

Revenue for Q3 2022: Continued growth at a steady pace

- Revenue for Q3 2022: €1,216.9 million, equating to total growth of 9.0% and organic growth of 7.7%
- Organic revenue growth for the first 9 months of the year: 7.4%
- Full-year 2022 target for organic revenue growth raised to around 7% (vs 5% to 6% previously)
- Full-year targets confirmed for operating margin on business activity and cash flow

Paris, 28 October 2022 (7:00 a.m.) – Sopra Steria Group generated consolidated revenue of €1,216.9 million in the third quarter of 2022, equating to total growth of 9.0%. At constant scope and exchange rates, revenue grew 7.7%.

Sopra Steria: Consolidated revenue – Q3 2022

€m / %	Q3 2022	Q3 2021	Organic growth	Total growth
Revenue	1,216.9	1,116.1	7.7%	9.0%

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

"In Q3 2022, Sopra Steria continued its growth at the same pace as in the first half of the year. The market remained buoyant, boosted by digital transformation. Demand from our customers has not seen any noticeable downturn at this stage, as they focus on making their business models more resilient and their systems more agile, which constitute powerful growth drivers for their investments in the cloud, business process automation and security. We have also benefited from our solid positioning in the defence, public-sector and aeronautics markets and our limited exposure to other manufacturing sectors. This context has enabled us to revise our full-year target for organic revenue growth in 2022 upwards to around 7%. In the prevailing uncertain geopolitical and economic environment, we are confident in our ability to develop and adapt ourselves. We will maintain our cost control policy and will leverage the flexibility offered by our use of subcontracting."

Comments on Q3 2022 business activity

Revenue totalled €1,216.9 million, equating to total growth of 9.0% relative to Q3 2021. Changes in scope had a positive impact of €11.0 million, and currency fluctuations had a positive impact of €3.0 million. At constant scope and exchange rates, revenue grew 7.7%.

In **France** (39% of the Group total), revenue came to €477.9 million, equating to organic growth of 9.7%, similar to the level of growth recorded in the first two quarters of the year (9.6% and 10.1%, respectively). This performance was largely driven by the product lifecycle management (PLM), cybersecurity and consulting businesses. The best-performing vertical markets were aeronautics (18% of revenue), defence (11% of revenue) and transport (8% of revenue).

Revenue for the **United Kingdom** (19% of the Group total) was €228.9 million, representing organic growth of 7.4%. In an uncertain environment, the entity benefited from its solid footing in business process services (66% of revenue). These involve long-term, recurring contracts, mainly for the public sector, a substantial portion of which are with two joint ventures (NHS SBS and SSCL) in which the UK government is a joint shareholder. These two joint ventures account for 49% of the entity's revenue, which contracted slightly in Q3 due to a high basis of comparison (28.3% growth in Q3 2021). The rest of the reporting unit's businesses saw good momentum, especially in the aeronautics, defence and security sectors, in visa and passport renewal services and in the private sector, with the latter category having returned to growth since Q2 2022.

The **Other Europe** reporting unit (29% of the Group total) posted €348.7 million in revenue, representing organic growth of 10.0%. This performance was driven by Scandinavia, which posted double-digit organic growth, and to a lesser extent by Spain, Benelux and Italy. The situation in Germany stabilised in operational terms generating organic growth of 5.4%. Revenue for SFT was close to its level in Q1 and Q2 (around €40 million).

Revenue for **Sopra Banking Software** (8% of the Group total) contracted by 6.5% to €98.5 million, mainly due to a decline in revenue from services and purchases/resales. Software revenue increased slightly despite a €0.9 million decline in licence sales. The seasonal effect for licences should be much more favourable in Q4 and enable an increase in licence sales over the financial year that should be comparable to 2021.

The **Other Solutions** reporting unit (5% of the Group total) posted revenue of €63.0 million, representing organic growth of 6.5%. The Human Resources Solutions business (which generates 70% of the reporting unit's revenue) grew by 7.9%. The Property Management Solutions business grew by just over 3%.

External growth transactions

On 28 July 2022, Sopra Steria announced its plan to acquire CS Group. As a reminder, consultation with employee representative bodies and fulfilment of conditions precedent are expected to be completed by Q1 2023, which should enable the acquisition of controlling interests followed by the filing of a simplified public tender offer in Q1 2023.

Workforce

The net headcount at 30 September 2022 was 5.6% higher than at 30 September 2021, including a 15.3% increase in India. The Group had a total workforce of 49,411 employees, compared with 46,799 employees at 30 September 2021. Staff employed at international service centres (India, Poland, Spain, etc.) represented 19.8% of the total workforce (18.5% at 30 September 2021).

At 30 September 2022, the subcontracting rate was close to its 2019 pre-pandemic level and 2 to 5 percentage points higher than at end-September 2020, depending on the region.

At the end of Q3, the annualised workforce attrition rate came to 18.3%.



Full-year targets for 2022

- Organic revenue growth target revised upward: now around 7% (vs 5% to 6% previously)
- Operating margin on business activity target confirmed: between 8.5% and 9.0%
- Free cash flow target confirmed: around €250 million

Presentation meeting

Revenue for the third quarter of 2022 will be presented to financial analysts and investors via a bilingual (French and English) conference call to be held on Friday, 28 October 2022 at 8:00 a.m. CET (Paris time).

- French-language access: <https://register.vevent.com/register/Bl47bcf8923ee840efb815d8e688875c77>
- English-language access: <https://register.vevent.com/register/Blf660b942b5264cfea38c15a6fd923f25>

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

Upcoming financial releases

Thursday, 23 February 2023 (9 a.m.): Meeting to report 2022 full-year results

Friday, 28 April 2023 (8 a.m.): Meeting to report Q1 2023 revenue

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

Thursday, 27 July 2023 (9 a.m.): Meeting to report 2023 half-year results

Friday, 27 October 2023 (8 a.m.): Meeting to report 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.
- **Operating profit on business activity:** This measure, as defined in the Universal Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations:** This measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share:** This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities; less investments (net of disposals) in property, plant and equipment, and intangible assets; less lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.
- **Downtime:** Number of days between two contracts (excluding training, sick leave, other leave and pre-sales) divided by the total number of business days.

Disclaimer

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

About Sopra Steria

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

The world is how we shape it.

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

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – 9M 2022

€m / %	9M 2022	9M 2021	Growth
Revenue	3,760.7	3,444.4	+9.2%
Changes in exchange rates		21.1	
Revenue at constant exchange rates	3,760.7	3,465.5	+8.5%
Changes in scope		35.4	
Revenue at constant scope and exchange rates	3,760.7	3,500.9	+7.4%

Sopra Steria: Changes in exchange rates – 9M 2022

For €1 / %	Avg. rate 9M 2022	Avg. rate 9M 2021	Change
Pound sterling	0.847	0.864	+1.9%
Norwegian krone	10.007	10.228	+2.2%
Swedish krona	10.527	10.153	-3.6%
Danish krone	7.440	7.437	-0.0%
Swiss franc	1.012	1.090	+7.8%

Sopra Steria: Revenue by reporting unit – 9M 2022

€m / %	9M 2022	9M 2021 Restated*	9M 2021	Organic growth	Total growth
France	1,501.6	1,367.5	1,342.4	+9.8%	+11.9%
United Kingdom	671.5	634.4	622.1	+5.8%	+7.9%
Other Europe	1,080.0	993.3	976.5	+8.7%	+10.6%
Sopra Banking Software	309.4	317.6	315.3	-2.6%	-1.9%
Other Solutions	198.3	188.1	188.1	+5.4%	+5.4%
Total	3,760.7	3,500.9	3,444.4	+7.4%	+9.2%

* Revenue at 2022 scope and exchange rates

Sopra Steria: Revenue by reporting unit – Q3 2022

€m / %	Q3 2022	Q3 2021 Restated*	Q3 2021	Organic growth	Total growth
France	477.9	435.5	427.6	+9.7%	+11.8%
United Kingdom	228.9	213.0	213.2	+7.4%	+7.3%
Other Europe	348.7	317.1	311.3	+10.0%	+12.0%
Sopra Banking Software	98.5	105.3	104.8	-6.5%	-6.0%
Other Solutions	63.0	59.2	59.2	+6.5%	+6.5%
Total	1,216.9	1,130.1	1,116.1	+7.7%	+9.0%

* Revenue at 2022 scope and exchange rates

Sopra Steria: Workforce breakdown – 30/09/2022

	30/09/2022	30/09/2021
France	19,775	19,662
United Kingdom	7,278	6,750
Other Europe	12,142	11,257
Rest of the World	455	463
X-Shore	9,761	8,667
Total	49,411	46,799

