

## 2021 Full-year results Targets comfortably achieved

### Performance expected to continue improving in 2022

- Strong growth in 2021: revenue up 9.8%. Organic revenue growth<sup>1</sup> was 6.4%. More than 10,600 new hires, thus reaching the same level as in 2019
- Operating margin on business activity improved by 1.1 points to 8.1%
- Net profit attributable to the Group of €187.7m, up 75.8% from 2020 and 17.1% from 2019
- Free cash flow was very strong, at €264.4m (€203.5m in 2020)
- Net financial debt decreased by 23.1% to €327.1m, equal to 19% of the Group's equity and 0.7x EBITDA
- Proposed dividend in respect of financial year 2021: €3.20 per share (€2.0 for 2020)
- Further demonstration of the Group's environmental performance: Sopra Steria included on CDP's A List for the 5th year in a row<sup>2</sup>
- 2022 target for operating margin on business activity of between 8.5% and 9.0%

Paris, 24 February 2022, 7:00 a.m. – At its meeting on 23 February 2022 chaired by Pierre Pasquier, Sopra Steria Group's Board of Directors approved the financial statements for the financial year ended 31 December 2021<sup>3</sup>.

#### Sopra Steria: 2021 Full-year results

		2021			2020	
		Amount	Margin	Change	Amount	Margin
<b>Key income statement items</b>						
Revenue	€m	4,682.8		9.8%	4,262.9	
Organic growth	%	+6.4%				
Operating profit on business activity	€m	379.2	8.1%	26.3%	300.2	7.0%
Profit from recurring operations	€m	339.3	7.2%	29.9%	261.2	6.1%
Operating profit	€m	303.4	6.5%	49.9%	202.3	4.7%
Net profit attributable to the Group	€m	187.7	4.0%	75.8%	106.8	2.5%
Weighted average number of shares in issue excl. treasury shares	m	20.24		-0.1%	20.25	
Basic earnings per share	€	9.27		75.9%	5.27	
Recurring earnings per share	€	10.45		40.8%	7.42	
<b>Key balance sheet items</b>						
		31/12/2021			31/12/2020	
Net financial debt	€m	327.1		-23.1%	425.6	
Equity attributable to the Group	€m	1,646.5		17.8%	1,397.8	

<sup>1</sup> Alternative performance measures are defined at the end of this document

<sup>2</sup> 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

<sup>3</sup> Audit procedures have been carried out and the audit report is being issued.

### Vincent Paris, Chief Executive Officer of Sopra Steria Group, commented:

"We turned in a strong performance in 2021, comfortably achieving the targets we had set for ourselves at the beginning of the year. Digital transformation is accelerating and is seen by senior management teams as an opportunity, in particular to improve internal processes and make their organisations more resilient. Business dynamic was very this year and we are very well positioned to take advantage of market growth. In this context, human resource management is one of our current priorities. In relation to this important topic, 2021 saw a strong recovery in recruitment and efforts focused on retaining talent. I am pleased with the net increase in our headcount of 1,500 employees and our partnership with 650 additional subcontractors. I am also very proud of the continuing improvement in the results of our survey of the Group's entire workforce, with virtually all of our entities around the world eligible for Great Place to Work® certification in 2021."

### Details on 2021 operating performance

**Consolidated revenue** totalled €4,682.8 million, an increase of 9.8%. Changes in scope had a positive impact of €94.5 million, and currency fluctuations had a positive impact of €41.6 million. At constant scope and exchange rates, revenue growth was 6.4%.

**Profit from recurring operations** came to €379.2 million, up 26.3% relative to 2020. The operating margin on business activity bounced back strongly to 8.1% (7.0% in 2020 and 8.0% in 2019).

The **France reporting unit** (39% of the Group's revenue) generated revenue of €1,824.9 million, representing organic growth of 5.9%. The rebound was driven in particular by our product life cycle management activities (up 17.2%). Steadily gaining momentum over the course of the year, consulting and systems integration recorded growth of 5.7%, while infrastructure management rose 2.5%. Defence, aerospace, telecoms and media, and energy were the best-performing vertical markets. The acquisition of EVA Group in December has significantly boosted Sopra Steria's firepower in cybersecurity with the aim of becoming one of the leaders in this market in France. The reporting unit saw a clear recovery in profitability, improving its operating margin on business activity by 1.8 points to 8.6%. This improvement is expected to continue in 2022 with a return to the level reached in 2019 (9.7%).

In the **United Kingdom** (18% of Group revenue), growth slowed in the fourth quarter as anticipated. Nevertheless, the reporting unit posted solid growth of 13.9% in 2021, ending the year with revenue of €823.1 million. This performance was driven by the rapid growth achieved by the two joint ventures specialising in business process services for the public sector (NHS SBS and SSCL). They posted revenue of €435.7 million, representing average organic growth of 24.3% for the financial year (8.0% in Q4). The defence, security and government sectors grew 9.4% year on year even though the fourth quarter was less favourable, especially for the visa renewal service. The private sector remained under pressure in 2021 although operating performance improved compared with 2020. The strong rise in the reporting unit's revenue was accompanied by a 1.1 point improvement in its operating margin on business activity to 9.1%.

The **Other Europe reporting unit** (29% of Group revenue) posted organic revenue growth of 6.0% at constant scope and exchange rates to €1,343.2 million. Momentum was strong for Benelux, Scandinavia and Germany in particular, all of which achieved double-digit organic growth. During the second half of the year, the reporting unit strengthened its position in digital consulting in Scandinavia with the acquisitions of Labs (50 consultants) and EGGs Design (150 consultants), specialising respectively in user experience and business design. The operating margin on business activity came to 7.8% (8.1% in 2020). The countries of the pole improved their performance at 9.1% while Sopra Financial Technology remained, as forecasted during the transformation period, dilutive for the reporting unit.

In 2021, **Sopra Banking Software** (9% of Group revenue) continued its product developments, particularly in its range of digital solutions, whose pace of growth accelerated, while tightening its cost control. Overall, operating performance continued to improve. Revenue came to €434.1 million, an organic contraction of 3.3%. This change was mainly due to a decline in licence sales arising from a highly unfavourable base effect in the second half of the year, given the 43% increase recorded in the same period of 2020. Services revenue grew in the second half of 2021. The five-year R&D transformation programme delivered a €4 million reduction in development costs in its first year. The gradual recovery in profitability under way since 2019 gained momentum in 2021: operating profit on business activity came to €17.5 million (€10.5 million in 2020 and €4.9 million in 2019), equating to a margin of 4.0% (2.5% in 2020 and 1.1% in 2019).



The **Other Solutions reporting unit** (5% of Group revenue) posted revenue of €257.5 million, representing organic growth of 8.7%. Human resources solutions posted growth of 10.0%, while real estate management solutions grew 6.2%. The operating margin on business activity improved by 1.3 points to 10.1% (8.8% in 2020).

### Comments on the components of net profit attributable to the Group for financial year 2021

Profit from recurring operations came in at €339.3 million equating to growth of 29.9%. It included a €6.7 million share-based payment expense and a €33.2 million amortisation expense on allocated intangible assets.

**Operating profit** reached €303.4 million, representing an increase of 49.9%, after a net expense of €35.9 million for other operating income and expenses (compared with a net expense of €58.9 million in 2020).

**The tax expense** totalled €93.5 million, an effective tax rate of 32.8%.

**The share of profit from equity-accounted companies** (mainly Axway Software) was €1.8 million (€2.3 million in 2020).

After deducting €5.9 million in **non-controlling interests**, **net profit attributable to the Group** came to €187.7 million, a rise of 75.8% on 2020 and 17.1% on 2019.

**Basic earnings per share** came to €9.27, up 75.9% (€5.27 in 2020).

### Proposed dividend in respect of financial year 2021

At the next General Meeting of Shareholders, Sopra Steria will propose the payment of a dividend<sup>4</sup> of €3.20 per share vs. €2.0 per share in respect of financial year 2020.

### Financial position at 31 December 2021

**Free cash flow** was very strong, at €264.4 million (€203.5 million in 2020) in particular due to an increase in EBITDA of €64.8 million.

**Net financial debt** totalled €327.1 million, down 23.1% from its level at 31 December 2020. It was equal to 19% of equity and 0.73x pro forma EBITDA for 2021 before the impact of IFRS 16 (with the financial covenant stipulating a maximum of 3x).

The Group's **syndicated credit facilities** were renewed on 22 February 2022 for a period of five years and in the total amount of €1.1 billion. The new multi-currency revolving credit facility is an early replacement, under favourable conditions, for the existing syndicated loan, which was due to mature in July 2023. Interest rate calculations for this new credit facility are tied in part to an ESG metric (reduction in greenhouse gas emissions).

### Acquisition and external growth transactions

The following entities were added to the Group's scope of consolidation:

- 30 September 2021: Labs (Norway), a user experience consultancy which employs around 50 consultants
- 2 December 2021: EGGs Design (Norway & Denmark), an innovation consultancy specialising in digital design services which employs around 150 consultants
- 21 December 2021: EVA Group (France), a cybersecurity consultancy which employs 240 consultants and experts

### Workforce

In a very buoyant market, **recruitment** increased considerably in 2021. A total of 10,636 new employees joined the Group during the year, with 6,392 hires during the second half alone. The Group's pace of recruitment has thus returned to pre-pandemic levels.

At end-December 2021, the Group's **net headcount** increased by 1,477 employees. The Group had a total workforce of 47,437 employees, up from 45,960 at 31 December 2020. Staff employed at international service centres (India, Poland, Spain, etc.) represented 18.3% of the total workforce.

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<sup>4</sup> Annual General Meeting of Shareholders to be held on Wednesday, 1 June 2022. The ex-dividend date will be 7 June 2022. The dividend will be paid as of 9 June 2022.



The Group also added 650 **subcontractors** in 2021.

The **workforce attrition rate** rose to 16.0% in 2021, but remained below its 2019 level (17.6%).

### 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**, on 7 December 2021, CDP confirmed 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 5th year in a row.

With regard to **social responsibility**, in March 2021 Sopra Steria became a signatory of the Women's Empowerment Principles (WEPs) established by the UN Global Compact and UN Women, reaffirming its commitment to gender equality. The main imperatives are to attract more women to the digital services sector and increase the proportion of women in the Group's management bodies. Sopra Steria has set a target for women to make up at least 30% of its Executive Committee membership by 2025. The Group also renewed its commitments to equal opportunity, notably in July 2021 by signing on to the LGBT+ Commitment Charter established by L'Autre Cercle.

More generally, Sopra Steria places great importance on the management of its **human resources**. The survey conducted across the Group's entire workforce in 2021 found that 72% of its employees would recommend Sopra Steria as a good place to work, making virtually all of our entities eligible for Great Place to Work® certification.

### Strategy

Sopra Steria'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, driven by our powerful consulting and software businesses and our 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.

Given this context, **Sopra Steria is targeting** annual organic revenue growth of between 4% and 6% **over the next three years**. 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 years.

### 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

### 2021 annual results presentation meeting

The annual results for 2021 will be presented to financial analysts and investors in a French/English webcast on Thursday, 24 February 2022 at 9:00 a.m. CET.

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

Or by phone:

- French-language phone number: +33 (0)1 70 71 01 59 – PIN: 32583936#
- English-language phone number: +44 207 194 3759 PIN: 38217342#

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, 29 April 2022 (before market open): first-quarter 2022 revenue.

Wednesday, 1 June 2022 (2:30 p.m.): General Meeting of Shareholders.

Thursday, 28 July 2022 (before market open): Publication of H1 2022 results.

Friday, 28 October 2022 (before market open): Publication of Q3 2022 revenue.



## Glossary

- **Restated revenue:** Revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.
- **Organic revenue growth:** Increase in revenue between the period under review and restated revenue for the same prior-year period.
- **EBITDA:** This measure, as defined in the Universal Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Operating profit on business activity:** This measure, as defined in the Universal Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations:** This measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share:** This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities; less investments (net of disposals) in property, plant and equipment, and intangible assets; less lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.
- **Downtime:** Number of days between two contracts (excluding training, sick leave, other leave and pre-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 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 18 March 2021 (see pages 35 to 50 and 205 to 212 in particular). Sopra Steria does not undertake any obligation to update the forward-looking information contained in this document beyond what is required by current laws and regulations. The distribution of this document in certain countries may be subject to the laws and regulations in force. Persons physically present in countries where this document is released, published or distributed should enquire as to any applicable restrictions and should comply with those restrictions.

## About Sopra Steria

Sopra Steria, a European leader in the field of technology, renowned for its consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits. It provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to putting digital to work for its clients in order to build a positive future for all. With 47,000 employees in nearly 30 countries, the Group generated revenue of €4.7 billion in 2021.

### The world is how we shape it.

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

For more information, visit us at [www.soprasteria.com](http://www.soprasteria.com)

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## Annexes

### Sopra Steria: Impact on revenue of changes in scope and exchange rates – FY 2021

€m	2021	2020	Growth
<b>Revenue</b>	<b>4,682.8</b>	<b>4,262.9</b>	<b>+9.8%</b>
Changes in exchange rates		41.6	
<b>Revenue at constant exchange rates</b>	<b>4,682.8</b>	<b>4,304.5</b>	<b>+8.8%</b>
Changes in scope		94.5	
<b>Revenue at constant scope and exchange rates</b>	<b>4,682.8</b>	<b>4,399.0</b>	<b>+6.4%</b>

### Sopra Steria: Changes in exchange rates – FY 2021

For €1 / %	Average rate 2021	Average rate 2020	Change
Pound sterling	0.8596	0.8897	+3.5%
Norwegian krone	10.1633	10.7228	+5.5%
Swedish krona	10.1465	10.4848	+3.3%
Danish krone	7.4370	7.4542	+0.2%
Swiss franc	1.0811	1.0705	-1.0%

### Sopra Steria: Revenue by reporting unit (€m / %) – Q4 2021

	Q4 2021	Q4 2020 Restated*	Q4 2020	Organic growth	Total growth
France	482.5	425.6	425.6	+13.4%	+13.4%
United Kingdom	200.9	197.1	186.6	+1.9%	+7.7%
Other Europe	366.7	325.8	318.1	+12.5%	+15.2%
Sopra Banking Software	118.8	124.7	116.6	-4.7%	+2.0%
Other Solutions	69.5	61.7	61.7	+12.6%	+12.6%
<b>Sopra Steria Group</b>	<b>1,238.3</b>	<b>1,134.9</b>	<b>1,108.6</b>	<b>+9.1%</b>	<b>+11.7%</b>

\* Revenue at 2021 scope and exchange rates

### Sopra Steria: Revenue by reporting unit (€m / %) – FY 2021

	2021	2020 Restated*	2020	Organic growth	Total growth
France	1,824.9	1,723.8	1,655.6	+5.9%	+10.2%
United Kingdom	823.1	722.7	699.8	+13.9%	+17.6%
Other Europe	1,343.2	1,266.7	1,249.0	+6.0%	+7.5%
Sopra Banking Software	434.1	448.9	421.6	-3.3%	+3.0%
Other Solutions	257.5	236.9	236.9	+8.7%	+8.7%
<b>Sopra Steria Group</b>	<b>4,682.8</b>	<b>4,399.0</b>	<b>4,262.9</b>	<b>+6.4%</b>	<b>+9.8%</b>

\* Revenue at 2021 scope and exchange rates

**Sopra Steria: Performance by reporting unit – FY 2021**

	2021		2020	
	€m	%	€m	%
<b>France</b>				
Revenue	1,824.9		1,655.6	
Operating profit on business activity	156.3	8.6%	111.9	6.8%
Profit from recurring operations	152.9	8.4%	104.8	6.3%
Operating profit	137.8	7.6%	84.9	5.1%
<b>United Kingdom</b>				
Revenue	823.1		699.8	
Operating profit on business activity	75.1	9.1%	56.0	8.0%
Profit from recurring operations	63.1	7.7%	44.1	6.3%
Operating profit	67.2	8.2%	27.7	4.0%
<b>Other Europe</b>				
Revenue	1,343.2		1,249.0	
Operating profit on business activity	104.1	7.8%	101.0	8.1%
Profit from recurring operations	95.5	7.1%	96.5	7.7%
Operating profit	76.4	5.7%	82.4	6.6%
<b>Sopra Banking Software</b>				
Revenue	434.1		421.6	
Operating profit on business activity	17.5	4.0%	10.5	2.5%
Profit from recurring operations	2.8	0.7%	-4.1	-1.0%
Operating profit	-2.1	-0.5%	-10.6	-2.5%
<b>Other Solutions</b>				
Revenue	257.5		236.9	
Operating profit on business activity	26.1	10.1%	20.8	8.8%
Profit from recurring operations	24.9	9.7%	19.9	8.4%
Operating profit	24.1	9.4%	17.9	7.5%

**Sopra Steria: Consolidated income statement – FY 2021**

	2021		2020	
	€m	%	€m	%
<b>Revenue</b>	<b>4,682.8</b>		<b>4,262.9</b>	
Staff costs	-2,911.7		-2,677.7	
Operating expenses	-1,219.5		-1,096.1	
Depreciation, amortisation and provisions	-172.5		-189.0	
<b>Operating profit on business activity</b>	<b>379.2</b>	<b>8.1%</b>	<b>300.2</b>	<b>7.0%</b>
Share-based payment expenses	-6.7		-4.2	
Amortisation of allocated intangible assets	-33.2		-34.8	
<b>Profit from recurring operations</b>	<b>339.3</b>	<b>7.2%</b>	<b>261.2</b>	<b>6.1%</b>
Other operating income and expenses	-35.9		-58.9	
<b>Operating profit</b>	<b>303.4</b>	<b>6.5%</b>	<b>202.3</b>	<b>4.7%</b>
Cost of net financial debt	-8.7		-9.9	
Other financial income and expenses	-9.5		-15.4	
Tax expense	-93.5		-60.4	
Share of net profit from equity-accounted companies	1.8		2.3	
<b>Net profit</b>	<b>193.5</b>	<b>4.1%</b>	<b>118.9</b>	<b>2.8%</b>
Attributable to the Group	<b>187.7</b>	<b>4.0%</b>	<b>106.8</b>	<b>2.5%</b>
Non-controlling interests	<b>5.9</b>		<b>12.2</b>	
Weighted average number of shares in issue excl. treasury shares (m)	20.24		20.25	
Basic earnings per share (€)	9.27		5.27	





**Sopra Steria: Change in net financial debt (€m) – FY 2021**

	2021	2020
<b>Operating profit on business activity</b>	<b>379.2</b>	<b>300.2</b>
Depreciation, amortisation and provisions (excl. allocated intangible assets)	173.2	187.4
<b>EBITDA</b>	<b>552.3</b>	<b>487.6</b>
Non-cash items	-0.9	6.7
Tax paid	-77.3	-82.9
Change in current operating working capital requirement	23.2	72.5
Reorganisation and restructuring costs	-36.6	-82.2
<b>Net cash flow from operating activities</b>	<b>460.7</b>	<b>401.7</b>
Lease payments	-105.8	-109.4
Change relating to investing activities	-54.4	-53.2
Net interest	-6.3	-10.0
Additional contributions related to defined-benefit pension plans	-29.8	-25.5
<b>Free cash flow</b>	<b>264.4</b>	<b>203.5</b>
Impact of changes in scope	-102.3	-97.5
Financial investments	-1.5	-2.0
Dividends paid	-46.3	-4.3
Dividends received from associated companies	2.8	0.0
Purchase and sale of treasury shares	-16.2	-10.9
Impact of changes in foreign exchange rates	-2.3	-0.4
Other changes	-	-0.1
<b>Change in net financial debt</b>	<b>98.5</b>	<b>88.3</b>
<b>Net financial debt at beginning of period</b>	<b>425.6</b>	<b>513.9</b>
<b>Net financial debt at end of period</b>	<b>327.1</b>	<b>425.6</b>

**Sopra Steria: Simplified balance sheet (€m) – 31/12/2021**

	31/12/2021	31/12/2020
Goodwill	1,984.3	1,843.2
Allocated intangible assets	131.8	161.5
Other fixed assets	216.4	241.1
Right-of-use assets	343.1	290.3
Equity-accounted investments	198.1	193.4
<b>Fixed assets</b>	<b>2,873.8</b>	<b>2,729.6</b>
<b>Net deferred tax</b>	<b>99.7</b>	<b>113.4</b>
Trade accounts receivable (net)	1,020.1	954.6
Other assets and liabilities	-1,221.5	-1,112.8
<b>Working capital requirement (WCR)</b>	<b>-201.5</b>	<b>-158.2</b>
<b>Assets + WCR</b>	<b>2,772.0</b>	<b>2,684.8</b>
Equity	1,695.5	1,445.4
Provisions for post-employment benefits	278.1	380.1
Provisions for contingencies and losses	106.5	116.0
Lease liabilities	364.8	317.5
Net financial debt	327.1	425.6
<b>Capital invested</b>	<b>2,772.0</b>	<b>2,684.8</b>

**Sopra Steria: Workforce breakdown – 31/12/2021**

	31/12/2021	31/12/2020
France	19,842	19,799
United Kingdom	6,926	6,646
Other Europe	11,494	10,885
Rest of the World	498	523
X-Shore	8,677	8,107
<b>Total</b>	<b>47,437</b>	<b>45,960</b>

