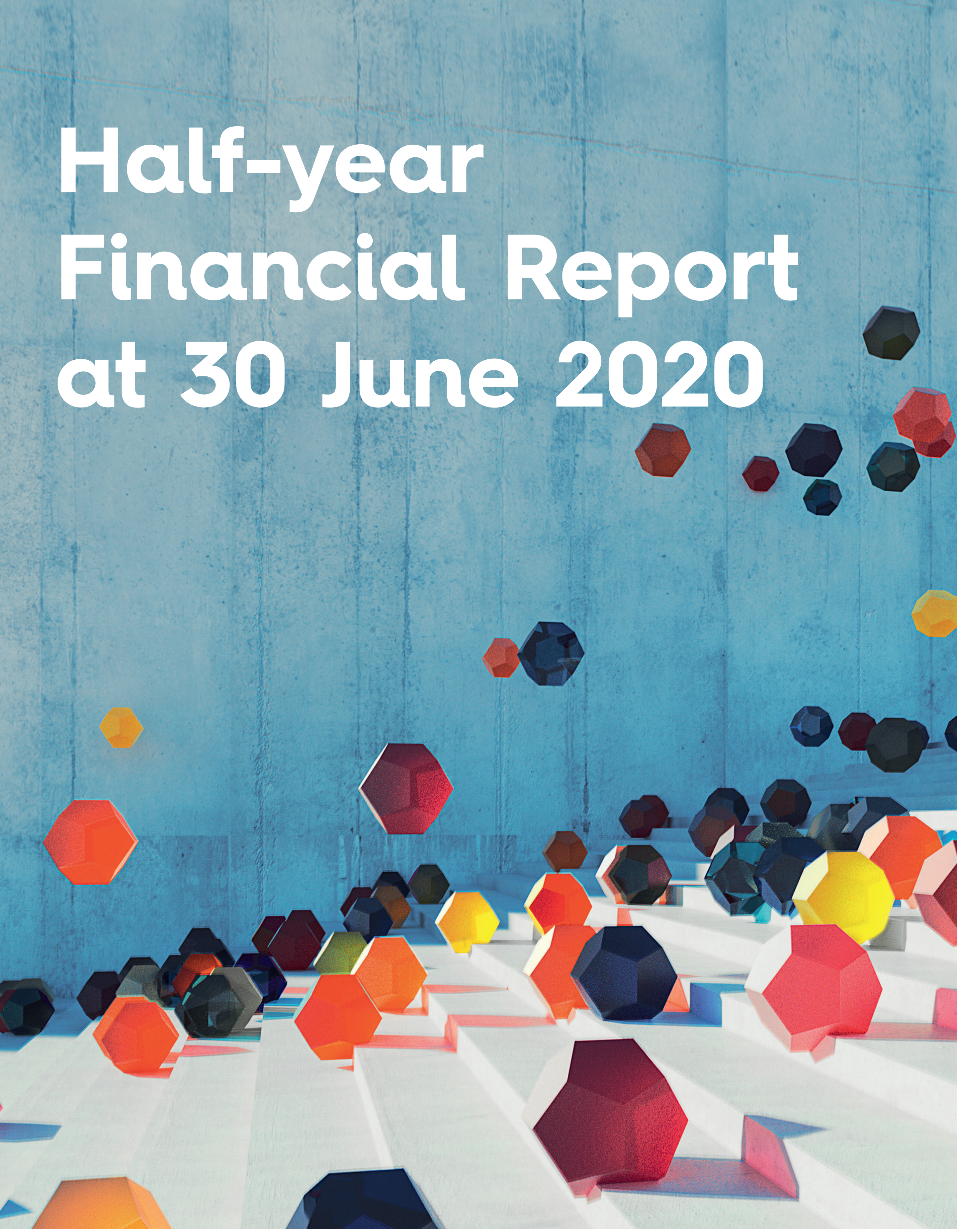
Half-year Financial Report at 30 June 2020



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Contents

This document is a free translation into English of the original French "Rapport financier semestriel au 30 juin 2020", hereafter referred to as the "Half-year financial report at 30 June 2020". 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 first-half 2020 (1)

	First-half 2020		First-half 2019	
	(€m)	*(%)*	*(€m)*	*(%)*
Revenue	**2,166.7**		**2,207.1**	
Staff costs	-1,386.2		-1,338.5	
Operating expenses	-558.2		-636.1	
Depreciation, amortisation and provisions	-89.6		-81.5	
Operating profit on business activity	**132.8**	***6.1%***	**151.0**	***6.8%***
Share-based payment expenses	-2.2		-4.3	
Amortisation of allocated intangible assets	-19.1		-13.6	
Profit from recurring operations	**111.6**	***5.1%***	**133.1**	***6.0%***
Other operating income and expenses	-23.8		-17.8	
Operating profit	**87.7**	***4.0%***	**115.3**	***5.2%***
Cost of net financial debt	-5.1		-4.4	
Other financial income and expenses	-6.7		-7.7	
Tax expense	-23.7		-34.4	
Share of net profit from equity-accounted companies	-2.1		-2.0	
Net profit	**50.2**	***2.3%***	**66.8**	***3.0%***
Attributable to the Group	**43.7**	***2.0%***	**60.9**	***2.8%***
Minority interests	6.5		5.9	
Weighted average number of shares outstanding excluding treasury shares *(in millions of shares)*	20.23		20.22	
Basic earnings per share *(in euros)*	2.16		3.01	

Since the beginning of the Covid-19 crisis in March 2020, the Group's priority has been protecting the health of its employees and ensuring continuity of service. In the acute phase of the crisis, the use of remote working was scaled up to include more than 90% of employees, and governance was adjusted to ensure more agile management of the Group. Cost-cutting programmes were launched starting in April.

With the spread of the pandemic and measures restricting movement and imposing lockdowns, there was a widespread decline in client orders and additional business under existing contracts. However, the extent of this decline varied widely from one business sector to another. The aeronautics sector – which made up around 10% of the Group's revenue at the end of Q1 2020 – was particularly and lastingly hard hit, with the industry projected to contract between 20% and 30% starting in the second quarter.

Amidst this crisis, Sopra Steria was able to draw on its resilient fundamentals. Its activities are centred around recurring contracts, which make up around 40% of its revenue (business process services, IT infrastructure management, application maintenance and software maintenance). It also has a sizeable presence in the public sector, which contributes around one third of its revenue. Lastly, its sales strategy focuses on strategic clients, which are mainly key accounts.

As such, Sopra Steria's **revenue** was relatively resilient. It came to €2,166.7 million at 30 June 2020, down 1.8% with respect to first-half 2019. Changes in scope had a positive impact of €30.8 million, and currency fluctuations had a negative impact of €12.5 million. **At constant scope and exchange rates**, revenue fell 2.6%, which is favourably situated with respect to the initial guidance range (a drop in revenue of between 2% and 6%) disclosed in the press release on first-quarter revenue dated 24 April 2020.

Operating profit on business activity came to €132.8 million, or a margin of 6.1% (6.8% in H1 2019).

(1) Alternative performance measures are defined in the glossary on page 8 of this document.

Comments on the components of net profit for the first half of 2020

- **Profit from recurring operations** came to €111.6 million. It included a €2.2 million share-based payment expense and a €19.1 million amortisation expense on allocated intangible assets.
- **Operating profit** was €87.7 million after a net expense of €23.8 million for other operating income and expenses (compared with a net expense of €17.8 million in first-half 2019), of which €7.7 million was attributable additional costs related to Covid-19. Reorganisation and restructuring expenses totalled €15.7 million.
- **The tax expense** was €23.7 million in the half-year period, versus €34.4 million in the first half of 2019, translating to a Group-wide tax rate of 31.2%.
- The share of the profit/loss from equity-accounted companies (Axway Software) was a loss of €1.9 million (loss of €2.0 million in first-half 2019).
- The **net profit attributable to the Group** was €43.7 million (vs €60.9 million in first-half 2019) after €6.5 million in minority interests.
- **Basic earnings per share** came to €2.20 (€3.00 per share in the first half of 2019).

1.2. Detailed analysis by reporting unit of operating performance in the first half of 2020

SOPRA STERIA: REVENUE BY REPORTING UNIT (€M/%) – FIRST-HALF 2020

	First-half 2020	First-half 2019 Restated*	First-half 2019	Organic growth	Total growth
France	864.6	914.7	914.9	-5.5%	-5.5%
United Kingdom	338.5	355.1	429.6	-4.7%	-21.2%
Other Europe	638.8	599.4	534.9	+6.6%	+19.4%
Sopra Banking Software	205.4	230.6	204.0	-10.9%	+0.7%
Other Solutions	119.4	125.6	123.6	-5.0%	-3.4%
SOPRA STERIA GROUP	**2,166.7**	**2,225.4**	**2,207.1**	**-2.6%**	**-1.8%**

* *Revenue at 2020 scope and exchange rates.*

SOPRA STERIA: REVENUE BY REPORTING UNIT (€M/%) – SECOND-QUARTER 2020

	Second-quarter 2020	Second-quarter 2019 Restated*	Second-quarter 2019	Organic growth	Total growth
France	400.0	457.7	457.8	-12.6%	-12.6%
United Kingdom	157.2	177.3	216.2	-11.3%	-27.3%
Other Europe	311.9	298.1	267.5	+4.6%	+16.6%
Sopra Banking Software	99.7	123.8	110.8	-19.5%	-10.0%
Other Solutions	57.8	64.4	63.4	-10.2%	-8.8%
SOPRA STERIA GROUP	**1,026.7**	**1,121,3**	**1,115.7**	**-8.4%**	**-8.0%**

* *Revenue at 2020 scope and exchange rates.*

SOPRA STERIA: PERFORMANCE BY REPORTING UNIT – FIRTST-HALF 2020

	First-half 2020		First-half 2019	
	(€m)	*(%)*	*(€m)*	*(%)*
France				
Revenue	864.6		914.9	
Operating profit on business activity	70.8	8.2%	85.2	9.3%
Profit from recurring operations	65.3	7.6%	81.7	8.9%
Operating profit	58.6	6.8%	76.1	8.3%
United Kingdom				
Revenue	338.5		429.6	
Operating profit on business activity	15.5	4.6%	26.4	6.1%
Profit from recurring operations	9.4	2.8%	20.4	4.7%
Operating profit	-0.7	-0.2%	19.8	4.6%
Other Europe				
Revenue	638.8		534.9	
Operating profit on business activity	47.4	7.4%	34.5	6.5%
Profit from recurring operations	45.2	7.1%	32.7	6.1%
Operating profit	40.6	6.4%	28.6	5.4%
Sopra Banking Software				
Revenue	205.4		204.0	
Operating profit on business activity	-6.7	-3.3%	-9.5	-4.7%
Profit from recurring operations	-13.9	-6.8%	-15.6	-7.6%
Operating profit	-16.1	-7.8%	-21.2	-10.4%
Other Solutions				
Revenue	119.4		123.6	
Operating profit on business activity	5.9	5.0%	14.5	11.7%
Profit from recurring operations	5.5	4.6%	13.9	11.2%
Operating profit	5.3	4.5%	11.9	9.6%

In France, revenue was €864.6 million, corresponding to an organic decrease in revenue of 5.5%. The strongest declines were seen in product lifecycle management and consulting, especially in the 2nd quarter, whereas IT infrastructure management showed more limited negative growth. In terms of vertical markets, the drop in business activity was particularly significant in the aeronautics sector in the second quarter. This sector represented around 20% of the region's revenue at the end of Q1 2020. However, defence and the public sector continued to perform very well during the half-year period. At 30 June 2020, the operating margin on business activity was 8.2% (9.3% at 30 June 2019).

In the United Kingdom, revenue came to €338.5 million, representing an organic decrease of 4.7%. This change mainly arose from softer business activity in the private sector and the suspension of the visa service provided for the UK government from the end of March to the end of May. This service was gradually reopened at the beginning of June. Joint ventures in the public sector (NHS SBS and SSCL) were not affected; they saw organic revenue growth of 4.9% over the period, and growth is expected to accelerate in the second half of the year. The rest of the public sector, defence and security proved fairly resilient. At 30 June 2020, the operating margin on business activity was 4.6% (6.1% at 30 June 2019).

The **Other Europe** reporting unit posted organic growth of 6.6%, with revenue totalling €638.8 million. This increase was due to the strong growth recorded in Scandinavia (up 9.4%) and the development of business related to Sopra Financial Technology's operation of the Sparda banks' information system in Germany (revenue of €107.9 million in the first half). Business activity for the other countries in this region was either stable or slightly down over the period. At 30 June 2020, the operating margin on business activity was 7.4% (6.5% at 30 June 2019).

Sopra Banking Software generated revenue of €205.4 million, representing an organic decrease of 10.9%. This change resulted from negative growth in licence sales and a deterioration in services activities during the lockdown period. Product roadmaps were carried out as planned for the Sopra Banking Platform and the Sopra Financing Platform. The new version of Cassiopae 4.7, launched on 31 March, has gone live for a number of clients in the specialised lending solutions business, and a gradual upgrade plan is now in place. At 30 June 2020, the operating margin on business activity was -3.3% (-4.7% at 30 June 2019).

The **Other Solutions** reporting unit posted revenue of €119.4 million, representing negative organic growth of 5.0% due to a decline in licence sales, the postponement of certain projects and the temporary drop in the volume of services outsourced during the lockdown period. These changes were relatively comparable across both business lines. The difference between actual revenue and initial growth forecasts affected the reporting unit's operating margin on business activity, which was 5.0% at 30 June 2020 compared with 11.7% at 30 June 2019. A substantial improvement in profitability is expected in the second half of 2020.

1.3. Workforce

At 30 June 2020, the Group's workforce totalled 46,603 people with 19.1% working in X-Shore zones (44,959 at 30 June 2019).

1.4. Financial position at 30 June 2020

Sopra Steria's **financial position** at 30 June 2020 is robust in terms of both financial ratios and liquidity.

Despite weaker results and a traditionally unfavourable seasonal effect in the first half of the year, and thanks to strict management of the working capital requirement, **free cash flow** for the first half of 2020 amounted to a cash inflow of €37.1 million (versus a €21.8 million outflow in the first half of 2019). It included an inflow of €57 million from non-recurring items.

Net financial debt totalled €495.9 million at 30 June 2020, down slightly from its level at 31 December 2019 (€513.9 million). It equated to 1.27x pro forma 12-month rolling EBITDA before the impact of IFRS 16, compared with 1.63x at 30 June 2019 (with the financial covenant stipulating a maximum of 3x).

1.5. External growth transactions

The Group announced plans to acquire Sodifrance in the first half of 2020.

On 21 February 2020, Sopra Steria announced plans to acquire Sodifrance by signing an exclusive negotiation agreement with a view to acquiring a controlling interest of 94.03% of the company. If this controlling interest were acquired, a buyout offer (*offre publique de retrait*) would have to be filed with the AMF, followed by a squeeze-out (*procédure de retrait obligatoire*). (cf. press releases of 21 February and 9 July 2020).

2. Risk factors and related-party transactions

2.1. Risk factors

A description of the main risks can be found in the 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* (AMF) on 10 April 2020, available on the Sopra Steria website: *https://www.soprasteria.com*.

The main risk factors are of the same nature as those presented in Chapter 2, Section 1 (pages 36 to 44) of the 2019 Universal Registration Document. Sopra Steria's most significant risk factors are presented below. The most significant in terms of their probability of occurrence and the severity of their impact are stated first for each category of risk in the table below. For each risk factor, a description is provided explaining in what ways it could affect Sopra Steria as well as the risk management measures put in place, i.e. policies, procedures and action plans.

The Covid-19 pandemic has created considerable uncertainty for Sopra Steria concerning its business environment. Due to the speed at which this situation is developing and its unpredictability, the Group is not able at this stage to provide a specific, comprehensive assessment of its consequences on the risks faced by the Group. The first impacts of this crisis are reflected in this Chapter, Section "1. Business activity for the first six months of the year" and in Chapter 2 "Condensed consolidated interim financial statements". The major risks identified in the 2019 Universal Registration Document remain valid. However, the risk related to the loss of a customer or a major market is viewed with particular attention, given that some of the Group's most significant clients operate in the business sectors that have been most affected by the crisis, especially aeronautics. Changes in this risk assessment may be influenced over the months ahead by the extent and duration of the public health and economic crisis.

SUMMARY OVERVIEW OF RISK FACTORS

Risks related to strategy and market developments	Materiality
Adaptation to market developments and digital transformation	High
Loss of a major client or contract	Medium
Impact of Brexit	Medium
Risks related to operational activities	
Difficulties in attracting, developing or retaining talent and/or loss of personnel in key roles **SNFP** [(1)]	High
Loss, corruption or unauthorised disclosure of data	High
Performance deficiency in the management of client projects (during the pre-sales or production phases)	High
Unavailability of IT services and infrastructure and/or interruption of activities at sites	Medium
Risks related to regulatory requirements	
Non-compliance, breaches of ethics **SNFP** [(1)]	High
Risks associated with retirement benefit obligations	Medium

(1) ***SNFP***: *Statement of Non-Financial Performance. This risk also relates to concerns addressed by the regulatory changes set out in Articles L. 225-102-1 III and R. 225-105 of the French Commercial Code, which cover the Company's Statement of Non-Financial Performance.*

Each of these main risks is presented in more detail in the Universal Registration Document 2019, including information describing the risk as well as the Group'srisk management process.

Information relating to specific obligations, including the other risks covered by the scope of the French Commercial Code are presented in Section 1 "Disclosures arising from specific obligations – Other risks" of Chapter 8 of the 2019 Universal Registration Document (pages 272 to 275). The materiality of these risks is rated as "low".

2.2. Related-party transactions

These transactions are discussed in Note 15 to the condensed consolidated financial statements in this report (page 37).

3. Outlook

Based on the economic environment observed at end-July 2020, Sopra Steria has set the following targets for the full 2020 financial year:

- Organic change in revenue of between -2% and -4%.
- Operating margin on business activity of between 6% and 7%.
- Free cash flow of between €80m and €120m.

However, the overall environment remains highly uncertain. The reinstatement of measures restricting movement and/or requiring physical distancing in the geographies where Sopra Steria operates could negatively impact the situation, as could any decisions to further adjust costs that may be made by certain clients in the second half of the year.

4. Events subsequent to the period-end, 30 June 2020

- Sodifrance

On 9 July 2020, Sopra Steria announced in a press release that it had signed the acquisition agreement for a 94.03% controlling interest in Sodifrance, at a price equivalent to €62.8 million for 100% of its share capital. The acquisition is expected to take place in September 2020. The delisting offer (offre publique de retrait) should be finalised in October 2020 and the mandatory delisting procedure should take place in November 2020.

- SAB

The minority shareholders of SAB issued a notification in July 2020 of their intention to exercise their put option covering the 30% of the share capital that they still hold. The Group has 30 days from the notification date to carry out the related payment.

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.
- E**BITDA:** 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 unpredictable, 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 & equipment, and intangible assets, less net interest paid and less additional contributions to address any deficits in defined-benefit pension plans.

2. Condensed consolidated interim financial statements

Consolidated statement of net income

(in millions of euros)	Notes	H1 2020	H1 2019
Revenue	*4.1*	**2,166.7**	**2,207.1**
Staff costs	*5.1*	-1,386.2	-1,338.5
External expenses and purchases		-547.9	-625.1
Taxes and duties		-18.1	-16.1
Depreciation, amortisation, provisions and impairment		-89.6	-81.5
Other current operating income and expenses		7.9	5.1
Operating profit on business activity		**132.8**	**151.0**
as % of revenue		*6.1%*	*6.8%*
Expenses related to stock options and related items	*5.4*	-2.2	-4.3
Amortisation of allocated intangible assets	*8.2*	-19.1	-13.6
Profit from recurring operations		**111.6**	**133.1**
as % of revenue		*5.1%*	*6.0%*
Other operating income and expenses	*4.2*	-23.8	-17.8
Operating profit		**87.7**	**115.3**
as % of revenue		*4,0%*	*5.2%*
Cost of net financial debt	*12.1.1*	-5.1	-4.4
Other financial income and expenses	*12.1.2*	-6.7	-7.7
Tax expense	*6*	-23.7	-34.4
Net profit from associates	*10.1*	-2.1	-2.0
Net profit from continuing operations		**50,2**	**66.8**
Net profit from discontinued operations		-	-
Consolidated net profit		**50.2**	**66.8**
as % of revenue		*2.3%*	*3.0%*
Non-controlling interests	*14.1.4*	6.5	5.9
NET PROFIT ATTRIBUTABLE TO THE GROUP		**43.7**	**60.9**
as % of revenue		*2.0%*	*2.8%*
EARNINGS PER SHARE *(IN EUROS)*	*Notes*		
Basic earnings per share	*14.2*	2.16	3.01
Diluted earnings per share	*14.2*	2.15	3.00

Consolidated statement of comprehensive income

(in millions of euros)	Notes	H1 2020	H1 2019
Consolidated net profit		**50.2**	**66,8**
Other comprehensive income:			
Actuarial gains and losses on pension plans	*5.3*	-2.7	-62.2
Tax impact		6.5	12.5
Related to associates		-	-0.2
Change in fair value of financial assets (non-consolidated securities)		-1.4	2.4
Subtotal of items recognised in equity and not reclassifiable to profit or loss		**2.4**	**-47.5**
Translation differences		-66.9	5.1
Change in net investment hedges		18.6	-0.2
Tax impact on net investment hedges		-6.4	0.1
Change in cash flow hedges		0.6	2.4
Tax impact on cash flow hedges		-0.4	-0.8
Related to associates		0.6	0.3
Subtotal of items recognised in equity and reclassifiable to profit or loss		**-53.7**	**6.7**
Other comprehensive income, total net of tax		**-51.3**	**-40.8**
COMPREHENSIVE INCOME		**-1.1**	**26.0**
Non-controlling interests		2.2	3.9
Attributable to the Group		**-3.3**	**22.1**

Consolidated statement of financial position

Assets *(in millions of euros)*	**Notes**	**30/06/2020**	**31/12/2019**
Goodwill	*8.1*	1,771.3	1,813.9
Intangible assets	*8.2*	236.3	272.9
Property, plant and equipment	*8.2*	138.4	143.4
Right-of-use assets	*9*	315.3	320.4
Equity-accounted investments	*10.2*	195.4	195.0
Other non-current assets	*7.1*	62.4	58.3
Retirement benefits and similar obligations	*5.3*	1.9	2.0
Deferred tax assets	*6*	125.0	120.0
Non-current assets		**2,845.9**	**2,926.0**
Trade receivables and related accounts	*7.2*	1,056.2	1,074.3
Other current assets		397.6	348.3
Cash and cash equivalents	*12.2*	216.3	197.5
Current assets		**1,670.1**	**1,620.1**
Assets held for sale		-	-
TOTAL ASSETS		**4,516.0**	**4,546.2**

Liabilities and equity *(in millions of euros)*	**Notes**	**30/06/2020**	**31/12/2019**
Share capital		20.5	20.5
Share premium		531.5	531.5
Consolidated reserves and other reserves		843.7	820.7
Equity attributable to the Group		**1,395.7**	**1,372.7**
Non-controlling interests		**46.3**	**49.5**
TOTAL EQUITY	*14.1*	**1,442.1**	**1,422.2**
Financial debt – Non-current portion	*12.2*	487.8	494.4
Lease liabilities – Non-current portion	*9.2*	245.6	257.2
Deferred tax liabilities	*6*	34.3	22.0
Retirement benefits and similar obligations	*5.3*	338.9	352.0
Non-current provisions	*11.1*	62.3	62.3
Other non-current liabilities		99.3	112.2
Non-current liabilities		**1,268.3**	**1,300.0**
Financial debt – Current portion	*12.2*	224.3	217.1
Lease liabilities – Current portion	*9.2*	91.8	84.9
Current provisions	*11.1*	18.8	14.8
Trade payables and related accounts		251.8	286.3
Other current liabilities		1,218.9	1,220.9
Current liabilities		**1,805.7**	**1,823.9**
Liabilities held for sale		-	-
TOTAL LIABILITIES		**3,073.9**	**3,124.0**
TOTAL LIABILITIES AND EQUITY		**4,516.0**	**4,546.2**

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 31/12/2018	**20.5**	**531.5**	**-42.8**	**903.9**	**-116.9**	**1,296.2**	**32.9**	**1,329.2**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	3.6	-	3.6	0.1	3.7
Transactions in treasury shares	-	-	6.6	-7.5	-	-0.9	-	-0.9
Ordinary dividends	-	-	-	-38.0	-	-38.0	-2.3	-40.3
Changes in scope	-	-	-	-	-	-	-	-
First-time application of IFRS 16	-	-	-	-20.4	-	-20.4	-0.4	-20.8
Other movements	-	-	-	0.9	-0.1	0.9	-5.0	-4.1
Shareholder transactions	**-**	**-**	**6.6**	**-61.4**	**-0.1**	**-54.8**	**-7.6**	**-62.4**
Net profit for the period	-	-	-	60.9	-	60.9	5.9	66.8
Other comprehensive income	-	-	-	-	-38.8	-38.8	-2.0	-40.8
Comprehensive income for the period	**-**	**-**	**-**	**60.9**	**-38.8**	**22.1**	**3.9**	**26.0**
At 30/06/2019	**20.5**	**531.5**	**-36.3**	**903.5**	**-155.7**	**1,263.5**	**29.2**	**1,292.7**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	5.3	-	5.3	0.1	5.4
Transactions in treasury shares	-	-	-9.8	-1.5	-	-11.4	-	-11.4
Ordinary dividends	-	-	-	0.5	-	0.5	-	0.5
Changes in scope	-	-	-	-0.5	-	-0.5	20.8	20.3
First-time application of IFRS 16	-	-	-	-2.5	-	-2.5	-	-2.5
Other movements	-	-	-	-36.2	-	-36.3	-10.4	-46.7
Shareholder transactions	**-**	**-**	**-9.8**	**-35.0**	**-0.0**	**-44.8**	**10.5**	**-34.4**
Net profit for the period	-	-	-	99.4	-	99.4	6.9	106.3
Other comprehensive income	-	-	-	-	54.6	54.6	2.9	57.5
Comprehensive income for the period	**-**	**-**	**-**	**99.4**	**54.6**	**154.0**	**9.8**	**163.8**
At 31/12/2019	**20.5**	**531.5**	**-46.1**	**967.9**	**-101.2**	**1,372.7**	**49.5**	**1,422.2**
Share capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	2.5	-	2.5	0.1	2.6
Transactions in treasury shares	-	-	12.4	-7.8	-	4.7	-	4.7
Ordinary dividends	-	-	-	-	-	-	-2.3	-2.3
Changes in scope	-	-	-	-	-	-	-3.4	-3.4
Other movements	-	-	-	19.3	-	19.3	0.1	19.4
Shareholder transactions	**-**	**-**	**12.4**	**14.0**	**0.0**	**26.4**	**-5.4**	**21.0**
Net profit for the period	-	-	-	43.7	-	43.7	6.5	50.2
Other comprehensive income	-	-	-	-	-47.0	-47.0	-4.3	-51.3
Comprehensive income for the period	**-**	**-**	**-**	**43.7**	**-47.0**	**-3.3**	**2.2**	**-1.1**
AT 30/06/2020	**20.5**	**531.5**	**-33.7**	**1,025.6**	**-148.2**	**1,395.7**	**46.3**	**1,442.1**

Consolidated cash flow statement

(in millions of euros)	Notes	H1 2020	H1 2019
Consolidated net profit (including non-controlling interests)		**50.2**	**66.8**
Net increase in depreciation, amortisation and provisions		116.1	101.2
Unrealised gains and losses related to changes in fair value		-0.7	-2.6
Expenses and income related to stock options and related items	*5.4*	2.6	3.7
Gains and losses on disposal		1.2	-1.9
Share of net profit/(loss) of equity-accounted companies	*10.1*	2.1	2.0
Cost of net financial debt (including cost related to lease liabilities)	*12.1.1*	9.0	8.9
Tax expense	*6*	23.7	34.4
Cash from operations before change in working capital requirement (A)		**204.0**	**212.5**
Tax paid (B)		-43.3	-34.3
Change in operating working capital requirement (C)	*13.1*	-25.7	-112.2
Net cash from operating activities (D) = (A +B +C)		**135.0**	**66.0**
Purchase of property, plant and equipment and intangible assets	*13.1*	-25.2	-20.6
Proceeds from sale of property, plant and equipment and intangible assets		0.1	-
Purchase of non-current financial assets		-1.2	-0.2
Proceeds from sale of non-current financial assets		-0.0	0.1
Cash impact of changes in scope		-8.3	2.0
Dividends received (equity-accounted companies, non-consolidated securities)		-	-
Proceeds from/(Payments on) loans and advances granted		0.3	-1.0
Net interest received		-	0.1
Net cash from/(used in) investing activities (E)		**-34.4**	**-19.6**
Proceeds from shareholders for capital increases		-	-
Purchase and sale of treasury shares		-6.9	-3.4
Dividends paid to shareholders of the parent company		-	-
Dividends paid to the minority interests of consolidated companies		-2.3	-2.3
Proceeds from/(Payments on) borrowings	*13.1*	8.9	95.9
Lease payments		-55.8	-51.1
Net interest paid (excluding interest on lease liabilities)		-2.3	-0.4
Additional contributions related to defined-benefit pension plans	*13.1*	-11.9	-11.7
Other cash flows relating to financing activities		0.1	-0.1
Net cash from/(used in) financing activities (F)		**-70.3**	**27.0**
Impact of changes in foreign exchange rates (G)		-7.2	0.5
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)		**23.1**	**73.9**
Opening cash position		192.6	159.8
Closing cash position	*13*	215.8	233.7

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 2020 were approved by the Board of Directors at its meeting held on 28 July 2020.

1.1. Basis of preparation

The consolidated financial statements for the period ended 30 June 2020 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#ifrs-financial-statements*

The accounting policies used to prepare the condensed consolidated financial statements for the six-month period ended 30 June 2020 were the same as those used in the consolidated financial statements for the year ended 31 December 2019 and described in Chapter 5, Note 1 of the 2019 Universal Registration Document (filed on 10 April 2020 with the *Autorité des Marchés Financiers* under No. D.20-0286, available online at www.soprasteria.com), with the exception of the new standards and interpretations applicable to accounting periods beginning on or after 1 January 2020, presented in Note 1.2.

1.2. Application of new standards and interpretations

The new standards, amendments to existing standards and interpretations adopted by the European Union are required for accounting periods beginning on or after 1 January 2020 are mainly the following:

- amendment to IFRS 3 *Definition of a Business:* This amendment had no impact on the period;
- amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*: At this stage, the Group has not identified any material impact of this amendment.

Moreover, at the date of this report, the amendment to IFRS 16 Covid-19-Related Rent Concessions has not yet been adopted by the European Union. This amendment introduces a practical expedient to account for a rent concession obtained as a result of the Covid-19 pandemic as if it were not a lease modification, and to recognise the impact directly in profit or loss for the period. This amendment did not have a material impact on the Group's income statement for the period.

1.3. Impact of the Covid-19 crisis on the consolidated financial statements for the period

The Covid-19 pandemic has caused major operational difficulties in terms of business continuity, organisational adaptation, personal health and safety and compliance with public health measures. It has had an impact on the Group's consolidated financial statements as well as on the estimates it uses to measure certain assets, liabilities, income and expenses, and on liquidity risk.

In terms of the presentation of the financial statements, the Group's performance was broadly affected across all the lines of its income statement. In France, neither the *Autorité des Marchés Financiers* (AMF) nor the *Autorité des Normes Comptables* (ANC) recommend using non-recurring profit or loss line items to systematically recognise the consequences of Covid-19. Instead, they recommend providing a targeted line-by-line explanation in the notes, and only using non-recurring profit or loss line items to recognise the income and expenses that are usually recorded there.

As such, the Group recognised the entire impact of operations not running at full capacity due to the crisis within *Operating profit on business activity.* This impact included the suspension or discontinuation of contracts with customers materialized by a decrease in revenue, partially offset by a reduction in staff costs related to the implementation of furlough measures and by the reduction in certain expense items, such as travel or subcontracting expenses. In parallel, in certain countries it began to implement business reorganisation and restructuring measures, the impact of which was recognised within *Other operating income and expenses*, part of *Operating profit* (see Note 4.2), in addition to the measures that had already been decided prior to the crisis.

In addition, the consequences of the crisis highlighted impairment losses. Some assets (such as operating licences) are impaired because the economic benefits expected can no longer justify the carrying amount. The Covid-19 crisis is the sole reason for this situation. The impact of these asset impairment charges was recognised within *Other operating income and expenses*, part of *Operating profit* (see Note 4.2), in addition to the measures that had already been decided prior to the crisis.

Lastly, the Group incurred additional logistics costs to allow employees to continue working remotely and to implement health-related measures – social distancing in particular – at all its offices, and additional payroll costs related to the isolation of employees infected, and those unable to be repatriated and work their country of residence. These non-recurring, unusual additional costs were treated as *Other operating income and expenses* within *Operating profit* (see Note 4.2).

The crisis has also affected the estimates the Group uses to measure certain assets, liabilities, income and expenses. In particular, this is mainly relevant and decisive for the assumptions and estimates used to measure the recoverable amount of intangible assets, primarily goodwill. The Group deemed the consequences of the Covid-19 crisis to constitute an indication of impairment, and therefore ran impairment tests. The procedure used for these tests and their results are described in Note 8.1.

Finally, the assessment of the consequences of the crisis on liquidity risk is detailed in Note 12.3.1.

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, and of goodwill in particular, which was particularly relevant in this period (see Note 8);
- measurement of the recoverable value of shares held in associated companies 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 valuation of assets and liabilities recognised for leased assets (see Note 9);
- measurement of deferred tax assets;
- amounts payable to non-controlling interests (see Note 14.1.4);
- provisions for contingencies (see Note 11.1).

NOTE 2 SCOPE OF CONSOLIDATION

- **SAB** – On 3 July 2019, Sopra Steria, via its subsidiary Sopra Banking Software, acquired 70% of the share capital of SAB, a group considered to be one of France's leading core banking software developers.

  SAB and its subsidiaries have been consolidated in Sopra Steria's financial statements since 3 July 2019. Under the terms of this acquisition, Sopra Banking Software granted SAB's minority shareholders a put option for their shares, representing the 30% stake not yet owned by the Group. This option is exercisable during the second half of financial year 2020.

  Based on the current stage of the inventory of assets acquired and liabilities assumed, the Group has identified, valued and recognised customer relationships for €8.4 million and enterprise software for €9.2 million. This business is part of the "Sopra Banking Software" cash-generating unit.

The final allocation of goodwill breaks down as follows:

(in millions of euros)	**SAB**
Total assets acquired	56.9
Total liabilities assumed	-49.1
Total net assets acquired/(net liabilities assumed)	**7.8**
Minority interests	2.3
Purchase price	**70.4**
GOODWILL	**65.0**

- **Sopra Financial Technology GmbH** – On 2 August 2019, Sopra Steria Group – the Group's parent company – acquired 51% of the share capital of Sopra Financial Technology GmbH, the entity tasked by German banking network Sparda's cooperative banks with the development, maintenance and operation of their shared information system.

  The identification of assets acquired and liabilities assumed is complete. Based on this work, the Group has valued and recognised enterprise software for €8.0 million.

  The performance of Sopra Financial Technology GmbH is individually monitored and Sopra Steria's management identifies it as a distinct reporting unit. Due to its operational characteristics, it constitutes its own cash-generating unit, which is included in the "Other Europe" group.

The allocation of goodwill breaks down as follows:

(in millions of euros)	SFT
Total assets acquired	151.5
Total liabilities assumed	119.5
Total net assets acquired/(net liabilities assumed)	**32.1**
Minority interests	15.7
Purchase price	**22.6**
GOODWILL	**6.3**

- **Other** – On 10 January 2020 the Group, via its subsidiary Galitt, acquired 100% of ADN'co, a French consulting firm specialising in the payment systems market. The assets acquired and liabilities assumed totalled €0.2 million, and provisional goodwill totalled €2.0 million.

  On 2 March 2020, the Group acquired cxpartners, a UK-based consultancy specialising in customer experience and user-centred design, via its subsidiary Sopra Steria Ltd. The assets acquired and liabilities assumed totalled -€0.1 million, and provisional goodwill totalled €5.8 million.

  No other material changes in scope took place during the first half of 2020.

NOTE 3 SEGMENT INFORMATION

3.1. Results by reporting unit

a. France

(in millions of euros)	H1 2020		H1 2019	
Revenue	864.6		914.9	
Operating profit on business activity	70.8	8.2%	85.2	9.3%
Profit from recurring operations	65.3	7.6%	81.7	8.9%
Operating profit	58.6	6.8%	76.1	8.3%

b. United Kingdom

(in millions of euros)	H1 2020		H1 2019	
Revenue	338.5		429.6	
Operating profit on business activity	15.5	4.6%	26.4	6.1%
Profit from recurring operations	9.4	2.8%	20.4	4.7%
Operating profit	-0.7	-0.2%	19.8	4.6%

c. Other Europe

(in millions of euros)	H1 2020		H1 2019	
Revenue	638.8		534.9	
Operating profit on business activity	47.4	7.4%	34.5	6.5%
Profit from recurring operations	45.2	7.1%	32.7	6.1%
Operating profit	40.6	6.4%	28.6	5.4%

d. Sopra Banking Software

(in millions of euros)	H1 2020		H1 2019	
Revenue	205.4		204.0	
Operating profit on business activity	-6.7	-3.3%	-9.5	-4.7%
Profit from recurring operations	-13.9	-6.8%	-15.6	-7.6%
Operating profit	-16.1	-7.8%	-21.2	-10.4%

e. Other Solutions

(in millions of euros)	H1 2020		H1 2019	
Revenue	119.4		123.6	
Operating profit on business activity	5.9	5.0%	14.5	11.7%
Profit from recurring operations	5.5	4.6%	13.9	11.2%
Operating profit	5.3	4.5%	11.9	9.6%

f. Group

(in millions of euros)	H1 2020		H1 2019	
Revenue	2,166.7		2,207.1	
Operating profit on business activity	132.8	6.1%	151.0	6.8%
Profit from recurring operations	111.6	5.1%	133.1	6.0%
Operating profit	87.7	4.0%	115.3	5.2%

3.2. Revenue by geographic area

(in millions of euros)	France	Outside France	Total
First-half 2019	1,071.5	1,135.6	2,207.1
First-half 2020	**1,037.7**	**1,129.0**	**2,166.7**

NOTE 4 OPERATING PROFIT

4.1. Revenue

(in millions of euros)	H1 2020		H1 2019	
France	864.6	39.9%	914.9	41.5%
United Kingdom	338.5	15.6%	429.6	19.5%
Other Europe	638.8	29.5%	534.9	24.2%
Sopra Banking Software	205.4	9.5%	204.0	9.2%
Other Solutions	119.4	5.5%	123.6	5.6%
TOTAL REVENUE	**2,166.7**	**100.0%**	**2,207.1**	**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 2020	H1 2019
Expenses arising from business combinations (fees, commissions, etc.)	-0.5	-2.3
Net restructuring and reorganisation costs	-15.7	-14.3
■ *Integration and reorganisation of activities*	*-0.1*	*-1.2*
■ *Separation costs*	*-15.6*	*-13.1*
Asset impairment	-3.1	-0.4
Other operating expenses	-4.4	-0.8
Total other operating expenses	**-23.8**	**-17.8**
Other operating income	-	-
Total other operating income	**-**	**-**
TOTAL	**-23.8**	**-17.8**

Other operating income and expenses for the first half of 2020 consisted of: (i) the expenses and income usually recognised within this line item and comparable to those recorded in the first half of 2019; and (ii) costs resulting from the consequences of Covid-19 for €7.7 million. The amount of item (i) comprised the restructuring costs of business reorganisations carried out mainly in the United Kingdom, France and Germany for €13.9 million. It is supplemented by certain costs generated by the coronavirus crisis.

The Group decided to implement certain restructuring measures for €1.3 million at 30 June 2020, mainly in the United Kingdom, Sweden and Spain. In addition, it also decided to restructure certain activities on which the crisis has had a significant, lasting impact, such as the aeronautics sector, and for certain concerned staff it implemented upskilling plans to eventually reassign them to positions outside the scope of their initial training and less impacted by the crisis. The costs of these measures came to €0.6 million, mainly in France.

The additional logistics and payroll costs described in Note 1.3 amounted to €1.7 million and €1.4 million, respectively. These are included in *Other operating expenses*.

Finally, asset impairment charges represented €3.1 million (see Note 1.3), including €2.5 million due to the crisis (see Note 1.3) related to the operating licence for the Visa project in the United Kingdom. These impairment charges were recognised within *Other operating expenses*.

NOTE 5 EMPLOYEE BENEFITS

5.1. Staff costs

(in millions of euros)	H1 2020	H1 2019
Wages and salaries	-1,058.3	-1,008.8
Social security contributions	-325.1	-310.8
Net expense for post-employment and similar benefit obligations	-2.7	-18.8
TOTAL	**-1,386.2**	**-1,338.5**

Furlough measures were implemented as a result of the Covid-19 crisis in various countries where the Group has operations. The amounts received from various governments were recognised as a deduction to personnel expenses and amounted to €7.4 million.

The Group's management decided to supplement the indemnities paid by certain governments under staff furlough measures in order to maintain the salaries of personnel affected. The cost of this decision amounted to €2.9 million.

5.2. Workforce

Workforce at period-end	H1 2020	H1 2019
France	19,636	19,343
International	26,967	25,616
TOTAL	**46,603**	**44,959**

5.3. Retirement benefits and similar obligations

Retirement benefits and similar obligations break down as follows:

(in millions of euros)	30/06/2020	31/12/2019
Post-employment benefit assets	-1.9	-2.0
Post-employment benefit liabilities	328.7	341.8
Net post-employment benefits	**326.8**	**339.7**
Other long-term employee benefits	10.2	10.2
TOTAL	**337.0**	**350.0**

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 India and 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. The market value of plan assets was updated as at the closing date.

In the first half of 2020, 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 31 December 2019	**135.7**	**138.0**	**62.1**	**3.9**	**339.7**
Net expense recognised in the income statement	3.2	5.6	0.5	0.4	9.7
▪ *Operating charges for service cost*	*2.0*	*5.0*	*0.2*	*0.4*	*7.5*
▪ *Net interest expense*	*1.2*	*0.6*	*0.3*	*0.0*	*2.2*
Net expense recognised in equity	-	2.7	0.1	-0.1	2.7
▪ *Return on plan assets*	*-120.9*	*0.0*	*-*	*-0.1*	*-121.0*
▪ *Experience adjustments*	*-9.1*	*1.7*	*-0.4*	*-*	*-7.7*
▪ *Impact of changes in financial assumptions*	*130.0*	*0.9*	*0.5*	*-*	*131.4*
Contributions	-13.9	-1.6	-1.0	-0.3	-16.8
▪ *Employer contributions*	*-13.9*	*-1.6*	*-1.0*	*-0.3*	*-16.8*
▪ *Employee contributions*	*-*	*-*	*-*	*-*	*-*
Exchange differences	-8.7	-	-	-	-8.7
Changes in scope	-	0.1	-	-	0.1
Other movements	-	-	-	0.1	0.1
NET LIABILITY AT 30 JUNE 2020	**116.3**	**144.8**	**61.6**	**4.0**	**326.8**

The actuarial assumptions used to measure these liabilities are as follows at 30 June 2020:

	United Kingdom	France	Germany	Other
Discount rate	1.58%	0.51% to 1.09%	0.08% to 0.87%	0.40% to 9.38%
Rate of inflation or salary increase	2.81%	2.00% to 2.50%	1.80% to 2.50%	3.00% to 10.00%

At 31 December 2019, they were as follows:

	United Kingdom	France	Germany	Other
Discount rate	2.07%	0.08% to 1.09%	0.08% to 0.87%	0.40% to 6.35%
Rate of inflation or salary increase	2.92%	2.00% to 2.50%	2.00% to 2.50%	3.00% to 7.00%

5.4. Expenses related to stock options and related items

5.4.1. Free share allotment plan

No new free share plans have been set up beyond those approved on 24 February 2017 and 16 February 2018, described in Note 5.4.1 to the consolidated financial statements in Chapter 5 of the 2019 Annual Financial Report.

Expenses related to free performance share plans totalled €2.2 million for the first half of 2020 and are based on the average historical performance.

5.4.2. Employee share ownership plan

No employee share ownership programmes were set up in the first half of 2020.

NOTE 6 CORPORATE INCOME TAX EXPENSE

(in millions of euros)	H1 2020	H1 2019
Current tax	-19.3	-33.8
Deferred tax	-4.3	-0.6
TOTAL	**-23.7**	**-34.4**

In the first half of 2020, the Group's effective tax rate was 31.2%, compared with an effective tax rate of 33.4% recognised in the first half of 2019.

The change in net deferred tax was as follows:

(in millions of euros)	30/06/2020	31/12/2019
At beginning of period	**98.1**	**79.6**
Changes in scope	-3.3	14.2
Tax recognised in profit or loss	-4.3	-8.7
Tax recognised in equity	6.1	4.3
Translation adjustments	-1.4	0.9
Other movements	-4.5	7.8
AT END OF PERIOD	**90.7**	**98.1**

The change in tax loss carryforwards is detailed below:

(in millions of euros)	France	United Kingdom	Spain	Denmark	Other countries	Total
31 December 2019	**207.4**	**5.2**	**7.6**	**12.9**	**22.1**	**255.2**
Changes in scope	0.3	-	-	-	-	0.3
Created	-	0.5	0.2	1.1	7.1	8.9
Used	-7.2	-	-	-0.2	-0.2	-7.5
Expired	-	-	-	-	-	-
Translation adjustments	-	-0.4	-	-0.1	-1.3	-1.7
Other movements	19.5	-	-	22.6	1.0	43.1
30 JUNE 2020	**220.0**	**5.4**	**7.8**	**36.4**	**28.7**	**298.3**
Deferred tax basis – Activated	150.7	-	3.8	1.1	11.4	167.1
Deferred tax basis – Non-activated	69.3	5.4	4.0	35.3	17.3	131.2
Deferred tax – Activated	38.9	-	1.0	0.2	3.2	43.3
Deferred tax – Non-activated	17.9	0.1	1.0	7.6	4.1	30.7

At this stage, the Group has not identified any difficulties in recovering its deferred tax assets related to its activated tax losses carried forward. The Group will review this situation at the end of the 2020 financial year.

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)	30/06/2020	31/12/2019
Non-consolidated securities	19.6	19.8
Other loans and receivables	41.1	36.4
Derivatives	1.7	2.2
TOTAL	**62.4**	**58.3**

The main component of non-consolidated securities is the shares in CS Communication & Systèmes (€8.9 million at 30 June 2020).

7.2. Trade receivables and related accounts

(in millions of euros)	30/06/2020	31/12/2019
Trade receivables – Gross value	605.7	758.8
Impairment of trade receivables	-18.7	-21.1
Trade receivables – Net value	**587.0**	**737.7**
Customer contract assets	469.3	336.6
TOTAL	**1,056.2**	**1,074.3**

7.3. Other current assets

No significant events had an impact on Other current assets at 30 June 2020.

7.4. Other non-current liabilities

(in millions of euros)	30/06/2020	31/12/2019
Put options granted	67.8	77.3
Other liabilities – Non-current portion	30.6	31.2
Derivatives	1.0	3.7
TOTAL	**99.3**	**112.2**

In the United Kingdom, the put option granted by the Group to the Cabinet Office for the shares it holds in the SSCL joint venture, which may be exercised between 1 January 2022 and 31 December 2023, represented a non-current liability of €67.8 million at 30 June 2020.

7.5. Other current liabilities

Other current liabilities include liabilities related to the put options granted to minority shareholders in Tecfit (the holding company of Galitt), previously classified within non-current liabilities and exercisable in April 2021; and in SAB (see Note 2), exercisable in the second half of financial year 2020. These amounted to €40.5 million at 30 June 2020.

This item also includes the Group's commitment to buy back its own shares to be used in connection with its free performance share plans for €5.3 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 2020 were as follows:

(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2019	**1,894.4**	**80.5**	**1,813.9**
Acquisitions			
▪ CX Partners	*5.8*	-	*5.8*
▪ ADN'Co	2.0	-	2.0
Adjustments for business combinations	*5.8*	-	*5.8*
Translation adjustments	-58.1	-1.9	-56.2
30 JUNE 2020	**1,849.9**	**78.6**	**1,771.3**

Adjustments for business combinations are described in Note 2, "Scope of consolidation".

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)	30/06/2020	31/12/2019
France	500.7	498.7
United Kingdom	563.1	598.0
Other Europe [(1)]	326.8	334.0
Sopra Banking Software	364.5	367.0
Sopra HR Software	16.2	16.2
TOTAL	**1,771.3**	**1,813.9**

(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. It deemed the consequences of the Covid-19 crisis to constitute an indication of impairment.

As such, the Group performed impairment tests as at 30 June 2020. It began by reviewing its discount rate and perpetual growth rate parameters with respect to 31 December 2019. The discount rates used are the same as at 31 December 2019 and therefore do not include an additional risk premium related to Covid-19.

The following parameters were used:

	Discount rate		Perpetual growth rate	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
France	8.5%	8.5%	2.0%	2.1%
United Kingdom	9.2%	9.2%	2.0%	2.1%
Other Europe	8.4 to 9.8%	8.4 to 9.8%	2.0%	2.1%
Sopra Banking Software	8.5%	8.5%	2.0%	2.1%
Sopra HR Software	8.5%	8.5%	2.0%	2.1%

Next, at this stage and within the limits of its current knowledge of the impact of the crisis and its uncertainties, the Group performed estimates of a return to pre-crisis levels of business activity and profitability, cash-generating unit by cash-generating unit and according to the activities and major contracts affected within each one. These tests did not lead to any recognition of impairment.

The Group also tested 1.0-point changes in these assumptions. A 1.0-point decrease in the perpetual growth rate, a 1.0-point increase in the discount rate, or the combination of the two, would not lead to any recognition of impairment, with the exception of the Sopra Banking Software CGU in the event of the third scenario. For this CGU, the Group would be required to write down its intangible assets in the event of an increase of more than 0.75 points in the discount rate combined with a simultaneous 0.75-point decrease in the perpetual growth rate.

Finally, the Group also performed additional testing to measure sensitivity to a decrease in the operating margin for the Sopra Banking Software CGU. The Group would be required to write down the assets of this CGU in the event of a 3.2-point decrease in the operating margin, all other things being equal.

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 2020.

With respect to intangible assets allocated when the acquisition price is allocated in connection with business combinations, the Group carried out an accelerated amortisation of the Cimpa client relationship. It is related to aeronautics sector clients. The negative impact at 30 June 2020 is €3.8 million.

NOTE 9 LEASES

No significant events had an impact on Leases in the first half of 2020.

NOTE 10 EQUITY-ACCOUNTED INVESTMENTS

10.1. Net profit from associates

(in millions of euros)	30/06/2020	% held	31/12/2019	% held
Share of net profit of Axway Software	-1.9	32.44%	1.8	32.57%
Share of net profit of Holocare	-0.1	66.67%	-	-
TOTAL	**-2.1**		**1.8**	

10.2. Carrying amount of investments in associates

The carrying amount of investments in associates consisted mainly of the value of Axway Software shares. This latter changed as follows:

(in millions of euros)	Gross value	Impairment	Carrying amount
31 December 2019	**195.0**	**-**	**195.0**
Changes in scope	-	-	-
Share capital transactions	-	-	-
Dividends paid	-	-	-
Net profit	-1.9	-	-1.9
Translation adjustments	0.6	-	0.6
Changes in shareholding	-0.5	-	-0.5
Disposal	-	-	-
Other movements	0.5	-	0.5
30 JUNE 2020	**193.7**	**-**	**193.7**

At 30 June 2020, the Axway Software shares held by Sopra Steria Group represented 32.44% of the share capital, compared with 32.57% at 31 December 2019.

At 30 June 2020, given the current context, the management of Axway Software carried out a re-estimation of the value in use. It did not lead to any impairment at this stage. The seasonality of Axway Software's business activity means that it is not possible to forecast the company's annual profitability, and the Group will re-examine the value in use for the closure of the 2020 financial year.

NOTE 11 PROVISIONS AND CONTINGENT LIABILITIES

11.1. Current and non-current provisions

(in millions of euros)	01/01/2020	Change in scope	Charge	Reversal (used)	Reversal (not used)	Other	Translation adjustment	30/06/2020	Non-current portion	Current portion
Disputes	4.1	-	0.3	-0.1	-0.2	-0.1	-	3.9	2.5	1.4
Losses on contracts	0.6	-	0.4	-0.4	-	-	-	0.6	-	0.6
Tax risks	40.8	-	-	-	-	-	-	40.8	40.2	0.6
Restrucuring	4.0	-	2.6	-2.3	-0.2	-	-	4.1	-	4.1
Cost of renovating premises	8.8	-	0.7	-0.2	-0.8	0.2	-0.4	8.2	7.3	0.9
Other contingencies	18.6	-	6.5	-0.4	-0.1	-0.3	-0.8	23.6	12.3	11.2
TOTAL	**77.0**	**-**	**10.5**	**-3.5**	**-1.4**	**-0.3**	**-1.2**	**81.2**	**62.3**	**18.8**

Provisions for disputes mainly cover disputes before employment tribunals and end-of-contract bonuses for employees (€3.0 million at 30 June 2020, versus €3.1 million at 31 December 2019).

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

Provisions for restructuring correspond to the cost of one-off restructuring measures in Germany (€3.3 million) and Sopra Steria integration costs mainly relating to facilities (€0.8 million in France).

Other provisions for contingencies mainly cover risks relating to clients and projects (€12.2 million, including €3.5 million in the United Kingdom, €1.9 million in Germany and €6.2 million for Sopra Banking Software), contractual risks (€2.9 million) and employee-related risks (€4.2 million).

11.2. Contingent liabilities

The contingent liabilities described in Chapter 5, Note 11.2 in the 2019 Universal Registration Document did not change significantly during the first half of 2020.

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 2020	H1 2019
Interest income	0.7	2.5
Income from cash and cash equivalents	**0.7**	**2.5**
Interest expenses	-5.3	-6.3
Gains and losses on hedges of gross financial debt	-0.5	-0.6
Cost of gross financial debt	**-5.7**	**-6.8**
COST OF NET FINANCIAL DEBT	**-5.1**	**-4.4**

The €1.8 million reduction in Interest income is due to the lower balance of average investments in India (€25.9 million in 2020, compared to €44.7 million in 2019).

The average cost of borrowing after hedging was 1.63% in the first half of 2020, compared with 1.62% in the first half of 2019.

12.1.2. Other financial income and expenses

(in millions of euros)	H1 2020	H1 2019
Foreign exchange gains and losses	**-0.6**	**0.6**
Other financial income	**0.3**	**0.6**
Net interest expense on lease liabilities	-3.9	-4.5
Net interest expense on retirement benefit obligations	-2.2	-3.4
Expense on unwinding of discounted non-current liabilities	-0.3	-0.5
Change in the value of derivatives	0.2	-
Other financial expenses	-0.3	-0.5
Total other financial expenses	**-6.4**	**-8.9**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**-6.7**	**-7.7**

12.2. Financial debt – Net debt

(in millions of euros)	Current	Non-current	30/06/2020	31/12/2019
Bonds	4.6	249.4	254.0	251.6
Bank borrowings	83.8	135.6	219.4	223.5
Other sundry financial debt	135.4	102.8	238.2	231.4
Current bank overdrafts	0.5	-	0.5	4.9
FINANCIAL DEBT	**224.3**	**487.8**	**712.2**	**711.4**
Short-term investment securities	-26.4	-	-26.4	-23.5
Cash and cash equivalents	-189.9	-	-189.9	-174.0
NET FINANCIAL DEBT	**8.1**	**487.8**	**495.9**	**513.9**

Short-term investment securities and cash

Marketable securities and other short-term investments 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.

Of the €216.3 million in cash and cash equivalents (excluding current bank overdrafts) at 30 June 2020, €149.5 million was held by the parent company and €66.7 million by the subsidiaries. Among the subsidiaries, entities in India contributed €28.7 million to net cash and cash equivalents at 30 June 2020 (versus €52.9 million at 30 June 2019) following dividend distributions.

Other financial debt

The Group has:

- bank financing lines amounting to the euro equivalent of €1,348 million, comprising a syndicated loan, an undrawn bilateral line of €50 million, a non-amortisable fixed-rate loan of €60 million maturing in January 2021 and bank overdraft facilities. These bank financing lines were 18%-used at 30 June 2020. Aside from the €60 million loan, these are floating-rate lines and are hedged for interest rate risk;
- the €250 million bond was issued in July 2019 to top-ranking institutional investors and has two tranches: a 7-year €130 million bond with a fixed annual coupon of 1.749%, and an 8-year €120 million tranche with a fixed annual coupon of 2.0%;
- a NEU CP programme with a maximum amount of €700 million of which €121 million was used and pays floating rates and a spread at each issue date;
- a NEU MTN programme with a maximum amount of €300 million of which €104 million was used and pays fixed or floating rates, and a spread at each issue date. The NEU MTN maturities issued range from two to three years. In the six-month period of 2020, the Group reimbursed €65 million of NEU MTN transacted in 2018 and issued €70 million of 2-year maturity NEU MTN.

The syndicated loan and the bonds are subject to contractual conditions, particularly the commitment to respect financial covenants. At 30 June 2020, the financial covenants were respected.

12.3. Financial instruments and interest rate and foreign exchange risk management

12.3.1. Management of liquidity risk

The Group's policy is to have borrowing 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 lines.

During the first half of 2020, the Covid-19 crisis did on have any significant consequences on the Group's liquidity given the financing already in place and the cash generation during the period. The Group renewed €65 million in NEU MTN maturing January 2020, refinancing them in the amount of €70 million and was not significantly impacted by the temporary closure of the NEU CP market for non-rated borrowers.

The Group aims to diversify its borrowings. It launched a €300 million NEU MTN programme in December 2017 to supplement its €700 million NEU CP programme. In addition, fixed-rate bilateral credit lines were in place for a total of €110 million, with maturities ranging between 2021 and 2024. At 30 June 2020, bilateral credit lines were drawn down in the amount of €60 million (€60 million at 31 December 2019).

At 30 June 2020, the Group had lines of credit totalling €1,598.1 million (€1,599.5 million at 31 December 2019), 30% of which was drawn down (31% at 31 December 2019).

Undrawn available credit lines amounted to €1,111 million, including €900 million in RCFs and €50 million in bilateral credit lines (versus €900 million and €50 million, respectively, at 31 December 2019), in addition to undrawn overdraft facilities for €161 million at 30 June 2020 (versus €157 million at 31 December 2019).

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

	Amount authorised at 30/06/2020		Drawdown at 30/06/2020		Drawdown rate	Repayment terms	Interest rate at 30/06/2020
	(in €m)	*(in £m)*	*(in €m)*	*(in £m)*			
Available lines of credit							
Bond	250.0	-	250.0	-	100%	At maturity €130m 07/2026 €120m 07/2027	1.87%
Syndicated loan							
■ Tranche A	112.0	-	112.0	-	100%	Amortising until 2023	1.00%
■ Tranche B		44.8		44.8	100%	Amortising until 2023	1.14%
Multi-currency revolving credit facility	900.0	-	-	-	0%	At maturity 07/2023	
Bilateral credit lines	110.0	-	60.0	-	55%	2021 to 2024	0.40%
Other	15.5	-	15.5	-	100%	2020/2021	0.00%
Overdraft	161.5	-	0.5	-	0%	N/A	0.57%
Total lines of credit authorised per currency	**1,549.0**	**44.8**	**438.0**	**44.8**			
TOTAL LINES OF CREDIT AUTHORISED *(€ EQUIVALENT)*	**1,598.1**		**487.1**		**30%**		**1.35%**
Other types of financing used							
NEU CP & NEU MTN	N/A	N/A	225.0		N/A	2020 to 2023	0.13%
Other			-		N/A		N/A
Total financing per currency			**663.0**	**44.8**			
TOTAL FINANCING *(€ EQUIVALENT)*			**712.1**				**0.97%**

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 terms and conditions, which include financial covenants.

Two financial ratios are calculated every six months using the consolidated financial statements on a 12-month rolling basis:

- the first – known as the leverage ratio – is equal to net financial debt divided by pro forma EBITDA;
- the second – known as the interest coverage ratio – is equal to pro forma EBITDA divided by the cost of net financial debt.

The first financial ratio must not exceed 3.0 at any reporting date. The second ratio must not fall below 5.0.

Net financial debt is defined on a consolidated basis as all loans and related borrowings (excluding intercompany liabilities and lease liabilities), less available cash and cash equivalents.

Pro forma EBITDA is consolidated operating profit on business activity adding back depreciation, amortisation and provisions included in operating profit on business activity before the impact of IFRS 16 Leases (see Note 1.4.1 in Chapter 5 of the 2019 Universal Registration Document). It is calculated on a 12-month rolling basis and is therefore restated so as to be presented in the financial statements at constant scope over 12 months.

At 30 June 2020, the "Net financial debt/Pro forma EBITDA" covenant was met, with the ratio coming in at 1.27 compared with a covenant of 3.0. It is calculated as follows:

(in millions of euros)	30/06/2020	31/12/2019
Short-term borrowings (< 1 year)	224.3	217.1
Long-term borrowings (> 1 year)	487.8	494.4
Cash and cash equivalents	-216.3	-197.5
Other financial guarantees	-	-
Net financial debt (including financial guarantees)	**495.9**	**513.9**
Pro forma EBITDA	**390.0**	**408.3**
NET FINANCIAL NET/PRO FORMA EBITDA RATIO	**1.27**	**1.26**

For the second ratio, pro forma EBITDA is as defined above and the cost of net financial debt is also calculated on a rolling 12-month basis.

At 30 June 2020, the "Pro forma EBITDA/Cost of net financial debt" covenant – requiring a ratio of at least 5.0 – was met, with the ratio coming in at 36.82. It is calculated as follows:

(in millions of euros)	30/06/2020	31/12/2019
Pro forma EBITDA	**390.0**	**408.3**
Cost of net financial debt	**10.6**	**9.9**
PRO FORMA EBITDA/COST OF NET FINANCIAL DEBT RATIO	**36.82**	**41.35**

In addition to satisfying the financial ratio prerequisites described above, the Group's two main financing agreements also contain:

- certain performance requirements that are entirely customary for this type of financing;
- clauses relating to events of default such as payment default, inaccurate tax returns, cross-default, bankruptcy, or the occurrence of an event having a material adverse effect;
- clauses stipulating early repayment in full in the event that there is a change of control in ownership of the Company.

The bank loan agreement also stipulates a number of circumstances in which the loan must be repaid in advance, in full or in part as applicable, or renegotiated with the banks:

- early repayment if all or a substantial number of the Company's assets are sold;
- repayment using proceeds from asset disposals (beyond a specified threshold);
- repayment of a sum equal to each new borrowing taken out by the Company (beyond a specified threshold);
- renegotiation of the financing terms and conditions in the event of financial market disruption (i.e. market disruption clause). This clause is only applicable if a minimum number of banks are unable to obtain refinancing on the capital market at the date on which the financing is requested, given interest rate fluctuations. The purpose of this clause is to find a replacement rate.

At 30 June 2020, the maturity schedule for the Group's financial debt 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	254.0	286.8	4.7	4.5	4.6	4.6	4.6	263.9
Bank borrowings	219.4	231.4	87.6	13.6	13.9	116.3	-	-
NEU CP & MTN	225.0	226.5	135.6	70.5	20.3	0.1	-	-
Other sundry financial debt	13.2	13.2	0.4	12.8	-	-	-	-
Current bank overdrafts	0.5	0.5	0.5	-	-	-	-	-
Financial debt	**712.2**	**758.5**	**228.8**	**101.5**	**38.8**	**120.9**	**4.6**	**263.9**
Short-term investment securities	-27.9	-27.9	-27.9	-	-	-	-	-
Cash and cash equivalents	-188.3	-188.3	-188.3	-	-	-	-	-
CONSOLIDATED NET FINANCIAL DEBT	**495.9**	**542.2**	**12.5**	**101.5**	**38.8**	**120.9**	**4.6**	**263.9**

At 30 June 2020, the Group's gross borrowings broke down as follows by type of debt and currency:

	Currency of origin			
(in millions of euros)	Euro	Pound sterling	Other	Total
Bond	254.0	-	-	254.0
Bank borrowings	94.4	42.0	-	136.4
Short-term bank borrowings (< 1 year)	76.0	7.0	-	82.9
NEU CP (commercial paper) & MTN	225.0	-	-	225.0
Other sundry financial debt	13.2	-	-	13.2
Bank overdrafts (cash liabilities)	0.5	-	-	0.5
GROSS FINANCIAL DEBT	**663.1**	**49.0**	**-**	**712.1**

At 30 June 2020, the group's portfolio of investment securities broke down as follows:

(in millions of euros)	Short-term investments	Advances under the liquidity agreement	Total portfolio of investment securities
Net asset value	26.4	1.6	27.9
NET POSITION	**26.4**	**1.6**	**27.9**

Short-term investments are managed by the Group's Finance Department, and comply with internally defined principles of prudence.

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 2020, the Group had taken out a number of interest rate swaps. The notional amount of those swaps was €325 million and their negative fair value was €1.6 million.

Interest rate derivatives designated as cash flow hedges had a nominal amount of €275 million. Interest rate derivatives not qualifying for hedge accounting had a nominal amount of €50 million.

The total amount of gross borrowings subject to interest rate risk was €367 million.

Interest rate hedges in force at 30 June 2020 reduced this exposure.

The Covid-19 crisis did not have a material impact on the management of interest rate risk.

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 currency 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. 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 2020 was €6.8 million for a total notional amount of €227 million.

The Covid-19 crisis did not have a material impact on the management of foreign exchange risk.

NOTE 13 CASH FLOWS

13.1. Change in net financial debt

(in millions of euros)	31/12/2019	Proceeds from/ (Payments on)	Changes in scope	Translation adjustments	Other movements	30/06/2020
Bonds excluding accrued interest	250.0	-	-	-	-	250.0
Bank borrowings excluding accrued interest	225.6	-0.1	-	-3.6	-0.9	221.2
Other sundry financial debt excluding current accounts and accrued interest	231.4	8.9	-	-2.9	0.9	238.3
Financial debt in the cash flow statement	**707.0**	**8.9**	**-**	**-6.5**	**-**	**709.4**
Current accounts	-	0.1	-	-0.1	-	-
Accrued interest on financial debt	-0.5	2.8	-	-	-	2.3
Financial debt excluding current bank overdrafts	**706.5**	**11.7**	**-**	**-6.6**	**-**	**711.7**
Current bank overdrafts	-4.9	20.9	-	-16.5	-	-0.5
Short-term investment securities	23.5	4.2	-	-1.3	-	26.4
Cash and cash equivalents	174.0	4.9	0.4	10.6	-	189.9
Net cash in the cash flow statement	**192.6**	**30.0**	**0.4**	**-7.2**	**-**	**215.8**
NET FINANCIAL DEBT	**513.9**	**-18.2**	**-0.4**	**0.6**	**-**	**495.9**
Change in net financial debt			**-18.00**			

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 2020	H1 2019
Operating profit on business activity	**132.8**	**151.0**
Depreciation, amortisation and provisions (excluding allocated intangible assets)	88.7	81.5
EBITDA	**221.5**	**232.5**
Non-cash items	0.8	-3.7
Tax paid	-43.3	-34.3
Impairment of current assets	2.4	-0.9
Change in operating WCR	-25.7	-112.2
Reorganisation and restructuring costs	-20.0	-16.7
Net cash flow from operating activities	**135.7**	**64.8**
Purchase of property, plant and equipment and intangible assets	-25.2	-20.6
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.0
Net change from investment activities involving property, plant and equipment and intangible assets	**-25.2**	**-20.6**
Lease payments	-55.8	-51.1
Net interest (excluding interest on lease liabilities)	-5.8	-3.2
Additional contributions related to defined-benefit pension plans	-11.9	-11.7
Free cash flow	**37.1**	**-21.8**
Impact of changes in scope	-8.3	7.3
Impact of payments relating to non-current financial assets	-2.0	-1.9
Impact of receipts relating to non-current financial assets	1.1	0.8
Dividends paid	-2.3	-2.3
Dividends received	-	-
Capital increases	-	-
Purchase and sale of treasury shares	-6.9	-3.4
Other cash flows relating to investing activities	-	-
Net cash flow	**18.7**	**-21.1**
Impact of changes in foreign exchange rates	-0.6	0.8
Impact of changes in accounting policies (IFRS 16)	-	16.9
CHANGE IN NET FINANCIAL DEBT	**18.0**	**-3.4**
Cash and cash equivalents – Beginning of period	192.6	159.8
Non-current financial debt – Beginning of period	-494.4	-338.3
Current financial debt – Beginning of period	-212.2	-442.4
Net financial debt – Beginning of period	**-513.9**	**-620.9**
Cash and cash equivalents – End of period	215.8	233.7
Non-current financial debt – End of period	-487.8	-265.0
Current financial debt – End of period	-223.9	-592.9
Net financial debt – End of period	**-495.9**	**-624.3**
CHANGE IN NET FINANCIAL DEBT	**18.0**	**-3.4**

Free cash flow for the first half of the year – which is traditionally a period of net cash outflows due to seasonal effects – amounted to an outflow of €37.1 million compared with an outflow of €21.8 million for the first half of 2019. Despite lower profit level and seasonality, it remained positive thanks to the strict management of working capital. Moreover, it benefited from favourable government cash measures for around €57 million (in particular VAT payment deadline extensions in the United Kingdom, postponement of discretionary profit sharing in France, etc.).

Cash flows from investing activities reflected outflows relating to purchases of property, plant and equipment and intangible assets for €25.2 million and rent paid for €55.8 million.

Finally, free cash flow also included the additional contributions paid in the amount of €11.9 million to reduce the deficit of defined-benefit pension plans in the United Kingdom.

In addition, there was a negative change in net financial debt as a result of acquisitions and price adjustments in the first half of 2020 (see Note 2).

13.2. Other cash flows in the consolidated cash flow statement

Cash flows from financing activities essentially included inflows and outflows related to financial debt, mainly arising from the implementation of NEU MTN and the change in NEU CP (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 2020, 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 2020, the value of treasury shares recognised as a deduction from consolidated equity was €33.7 million, consisting of 275,919 shares, including 260,933 shares held by UK trusts falling within the consolidation scope, 6,822 shares acquired through the share buyback programme to be used for share-based payments and 8,164 shares acquired under the liquidity agreement.

14.1.3. Dividends

On 9 April 2020, the Board of Directors decided to submit a resolution at the General Meeting of 9 June 2020 proposing not to pay a dividend in respect of financial year 2019. This resolution passed at the General Meeting.

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 €6.1 million (see Notes 7.4 and 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, Tecfit (Galitt) and SAB shares (cf. accounting policy disclosed in Note 14.1.5 of Chapter 5 of the 2019 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 €29.0 million and in Germany, SFT GmbH for €19.4 million.

In the income statement, the amounts attributable to non-controlling interests came to €2.2 million for SSCL, €1.1 million for NHS SBS and €2.6 million for SFT GmbH.

14.2. Earnings per share

	H1 2020	H1 2019
Net profit attributable to the Group *(in millions of euros)* (a)	43.7	60.9
Weighted average number of ordinary shares outstanding (b)	20,547,701	20,547,701
Weighted average number of treasury shares (c)	316,595	326,619
Weighted average number of shares outstanding excluding treasury shares (d) = (b) - (c)	20,231,106	20,221,082
Basic earnings per share *(in euros)* **(a/d)**	**2.16**	**3.01**

	H1 2020	H1 2019
Net profit attributable to the Group *(in millions of euros)* (a)	43.7	60.9
Weighted average number of shares outstanding excluding treasury shares (d)	20,231,106	20,221,082
Dilutive effect of instruments that give rise to potential ordinary shares (e)	107,705	47,851
Theoretical weighted average number of equity instruments (f) = (d) + (e)	20,338,811	20,268,933
Diluted earnings per share *(in euros)* **(a/f)**	**2.15**	**3.00**

The method used to calculate earnings per share is set out in Chapter 5, Note 14.2 of the 2019 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 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* on 10 April 2020, in Chapter 5, Note 15, "Related-party transactions".

Other than those set out in the 2019 Universal Registration Document, no new agreements were entered into with parties related to Sopra Steria Group during the first half of 2020.

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 2019 in Chapter 5, Note 16, "Off-balance sheet commitments" in the 2019 Universal Registration Document.

NOTE 17 SUBSEQUENT EVENTS

On 9 July 2020, Sopra Steria announced that it had signed an acquisition contract for a controlling interest in Sodifrance SA, corresponding to 94.03% of its share capital, for an overall fixed price equivalent to €62.8 million for 100 % of the share capital. The acquisition is expected to take place in September 2020. The delisting offer (*offre publique de retrait*) should be finalised in October 2020 and the mandatory delisting procedure (*retrait obligatoire*) should take place in November 2020.

The minority shareholders of SAB issued a notification in July 2020 of their intention to exercise their put option covering the 30% of the share capital that they still hold. The Group has 30 days from the notification date to carry out the related payment.

Statutory Auditors' report on the interim financial information

To the Shareholders,

In compliance with the assignment entrusted to us at your General Meetings 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 for the period from 1 January 2020 to 30 June 2020;
- 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 on 28 July 2020, on the basis of the information available at that date, within the developing context of the Covid-19 public health crisis, and the difficulties determining its effects and perspectives for the future. 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 IFRS Standards, as adopted by the European Union applicable to interim financial reporting.

Without qualifying the above conclusion, we draw your attention to Note 1.3 of the condensed consolidated interim financial statements regarding the impact of the crisis related to Covid-19 on the consolidated financial statements for the period.

II - SPECIFIC VERIFICATION

We also verified the disclosures provided in the business review for the six-month period, prepared on 28 July 2020, 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 Courbevoie, 30 July 2020,

The Statutory Auditors

French original signed by

Auditeurs & Conseils Associés – ACA Nexia	Mazars
Olivier Juramie	Bruno Pouget

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 8 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, 31 July 2020

Vincent Paris

Chief Executive Officer

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