

2022 Full-year results Targets comfortably achieved Further improvement in profitability

- Revenue grew 8.9% to more than €5.1 billion. Organic growth¹ was 7.6%, exceeding the target revised upward to 7% in October 2022, with Q4 organic growth coming in at 8.0%.
- Operating margin on business activity came in at 8.9%, up 0.8 points from 2021 and at the upper end of the 8.5-9.0% target range.
- Net profit attributable to the Group increased 32.0% to €247.8 million, giving a net profit margin of 4.9% (up 0.9 points relative to 2021).
- Free cash flow was very strong at €287.2 million, equating to 5.6% of revenue, exceeding the guidance issued (“at least €250 million”).
- Proposed dividend in respect of financial year 2022: €4.30 per share (€3.20 for 2021)
- Profitability should continue to improve in 2023, with a target operating margin on business activity slightly above 9.0%.

Paris, 23 February 2023, 7:00 a.m. – At its meeting on 22 February 2023 chaired by Pierre Pasquier, Sopra Steria Group’s Board of Directors approved the financial statements for the financial year ended 31 December 2022².

Sopra Steria: 2022 consolidated full-year results

		2022			2021	
		Amount	Margin	Change	Amount	Margin
Key income statement items						
Revenue	€m	5,101.2		8.9%	4,682.8	
Organic growth	%	+7.6%				
Operating profit on business activity	€m	453.1	8.9%	19.5%	379.2	8.1%
Profit from recurring operations	€m	397.6	7.8%	17.2%	339.3	7.2%
Operating profit	€m	361.3	7.1%	19.1%	303.4	6.5%
Net profit attributable to the Group	€m	247.8	4.9%	32.0%	187.7	4.0%
Weighted average number of shares in issue excl. treasury shares	m	20.26			20.24	
Basic earnings per share	€	12.23		31.9%	9.27	
Recurring earnings per share	€	13.66		30.7%	10.45	
Key balance sheet items						
		31/12/2022			31/12/2021	
Net financial debt	€m	152.0		-53.5%	327.1	
Equity attributable to the Group	€m	1,850.3		12.4%	1,646.5	

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

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

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

“Our strong performance in 2022 puts us on track to achieve our medium-term goal: delivering an operating margin on business activity of around 10% in 2024 and being among the top-performing players in our sector. As regards the financial targets set at the beginning of the year, we achieved our profitability target and exceeded our growth and cash flow targets. We also ramped up implementation of our strategy in 2022. We began to strengthen our business in areas where sovereignty issues are becoming increasingly important (defence, space, energy, cybersecurity, etc.), and at the same time, we worked to grow our market share in those European countries we consider strategic for our future development. We reviewed our operating model and reinforced leadership in our consulting business. We boosted our operational efficiency on multiple fronts : through the value we deliver to our clients, efficient management of our human resources, optimisation of our costs and an increased return on capital employed. Lastly, I'm proud to point out that, alongside this uplift in performance, we once again improved our score on our annual Great Place To Work® survey and were confirmed as being on CDP's A List³ for the 6th year running.

Ramping up our strategy

Financial year 2022 brought a further uplift in the Group's **profitability**. **Six entities** accounting for **74%** of total revenue have now achieved an operating margin on business activity of 10% or higher.

Consulting also delivered strong growth in 2022, with revenue up more than 18% at €435 million. Reflecting this strong trend, our average selling price increased by around 5% and the number of consultants rose by 400. The arrival of a Group Executive Director for consulting in October 2022 and a reorganisation to bring all our consultants in France together into a dedicated business unit will further boost our momentum and deliver higher added value.

The proposed acquisition of **CS Group**, announced in the middle of the year, is in line with our strategic goal of strengthening Sopra Steria's positioning in digital sovereignty and trust for major European clients. The finalisation of this acquisition in 2023 will position the Group as a major player in defence and space (c. €700 million in revenue), aeronautics (c. €600 million), energy and utilities (c. €350 million) and cybersecurity (over €200 million).

The proposed acquisition of **Tobania** in Belgium will double the Group's presence (over €200 million in revenue) in a country considered strategic in Europe in light of its market potential and the presence of European institutions.

We took a number of steps to boost our **operational efficiency**. We sought to move our offerings further up the value chain wherever possible and average selling prices rose across our business lines. We embarked on a programme to reduce our real estate footprint. We also ramped up the expansion of our offshore resources: the number of employees based in India rose by 14.2% in the year, compared with a 4.7% increase in the workforce as a whole. Consequently, resources at international service centres now account for 19% of the total workforce (up 0.6 points from 2021). These various factors contributed to the improvement in profitability and improved our return on capital employed, which rose 2.7 points to 14.1%⁴.

Details on 2022 operating performance

Consolidated revenue totalled €5,101.2 million, an increase of 8.9%. Changes in scope had a positive impact of €46.9 million, and currency fluctuations had a positive impact of €12.2 million. At constant scope and exchange rates, revenue growth was 7.6%. The fourth quarter was one of the most buoyant in the year, with revenue up 8.0%.

Profit from recurring operations came to €453.1 million, up 19.5% relative to 2021. Operating margin on business activity increased by 0.8 points to 8.9% (8.1% in 2021).

³ Every year, more than 13,000 companies and organisations around the world provide details on their environmental performance to CDP for independent assessment against its scoring methodology for the benefit of investors, purchasers and other stakeholders.

⁴ Return on capital employed (RoCE): see definition in the alternative performance measures appended to this document.



The **France reporting unit** (40% of the Group's revenue) generated revenue of €2,039.0 million, representing organic growth of 9.7%. Business remained buoyant in the fourth quarter, with revenue up 9.5%. This performance was driven throughout the year by product life cycle management, cybersecurity and consulting, including in the fourth quarter, when consulting revenue was up 22%. The best-performing vertical markets were aeronautics, defence and transport. The reporting unit's operating margin on business activity improved by 1.4 points to 10.0%.

Revenue for the **United Kingdom** (18% of the Group's total) was €890.6 million, representing organic growth of 7.3%, while growth in 2021 had already been very high (13.9%). The two joint ventures specialising in business process services for the public sector (NHS SBS and SSCL) delivered average growth of 3.8%, with revenue coming in at €455.8 million. The defence and security sector was up 20.6% and the public sector 7.5%. The private sector posted full-year growth of 5.7%. The reporting unit's operating margin on business activity improved by 1.4 points to 10.5%.

The **Other Europe reporting unit** (29% of Group revenue) posted organic revenue growth of 8.3% at constant scope and exchange rates to €1,473.0 million. The fastest growth was seen in Scandinavia and, to a lesser extent, Benelux, Spain and Italy. The situation in Germany normalised in the second half of the year. The reporting unit's overall operating margin on business activity was 6.2% (7.8% in 2021). Countries in the reporting unit generated a full-year margin of almost 8% after the margin returned to nearly 10% in the second half. Sopra Financial Technology had a slightly more dilutive effect in 2021.

Revenue for **Sopra Banking Software** (8% of Group revenue) came to €426.5 million, an organic contraction of 2.3%. This was mainly the result of a decline in services revenue. Meanwhile, software revenue rose 1.3%, notably thanks to a 6.1% increase in subscriptions and resilient licence sales relative to 2021 levels. Revenue from the SBP Digital Banking Suite was up 13%. The R&D transformation programme generated an €10 million saving on development costs in the year, helping the continued turnaround in the reporting unit's profitability: operating profit on business activity came in at €27.6 million, giving a margin of 6.5% (vs 4.0% in 2021).

The **Other Solutions reporting unit** (5% of Group revenue) posted revenue of €272.1 million, representing organic growth of 5.6%. Human resources solutions posted growth of 7.2%, while property management solutions grew by 2.2%. Both businesses had a strong fourth quarter, delivering organic growth of around 6%. The operating margin on business activity improved substantially, rising 2.9 points to 13.0% (10.1% in 2021).

Comments on the components of net profit attributable to the Group for financial year 2022

Profit from recurring operations came in at €397.6 million equating to growth of 17.2%. It included a €23.2 million share-based payment expense and a €32.3 million amortisation expense on allocated intangible assets.

Operating profit reached €361.3 million, representing an increase of 19.1%, after a net expense of €36.3 million for other operating income and expenses.

The tax expense totalled €83.2 million, an effective tax rate of 24.0%.

The share of profit/loss from equity-accounted companies was a loss of €14.7 million (profit of €1.8 million in 2021). This includes an impairment loss (which is non-recurring and has no impact on cash) announced by Axway Software on 24 October 2022 in keeping with strategic decisions about its product portfolio and medium-term improvements in its operating performance.

After deducting €1.2 million in **minority interests**, **net profit attributable to the Group** came to €247.8 million, a rise of 32.0% on 2021.

Basic earnings per share came to €12.23, up 31.9% (€9.27 in 2021).

Proposed dividend in respect of financial year 2022

At the next General Meeting of Shareholders, Sopra Steria will propose the payment of a dividend⁵ of €4.30 per share vs €3.20 per share in respect of financial year 2021.

⁵ General Meeting to be held on Wednesday, 24 May 2023. The ex-dividend date will be 29 May 2023. The dividend will be payable as from 31 May 2023.



Financial position at 31 December 2022

Free cash flow was very strong, at €287.2 million (€264.4 million in 2021) in particular due to an increase in EBITDA of 8.2% (up €45.2 million) and strict management of the average payment period of trade receivables.

Net financial debt totalled €152.0 million, down 53.5% from its level at 31 December 2021. As at end-December 2022, it was equal to 8% of equity and 0.31x pro forma EBITDA for 2022 before the impact of IFRS 16 (with the financial covenant stipulating a maximum of 3x).

External growth transactions and changes in scope

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, Sopra Steria announced its plan to acquire **CS Group** (see the press release related to this transaction). Merger control and foreign investment approvals could be obtained by the end of February 2023, which should pave the way for the acquisition of controlling interests and the filing of a simplified public tender offer before the end of the first quarter of 2023. The company could be consolidated with effect from 1 March 2023.

The proposed acquisition of **Tobania** was announced on 17 November 2022 (see the press release related to this transaction). This acquisition should be finalised beginning of March and the company could be consolidated with effect from 1 March 2023.

Workforce

Over **13,000** new employees joined the Group in 2022.

The Group's **net headcount** stood at 49,690 at end-December 2022 (up 4.7% year on year).

Headcount at international service centres (in India, Poland, Spain, etc.) increased to 18.9% of the total workforce, notably as a result of a 14.2% increase in the workforce in India.

The **subcontracting** rate was once again close to its pre-pandemic level and 2 to 4 percentage points higher than at end-December 2020, depending on the region.

The **workforce attrition rate** was 17.0%, compared with 16.0% in 2021.

Social and environmental footprint

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

With regard to **the environment**, CDP confirmed in December 2022 that Sopra Steria had made its A List – recognising the world's most transparent and most proactive companies in the fight against climate change – for the 6th year in a row. This recognition notably reflects the Group's target⁶ of achieving an 85% reduction in its greenhouse gas emissions by 2040 (vs a 2015 baseline). As at end-December 2022, a reduction of 68%⁷ had been achieved. By way of illustration, over the course of the year more than 19,000 Group employees received training in eco-friendly digital behaviours and more than 16,000 in issues relating to net-zero emissions.

In the field of **social responsibility**, in 2022 Sopra Steria secured GEEIS (Gender Equality European and International Standard) accreditation⁸, which assesses firms' human resources policies from a gender equality perspective. Other areas of progress in the year included signing the Corporate Parenthood Charter in France to promote a working environment and management culture conducive to work-life balance.

⁶ Target approved by the Science Based Targets initiative (SBTi) and aligned with the aim of limiting the increase in the average global temperature to 1.5°C.

⁷ Emissions from direct activities (Scopes 1 and 2 and business travel) excluding impact of Covid-19.

⁸ This accreditation, developed by Arborus and audited by Bureau Veritas Certification, assesses and promotes firms that adopt a proactive approach to gender equality at both parent company and subsidiary level by putting in place effective tools to manage their gender equality policies.



More generally, **human resources** is a key issue for Sopra Steria. The annual survey conducted in 2022 found that 78% of employees would recommend Sopra Steria as a great place to work (up 6 points from 2021), making virtually all the Group's entities eligible for Great Place to Work® certification.

Strategy

The Group's **strategy** is built around its independent corporate plan focused on sustainable value creation for its stakeholders. This Europe-wide corporate plan is underpinned by expansion through organic and acquisition-led growth. Its goal is to generate substantial added value by leveraging a comprehensive range of end-to-end solutions, supported by the Group's powerful consulting and software businesses and its combination of technology and sector-specific expertise.

This **plan** is set within an **upbeat market** for digital services, boosted by demand for digital transformation on the part of businesses and institutions looking to optimise their processes and increase their resilience.

Targets

Over the **medium term**, Sopra Steria is targeting compound annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

In a still uncertain economic environment, Sopra Steria has set itself the following **targets for 2023**:

- Organic revenue growth of between 3% and 5%
- Operating margin on business activity of slightly above 9%
- Free cash flow of at least €300 million

For **2024**, Sopra Steria confirms that it is targeting an operating margin on business activity of around 10%.

Meeting to present 2022 full-year results

The 2022 full-year results will be presented to financial analysts and investors in a French/English webcast on Thursday, 23 February 2023 at 9:00 a.m. CET.

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

Or by phone:

- French-language phone number: +33 (0)1 70 91 87 04
- English-language phone number: +44 (0)121 281 8004

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 publications

Friday, 28 April 2023 (before market open): Publication of Q1 2023 revenue

Wednesday, 24 May 2023 at 2:30 p.m.: General Meeting of Shareholders

Thursday, 27 July 2023 (before market open): Publication of H1 2023 results

Friday, 27 October 2023 (before market open): Publication of Q3 2023 revenue

Glossary

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

Disclaimer

This document contains forward-looking information subject to certain risks and uncertainties that may affect the Group's future growth and financial results. Readers are reminded that licence agreements, which often represent investments for clients, are signed in greater numbers in the second half of the year, with varying impacts on end-of-year performance. Actual outcomes and results may differ from those described in this document due to operational risks and uncertainties. More detailed information on the potential risks that may affect the Group's financial results can be found in the 2021 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 17 March 2022 (see pages 38 to 44 in particular). Sopra Steria does not undertake any obligation to update the forward-looking information contained in this document beyond what is required by current laws and regulations. The distribution of this document in certain countries may be subject to the laws and regulations in force. Persons physically present in countries where this document is released, published or distributed should enquire as to any applicable restrictions and should comply with those restrictions.

About Sopra Steria

Sopra Steria, a European Tech leader recognised for its consulting, digital services and software development, helps its clients drive their digital transformation to obtain tangible and sustainable benefits. It provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to putting digital to work for its clients in order to build a positive future for all. With 50,000 employees in nearly 30 countries, the Group generated revenue of €5.1 billion in 2022.

The world is how we shape it.

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

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

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – FY 2022

€m	2022	2021	Growth
Revenue	5,101.2	4,682.8	+8.9%
Changes in exchange rates		12.2	
Revenue at constant exchange rates	5,101.2	4,695.0	+8.7%
Changes in scope		46.9	
Revenue at constant scope and exchange rates	5,101.2	4,741.9	+7.6%

Sopra Steria: Changes in exchange rates – FY 2022

For €1 / %	Average rate 2022	Average rate 2021	Change
Pound sterling	0.8528	0.8596	+0.8%
Norwegian krone	10.1026	10.1633	+0.6%
Swedish krona	10.6296	10.1465	-4.5%
Danish krone	7.4396	7.4370	-0.0%
Swiss franc	1.0047	1.0811	+7.6%

Sopra Steria: Revenue by reporting unit (€m / %) – Q4 2022

	Q4 2022	Q4 2021 Restated*	Q4 2021	Organic growth	Total growth
France	537.4	490.9	482.5	+9.5%	+11.4%
United Kingdom	219.1	195.5	200.9	+12.1%	+9.1%
Other Europe	393.0	366.3	366.7	+7.3%	+7.2%
Sopra Banking Software	117.1	118.8	118.8	-1.4%	-1.4%
Other Solutions	73.8	69.5	69.5	+6.2%	+6.3%
Sopra Steria Group	1,340.5	1,241.0	1,238.3	+8.0%	+8.2%

* Revenue at 2022 scope and exchange rates

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

	2022	2021 Restated*	2021	Organic growth	Total growth
France	2,039.0	1,858.4	1,824.9	+9.7%	+11.7%
United Kingdom	890.6	829.9	823.1	+7.3%	+8.2%
Other Europe	1,473.0	1,359.5	1,343.2	+8.3%	+9.7%
Sopra Banking Software	426.5	436.4	434.1	-2.3%	-1.8%
Other Solutions	272.1	257.6	257.5	+5.6%	+5.7%
Sopra Steria Group	5,101.2	4,741.9	4,682.8	+7.6%	+8.9%

* Revenue at 2022 scope and exchange rates

Sopra Steria: Performance by reporting unit – FY 2022

	2022		2021	
	€m	%	€m	%
France				
Revenue	2,039.0		1,824.9	
Operating profit on business activity	204.4	10.0%	156.3	8.6%
Profit from recurring operations	187.0	9.2%	152.9	8.4%
Operating profit	167.9	8.2%	137.8	7.6%
United Kingdom				
Revenue	890.6		823.1	
Operating profit on business activity	93.8	10.5%	75.1	9.1%
Profit from recurring operations	80.7	9.1%	63.1	7.7%
Operating profit	91.6	10.3%	67.2	8.2%
Other Europe				
Revenue	1,473.0		1,343.2	
Operating profit on business activity	91.9	6.2%	104.1	7.8%
Profit from recurring operations	85.6	5.8%	95.5	7.1%
Operating profit	72.3	4.9%	76.4	5.7%
Sopra Banking Software				
Revenue	426.5		434.1	
Operating profit on business activity	27.6	6.5%	17.5	4.0%
Profit from recurring operations	11.1	2.6%	2.8	0.7%
Operating profit	-1.1	-0.3%	-2.1	-0.5%
Other Solutions				
Revenue	272.1		257.5	
Operating profit on business activity	35.4	13.0%	26.1	10.1%
Profit from recurring operations	33.2	12.2%	24.9	9.7%
Operating profit	30.6	11.3%	24.1	9.4%

Sopra Steria: Consolidated income statement – FY 2022

	2022		2021	
	€m	%	€m	%
Revenue	5,101.2		4,682.8	
Staff costs	-3,150.5		-2,911.7	
Operating expenses	-1,355.9		-1,219.5	
Depreciation, amortisation and provisions	-141.7		-172.5	
Operating profit on business activity	453.1	8.9%	379.2	8.1%
Share-based payment expenses	-23.2		-6.7	
Amortisation of allocated intangible assets	-32.3		-33.2	
Profit from recurring operations	397.6	7.8%	339.3	7.2%
Other operating income and expenses	-36.3		-35.8	
Operating profit	361.3	7.1%	303.4	6.5%
Cost of net financial debt	-8.7		-8.7	
Other financial income and expenses	-5.7		-9.5	
Tax expense	-83.2		-93.5	
Net profit from associates	-14.7		1.8	
Net profit	249.0	4.9%	193.5	4.1%
Attributable to the Group	247.8	4.9%	187.7	4.0%
Non-controlling interests	1.2		5.9	
Weighted average number of shares in issue excl. treasury shares (m)	20.26		20.24	
Basic earnings per share (€)	12.23		9.27	



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

	2022	2021
Operating profit on business activity	453.1	379.2
Depreciation, amortisation and provisions (excl. allocated intangible assets)	144.4	173.2
EBITDA	597.5	552.3
Non-cash items	5.4	-0.9
Tax paid	-87.8	-77.3
Change in current operating working capital requirement	6.1	23.2
Reorganisation and restructuring costs	-17.8	-36.6
Net cash flow from operating activities	503.4	460.7
Lease payments	-94.5	-105.8
Change relating to investing activities	-94.1	-54.4
Net interest	-8.6	-6.3
Additional contributions related to defined-benefit pension plans	-18.9	-29.8
Free cash flow	287.2	264.4
Impact of changes in scope	-13.8	-102.3
Financial investments	-8.7	-1.5
Dividends paid	-71.6	-46.3
Dividends received from equity-accounted companies	2.8	2.8
Purchase and sale of treasury shares	-17.5	-16.2
Impact of changes in foreign exchange rates	-3.4	-2.3
Other changes	0.0	-
Change in net financial debt	175.1	98.5
Net financial debt at beginning of period	327.1	425.6
Net financial debt at end of period	152.0	327.1

Sopra Steria: Simplified balance sheet (€m) – 31/12/2022

	31/12/2022	31/12/2021
Goodwill	1,943.9	1,984.3
Allocated intangible assets	108.3	131.8
Other fixed assets	261.3	216.4
Right-of-use assets	359.9	343.1
Equity-accounted investments	183.5	198.1
Fixed assets	2,857.0	2,873.8
Net deferred tax	58.5	99.7
Trade accounts receivable (net)	1,104.2	1,020.1
Other assets and liabilities	-1,347.6	-1,221.5
Working capital requirement (WCR)	-243.4	-201.5
Assets + WCR	2,672.1	2,772.0
Equity	1,893.4	1,695.5
Pensions – Post-employment benefits	137.7	278.1
Provisions for contingencies and losses	98.5	106.5
Lease liabilities	390.5	364.8
Net financial debt	152.0	327.1
Capital invested	2,672.1	2,772.0

Sopra Steria: Workforce breakdown – 31/12/2022

	31/12/2022	31/12/2021
France	19,822	19,842
United Kingdom	7,440	6,926
Other Europe	12,583	11,494
Rest of the World	435	498
X-Shore	9,410	8,677
Total	49,690	47,437

