

H1 2022 results

Robust revenue growth and higher profitability

- Revenue for H1 2022: €2,543.8 million, equating to total growth of 9.3% and organic growth* of 7.3%
- Organic growth accelerated in Q2 (8.1% vs 6.5% in Q1)
- Operating margin on business activity of 8.0%, up 0.8 points from H1 2021
- Net profit attributable to the Group grew to €112.3m (up 32.0% from H1 2021)
- Robust free cash flow totalling €66.3 million (€61.9 million in H1 2021)
- Confirmation of 2022 targets

Paris, 28 July 2022, 7:00 a.m. – At its meeting on 27 July 2022, Sopra Steria's Board of Directors, chaired by Pierre Pasquier, approved the financial statements for the first half of 2022. The Statutory Auditors have conducted a limited review of the financial statements.

Sopra Steria: 2022 Half-year results

| | | H1 2022 | | | H1 2021 | |
|--|----|---------|--------|--------|---------|--------|
| | | Amount | Margin | Change | Amount | Margin |
| Key income statement items | | | | | | |
| Revenue | €m | 2,543.8 | | 9.3% | 2,328.3 | |
| Organic growth | % | +7.3% | | | | |
| Operating profit on business activity | €m | 203.1 | 8.0% | 20.5% | 168.6 | 7.2% |
| Profit from recurring operations | €m | 172.0 | 6.8% | 14.5% | 150.2 | 6.5% |
| Operating profit | €m | 162.1 | 6.4% | 14.9% | 141.0 | 6.1% |
| Net profit attributable to the Group | €m | 112.3 | 4.4% | 32.0% | 85.1 | 3.7% |
| Weighted average number of shares in issue excl. treasury shares | m | 20.22 | | | 20.25 | |
| Basic earnings per share | € | 5.55 | | 32.2% | 4.20 | |
| Recurring earnings per share | € | 5.92 | | 33.0% | 4.45 | |

Key balance sheet items

| | | 30/06/2022 | | 30/06/2021 |
|----------------------------------|----|------------|--------|------------|
| Net financial debt | €m | 344.9 | -18.4% | 422.7 |
| Equity attributable to the Group | €m | 1,823.1 | 17.5% | 1,552.1 |

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

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

"Sopra Steria turned in a good performance in the first half of 2022. Our revenue growth was strong and our margins improved, in line with the trajectory we have set ourselves. In a tense geopolitical and economic environment, the momentum in our markets and demand from our customers remained strong, with no noticeable downturn at this stage. Our significant exposure to the aeronautics and defence verticals was a boon to us. Our workforce grew by 5.6% over the half-year period and our subcontracting rate increased by about 2 points relative to 2020. During the half-year period, we also continued to invest in enhancing the value we bring to our customers in consulting, digital services, solutions and cybersecurity. To this end, I am pleased to have inaugurated France's new *Campus Cyber* and to welcome our engineers, consultants and specialised project managers to a site that reflects the innovation and growth of France's cybersecurity ecosystem. I'm also proud that the Group has been awarded the Gender Equality European & International Standard by Bureau Veritas, which recognises our proactive approach to gender equality."

Detailed breakdown of operating performance in H1 2022

Revenue totalled €2,543.8 million, an increase of 9.3% relative to H1 2021. Changes in scope had a positive impact of €24.4 million, and currency fluctuations had a positive impact of €18.1 million. At constant scope and exchange rates, revenue grew 7.3%. In particular, the second quarter saw an acceleration, with organic growth of 8.1% vs 6.5% in the first quarter of 2022.

The Group's operating profit on business activity rose 20.5% to €203.1 million, equating to a margin of 8.0%, up 0.8 points from H1 2021.

In France (40% of the Group total), revenue grew sharply (9.8% organic growth), totalling €1,023.7 million. Growth in the second quarter (10.1%) was slightly higher than in the first quarter. This half-year performance was driven by Product Lifecycle Management (PLM), Cybersecurity, Consulting and, to a lesser extent, Systems Integration and IT Infrastructure Management. The best-performing vertical markets were aeronautics, defence and transport. Hiring continued at a brisk pace during the half-year period, with 56% of the full-year recruitment target met by 30 June. Operating margin on business activity rose to 9.7%, up 1.4 points from H1 2021.

Revenue for the **United Kingdom** (18% of the Group total) was €442.6 million, representing organic growth of 5.0%. Growth accelerated in the second quarter compared to the first quarter, thanks in particular to stronger-than-expected momentum in the service platform business, as well as in the two joint ventures specialising in business process services for the public sector (SSCL and NHS SBS). These joint ventures recorded average organic growth of 3.9%. The private sector improved, as expected, with slight growth in the second quarter. The operating margin on business activity came to 10.5%, up 1.8 points from H1 2021.

The **Other Europe** reporting unit (29% of the Group total) posted €731.3 million in revenue, representing organic growth of 8.2%. This performance was driven by Scandinavia and Benelux, with both regions posting double-digit growth. The reporting unit's operating margin on business activity came to 5.0%, compared with 6.4% the previous year. Performance was temporarily affected by the resolution of a specific, challenging situation related to a contract in Germany. No major impact related to this contract is expected for the second half of the year. SFT posted €79.3 million in revenue and the same level of operating profit on business activity as in H1 2021.

Sopra Banking Software (8% of the Group total) experienced slightly negative organic growth (-0.7%), with revenue amounting to €210.9 million. Licence revenue contracted by 14.1%. This change was mostly offset by growth in subscriptions, maintenance and services, which saw similar levels of performance (1.4% on average). New digital solutions offered by Sopra Banking Platform saw strong momentum, with revenue growing by 26.9%. In parallel, at 30 June 2022, the R&D transformation plan was on track to meet its full-year target. Lastly, the operating margin on business activity stood at 4.1%, compared with 2.8% in the first half of 2021.

The **Other Solutions** reporting unit (5% of the Group total) posted revenue of €135.2 million, representing organic growth of 4.9%. The Human Resources Solutions business grew by 7.5%. The Property Management Solutions



business remained relatively stable. The reporting unit's operating margin on business activity came to 8.8%, up 2 points from its level at 30 June 2021.

Comments on the components of net profit for H1 2022

Profit from recurring operations came to €172.0 million, up 14.5% relative to the first half of 2021. It included a €14.5 million share-based payment expense and a €16.6 million amortisation expense on allocated intangible assets.

Operating profit was €162.1 million, up 14.9%, after a net expense of €10.0 million for other operating income and expenses (compared with a net expense of €9.2 million in the first half of 2021). Reorganisation and restructuring expenses totalled €10.4 million.

The tax expense was €43.2 million in the half-year period, versus €44.6 million in the first half of 2021, translating to a Group-wide tax rate of 27.3%. For the 2022 financial year as a whole, the tax rate is estimated at 27%.

Net profit from associates (including Axway) amounted to €0.1 million (€0.2 million in first-half 2021).

After deducting €2.8 million in **non-controlling interests, net profit attributable to the Group** came to €112.3 million, up 32.0% from €85.1 million in the first half of 2021.

Basic earnings per share came to €5.55, up 32.2% (€4.20 per share in the first half of 2021).

Financial position at 30 June 2022

Free cash flow was very strong in H1 2022 at €66.3m (€61.9m in H1 2021).

Net financial debt totalled €344.9 million at 30 June 2022, down 18.4% from its level at 30 June 2021. At the end of the first half, it equated to 0.75x pro forma 12-month rolling EBITDA before the impact of IFRS 16, compared with 1.01x at 30 June 2021 (with the financial covenant stipulating a maximum of 3x).

Retirement benefits and similar obligations recognised in the balance sheet decreased significantly, amounting to €96.4 million at 30 June 2022 (versus €292.9 million at 30 June 2021). This change was largely due to the significant reduction in the valuation of the net pension liability in the UK, which showed a surplus of €66.8 million at 30 June 2022 compared to a deficit of €75.8 million at 30 June 2021 (which, net of tax, equated to €50.1 million and €56.8 million, respectively).

Acquisition and external growth transactions

On 11 July 2022, Footprint – a Norwegian consultancy specialising in environmental and sustainability solutions, which employs around twenty consultants – was added to the Group's scope of consolidation.

On 28 July, Sopra Steria announced its plan to acquire CS GROUP (see the press release related to this transaction).

Workforce

In a very buoyant market for digital services throughout H1 2022, hiring continued at a brisk pace. **6,843 new employees** joined the Group in the first half of 2022, i.e. about 60% of the full-year target.

The net headcount at 30 June 2022 was 5.6% higher than at 30 June 2021, including a 16.1% increase in India. The Group had a total workforce of 48,707 employees, up from 47,437 employees at 31 December 2021 and 46,129 employees at 30 June 2021. Staff employed at international service centres (India, Poland, Spain, etc.) represented 18.4% of the total workforce (17.4% at 30 June 2021).

At 30 June 2022, **the subcontracting rate** was about 2 points higher than at end-June 2020.

The workforce attrition rate came to 19.3%, close to its pre-pandemic level.



Confirmation of 2022 targets

The global macroeconomic environment has worsened since the invasion of Ukraine on 24 February 2022, but the digital services market has remained very buoyant and has not as yet experienced a downturn. Against this backdrop, Sopra Steria confirms its targets for 2022:

- Organic revenue growth of between 5% and 6%;
- Operating margin on business activity of between 8.5% and 9.0%;
- Free cash flow of around €250 million.

Medium-term targets

In the medium term, Sopra Steria is targeting annual organic revenue growth of between 4% and 6%. The Group has also set targets to achieve an operating margin on business activity of around 10% by 2024 and generate free cash flow of between 5% and 7% of revenue over the next three financial years.

Presentation meeting

The results for the first half of 2022 will be presented to financial analysts and investors in a French/English webcast on Thursday, 28 July 2022 at 9:00 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 71 01 59 – PIN: 22763478#
- English-language phone number: +44 207 194 37 59 – PIN: 41425486#

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

Next financial release

Friday, 28 October 2022 (before market open): Publication of Q3 2022 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.
- **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:** This measure is equal to 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.
- **Free cash flow:** Free cash flow is defined as the 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.
- **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 2021 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 17 March 2022 (see pages 38 to 44 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 European leader in the field of technology, renowned for its consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits. It 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. With 47,000 employees in nearly 30 countries, the Group generated revenue of €4.7 billion in 2021.

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 – H1 2022

| €m | H1 2022 | H1 2021 | Growth |
|---|----------------|----------------|--------------|
| Revenue | 2,543.8 | 2,328.3 | +9.3% |
| Changes in exchange rates | | 18.1 | |
| Revenue at constant exchange rates | 2,543.8 | 2,346.4 | +8.4% |
| Changes in scope | | 24.4 | |
| Revenue at constant scope and exchange rates | 2,543.8 | 2,370.8 | +7.3% |

Sopra Steria: Changes in exchange rates – H1 2022

| For €1 / % | Average rate | Average rate | Change |
|-----------------|--------------|--------------|--------|
| | H1 2022 | H1 2021 | |
| Pound sterling | 0.8424 | 0.8680 | +3.0% |
| Norwegian krone | 9.9817 | 10.1759 | +1.9% |
| Swedish krona | 10.4796 | 10.1308 | -3.3% |
| Danish krone | 7.4402 | 7.4368 | -0.0% |
| Swiss franc | 1.0319 | 1.0946 | +6.1% |

Sopra Steria: Revenue by reporting unit (€m / %) – H1 2022

| | H1 2022 | H1 2021 Restated* | H1 2021 | Organic growth | Total growth |
|---------------------------|----------------|----------------------|----------------|----------------|--------------|
| France | 1,023.7 | 932.0 | 914.8 | +9.8% | +11.9% |
| United Kingdom | 442.6 | 421.4 | 408.9 | +5.0% | +8.2% |
| Other Europe | 731.3 | 676.2 | 665.2 | +8.2% | +9.9% |
| Sopra Banking Software | 210.9 | 212.3 | 210.5 | -0.7% | +0.2% |
| Other Solutions | 135.2 | 128.9 | 128.9 | +4.9% | +5.0% |
| Sopra Steria Group | 2,543.8 | 2,370.8 | 2,328.3 | +7.3% | +9.3% |

* Revenue at 2022 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) – Q2 2022

| | Q2 2022 | Q2 2021 Restated* | Q2 2021 | Organic growth | Total growth |
|---------------------------|----------------|----------------------|----------------|----------------|--------------|
| France | 510.4 | 463.5 | 454.6 | +10.1% | +12.3% |
| United Kingdom | 223.6 | 203.1 | 200.1 | +10.1% | +11.8% |
| Other Europe | 366.4 | 338.6 | 334.0 | +8.2% | +9.7% |
| Sopra Banking Software | 107.7 | 109.9 | 109.1 | -2.0% | -1.3% |
| Other Solutions | 67.9 | 65.4 | 65.3 | +3.9% | +4.0% |
| Sopra Steria Group | 1,276.1 | 1,180.4 | 1,163.1 | +8.1% | +9.7% |

* Revenue at 2022 scope and exchange rates

Sopra Steria: Performance by reporting unit – H1 2022

| | H1 2022 | | H1 2021 | |
|---------------------------------------|---------|-------|---------|-------|
| | €m | % | €m | % |
| France | | | | |
| Revenue | 1,023.7 | | 914.8 | |
| Operating profit on business activity | 99.6 | 9.7% | 76.2 | 8.3% |
| Profit from recurring operations | 89.6 | 8.8% | 73.2 | 8.0% |
| Operating profit | 88.7 | 8.7% | 70.2 | 7.7% |
| United Kingdom | | | | |
| Revenue | 442.6 | | 408.9 | |
| Operating profit on business activity | 46.6 | 10.5% | 35.5 | 8.7% |
| Profit from recurring operations | 40.4 | 9.1% | 29.8 | 7.3% |
| Operating profit | 40.6 | 9.2% | 27.8 | 6.8% |
| Other Europe | | | | |
| Revenue | 731.3 | | 665.2 | |
| Operating profit on business activity | 36.4 | 5.0% | 42.3 | 6.4% |
| Profit from recurring operations | 31.5 | 4.3% | 40.1 | 6.0% |
| Operating profit | 26.8 | 3.7% | 35.3 | 5.3% |
| Sopra Banking Software | | | | |
| Revenue | 210.9 | | 210.5 | |
| Operating profit on business activity | 8.7 | 4.1% | 5.8 | 2.8% |
| Profit from recurring operations | -0.1 | -0.1% | -1.2 | -0.6% |
| Operating profit | -4.5 | -2.1% | -0.6 | -0.3% |
| Other Solutions | | | | |
| Revenue | 135.2 | | 128.9 | |
| Operating profit on business activity | 11.9 | 8.8% | 8.8 | 6.8% |
| Profit from recurring operations | 10.6 | 7.9% | 8.3 | 6.4% |
| Operating profit | 10.4 | 7.7% | 8.3 | 6.5% |

Sopra Steria: Consolidated income statement – H1 2022

| | H1 2022 | | H1 2021 | |
|--|----------------|-------------|----------------|-------------|
| | €m | % | €m | % |
| Revenue | 2,543.8 | | 2,328.3 | |
| Staff costs | -1,589.8 | | -1,477.7 | |
| Operating expenses | -689.6 | | -592.0 | |
| Depreciation, amortisation and provisions | -61.2 | | -90.0 | |
| Operating profit on business activity | 203.1 | 8.0% | 168.6 | 7.2% |
| Share-based payment expenses | -14.5 | | -2.2 | |
| Amortisation of allocated intangible assets | -16.6 | | -16.2 | |
| Profit from recurring operations | 172.0 | 6.8% | 150.2 | 6.5% |
| Other operating income and expenses | -10.0 | | -9.2 | |
| Operating profit | 162.1 | 6.4% | 141.0 | 6.1% |
| Cost of net financial debt | -4.8 | | -4.6 | |
| Other financial income and expenses | 0.9 | | -3.2 | |
| Tax expense | -43.2 | | -44.6 | |
| Net profit from associates | 0.1 | | 0.2 | |
| Net profit | 115.1 | 4.5% | 88.8 | 3.8% |
| Attributable to the Group | 112.3 | 4.4% | 85.1 | 3.7% |
| Non-controlling interests | 2.8 | | 3.8 | |
| Weighted average number of shares in issue excl. treasury shares (m) | 20.22 | | 20.25 | |
| Basic earnings per share (€) | 5.55 | | 4.20 | |



Sopra Steria: Change in net financial debt (€m) – H1 2022

| | H1 2022 | H1 2021 |
|---|--------------|--------------|
| Operating profit on business activity | 203.1 | 168.6 |
| Depreciation, amortisation and provisions (excl. allocated intangible assets) | 62.1 | 89.3 |
| EBITDA | 265.3 | 257.9 |
| Non-cash items | -1.8 | 2.8 |
| Tax paid | -44.5 | -32.8 |
| Change in operating working capital requirement | -51.4 | -69.7 |
| Reorganisation and restructuring costs | 0.1 | 0.6 |
| Net cash flow from operating activities | 167.7 | 158.8 |
| Lease payments | -45.8 | -53.9 |
| Change relating to investing activities | -45.0 | -27.5 |
| Net interest | -0.6 | -2.0 |
| Additional contributions related to defined-benefit pension plans | -10.2 | -13.6 |
| Free cash flow | 66.3 | 61.9 |
| Impact of changes in scope | -4.2 | -7.9 |
| Financial investments | -4.2 | -0.5 |
| Dividends paid | -71.6 | -46.3 |
| Dividends received from equity-accounted companies | 2.7 | 2.8 |
| Purchase and sale of treasury shares | -5.4 | -4.3 |
| Impact of changes in foreign exchange rates | -1.4 | -2.6 |
| Change in net financial debt | -17.8 | 2.9 |
| Net financial debt at beginning of period | 327.1 | 425.6 |
| Net financial debt at end of period | 344.9 | 422.7 |

Sopra Steria: Simplified balance sheet (€m) – 30/06/2022

| | 30/06/2022 | 31/12/2021 |
|--|----------------|----------------|
| Goodwill | 1,961.6 | 1,984.3 |
| Allocated intangible assets | 124.6 | 131.8 |
| Other fixed assets | 234.0 | 216.4 |
| Right-of-use assets | 384.8 | 343.1 |
| Equity-accounted investments | 201.8 | 198.1 |
| Fixed assets | 2,906.9 | 2,873.8 |
| Net deferred tax | 46.6 | 99.7 |
| Trade accounts receivable (net) | 1,161.4 | 1,020.1 |
| Other assets and liabilities | -1,295.4 | -1,221.5 |
| Working capital requirement (WCR) | -134.0 | -201.5 |
| Assets + WCR | 2,819.5 | 2,772.0 |
| Equity | 1,872.2 | 1,695.5 |
| Pensions – Post-employment benefits | 96.4 | 278.1 |
| Provisions for contingencies and losses | 94.9 | 106.5 |
| Lease liabilities | 411.1 | 364.8 |
| Net financial debt | 344.9 | 327.1 |
| Capital invested | 2,819.5 | 2,772.0 |

Sopra Steria: Workforce breakdown – 30/06/2022

| | 30/06/2022 | 30/06/2021 |
|-------------------|---------------|---------------|
| France | 20,106 | 19,925 |
| United Kingdom | 7,208 | 6,675 |
| Other Europe | 11,944 | 11,011 |
| Rest of the World | 467 | 502 |
| X-Shore | 8,982 | 8,016 |
| Total | 48,707 | 46,129 |

