

H1 2024 results

Continued margin growth

- Revenue came to €2,949.4 million¹, equating to total growth of 3.8% and organic growth² of 0.3%. Q2 revenue equated to organic growth of 0.5%.
- Operating profit on business activity up 13.6% to €285.3 million; operating margin of 9.7%, up 0.9 points from H1 2023.
- Net profit attributable to the Group from continuing operations was up 50.5% at €169.3 million, generating a margin of 5.7%. Net profit attributable to the Group, including net profit from discontinued operations, was up 9.5% at €123.2 million.
- Free cash flow totalled €44.0 million, in keeping with historical seasonal effects excluding a delay in the collection of tax credit receivables.
- Finalisation of the sale of Sopra Banking Software activities in early September confirmed.
- Full-year targets: revenue relatively stable on an organic basis; operating margin on business activity of at least 9.7%; free cash flow of around €350 million.

Paris, 24 July 2024, 5:45 p.m. – At its meeting on 24 July 2024, Sopra Steria's Board of Directors, chaired by Pierre Pasquier, approved the financial statements for the first half of 2024; the Statutory Auditors have conducted a limited review of the financial statements.

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

"Despite the market having adopted a wait-and-see stance, prompting us last week to adjust our full-year organic revenue growth guidance for the current financial year, our first-half results are robust. They provide tangible evidence of the business's shift towards higher-added-value. This shift is intended to position Sopra Steria as a trusted, credible European alternative to global players, harnessing technology and artificial intelligence to help our clients deliver on their transformation objectives.

Our priorities fall into three key areas: upscaling in consulting; moving our tech offerings higher up the value chain; and upgrading our operating model.

Integration of companies acquired in 2023 has proceeded in line with the roadmap and is generating tangible commercial and operational synergies. Profitability at CS Group and the Benelux reporting unit improved significantly in the first half, confirming our full-year guidance.

Furthermore, most of the steps in the sale of banking software activities to Axway have been successfully completed³. As such, the sale will be finalised in early September.

Lastly, we have improved operating profitability across each of our reporting units and confirm our guidance of achieving a Group operating margin of close to 10% in full-year 2024."

¹ The activities of Sopra Banking Software currently in the process of being sold are recognised in assets held for sale (in accordance with IFRS 5). Methods used to recognise revenue from a certain type of contract at Ordina have been harmonised (in accordance with IFRS 15).

² Alternative performance measures are defined in the glossary at the end of this document.

³ The increase in Axway's share capital to help finance the purchase will take place between 26 July and 20 August 2024 (inclusive).

Presentation of the 2024 interim financial statements

The planned sale of most of the activities of Sopra Banking Software, announced on 21 February 2024, was reflected in the first half of the year in the legal carve-out of the Sopra Banking Software activities to be sold and the transfer to various Group entities of the activities to be retained. Since the carved-out activities constituted a separate major line of business at 31 December 2023, they have been classified as a discontinued operation (in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*). The financial statements for the first half of 2024 are presented in accordance with this standard as of 1 January 2024, as are the restated comparative financial statements for 2023.

Moreover, as part of the review of assets acquired and liabilities assumed, the Group harmonised the method used to recognise revenue at Ordina. It considered that Ordina acted as an "agent" in the Netherlands and Belgium, in contracts involving the sale of external expertise. Revenue recognised for certain contracts now corresponds to a net amount equivalent to its margin or its commission rather than being recognised on a gross basis together with the recognition of an operating expense (IFRS 15). The 2023 baseline has been restated for the purposes of calculating organic revenue growth.

After taking these two factors into account, restated Q1 2024 revenue came to €1,484.6 million, equating to organic growth of 0.2% (vs €1,587.4m reported, equating to organic growth of 0.3%).

Sopra Steria: 2024 Half-year results

	H1 2024			S1 2023 restated*		S1 2023 reported	
	Amount	Margin	Change vs 2023 (rep'd)	Amount	Margin	Amount	Margin
Key income statement items							
Revenue	€m	2,949.4	3.8%	2,676.7		2,840.1	
Organic growth	%	+0.3%		-			
Operating profit on business activity	€m	285.3	9.7%	249.9	9.3%	251.1	8.8%
Profit from recurring operations	€m	251.2	8.5%	216.7	8.1%	207.8	7.3%
Operating profit	€m	229.7	7.8%	188.5	7.0%	177.1	6.2%
Net profit from continuing activities attributable to the Group	€m	169.3	5.7%	128.8	4.8%	112.5	4.0%
Net profit attributable to the Group	€m	123.2	4.2%	112.5	4.2%	112.5	4.0%
Weighted average number of shares in issue excl. treasury shares	m	20.16		20.2		20.20	
Basic earnings per share	€	6.11	9.8%	5.57		5.57	
Recurring earnings per share	€	8.45	24.4%	7.60		6.80	
Key balance sheet items							
		30/06/2024		31/12/2023 restated*		31/12/2023 reported	
Net financial debt	€m	1,057.0	11.7%	946.0		946.0	
Equity attributable to the Group	€m	1,949.9	3.9%	1,876.7		1,876.7	

* On a 2024 accounting standards basis (IFRS 5)

Detailed breakdown of operating performance in H1 2024

Sopra Steria revenue totalled €2,949.4 million, an increase of 3.8% relative to H1 2023 reported. The positive impact of changes in scope was €295.8 million, arising from the consolidation of CS Group and Tobania since 1st March 2023, and of Ordina since 1st October 2023. Currency fluctuations had a positive impact of €8.3

million. The classification of activities of Sopra Banking Software as assets held for sale generated a €163.5 million negative impact. Lastly, harmonisation of the method used to recognise revenue at Ordina generated a €41.1 million negative impact. At constant exchange rates, scope and accounting standards, revenue grew 0.3%.

The Group's operating profit on business activity rose 13.6% to €285.3 million, equating to a margin of 9.7%, up 0.9 points from H1 2023 reported. The classification of certain activities of Sopra Banking Software as assets held for sale is estimated to have a positive 0.5-point impact over the half-year period (positive 0.2-point impact on a full-year basis).



In France (42% of total Group revenue), revenue grew 4.4% to €1,251.3 million. This figure reflects the consolidation of CS Group for two extra months compared with the first half of 2023 and the reallocation of €21.6 million of revenue⁴ from activities that previously fell within the scope of Sopra Banking Software. At constant scope, revenue was down 1.6%, with the second quarter showing an improvement (down 0.1%) relative to the first quarter (down 3.0%). The defence and transport verticals both posted growth in the half-year; the public sector and financial services held steady; and other verticals – notably aeronautics – declined. The operating margin on business activity (9.5%) was up 0.4 points from the first half of 2023. The reallocation of activities previously within the scope of Sopra Banking Software boosted revenue by 0.2 points. CS Group's profitability increased by around 2 points.

Revenue for the **United Kingdom** (17% of total Group revenue) came in at €487.3 million, equating to organic growth of 3.1%, after declining slightly in the second quarter, notably as a result of the electoral context, which particularly affected SSCL's business. The most buoyant business areas were financial services, government and transport. The operating margin on business activity was once again high (11.6%), up 0.2 points from the first half of 2023.

The **Europe** reporting unit (36% of total Group revenue) generated revenue of €1,050.5 million, representing total growth of 28.1%. This change reflects the consolidation of Ordina and Tobania, the reallocation of €15.0 million of revenue⁴ from activities previously within the scope of Sopra Banking Software and a €41.1 million decline in revenue resulting from the harmonisation of the method used to recognise revenue at Ordina. Growth at constant scope, exchange rates and accounting standards came in at 1.5%. The most buoyant growth was in Scandinavia, Spain and Italy. The operating margin on business activity came in at 9.3%, up 0.4 points compared with the first half of 2023, including the dilutive effect of the reallocation of activities previously within the scope of Sopra Banking Software (-0.1 points). Profitability at the Benelux reporting unit, into which three companies are in the process of being integrated, increased by around 2 points.

The **Solutions** reporting unit (5% of total Group revenue) generated revenue of €160.3 million, up 12.6% in total following the reallocation of €17.9 million in revenue⁴ from activities previously falling within the scope of Sopra Banking Software. Excluding changes in scope, revenue held steady. Human Resources Solutions posted growth of 5.2%. Property Management Solutions contracted by 5.3%. The reporting unit's operating margin on business activity came to 7.6%, down 2.4 points from its level in the first half of 2023. The reallocation of activities previously within the scope of Sopra Banking Software had a negative impact of 3.1 points. Excluding the impact of changes in scope, the reporting unit's operating margin on business activity improved by 0.7 points.

Comments on the components of net profit for H1 2024

Profit from recurring operations came to €251.2 million, up 20.9% relative to the first half of 2023. It included a €13.2 million share-based payment expense (versus €28.4 million in the first half of 2023) and a €20.9 million amortisation expense on allocated intangible assets (versus €14.9 million in the first half of 2023).

Operating profit was €229.7 million, up 29.7%, after a net expense of €21.5 million for other operating income and expenses (compared with a net expense of €30.7 million in the first half of 2023).

Net interest expense was €18.2 million (versus €12.5 million in the first half of 2023).

The tax expense was €33.3 million in the half-year period, versus €42.5 million in the first half of 2023, translating to a Group-wide tax rate of 15.7% following the recording of non-recurring tax income in the United Kingdom. For the 2024 financial year as a whole, the tax rate is estimated at around 23%.

Net profit/(loss) from associates came in at a €1.4 million loss (compared with a €0.1 million loss in the first half of 2023).

Net profit from continuing operations came in at €176.9 million, up 45.0%, giving a margin of 6.0%.

Net profit/(loss) from discontinued operations came in at a loss of €46.1 million.

⁴ Baseline : 2023



Consolidated net profit came to €130.7 million, up 7.2% relative to the first half of 2023.

After deducting €7.6 million in **non-controlling interests**, **net profit attributable to the Group** came to €123.2 million, up 9.5% (compared with €112.5 million in the first half of 2023), representing a net profit margin of 4.2%.

Basic earnings per share came to €6.11 (up 9.7%), compared with €5.57 per share in the first half of 2023.

Financial position at 30 June 2024

Free cash flow in the first half of 2024 came in at €44.0 million, in keeping with historical seasonal effects excluding the delay until July of the collection of tax credit receivables. This compares with €122.9 million in the first half of 2023, which included net receipts in advance of around €50 million.

Net financial debt totalled €1,057.0 million at 30 June 2024. This included €93.9 million in dividend payments. At end-June, it equated to $1.6x^5$ pro forma 12-month rolling EBITDA before the impact of IFRS 16 (with the financial covenant stipulating a maximum of 3x).

Workforce

The Group's **net headcount** stood at 56,001 employees at 30 June 2024 (compared with 56,273 employees at 31 March 2024). Excluding headcount corresponding to the parts of Sopra Banking Software currently in the process of being sold, the net headcount at end-June was 52,413 employees. A total of 9,182 staff were employed at international service centres (India, Poland, Spain, etc.).

The **workforce attrition rate** was 15.2% (vs 15.7% in the first half of 2023).

Targets for 2024

- Revenue relatively stable on an organic basis
- Operating margin on business activity of at least 9.7%
- Free cash flow of around €350 million (previously in excess of €350 million)

Presentation meeting

The results for the first half of 2024 will be presented to financial analysts and investors in a French/English webcast on Wednesday, 24 July 2024 at 6:30 p.m. (Paris time).

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

Or by phone:

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

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

Upcoming financial releases

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

⁵ Leverage calculated on the basis of net financial debt before IFRS 5 of €1,048 million.



Glossary

- **Basic recurring earnings per share**: This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Downtime**: Number of days between two contracts (excluding training, sick leave, other leave and pre-sales) divided by the total number of business days.
- **EBITDA**: This measure, as defined in the Universal Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Free cash flow**: Free cash flow is defined as the net cash from operations; less investments (net of disposals) in property, plant and equipment, and intangible assets; less lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.
- **Operating profit on business activity**: This measure, as defined in the Universal Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Organic revenue growth**: Increase in revenue between the period under review and restated revenue for the same period in the prior financial year.
- **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.
- **Restated revenue**: Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.

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 2023 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 15 March 2024 (see pages 40 to 46 in particular). Sopra Steria does not undertake any obligation to update the forward-looking information contained in this document beyond what is required by current laws and regulations. The distribution of this document in certain countries may be subject to the laws and regulations in force. Persons physically present in countries where this document is released, published or distributed should enquire as to any applicable restrictions and should comply with those restrictions.

About Sopra Steria

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

The world is how we shape it.

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

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

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – H1 2024

€m	H1 2024	H1 2023	Growth
Revenue	2,949.4	2,840.1	+3.8%
Changes in exchange rates		8.3	
Revenue at constant exchange rates	2,949.4	2,848.4	+3.5%
Changes in scope		295.8	
Change in scope - Application of IFRS 15		-41.1	
Classification as assets held for sale - IFRS 15		-163.5	
Revenue at constant exchange rates, scope and accounting standards	2,949.4	2,939.7	+0.3%

Sopra Steria: Changes in exchange rates – H1 2024

For €1 / %	Average rate H1 2024	Average rate H1 2023	Change
Pound sterling	0.8546	0.8764	+ 2.5%
Norwegian krone	11.4926	11.3195	- 1.5%
Swedish krona	11.3914	11.3329	- 0.5%
Danish krone	7.4580	7.4462	- 0.2%
Swiss franc	0.9615	0.9856	+ 2.5%

Sopra Steria: Revenue by reporting unit (€m / %) – Q1 2024

	Q1 2024 restated (A)	Q1 2024 reported	Q1 2023 restated* (B)	Q1 2023 reported	Organic growth (A/B)	Total growth
France	633.6	624.6	653.5	589.9	-3.0%	+7.4%
United Kingdom	240.0	240.0	223.5	216.7	+7.4%	+10.7%
Europe	531.9	547.7	525.1	410.4	+1.3%	+29.6%
Solutions	79.0	71.2	79.5	70.6	-0.6%	+11.9%
Sopra Banking Software	-	103.8	-	107.7	-	-
Sopra Steria Group	1,484.6	1,587.4	1,481.6	1,395.4	+0.2%	+6.4%

* Revenue at 2024 scope, exchange rates and accounting policies (IFRS 5 & 15)

Sopra Steria: Revenue by reporting unit (€m / %) – Q2 2024

	Q2 2024	Q2 2023 restated*	Q2 2023 reported	Organic growth	Total growth
France	617.7	618.5	609.0	-0.1%	+1.4%
United Kingdom	247.3	249.0	244.3	-0.7%	+1.2%
Europe	518.6	509.7	409.4	+1.7%	+26.7%
Solutions	81.3	80.9	71.8	+0.6%	+13.3%
Sopra Banking Software	-	-	110.3	-	-
Sopra Steria Group	1,464.8	1,458.1	1,444.7	+0.5%	+1.4%

* Revenue at 2024 scope, exchange rates and accounting policies (IFRS 5 & 15)

Sopra Steria: Revenue by reporting unit (€m / %) – H1 2024

	H1 2024	H1 2023 restated*	H1 2023 reported	Organic growth	Total growth
France	1,251.3	1,272.0	1,198.9	-1.6%	+4.4%
United Kingdom	487.3	472.5	461.0	+3.1%	+5.7%
Europe	1,050.5	1,034.8	819.8	+1.5%	+28.1%
Solutions	160.3	160.3	142.4	-0.0%	+12.6%
Sopra Banking Software	-	-	218.0	-	-
Sopra Steria Group	2,949.4	2,939.7	2,840.1	+0.3%	+3.8%

* Revenue at 2024 scope, exchange rates and accounting policies (IFRS 5 & 15)



Sopra Steria: Performance by reporting unit – H1 2024

	H1 2024		S1 2023 restated*		H1 2023 reported	
	€m	%	€m	%	€m	%
France						
Revenue	1,251.3		1,220.5		1,198.9	
Operating profit on business activity	119.2	9.5%	113.3	9.3%	108.8	9.1%
Profit from recurring operations	106.6	8.5%	97.4	8.0%	90.1	7.5%
Operating profit	99.4	7.9%	89.7	7.3%	84.2	7.0%
United Kingdom						
Revenue	487.3		461.0		461.0	
Operating profit on business activity	56.7	11.6%	52.4	11.4%	52.4	11.4%
Profit from recurring operations	49.8	10.2%	45.5	9.9%	45.5	9.9%
Operating profit	48.2	9.9%	38.2	8.3%	38.2	8.3%
Other Europe						
Revenue	1,050.5		834.8		819.8	
Operating profit on business activity	97.3	9.3%	73.1	8.8%	72.8	8.9%
Profit from recurring operations	84.2	8.0%	66.0	7.9%	66.0	8.1%
Operating profit	72.6	6.9%	53.3	6.4%	56.2	6.9%
Solutions						
Revenue	160.3		160.3		142.4	
Operating profit on business activity	12.2	7.6%	11.1	6.9%	14.3	10.0%
Profit from recurring operations	10.6	6.6%	7.8	4.9%	12.4	8.7%
Operating profit	9.5	5.9%	7.4	4.6%	12.0	8.5%

* On a 2024 accounting standards basis (IFRS 5)

Sopra Steria: Consolidated income statement – H1 2024

	H1 2024		H1 2023 restated*		H1 2023 reported	
	€m	%	€m	%	€m	%
Revenue	2,949.4		2,676.7		2,840.1	
Staff costs	-1,862.9		-1,637.3		-1,755.0	
Operating expenses	-727.1		-731.1		-768.8	
Depreciation, amortisation and provisions	-74.2		-58.4		-65.2	
Operating profit on business activity	285.3	9.7%	249.9	9.3%	251.1	8.8%
Share-based payment expenses	-13.2		-22.9		-28.4	
Amortisation of allocated intangible assets	-20.9		-10.3		-14.9	
Profit from recurring operations	251.2	8.5%	216.7	8.1%	207.8	7.3%
Other operating income and expenses	-21.5		-28.2		-30.7	
Operating profit	229.7	7.8%	188.5	7.0%	177.1	6.2%
Cost of net financial debt	-8.8		2.4		-6.4	
Other financial income and expenses	-9.4		-4.9		-6.1	
Tax expense	-33.3		-47.6		-42.5	
Net profit from associates	-1.4		-0.1		-0.1	
Net profit of continuing activities	176.9	6.0%	138.3	5.2%	122.0	4.3%
Net profit of discontinued activities	-46.1		-16.3		-	
Consolidated net profit	130.7	4.4%	122.0	4.6%	122.0	4.3%
Attributable to the Group	123.2	4.2%	112.5	4.2%	112.5	4.0%
Non-controlling interests	7.6		9.5		9.5	
Weighted avg nb of shares in issue excl. treasury shares (m)	20.16		20.20		20.20	
Basic earnings per share (€)	6.11		5.57		5.57	

* On a 2024 accounting standards basis (IFRS 5)



Sopra Steria: Change in net financial debt (€m) – H1 2024

	H1 2024	H1 2023 restated*	H1 2023 reported
Operating profit on business activity	285.3	249.9	251.1
Depreciation, amortisation and provisions (excl. allocated intangible assets)	74.1	59.4	67.0
EBITDA	359.4	309.2	318.1
Non-cash items	-4.1	5.3	1.6
Tax paid	-35.2	-41.8	-46.8
Change in operating working capital requirement	-152.3	-61.9	-14.0
Reorganisation and restructuring costs	-18.1	-27.2	-29.9
Net cash flow from operating activities	149.7	183.6	229.0
Lease payments	-62.7	-41.8	-46.2
Change relating to investing activities	-28.0	-35.8	-47.2
Net interest	-9.4	3.1	-5.8
Additional contributions related to defined-benefit pension plans	-5.7	-6.9	-6.9
Free cash flow	44.0	102.2	122.9
Capital increase	-180.0	-0.5	-
Impact of changes in scope	-91.8	-435.9	-428.6
Financial investments	12.8	-6.7	-6.7
Dividends paid	-93.9	-87.5	-87.5
Dividends received	0.3	2.7	2.7
Purchase and sale of treasury shares	-13.4	-3.1	-3.1
Impact of changes in foreign exchange rates	-0.7	-4.5	-6.6
Impact of SBS net financial debt classified under discontinued operations	211.7	26.4	-
Change in net financial debt	-111.0	-406.9	-406.9
<i>* On a 2024 accounting standards basis (IFRS 5)</i>			
Net financial debt at beginning of period	946.0	152.0	152.0
Net financial debt at end of period	1,057.0	558.9	558.9

Sopra Steria: Simplified balance sheet (€m) – 30/06/2024

	30/06/2024	31/12/2023 restated*	31/12/2023 reported
Goodwill	2,334.2	2,586.2	2,668.9
Allocated intangible assets	185.8	232.1	124.8
Other fixed assets	250.8	307.9	304.3
Right-of-use assets	417.6	457.1	457.1
Equity-accounted investments	97.0	185.9	185.9
Fixed assets	3,285.4	3,769.2	3,740.9
Net deferred tax	79.5	70.0	98.3
Trade accounts receivable (net)	1,359.0	1,372.4	1,372.4
Other assets and liabilities	-961.0	-1,556.4	-1,556.4
Working capital requirement (WCR)	398.0	-184.0	-184.0
Assets + WCR	3,762.9	3,655.2	3,655.2
Equity	2,007.6	1,925.1	1,925.1
Pensions – Post-employment benefits	138.8	167.8	167.8
Provisions for contingencies and losses	97.5	113.3	113.3
Lease liabilities	462.0	503.0	503.0
Net financial debt	1,057.0	946.0	946.0
Capital invested	3,762.9	3,655.2	3,655.2
<i>* On a 2024 accounting standards basis (IFRS 5)</i>			

Sopra Steria: Workforce breakdown – 30/06/2024

	30/06/2024	30/06/2023
France	20,917	22,363
United Kingdom	7,218	7,693
Other Europe	15,999	13,943
Rest of the World	235	555
X-Shore	8,044	9,400
Total (continuing operations)	52,413	53,954
Activities classified as assets held for sale	~ 3,600	~ 4,000

