The world is how we shape it

Half-Year Financial Report at 30 June 2022

Contents

This document is a free translation into English of the original French "Rapport financier semestriel au 30 juin 2022", hereafter referred to as the "Half-Year Financial Report at 30 June 2022". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Société anonyme with share capital of €20,547,701
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1. Business review for the six-month period

1. Business activity and key events during the first six months of the year

1.1. Consolidated income statement for H1 2022(1)

	H1 2022		H1 2021	
	(in millions of euros)	*(%)*	*(in millions of euros)*	*(%)*
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%***
Minority interests	2.8		3.8	
Weighted average number of shares outstanding excluding treasury shares *(in millions of shares)*	20.22		20.25	
Basic earnings per share *(in euros)*	5.55		4.20	

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."

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.

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.

(1) Alternative performance measures are defined in the glossary on page 7 of this document.

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).

1.2. Detailed breakdown by reporting unit of operating performance in H1 2022

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	
	(in millions of euros)	*(%)*	*(in millions of euros)*	*(%)*
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%

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 a specific and 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.

1.3. 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.

1.4. 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).

1.5. External growth transactions

No material changes in the scope of consolidation took place during the period.

2. Risk factors and related-party transactions

2.1. Risk factors

The main risk factors are of the same nature as those presented in Chapter 2, Section 1 (pages 38 to 44) of the 2021 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 17 March 2022, available on the Company's website: https://www.soprasteria.com. As at the date of this report, no significant risk factors other than those mentioned in the 2021 Universal Registration Document had been identified.

The most material risks specific to Sopra Steria are set out by category and in decreasing order of criticality (based on their probability of occurrence combined with the estimated severity of their impact), taking account of the mitigation measures already implemented. As such, this presentation of net risks is not intended to show all Sopra Steria's risks. The assessment of this order of materiality may be changed at any time, in particular due to the appearance of new external factors, changes in operations or a change in the effects of risk management measures. For each risk, a description is provided explaining in what ways it could affect Sopra Steria as well as the risk management and control measures put in place, such as governance, policies, procedures and checks.

The table below shows the results of this assessment in terms of residual materiality on a scale of three levels, from least material (•) to most material (•••).

Category/Risk	Residual materiality	Page in the 2021 Universal Registration Document
Risks related to strategy and external factors		
Strategic positioning and marketing	•••	Page 39
Loss of business from a major client or vertical	••	Page 39
Acquisitions	••	Page 40
Attacks on reputation	••	Page 40
Risks related to operational activities		
Cyberattacks, systems security, data protection	•••	Page 40
Resilience to a major systemic event	•••	Page 41
Sale and delivery of projects and managed/operated services	••	Page 42
Risks related to human resources		
Ability to attract and retain employees **SNFP** [1]	•••	Page 43
Development of skills and managerial practices **SNFP** [1]	••	Page 43
Risks related to regulatory requirements		
Compliance **SNFP** [1]	•	Page 44

(1) *SNFP (Statement of Non-Financial Performance): This risk also relates to the provisions of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code, which cover the Company's Statement of Non-Financial Performance.*

Note: The Group is not directly exposed to Ukraine, Belarus or Russia, with the exception of a small non-trading entity in the latter country, which is currently being closed.

2.2. Related-party transactions

These transactions are discussed in Note 15 to the condensed consolidated financial statements in this report (page 32).

3. Outlook

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.

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.

4. Events subsequent to the period-end, 30 June 2022

- 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 2022, the Group announced its plan to acquire **CS GROUP.** This transaction is detailed in a specific press release published on the same date.

Annex/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 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.

2. Condensed consolidated interim financial statements

Consolidated statement of net income

(in millions of euros)	Notes	H1 2022	H1 2021
Revenue	*4.1*	**2,543.8**	**2,328.3**
Staff costs	*5.1*	-1,589.8	-1,477.7
External expenses and purchases		-665.5	-575.4
Taxes and duties		-22.2	-21.2
Depreciation, amortisation, provisions and impairment		-61.2	-90.0
Other current operating income and expenses		-1.9	4.7
Operating profit on business activity		**203.1**	**168.6**
as % of revenue		*8.0%*	*7.2%*
Expenses related to stock options and related items	*5.4*	-14.5	-2.2
Amortisation of allocated intangible assets	*8.2*	-16.6	-16.2
Profit from recurring operations		**172.0**	**150.2**
as % of revenue		*6.8%*	*6.5%*
Other operating income and expenses	*4.2*	-10.0	-9.2
Operating profit		**162.1**	**141.0**
as % of revenue		*6.4%*	*6.1%*
Cost of net financial debt	*12.1.1*	-4.8	-4.6
Other financial income and expenses	*12.1.2*	0.9	-3.2
Tax expense	*6*	-43.2	-44.6
Net profit from associates	*10.1*	0.1	0,2
Net profit from continuing operations		**115.1**	**88.8**
Net profit from discontinued operations		-	-
Consolidated net profit		**115.1**	**88.8**
as % of revenue		*4.5%*	*3.8%*
Non-controlling interests	*14.1.5*	2.8	3.8
NET PROFIT ATTRIBUTABLE TO THE GROUP		**112.3**	**85.1**
as % of revenue		*4.4%*	*3.7%*
EARNINGS PER SHARE *(IN EUROS)*	*Notes*		
Basic earnings per share	*14.2*	5.55	4.20
Diluted earnings per share	*14.2*	5.54	4.20

Consolidated statement of comprehensive income

(in millions of euros)	Notes	H1 2022	H1 2021
Consolidated net profit		**115.1**	**88.8**
Other comprehensive income:			
Actuarial gains and losses on pension plans	*5.3*	176.0	83.6
Tax impact		-45.3	-1.3
Related to associates		0.3	0.1
Change in fair value of financial assets (non-consolidated securities)		2.6	2.9
Subtotal of items recognised in equity and not reclassifiable to profit or loss		**133.6**	**85.4**
Translation differences		-19.9	35.7
Change in net investment hedges		5.9	-13.0
Tax impact on net investment hedges		-1.7	4.0
Change in cash flow hedges		4.2	3.5
Tax impact on cash flow hedges		-1.0	-0.9
Related to associates		6.9	2.3
Subtotal of items recognised in equity and reclassifiable to profit or loss		**-5.6**	**31.6**
Other comprehensive income, total net of tax		**128.1**	**116.9**
COMPREHENSIVE INCOME		**243.1**	**205.8**
Non-controlling interests		5.8	9.5
Attributable to the Group		**237.4**	**196.3**

Consolidated statement of financial position

Assets *(in millions of euros)*	**Notes**	**30/06/2022**	**31/12/2021**
Goodwill	*8.1*	1,961.6	1,984.3
Intangible assets	*8.2*	175.9	177.1
Property, plant and equipment	*8.2*	136.2	129.6
Right-of-use assets	*9*	384.8	343.1
Equity-accounted investments	*10.2*	201.8	198.1
Other non-current assets	*7.1*	97.9	81.9
Retirement benefits and similar obligations	*5.3*	70.4	20.4
Deferred tax assets	*6*	127.3	151.2
Non-current assets		**3,155.9**	**3,085.8**
Trade receivables and related accounts	*7.2*	1,161.4	1,020.1
Other current assets	*7.3*	473.5	447.9
Cash and cash equivalents	*12.2*	184.9	217.2
Current assets		**1,819.8**	**1,685.1**
Assets held for sale		-	-
TOTAL ASSETS		**4,975.6**	**4,771.0**

Liabilities and equity *(in millions of euros)*	**Notes**	**30/06/2022**	**31/12/2021**
Share capital		20.5	20.5
Share premium		531.5	531.5
Consolidated reserves and other reserves		1,271.1	1,094.5
Equity attributable to the Group		**1,823.1**	**1,646.5**
Non-controlling interests		**49.1**	**49.0**
TOTAL EQUITY	*14.1*	**1,872.2**	**1,695.5**
Financial debt – Non-current portion	*12.2*	355.0	448.4
Lease liabilities – Non-current portion	*9*	336.2	289.2
Deferred tax liabilities	*6*	80.7	51.5
Retirement benefits and similar obligations	*5.3*	180.2	310.1
Non-current provisions	*11.1*	54.2	62.9
Other non-current liabilities		16.3	15.8
Non-current liabilities		**1,022.7**	**1,178.0**
Financial debt – Current portion	*12.2*	174.7	95.8
Lease liabilities – Current portion	*9*	74.9	75.6
Current provisions	*11.1*	40.7	43.6
Trade payables and related accounts		378.3	328.9
Other current liabilities	*7.5*	1,412.2	1,353.6
Current liabilities		**2,080.8**	**1,897.5**
Liabilities held for sale		-	-
TOTAL LIABILITIES		**3,103.4**	**3,075.5**
TOTAL LIABILITIES AND EQUITY		**4,975.6**	**4,771.0**

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premium	Treasury shares	Consolidated reserves and retained earnings	Other comprehensive income	Total attributable to the Group	Non-controlling interests	Total
At 31/12/2020	**20.5**	**531.5**	**-36.2**	**1,076.3**	**-194.2**	**1,397.8**	**47.6**	**1,445.4**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	1.9	-	1.9	0.1	2.0
Transactions in treasury shares	-	-	9.0	-9.8	-	-0.8	-	-0.8
Ordinary dividends	-	-	-	-40.7	-	-40.7	-5.6	-46.3
Changes in scope	-	-	-	-0.7	-	-0.7	0.7	-
Other movements	-	-	-	-0.8	-0.9	-1.7	-2.1	-3.9
Shareholder transactions	**-**	**-**	**9.0**	**-50.2**	**-0.9**	**-42.0**	**-7.0**	**-49.0**
Net profit for the period	-	-	-	85.1	-	85.1	3.8	88.8
Other comprehensive income	-	-	-	-	111.2	111.2	5.7	117.0
Comprehensive income for the period	**-**	**-**	**-**	**85.1**	**111.2**	**196.3**	**9.5**	**205.8**
At 30/06/2021	**20.5**	**531.5**	**-27.2**	**1,111.2**	**-83.9**	**1,552.1**	**50.1**	**1,602.2**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	5.0	-	5.0	0.2	5.2
Transactions in treasury shares	-	-	-24.4	-0.3	-	-24.7	-	-24.7
Ordinary dividends	-	-	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-	-0.7	-0.7
Other movements	-	-	-	-9.4	-0.1	-9.6	-3.5	-13.0
Shareholder transactions	**-**	**-**	**-24.4**	**-4.7**	**-0.1**	**-29.3**	**-4.0**	**-33.3**
Net profit for the period	-	-	-	102.6	-	102.6	2.1	104.7
Other comprehensive income	-	-	-	-	21.1	21.1	0.8	21.9
Comprehensive income for the period	**-**	**-**	**-**	**102.6**	**21.1**	**123.7**	**2.9**	**126.6**
At 31/12/2021	**20.5**	**531.5**	**-51.6**	**1,209.1**	**-63.0**	**1,646.5**	**49.0**	**1,695.5**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	13.7	-	13.7	0.1	13.8
Transactions in treasury shares	-	-	12.1	-19.4	-	-7.3	-	-7.3
Ordinary dividends	-	-	-	-65.1	-	-65.1	-6.4	-71.5
Changes in scope	-	-	-	-	-	-	-	-
Other movements	-	-	-	-1.9	-0.2	-2.1	0.6	-1.5
Shareholder transactions	**-**	**-**	**12.1**	**-72.6**	**-0.2**	**-60.7**	**-5.7**	**-66.5**
Net profit for the period	-	-	-	112.3	-	112.3	2.8	115.1
Other comprehensive income	-	-	-	-	125.1	125.1	2.9	128.1
Comprehensive income for the period	**-**	**-**	**-**	**112.3**	**125.1**	**237.4**	**5.8**	**243.1**
AT 30/06/2022	**20.5**	**531.5**	**-39.6**	**1,248.8**	**61.9**	**1,823.1**	**49.1**	**1,872.2**

Consolidated cash flow statement

(in millions of euros)	Notes	H1 2022	H1 2021
Consolidated net profit (including non-controlling interests)		**115.1**	**88.8**
Net increase in depreciation, amortisation and provisions		82.9	103.9
Unrealised gains and losses related to changes in fair value		-6.6	-
Expenses and income related to stock options and related items	*5.4*	13.3	2.0
Gains and losses on disposal		1.1	1.8
Share of net profit/(loss) of equity-accounted companies	*10.1*	-0.1	-0.2
Cost of net financial debt (including cost related to lease liabilities)	*12.1.1*	7.9	7.9
Dividends from non-consolidated securities		-	-
Tax expense	*6*	43.2	44.6
Cash from operations before change in working capital requirement (A)		**256.8**	**248.8**
Tax paid (B)		-44.5	-32.8
Change in operating working capital requirement (C)	*13.1*	-40.4	-54.7
Net cash from operating activities (D) = (A+B+C)		**172.0**	**161.3**
Purchase of property, plant and equipment and intangible assets	*13.1*	-45.1	-27.6
Proceeds from sale of property, plant and equipment and intangible assets		0.1	0.1
Purchase of non-current financial assets		-2.0	-2.0
Proceeds from sale of non-current financial assets		-	0.6
Cash impact of changes in scope	*13.1*	-4.2	-7.9
Dividends received (equity-accounted companies, non-consolidated securities)		2.7	2.8
Proceeds from/(Payments on) loans and advances granted		-2.2	0.8
Net interest received		-	0.2
Net cash from/(used in) investing activities (E)		**-50.6**	**-33.0**
Proceeds from shareholders for capital increases		-	-
Purchase and sale of treasury shares		-5.4	-4.3
Dividends paid to shareholders of the parent company	*13.1*	-65.0	-40.7
Dividends paid to the minority interests of consolidated companies		-6.6	-5.6
Proceeds from/(Payments on) borrowings	*13.2*	-15.1	-9.4
Lease payments	*13.1*	-45.8	-53.9
Net interest paid (excluding interest on lease liabilities)		-5.6	-1.9
Additional contributions related to defined-benefit pension plans	*13.1*	-10.2	-13.6
Other cash flows relating to financing activities		-	-0.5
Net cash from/(used in) financing activities (F)		**-153.6**	**-129.8**
Impact of changes in foreign exchange rates (G)		-1.4	0.3
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)		**-33.7**	**-1.3**
Opening cash position		216.9	245.0
Closing cash position	*13*	183.2	243.7

Notes to the condensed consolidated financial statements

NOTE 1 OVERVIEW OF MAIN ACCOUNTING POLICIES

The Group's consolidated financial statements for the six-month period ended 30 June 2022 were approved by the Board of Directors at its meeting held on 27 July 2022.

1.1. Basis of preparation

The consolidated financial statements for the period ended 30 June 2022 were prepared in accordance with IAS 34 *Interim Financial Reporting,* part of the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB) as adopted in the European Union and available online at https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The accounting policies used to prepare the condensed consolidated financial statements for the six-month period ended 30 June 2022 were the same as those used in the consolidated financial statements for the year ended 31 December 2021 and described in Chapter 5, Note 1 of the 2021 Universal Registration Document (filed on 17 March 2022 with the Autorité des Marchés Financiers under No. D.22-0111, available on the Group's website: https://www.soprasteria.com), with the exception of the new standards and interpretations applicable to accounting periods beginning on or after 1 January 2022, presented in Note 1.2.

1.2. Application of new standards and interpretations

1.2.1. New mandatory standards and interpretations

New standards and amendments to existing standards adopted by the European Union, the application of which is mandatory for accounting periods beginning on or after 1 January 2022, mainly consist of the amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on onerous contracts and the costs to be taken into account when recognising a provision for an onerous contract. The Group has not identified any impact of the application of this amendment.

In addition, in the first half of financial year 2022, the IFRS Interpretations Committee published several final decisions, including a decision relating to "Demand Deposits with Restrictions on Use".

The application of this decision, like the others, is mandatory for reporting periods beginning on or after 1 January 2022. These decisions have no impact on the Group's financial statements.

1.2.2. Standards and interpretations published by the IASB but not applied early

The Group did not identify any new standards or amendments to existing standards adopted by the European Union, the application of which is mandatory after 31 December 2022 and which may be applied in advance.

1.3. Implications of the Russia-Ukraine conflict with regard to the consolidated financial statements for the period

The Group is not directly exposed to Ukraine, Belarus or Russia, with the exception of a small non-trading entity in the latter country, which is currently being closed. The costs relating to this transaction, amounting to €0.3 million, are recognised within *Other operating income and expenses*, part of *Operating profit* (see Note 4.2).

In addition, at this stage, the Group has not identified any indirect impacts of the conflict on its strategy or its financial performance.

1.4. Material estimates and accounting judgments

The preparation of the interim financial statements entails the use of estimates and assumptions in measuring certain consolidated assets and liabilities, as well as certain income statement items. Group management is also required to exercise judgment in the application of its accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on a reasonable anticipation of future events according to the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the ultimate actual results.

The main assumptions and estimates that may leave scope for material adjustments to the carrying amounts of assets and liabilities in the subsequent period are as follows:

- measurement of the recoverable amount of property, plant and equipment and intangible assets, especially goodwill (see Note 8);
- measurement of the recoverable amount of investments in associates recorded in the balance sheet (see Note 10.2);
- measurement of retirement benefit obligations (see Note 5.3);
- revenue recognition (see Note 4.1);
- lease terms and the measurement of right-of-use assets and lease liabilities (see Note 9);
- measurement of deferred tax assets;
- amounts payable to non-controlling interests (see Note 14.1.5);
- provisions for contingencies (see Note 11.1).

NOTE 2 SCOPE OF CONSOLIDATION

- **Changes in the scope of consolidation during the first half of 2022** – No material changes in the scope of consolidation took place during the period.
- **EVA Group** – On 21 December 2021, the Group acquired EVA Group, a French cybersecurity firm. This company and its subsidiaries were added to the "France" cash-generating unit. The inventory of assets acquired and liabilities assumed is in progress.

The allocation of goodwill is provisional and breaks down as follows:

(in millions of euros)	EVA Group
Total assets acquired	26.3
Total liabilities assumed	-27.4
Total net assets acquired/(net liabilities assumed)	**-1.1**
Minority interests	-
Purchase price	**65.7**
GOODWILL	**66.8**

NOTE 3 SEGMENT INFORMATION

3.1. Results by reporting unit

a. France

(in millions of euros)	H1 2022		H1 2021	
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%

b. United Kingdom

(in millions of euros)	H1 2022		H1 2021	
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%

c. Other Europe

(in millions of euros)	H1 2022		H1 2021	
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%

d. Sopra Banking Software

(in millions of euros)	H1 2022		H1 2021	
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%

e. Other Solutions

(in millions of euros)	H1 2022		H1 2021	
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%

f. Group

(in millions of euros)	H1 2022		H1 2021	
Revenue	2,543.8		2,328.3	
Operating profit on business activity	203.1	8.0%	168.6	7.2%
Profit from recurring operations	172.0	6.8%	150.2	6.5%
Operating profit	162.1	6.4%	141.0	6.1%

3.2. Revenue by geographic area

(in millions of euros)	France	Outside France	Total
H1 2021	1,099.6	1,228.7	2,328.3
H1 2022	**1,204.4**	**1,339.4**	**2,543.8**

NOTE 4 OPERATING PROFIT

4.1. Revenue

(in millions of euros)	H1 2022		H1 2021	
France	1,023.7	40.2%	914.8	39.3%
United Kingdom	442.6	17.4%	408.9	17.6%
Other Europe	731.3	28.8%	665.2	28.6%
Sopra Banking Software	210.9	8.3%	210.5	9.0%
Other Solutions	135.2	5.3%	128.9	5.5%
TOTAL REVENUE	**2,543.8**	**100.0%**	**2,328.3**	**100.0%**

Revenue primarily consists of services recognised on a percentage-of-completion basis.

4.2. Other non-current operating income and expenses

(in millions of euros)	H1 2022	H1 2021
Expenses arising from business combinations (fees, commissions, etc.)	-0.3	-0.2
Net restructuring and reorganisation costs	-10.4	-14.7
■ *Integration and reorganisation of activities*	*-*	*-0.1*
■ *Separation costs*	*-10.4*	*-14.6*
Other operating expenses	-	-0.8
Total other operating expenses	**-10.8**	**-15.7**
Other operating income	0.8	6.5
Total other operating income	**0.8**	**6.5**
TOTAL	**-10.0**	**-9.2**

Other operating income and expenses for the first half of 2022 mainly consisted of resource adaptation expenses in Germany, France and at Sopra Banking Software (amounting to €3.8 million, €1.4 million and €4.5 million, respectively). They also included the costs of closing the Group's Russian subsidiary for a total of €0.3 million.

In the first half of 2021, *Other operating expenses* mainly consisted of resource adaptation expenses in France, Germany, the United Kingdom and at Sopra Banking Software (€4.9 million, €3.9 million, €2.0 million and €2.6 million, respectively). *Other operating income* included €5.8 million in reversals of provisions for tax risks other than income tax.

NOTE 5 EMPLOYEE BENEFITS

5.1. Staff costs

(in millions of euros)	H1 2022	H1 2021
Wages and salaries	-1,198.6	-1,120.3
Social security contributions	-370.9	-344.0
Net expense for post-employment and similar benefit obligations	-20.4	-13.4
TOTAL	**-1,589.8**	**-1,477.7**

As a reminder, the Group did not make use of furlough measures in the first half of 2021 within the context of the Covid-19 crisis.

5.2. Workforce

Workforce at period-end	H1 2022	H1 2021
France	20,106	19,925
International	28,601	26,204
TOTAL	**48,707**	**46,129**

5.3. Retirement benefits and similar obligations

Retirement benefits and similar obligations break down as follows:

(in millions of euros)	30/06/2022	31/12/2021
Post-employment benefit assets	-70.4	-20.4
Post-employment benefit liabilities	166.7	298.5
Net post-employment benefits	**96.4**	**278.1**
Other long-term employee benefits	13.4	11.6
TOTAL	**109.8**	**289.7**

Post-employment benefits mainly concern the Group's obligations towards its employees to provide retirement bonuses in France and defined-benefit pension plans in the United Kingdom and Germany. For marginal amounts, they also include end-of-contract bonuses in certain countries in Africa, as well as a defined-benefit plan in Belgium.

The net liability in respect of retirement benefits and similar obligations was calculated at the balance sheet date based on the most recent valuations available as at the close of the preceding financial year. A review of actuarial assumptions was performed to take into account any half-year changes or one-off impacts, in particular changes in discount rates at 30 June 2022. The market value of plan assets was updated as at the balance sheet date.

In the first half of 2022, net liabilities arising from the main post-employment benefit plans changed as follows:

(in millions of euros)	Defined-benefit pension funds United Kingdom	Retirement bonuses France	Defined-benefit pension funds Germany	Other	Total
Net liability at 1 January 2022	**65.1**	**152.2**	**57.4**	**3.3**	**278.1**
Net expense recognised in the income statement	2.8	6.0	0.4	0.3	9.5
■ *Operating charges for service cost*	*2.3*	*5.3*	*0.2*	*0.2*	*8.1*
■ *Net interest expense*	*0.5*	*0.7*	*0.2*	-	*1.4*
Net expense recognised in equity	-123.4	-37.1	-13.8	-1.6	-176.0
■ *Return on plan assets*	*362.3*	-	-	*-0.2*	*362.1*
■ *Experience adjustments*	*81.7*	*0.9*	-	-	*82.6*
■ *Impact of changes in financial assumptions*	*-619.9*	*-38.0*	*-13.8*	*-1.4*	*-673.1*
■ *Impact of limits set on assets*	*52.4*	-	-	-	*52.4*
Contributions	-12.4	-	-	-	-12.4
■ *Employer contributions*	*-12.4*	-	-	-	*-12.4*
■ *Employee contributions*	-	-	-	-	-
Benefits provided	-	-2.6	-0.9	-0.1	-3.6
Exchange differences	1.1	-	-	-	1.1
Changes in scope	-	-0.3	-	-	-0.3
Other movements	-	-	-	-	-
NET LIABILITY/(ASSET) AT 30 JUNE 2022	**-66.8**	**118.3**	**43.1**	**1.8**	**96.4**

Defined-benefit pension plan obligations decreased significantly due to the increase in interest rates. The actuarial assumptions used to measure these liabilities are as follows at 30 June 2022:

	United Kingdom	France	Germany	Other
Discount rate	3.85%	0.98% to 3.36%	0.68% to 3.36%	2.63% to 10.00%
Rate of inflation or salary increase	3.12%	2.00% to 2.50%	2.00% to 2.50%	3.00% to 10.00%

At 31 December 2021, they were as follows:

	United Kingdom	France	Germany	Other
Discount rate	1.81%	0.88% to 1.19%	0.68% to 0.98%	0.57% to 10.00%
Rate of inflation or salary increase	3.32%	2.00% to 2.50%	2.00% to 2.50%	3.00% to 10.00%

The Group analysed the recoverability of plans currently in a net asset position, mainly due to the increase in discount rates. It set limits for them in accordance with the provisions of IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

In France, the method for calculating retirement bonuses is expected to change during the second half of 2022. This change will take effect the month after the date of publication of the order by the French Ministry of Labour to extend an amendment to the Syntec collective bargaining agreement. This amendment aligns the method for calculating retirement bonuses with that used for termination benefits, which will have the effect of adding employee bonuses to the base salary. This plan amendment will increase the value of liabilities.

In the United Kingdom, a change to pension plans is also planned for the second half of 2022. The change concerns, for one plan, the terms of revaluing pension benefits based on inflation. This amendment will decrease the value of the liability recognised for the defined-benefit plan.

The impacts of these two plan amendments – amounting to an expense and income, respectively – will be recognised within *Other operating income and expenses*, part of *Operating profit* (see Note 4.2) in the second half of 2022.

5.4. Share-based payments

5.4.1. Free performance share plan

At its meeting on 1 June 2022, Sopra Steria Group's Board of Directors made use of the authorisation given by Resolution 13 adopted at the Combined General Meeting of 26 May 2021 and decided to set up a long-term incentive (LTI) plan covering a total of 200,150 rights to performance shares. Rights to shares are subject to a condition of continued employment and performance conditions, as well as a grant condition related to the target of increasing the proportion of women in senior management positions set by the Board of Directors. The condition of continued employment will be verified at 30 June 2025. Achievement of performance conditions and the additional grant condition will be measured by calculating the average of the following:

- level of achievement of annual targets for performance in financial years 2022, 2023 and 2024, with each of the criteria given an equal weighting (totalling 90% of grant conditions). The criteria relate to organic consolidated revenue growth, operating profit on business activity (expressed as a percentage of revenue) and free cash flow.
- level of achievement of the additional grant condition related to increasing the proportion of women in senior management positions. This condition was set for all financial years covered by the plan, with the target being for the proportion of women in the Group's senior management positions (defined as the two highest echelons of the organisation) to reach 20% in 2025, with an intermediate target of 17% by 30 June 2023. This condition, with a weighting of 10%, will be assessed at 31 December 2024. The threshold below which the rights to corresponding shares would be lost has been set at 18%, and a target corresponding to a 100% achievement level has been set at 19%.

An expense of €0.5 million was recognised in the first half of 2022 in respect of this plan.

During the first half of 2021, the Group set up a long-term incentive (LTI) plan. The expense recognised in the first half of 2022 in respect of this plan came to €3.3 million.

5.4.2. Employee share ownership plan

In the first half of 2022, the Group relaunched its We Share employee share ownership programme. Employees were once again able to purchase Sopra Steria Group shares, under certain conditions, from 28 March to 13 April 2022 inclusive.

The main characteristics of the offer were as follows:

- offer open to all active employees and eligible retired employees;
- investment in Sopra Steria Group shares *via* the FCPE (employee mutual investment fund, the performance of which follows changes in the Group's share price as it increases or decreases;
- matching contribution of one free Sopra Steria Group share per share purchased;
- authorised investment amount of between the price of one share (minimum) and €3,000 (maximum);
- dividends reinvested in the FCPE;
- favourable tax treatment under the Group Savings Plan (PEG);
- investment locked in for five years, available from 6 May 2027, except in cases that justify early release.

The offer resulted in 95,112 shares being subscribed by employees and 94,527 shares granted as matching contributions. To transfer shares for the matching contribution, Sopra Steria Group used its stock of treasury shares, corresponding either to existing shares or to shares previously bought back under a share buyback programme authorised at the General Meeting of Shareholders held on 26 May 2021.

The fair value of free shares was determined based on the average closing share price during the subscription period from 28 March to 13 April 2022, i.e. €125.05, to which a 20% non-transferability discount was applied.

An expense of €9.3 million (of which €8.6 million in respect of IFRS 2) was recognised within *Profit from recurring operations*.

In 2021, the Group did not set up any employee share ownership plans.

Furthermore, the Share Incentive Plan – a special plan in place in the United Kingdom – continued and incurred an expense of €0.7 million.

NOTE 6 CORPORATE INCOME TAX EXPENSE

(in millions of euros)	H1 2022	H1 2021
Current tax	-38.3	-35.1
Deferred tax	-4.9	-9.5
TOTAL	**-43.2**	**-44.6**

In the first half of 2022, the Group's effective tax rate was 27.3%, compared with an effective tax rate of 33.5% recognised in the first half of 2021.

NOTE 7 COMPONENTS OF THE WORKING CAPITAL REQUIREMENT AND OTHER FINANCIAL ASSETS AND LIABILITIES

These items include other non-current financial assets, trade receivables and related accounts, other current assets, other non-current liabilities, trade payables and other current liabilities.

7.1. Other non-current financial assets

(in millions of euros)	30/06/2022	31/12/2021
Non-consolidated securities	28.8	25.2
Other loans and receivables	59.2	53.9
Derivatives	9.8	2.9
TOTAL	**97.9**	**81.9**

The main component of non-consolidated securities is the shares in CS Communication & Systèmes (€15.5 million at 30 June 2022).

7.2. Trade receivables and related accounts

(in millions of euros)	30/06/2022	31/12/2021
Trade receivables – Gross value	637.6	667.7
Impairment of trade receivables	-15.5	-17.4
Trade receivables – Net value	**622.1**	**650.3**
Customer contract assets	539.3	369.8
TOTAL	**1,161.4**	**1,020.1**

7.3. Other current assets

No significant events had an impact on *Other current assets* at 30 June 2022.

7.4. Other non-current liabilities

(in millions of euros)	30/06/2022	31/12/2021
Put options granted	-	-
Other liabilities – Non-current portion	14.1	15.2
Derivatives	2.2	0.6
TOTAL	**16.3**	**15.8**

Other non-current liabilities included the Group's funding requirements in corporate venture funds, for €9.0 million.

7.5. Other current liabilities

Other current liabilities comprised the liability related to the put option granted by the Group to the Cabinet Office for the shares it holds in the SSCL joint venture. This liability was valued at €105.5 million.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

8.1. Goodwill

8.1.1. Statement of changes in goodwill

Movements in the first half of 2022 were as follows:

(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2021	**2,071.4**	**87.1**	**1,984.3**
Acquisitions	-	-	-
Adjustments for business combinations	-4.1	-	-4.1
Removal from the scope of consolidation	-	-	-
Impairment	-	-	-
Translation adjustments	-18.6	-	-18.6
30 JUNE 2022	**2,048.7**	**87.1**	**1,961.6**

8.1.2. Breakdown of goodwill by cash-generating unit (CGU)

The net carrying amounts of goodwill by CGU are as follows:

(in millions of euros)	30/06/2022	31/12/2021
France	625.5	629.6
United Kingdom	598.6	611.3
Other Europe (1)	348.2	351.8
Sopra Banking Software	373.1	375.5
Sopra HR Software	16.2	16.2
TOTAL	**1,961.6**	**1,984.3**

(1) "Other Europe" comprises the following CGUs, which are tested separately: Germany, Scandinavia, Spain, Italy, Switzerland, Belgium, Luxembourg and Sopra Financial Technology.

8.1.3. Impairment testing

The Group performs impairment tests annually or where there is an indication of impairment.

At 30 June 2022, no indication of impairment had been identified.

8.2. Property, plant and equipment and intangible assets

There were no significant changes in property, plant and equipment or intangible assets aside from ordinary activities during the first half of 2022.

NOTE 9 LEASES

In 2022, the Group continued to reorganise its premises, mainly in France, resulting in an increase in premises-related right-of-use assets of €86.3 million, coinciding with the termination of leases of the same type, for a gross value of €92.6 million and a net value of €5.8 million.

NOTE 10 EQUITY-ACCOUNTED INVESTMENTS

10.1. Net profit from associates

(in millions of euros)	30/06/2022	% held at 30/06/2022	30/06/2021	% held at 30/06/2021
Share of net profit of Axway Software	0.8	31.96%	0.6	32.05%
Share of net profit of Holocare	-0.4	66.67%	-0.4	66.67%
Share of net profit of Celescan	-0.2	50.00%	-	0.00%
TOTAL	**0.1**		**0.2**	

10.2. Carrying amount of investments in associates

The carrying amount of investments in associates mainly consisted of the value of Axway Software shares, which changed as follows:

	Axway Software shares		
(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2021	**195.9**	**-**	**195.9**
Changes in scope	-	-	-
Reversal of impairment	-	-	-
Share capital transactions	-	-	-
Dividends paid	-2.7	-	-2.7
Net profit	0.8	-	0.8
Translation adjustments	6.9	-	6.9
Changes in shareholding	-	-	-
Disposal	-	-	-
Other movements	-2.1	-	-2.1
30 JUNE 2022	**198.7**	**-**	**198.7**

At 30 June 2022, the Axway Software shares held by Sopra Steria Group represented 31.96% of the share capital, remaining unchanged since 31 December 2021.

At 30 June 2022, no indication of impairment had been identified. As such, no impairment testing was performed.

NOTE 11 PROVISIONS AND CONTINGENT LIABILITIES

11.1. Current and non-current provisions

(in millions of euros)	01/01/2022	Changes in scope	Charges	Reversals (used)	Reversals (not used)	Other	Translation adjustments	30/06/2022	Non-current portion	Current portion
Disputes	10.3	-	0.5	-0.5	-0.1	-1.9	-	8.4	8.4	-
Losses on contracts	9.9	-	0.9	-2.2	-	-	-0.1	8.4	-	8.4
Tax risks other than income tax	19.1	0.9	-	-0.5	-0.2	-	-	19.2	18.8	0.4
Restructuring	7.6	-	3.7	-4.2	-0.2	-0.4	-	6.6	1.0	5.6
Cost of renovating premises	14.1	-	0.5	-0.3	-0.3	-	-0.2	13.8	8.5	5.3
Other contingencies	45.5	-	2.6	-12.8	-1.5	4.9	-0.3	38.5	17.5	21.0
TOTAL	**106.5**	**0.9**	**8.3**	**-20.6**	**-2.3**	**2.6**	**-0.6**	**94.9**	**54.2**	**40.7**

Provisions for disputes cover disputes before employment tribunals and end-of-contract bonuses for employees (€3.0 million), and commercial disputes with customers (€5.4 million).

Provisions for tax risks other than income tax mainly concern risks relating to the R&D tax credit in France.

Provisions for restructuring mainly correspond to the cost of one-off restructuring measures in Germany (€5.0 million) and France (€1.3 million).

Other provisions for contingencies mainly cover risks relating to clients and projects in the amount of €27.4 million (including €12.7 million in the United Kingdom, €6.5 million in Germany and €7.3 million for Sopra Banking Software, mainly from the acquisition of Fidor Solutions), contractual risks (€4.7 million) and employee-related risks (€3.9 million).

11.2. Contingent liabilities

The contingent liabilities described in Chapter 5, Note 11.2 of the 2021 Universal Registration Document and recognised in the balance sheet did not change significantly during the first half of 2022.

In addition, a transformation programme carried out for a group of customers whose original alignment is no longer certain could potentially lead to this programme being reconfigured, with effects that cannot as of yet be assessed.

NOTE 12 FINANCING AND FINANCIAL RISK MANAGEMENT

12.1. Financial income and expenses

12.1.1. Cost of net financial debt

(in millions of euros)	H1 2022	H1 2021
Interest income	0.5	0.7
Income from cash and cash equivalents	**0.5**	**0.7**
Interest expenses	-5.3	-4.8
Gains and losses on hedges of gross financial debt	-	-0.5
Cost of gross financial debt	**-5.3**	**-5.2**
COST OF NET FINANCIAL DEBT	**-4.8**	**-4.6**

The average cost of borrowing after hedging was 1.53% in the first half of 2022, compared with 1.58% in the first half of 2021. It amounted to 1.98% including the expense related to the accelerated amortisation of fees under the prior revolving multi-currency credit facility, which came to €1.2 million (see Note 12.3.1).

12.1.2. Other financial income and expenses

(in millions of euros)	H1 2022	H1 2021
Foreign exchange gains and losses	**4.6**	**2.5**
Other financial income	**0.2**	**0.2**
Net interest expense on lease liabilities	-3.1	-3.3
Net interest expense on retirement benefit obligations	-1.4	-1.4
Expense on unwinding of discounted non-current liabilities	-0.4	-0.4
Change in the value of derivatives	2.3	-0.6
Other financial expenses	-1.3	-0.1
Total other financial expenses	**-3.8**	**-5.8**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**0.9**	**-3.2**

12.2. Net financial debt

(in millions of euros)	Current	Non-current	30/06/2022	31/12/2021
Bonds	4.6	249.6	254.2	251.8
Bank borrowings	0.4	55.5	55.9	147.2
Other sundry financial debt	168.0	50.0	218.0	145.0
Current bank overdrafts	1.6	-	1.6	0.2
FINANCIAL DEBT	**174.7**	**355.0**	**529.8**	**544.3**
Cash equivalents	-22.8	-	-22.8	-25.3
Cash	-162.1	-	-162.1	-191.9
NET FINANCIAL DEBT	**-10.2**	**355.0**	**344.9**	**327.1**

Cash and cash equivalents

Cash equivalents include money-market holdings, short-term deposits and advances under the liquidity agreement. The risk of a change in value on these investments is negligible. They are managed by the Group's Finance Department, and comply with internally defined principles of prudence.

Of the €184.9 million in cash and cash equivalents (excluding current bank overdrafts) at 30 June 2022, €87.8 million was held by the parent company and €97.0 million by the subsidiaries. Among the subsidiaries, entities in India contributed €26.1 million to net cash and cash equivalents at 30 June 2022 (versus €28.5 million at 31 December 2021).

Other financial debt

The sources of financing available to the Group are presented in Note 12.3.1, "Management of liquidity risk".

12.3. Financial risk management

12.3.1. Management of liquidity risk

The Group's policy is to have credit facilities at its disposal that are much larger than its needs and to manage cash centrally at Group level where permitted by local law. Moreover, subsidiaries' cash surpluses or borrowing requirements are managed centrally, being invested or met by the Sopra Steria Group parent company, which carries the bulk of the Group's borrowings and bank credit facilities.

On 22 February 2022, the Group signed an agreement with its partner banks consisting of a €1,100 million non-amortising multi-currency credit facility tied to the achievement of environmental goals. Its ESG component does not constitute an embedded derivative. It is based on achieving a greenhouse gas emissions reduction aligned with a 1.5°C temperature increase scenario validated by SBTi for Scope 1 and 2 emissions, and part of Scope 3. The carbon target is to reduce greenhouse gas emissions from its activities by 68% per employee in 2028 with respect to their 2015 baseline level. It is measured for each financial year and, if the target is met, will result in a 0.04% reduction per year in the applicable margin. If, on the other hand, emissions go over the limit, the margin will be increased and used to make a financial contribution to sustainable projects.

This agreement replaced the existing revolving multi-currency credit facility. It has an initial term of five years and may optionally be extended for two periods of one year each. Furthermore, the current syndicated loan, amortising until 2023, was repaid in full.

As part of its efforts to diversify its borrowings, the Group has a €300 million NEU MTN programme and a €700 million NEU CP programme. During the first half of 2022, the Group partially renewed its NEU MTN matured securities, of which €70.0 million was outstanding at end-June 2022 (€130.0 million at 31 December 2021), and also issued NEU CP, of which €148.0 million was outstanding at end-June 2022 (€15.0 million at 31 December 2021).

In addition, fixed-rate bilateral credit facilities were in place for a total of €110 million, with maturities in 2024. At 30 June 2022, bilateral credit facilities were drawn down in the amount of €60 million (€60 million at 31 December 2021).

At 30 June 2022, the Group had credit facilities totalling €1,621.5 million (€1,510.7 million at 31 December 2021), 19% of which was drawn down (26% at 31 December 2021).

Undrawn available credit lines amounted to €1,150 million, including €1,100 million in RCFs and €50 million in bilateral credit facilities (versus €900 million and €50 million, respectively, at 31 December 2021), in addition to undrawn overdraft facilities for €159.9 million at 30 June 2022 (versus €161.4 million at 31 December 2021).

Aside from the syndicated loan, bilateral credit facilities and bonds, the Group's financing essentially consists of issues under NEU CP (short-term commercial paper) and NEU MTN programmes. These financing sources break down as shown below:

	Amount authorised at 30/06/2022		Drawdown at 30/06/2022		Drawdown rate	Repayment terms	Interest rate at 30/06/2022
	€m	*£m*	*€m*	*£m*			
Available credit facilities							
Bond	250.0	-	250.0	-	100%	*In Fine* €130m 07/2026 €120m 07/2027	1.87%
Syndicated loan							
Multi-currency revolving credit facility	1,100.0			-	0%	2027	
Bilateral credit facilities	110.0		60.0		55%	2024	0.50%
Other		-	-	-			
Overdraft	161.5	-	0.2	1.2	0%	N/A	
Total credit facilities authorised per currency	**1,621.5**	**-**	**310.2**	**1.2**			
TOTAL CREDIT FACILITIES AUTHORISED (€ EQUIVALENT)		**1,621.5**		**311.6**	**19%**		**1.60%**
Other types of financing used							
NEU CP & NEU MTN	N/A	N/A	218.0		N/A	2022 to 2024	0.04%
Other			0.1		N/A		N/A
Total financing per currency			**528.4**	**1.2**			
TOTAL FINANCING (€ EQUIVALENT)				**529.8**			**0.96%**

Interest rates payable on the syndicated loan equal the interbank rate of the currency concerned at the time of drawdown (minimum 0%), plus a margin set for a period of six months based on the leverage ratio.

The €250 million bond issued on 5 July 2019 has an effective interest rate of 1.749% for the €130 million tranche and 2% for the €120 million tranche.

The syndicated loan and bond issue are subject to contractual conditions, particularly the commitment to respect financial covenants. At 30 June 2022, these financial covenants were respected.

The maturity schedule for the Group's financial debt at 30 June 2022 was as follows:

(in millions of euros)	Carrying amount	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bond	254.2	274.2	4.7	4.5	4.6	4.6	134.6	121.3
Bank borrowings	55.9	63.8	2.5	60.1	0.8	0.7	-0.4	-
NEU CP & MTN	218.0	218.6	168.5	50.1	-	-	-	-
Other sundry financial debt	-	-		-	-	-	-	-
Current bank overdrafts	1.6	1.6	1.6	-	-	-	-	-
Financial debt	**529.8**	**558.3**	**177.4**	**114.7**	**5.3**	**5.3**	**134.2**	**121.3**
Cash equivalents	-22.8	-22.8	-22.8	-	-	-	-	-
Cash	-162.1	-162.1	-162.1	-	-	-	-	-
CONSOLIDATED NET FINANCIAL DEBT	**344.9**	**373.4**	**-7.5**	**114.7**	**5.3**	**5.3**	**134.2**	**121.3**

12.3.2. Management of interest rate risk

The Group hedges against interest rate fluctuations by swapping part of its floating-rate debt for fixed rates.

At 30 June 2022, the Group had taken out a number of interest rate swaps. The notional amount of those swaps was €100 million and their fair value was €3.1 million.

The nominal value of interest rate derivatives designated as cash flow hedges came to €100 million. They are all designated as cash flow hedges.

The total amount of gross borrowings subject to interest rate risk was €113 million.

Interest rate hedges in force at 30 June 2022 reduced this exposure.

12.3.3. Management of foreign exchange risk

As part of its general risk management policy, the Group systematically hedges against foreign currency transaction risks that constitute material risks for the Group as a whole.

Centralised management of foreign currency transaction risk is in place with the Group's main entities (apart from India). Sopra Steria Group acts as the centralising entity, granting exchange rate guarantees to subsidiaries and, after netting internal exposures, hedges the residual exposure through the use of derivatives.

Foreign exchange risk hedging mainly relates to transaction exposures involving the Group's production platforms in India, Poland and Tunisia, and certain commercial contracts denominated in US dollars, Norwegian kroner and Swiss francs. These hedges cover both invoiced items and future cash flows: changes in fair value corresponding to these hedges are taken to profit or loss for invoiced items and to equity for future cash flows.

Their fair value at 30 June 2022 was -€0.2 million, for a total notional amount of €65.8 million.

NOTE 13 CASH FLOWS

13.1. Change in net financial debt

(in millions of euros)	31/12/2021	Proceeds from/ (Payments on)	Changes in scope	Translation adjustments	Other movements	30/06/2022
Bonds excluding accrued interest	250.0	-	-	-	-	250.0
Bank borrowings excluding accrued interest	148.1	-88.1	-	-	-	60.0
Other sundry financial debt excluding current accounts and accrued interest	145.0	73.0	-	-	-	218.0
Financial debt in the cash flow statement	**543.1**	**-15.1**	**-**	**-**	**-**	**528.0**
Current accounts	-	-	-	-	-	-
Accrued interest on financial debt	0.9	-0.8	-	-	-	0.1
Financial debt excluding current bank overdrafts	**544.0**	**-15.9**	**-**	**-**	**-**	**528.1**
Current bank overdrafts	-0.2	5.1	-	-5.9	-0.6	-1.6
Short-term investment securities	25.2	-3.0	-	0.6	-	22.8
Cash and cash equivalents	191.9	-34.3	-	3.9	0.6	162.1
Net cash in the cash flow statement	**216.9**	**-32.3**	**-**	**-1.4**	**-**	**183.2**
NET FINANCIAL DEBT	**327.1**	**16.4**	**-**	**1.4**	**-**	**344.9**
Change in net financial debt			**17.8**			

Net cash from operating activities is measured using *Operating profit on business activity*, after deducting the depreciation, amortisation and provisions it includes, which gives EBITDA, and other non-cash items adjusted for tax paid, restructuring and integration costs, and the change in the working capital requirement. It differs from *Net cash from operating activities* as shown in the consolidated cash flow statement presented in the financial statements on page 14, in that this caption includes the cash impact of *Other financial income and expenses* (see Note 12.1.2).

Free cash flow is defined as net cash from operating activities adjusted for the impact of purchases (net of disposals) of property, plant and equipment and intangible assets during the period; lease payments; financial income and expenses payable or receivable; and additional contributions paid to cover any deficits in certain defined-benefit pension plans.

Adjusted for net cash generated by financing activities, the impact of exchange rate fluctuations on net debt, and the impact of changes in accounting methods, this explains the change in net financial debt.

(in millions of euros)	H1 2022	H1 2021
Operating profit on business activity	**203.1**	**168.6**
Depreciation, amortisation and provisions (excluding allocated intangible assets)	62.1	89.3
EBITDA	**265.3**	**257.9**
Non-cash items	-4.1	0.4
Tax paid	-44.5	-32.8
Impairment of current assets	2.3	2.4
Change in current operating WCR	-51.4	-69.7
Non-recurring costs, including reorganisation and restructuring costs	0.1	0.6
Net cash flow from operating activities	**167.7**	**158.8**
Purchase of property, plant and equipment and intangible assets	-45.1	-27.6
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.1
Net change from investing activities involving property, plant and equipment and intangible assets	**-45.0**	**-27.5**
Lease payments	-45.8	-53.9
Net interest (excluding interest on lease liabilities)	-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
Impact of payments relating to non-current financial assets	-4.8	-2.3
Impact of receipts relating to non-current financial assets	0.6	1.8
Dividends paid	-71.6	-46.3
Dividends received	2.7	2.8
Capital increases	-	-
Purchase and sale of treasury shares	-5.4	-4.3
Other cash flows relating to investing activities	-	-
Net cash flow	**-16.4**	**5.6**
Impact of changes in foreign exchange rates	-1.4	-2.6
Impact of changes in accounting policies (IFRS 16)	-	-
CHANGE IN NET FINANCIAL DEBT	**-17.8**	**2.9**
Cash and cash equivalents – Beginning of period	216.9	245.0
Non-current financial debt – Beginning of period	-448.4	-564.5
Current financial debt – Beginning of period	-95.6	-106.0
Net financial debt – Beginning of period	**-327.1**	**-425.6**
Cash and cash equivalents – End of period	183.2	243.7
Non-current financial debt – End of period	-355.0	-496.9
Current financial debt – End of period	-173.1	-169.5
Net financial debt – End of period	**-344.9**	**-422.7**
CHANGE IN NET FINANCIAL DEBT	**-17.8**	**2.9**

Free cash flow amounted to €66.3 million in the first half of 2022, compared with €61.9 million in the first half of 2021.

Cash flows from investing activities reflected outflows relating to purchases of property, plant and equipment and intangible assets for €45.1 million (compared with €27.6 million in the first half of 2021) and lease payments for €45.8 million (compared with €53.9 million in the first half of 2021).

Finally, free cash flow also included the additional contributions paid in the amount of €10.1 million to reduce the deficit of defined-benefit pension plans in the United Kingdom (compared with €13.6 million in the first half of 2021).

Lastly, during the first half of the year the Group distributed an ordinary dividend of €3.20 per share, leading to a disbursement of €65.0 million (€40.7 million in 2021). Dividends were also paid to minority interests in the UK subsidiaries SSCL and NHS SBS in the amount of €6.4 million (€5.6 million in 2021).

13.2. Other cash flows in the consolidated cash flow statement

Cash flows from financing activities essentially comprised proceeds from and payments on borrowings, mainly arising from the change in NEU CP (a net inflow of €63 million in the first half of 2021) and the repayment of the amount remaining due on the previous amortising syndicated loan for €88.0 million (see Note 12.3.1).

NOTE 14 EQUITY AND EARNINGS PER SHARE

14.1. Equity

The consolidated statement of changes in equity is presented on page 13 of this document.

14.1.1. Changes in share capital

At 30 June 2022, Sopra Steria Group had a share capital of €20,547,701. It is represented by 20,547,701 fully paid-up shares with a par value of €1 each.

14.1.2. Transactions in treasury shares

At 30 June 2022, the value of treasury shares recognised as a deduction from consolidated equity was €39.6 million, consisting of 265,794 shares, including 242,196 shares held by UK trusts falling within the consolidation scope, 10,747 shares acquired under the share buyback programme to fulfil share-based payments, and 12,851 shares acquired under the liquidity agreement. This value also includes €8.9 million relating to the Group's commitment to acquire shares on the market for its performance share plans (see Note 5.4.1).

14.1.3. Dividends

At Sopra Steria Group's General Meeting of 1 June 2022, the shareholders approved the distribution of an ordinary dividend of €65.8 million in respect of financial year 2021, equating to €3.20 per share. The dividend was paid on 8 June 2022 for a total of €65.0 million, net of the dividend on treasury shares.

14.1.4. Put options on minority interests

Changes in the value of put options granted to non-controlling interests and recognised within the Group's share of consolidated reserves came to a negative amount of €0.6 million (see Note 7.5). They form part of *Other movements* in the consolidated statement of changes in equity.

14.1.5. Non-controlling interests

Due to the accounting treatment of the put option granted in respect of SSCL shares (cf. accounting policy disclosed in Chapter 5, Note 14.1.5 of the 2021 Universal Registration Document), the amount of non-controlling interests on the balance sheet mainly relates to the UK Department of Health's share in the net assets of NHS SBS for €37.5 million and in Germany, SFT GmbH for €11.5 million.

In the income statement, the amounts attributable to non-controlling interests constituted income of €4.2 million for SSCL and €2.2 million for NHS SBS, in the United Kingdom, and an expense of €3.6 million for SFT GmbH, in Germany.

14.2. Earnings per share

	H1 2022	H1 2021
Net profit attributable to the Group *(in millions of euros)* (a)	112.3	85.1
Weighted average number of ordinary shares outstanding (b)	20,547,701	20,547,701
Weighted average number of treasury shares (c)	326,690	296,503
Weighted average number of shares outstanding excluding treasury shares (d) = (b) - (c)	20,221,011	20,251,198
Basic earnings per share *(in euros)* **(a/d)**	**5.55**	**4.20**

	H1 2022	H1 2021
Net profit attributable to the Group *(in millions of euros)* (a)	112.3	85.1
Weighted average number of shares outstanding excluding treasury shares (d)	20,221,011	20,251,198
Dilutive effect of instruments that give rise to potential ordinary shares (e)	62,270	-
Theoretical weighted average number of equity instruments (f) = (d) + (e)	20,283,281	20,251,198
Diluted earnings per share *(in euros)* **(a/f)**	**5.54**	**4.20**

The method used to calculate earnings per share is set out in Chapter 5, Note 14.2 of the 2021 Universal Registration Document. Treasury shares are detailed in Note 14.1.2. Potentially dilutive instruments are presented in Note 5.4.1.

NOTE 15 RELATED-PARTY TRANSACTIONS

Agreements entered into with parties related to Sopra Steria Group were presented in the 2021 Universal Registration Document filed with the Autorité des Marchés Financiers on 17 March 2022, in Chapter 5, Note 15, "Related-party transactions".

Other than those set out in the 2021 Universal Registration Document, no new agreements were entered into with parties related to Sopra Steria Group during the first half of 2022.

NOTE 16 OFF-BALANCE SHEET COMMITMENTS

The Group's off-balance sheet commitments are those granted or received by Sopra Steria Group and its subsidiaries. They have not undergone any material change relative to those presented at 31 December 2021 in Chapter 5, Note 16, "Off-balance sheet commitments" of the 2021 Universal Registration Document.

NOTE 17 SUBSEQUENT EVENTS

- On 11 July 2022, the Group acquired **Footprint**, a Norway-based climate change consultancy, through its local subsidiary. It has around twenty employees.
- On 28 July 2022, the Group announced its plan to acquire **CS GROUP**. This transaction is detailed in a specific press release published on the same date.

Statutory Auditors' report on the interim financial information

To the Shareholders,

In compliance with the assignment entrusted to us at your General Meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we have:

- conducted a limited review of the accompanying condensed consolidated interim financial statements of Sopra Steria Group SA for the period from 1 January 2022 to 30 June 2022;
- verified the disclosures provided in the business review for the six-month period.

These condensed consolidated interim financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our limited review in accordance with the professional standards applicable in France.

A limited review consists essentially of inquiries with the management personnel responsible for financial and accounting matters, and of analytical procedures. The work performed is lesser in scope than an audit conducted in accordance with the professional standards applicable in France. Consequently, a limited review provides only moderate assurance that the financial statements taken as a whole are free from material misstatement, as opposed to the higher level of assurance provided by an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements were not prepared, in all material respects, in accordance with IAS 34, one of the IFRSs, as adopted by the European Union applicable to interim financial reporting.

II SPECIFIC VERIFICATIONS

We also verified the disclosures provided in the business review for the six-month period on the condensed consolidated interim financial statements that were the focus of our limited review.

We have no matters to report as to their fair presentation and their consistency with the condensed consolidated interim financial statements.

Paris and La Défense, 28 July 2022

The Statutory Auditors

French original signed by

Mazars

Alain Chavance

Jérôme Neyret

ACA Nexia

Sandrine Gimat

This is a free translation into English of the original French report. It is not a binding document. In the event of a conflict of interpretation, reference should be made to the French version, which is the authentic text.

Statement by the person responsible for the Half-Year Financial Report

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half-year period have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of Sopra Steria Group and of all the entities included in the scope of consolidation; that the business review for the six-month period provided on pages 1 to 7 gives a fair view of the main events that occurred in the first six months of the financial year, their impact on the financial statements and the main transactions between related parties; and that it describes the main risks and uncertainties for the remaining six months of the financial year.

Paris, 29 July 2022

Cyril Malargé
Chief Executive Officer

For more information,
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