2,672.1
Equity	1,925.1	1,893.4
Pensions – Post-employment benefits	167.8	137.7
Provisions for contingencies and losses	113.3	98.5
Lease liabilities	503.0	390.5
Net financial debt	946.0	152.0
Capital invested	3,655.2	2,672.1

Sopra Steria: Workforce breakdown – 31/12/2023

	31/12/2023	31/12/2022
France	21,758	19,822
United Kingdom	7,779	7,440
Other Europe	16,534	12,583
Rest of the World	560	435
X-Shore	9,202	9,410
Total	55,833	49,690

