

# 1. Business overview and strategies

1.	<b>Sopra Steria Group at a glance</b>	20
2.	<b>History of Sopra Steria Group</b>	21
3.	<b>Digital services market</b>	22
3.1.	Main markets – Competitive environment of the digital services sector	22
4.	<b>Sopra Steria's activities</b>	23
4.1.	A major European player in digital transformation	23
4.2.	Business expertise at the heart of our strategy	26
4.3.	Research and Development in Solutions	28
5.	<b>Strategy and objectives</b>	29
5.1.	Strong and original positioning in Europe	29
5.2.	Confirmed objectives and priority action areas	29
5.3.	Medium-term strategic objectives	31
6.	<b>2022 Full-year results</b>	32
6.1.	Comments on 2022 performance	32
6.2.	Comments on the components of net profit attributable to the Group and financial position at 31 December 2022	33
6.3.	Proposed dividend in respect of financial year 2022	33
6.4.	Workforce	33
6.5.	Social and environmental footprint	33
6.6.	Targets	34
6.7.	External growth transactions and acquisitions in financial year 2022	34
6.8.	Infrastructure and technical facilities	34
7.	<b>Subsequent events</b>	34
8.	<b>Simplified Group structure at 31 December 2022</b>	35
9.	<b>Group organisation</b>	36
9.1.	Permanent structure	36
9.2.	Temporary structures for specific deals and projects	37

# 1. Sopra Steria Group at a glance

## Corporate name: Sopra Steria Group

Until 2 September 2014, the name of the Company was "Sopra Group". As a result of the successful public exchange offer made by Sopra Group for the shares of Groupe Steria SCA (see press release dated 6 August 2014), the Board of Directors met on 3 September 2014, with Pierre Pasquier presiding, and recorded the entry into effect of several resolutions conditionally adopted at the General Meeting of 27 June 2014.

Among the consequences of the implementation of these resolutions was the change in the corporate name from "Sopra Group" to "Sopra Steria Group".

**Registered office:** PAE Les Glaisins, Annecy-le-Vieux, 74940 Annecy – France. Phone: +33(0)4 50 33 30 30.

**Executive Management:** 6 avenue Kleber, 75116 Paris – France. Phone: +33(0)1 40 67 29 29.

**Legal form:** French *société anonyme*.

**Company website:** <https://www.soprasteria.com>

**Date of incorporation:** 5 January 1968, with a term of fifty years as from 25 January 1968, renewed at the General Meeting of 19 June 2012 for a subsequent term of ninety-nine years.

**Country where the entity is incorporated:** France

**Country where registered office is located:** France

**Name of the parent company:** Sopra Steria Group

**Name of the controlling company:** Sopra Steria Group

**Principal entity:** Sopra Steria Group

**Corporate purpose:** *"The Company's purpose is:*

*To engage, in France and elsewhere, in consulting, expertise, research and training with regard to corporate organisation and information processing, in computer analysis and programming and in the performance of customised work.*

*The design and creation of automation and management systems, including the purchase and assembly of components and equipment, and appropriate software.*

*The creation or acquisition of and the operation of other businesses or establishments of a similar type.*

*And, generally, all commercial or financial transactions, movable or immovable, directly or indirectly related to said corporate purpose or in partnership or in association with other companies or persons" (Article 2 of the Articles of Association).*

**Commercial registration:** 326 820 065 RCS Annecy

**Place where legal documents may be consulted:** Registered office.

**ISIN:** FR0000050809

**Legal Entity Identifier (LEI):** 96950020QIOHAAK9V551

**Financial year:** From 1 January to 31 December of each year.

**Explanation of the changes to the name of the entity presenting the financial statements after the end of the previous reporting period:** N/A

## Appropriation of earnings according to the Articles of Association

*"An amount of at least five per cent shall be deducted from the profit for the financial year, reduced by prior losses, if any, in order to constitute the statutory reserve fund. Such deduction shall cease to be mandatory when the amount in the statutory reserve fund is equal to one-tenth of the share capital.*

*Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.*

*The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.*

*The balance, if any, is apportioned at the General Meeting between all shareholders in proportion to the number of shares that they own.*

*The General Meeting may also decide to distribute amounts deducted from the reserves at its disposal, expressly indicating the reserve items from which the deductions are made. However, dividends shall first be withdrawn from the profits for the financial year."*

(Excerpt from Article 37 of the Articles of Association).

## 2. History of Sopra Steria Group

### A LONG HISTORY OF ENTREPRENEURSHIP

Backed by our strong entrepreneurial culture and our sense of collective purpose, we work every day to deliver a range of solutions, from consulting to systems integration, on behalf of our clients. We aim to be the benchmark partner for large public authorities, financial and industrial operators, and strategic companies in the main countries where we operate. We focus on being relevant at all times and ensuring that our impact is a positive one, both for society and from a business perspective.

### 2014-2022

#### A new strategic plan to promote expansion and competitiveness

The acquisition of CIMPA in October 2015 boosts its presence in the product lifecycle management (PLM) market. Following the acquisition of software developer Cassiopae, finalised in January 2017, three new companies joined the Sopra Steria Group in 2017: Kentor, 2MoRO and Galitt.

In 2018, the Group acquires the German IT services company BLUECARAT to strengthen its position in Germany and offer new growth opportunities for its local subsidiary, as well as Apak to expand its range of lending solutions. In 2019, Sopra Steria takes two important steps forward in the core banking market: the acquisition of SAB, finalised on 7 August 2020, and the partnership with seven German banks in the Sparda banking group, involving the construction of a digital platform. At the end of 2019, Sopra Steria also bolsters its operations and consolidates its strategy by launching its new digital transformation consulting brand, Sopra Steria Next. With the acquisition of Sodifrance in 2020, the Group created a market leader in digital services for insurers and social security providers. In the United Kingdom, Sopra Steria acquired cpartners, bolstering its expertise in user experience and ergonomic design. Lastly, Fidor Solutions, the software subsidiary of next-generation bank Fidor Bank specialising in digital banking solutions, joined the Group on 31 December 2020. With this acquisition, Sopra Banking Software has significantly accelerated the pace of its development, in particular by augmenting user features as part of its Digital Banking Engagement Platform (DBEP).

In 2021, Sopra Steria was bolstered by the acquisition of French cybersecurity firm EVA Group. This acquisition is a key step toward positioning Sopra Steria as one of the top three players in the French cybersecurity market.

The Group also acquired two other companies in 2021: EGG Design, which specialises in digital service design and has locations in Norway's four biggest cities (Oslo, Bergen, Trondheim and Stavanger) as well as in Denmark (Copenhagen), and Labs, a Norwegian user experience consulting firm.

In 2022, the Group acquired Footprint, a Norwegian consulting firm specialising in environmental and sustainability issues, and announced plans to acquire Tobania in Belgium and CS Group in France.

Today, the Group ranks among the top 5 European digital transformation players, having earned a reputation for providing end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow.

### 2014

#### Birth of a new European leader in digital transformation

Complementing each other in business strengths, strategic verticals and geographies while sharing a similar corporate culture, Sopra and Steria merge to give birth to Sopra Steria Group.

### 2000-2014

#### Driving digital transformation

In 2001, the Internet bubble bursts accelerating market changes. Clients are looking for global players capable of assisting them in transforming their businesses.

Steria rises to these challenges by completing major strategic acquisitions, including Bull's IT services business in Europe in 2001, Mummert Consulting in Germany in 2005 and the business process outsourcing (BPO) expert Xansa in 2007.

### 1985-2000

#### Financial performance at the heart of strategy

Given the maturity of the IT services market, Sopra reexamines its fundamentals and refocuses on systems integration and software development. Sopra completes its initial public offering in 1990. Steria prioritises the rationalisation and industrialisation of processes to reorganise its functional structure. After landing a number of major deals, Steria proceeds with its initial public offering in 1999.

Sopra combines internal and external growth to consolidate its European expansion and its areas of expertise: consulting, systems integration and solutions development. Axway, a subsidiary formed by bringing together the Group's software infrastructure divisions, is floated in 2011.

### 1968-1985

#### IT services as a key linchpin in society's process of modernisation

Sopra and Steria are two distinct entities, making their way forward in the emerging IT services industry. They both strive to meet the needs of major clients with innovative products and services. Sopra invests in software development and opens new locations in various markets. At the same time, Steria racks up several contract wins in the public sector.

## 3. Digital services market

### 3.1. Main markets – Competitive environment of the digital services sector

In 2022, the digital services market in Western Europe was worth an estimated \$311 billion <sup>(1)</sup>, up 9.5% <sup>(2)</sup>. For 2023, Gartner predicts growth of 8.0% (at constant US dollars).

#### DIGITAL SERVICES MARKET IN WESTERN EUROPE (EXCLUDING HARDWARE AND SOFTWARE)

Country (in billions of dollars)	2022 estimates
France	39.6
United Kingdom	89.7
Germany	54.2
Rest of Europe	127.3
<b>TOTAL</b>	<b>310.8</b>

Source: Gartner, updated Q4 2022.

Three countries (the United Kingdom, Germany and France) account for 59% of IT services spending <sup>(1)</sup>.

According to market research, in 2022 the market <sup>(1)</sup> grew by 9.3% <sup>(2)</sup> in France, 9.3% in Germany and 9.1% in the United Kingdom. For 2023, growth is expected to continue, amounting to 7.7% in France, 7.9% in Germany and 7.3% in the United Kingdom.

Gartner expects this trend to continue over the next few years, with market growth in Western Europe estimated at around 7% to 8% per year between 2023 and 2026.

#### DIGITAL SERVICES MARKET IN WESTERN EUROPE (EXCLUDING HARDWARE AND SOFTWARE)

Business (in billions of dollars)	2022 estimates
Consulting	71.2
Development and systems integration	85.0
Outsourced IT and cloud infrastructure services	118.1
Business process outsourcing	36.6
<b>TOTAL</b>	<b>310.8</b>

Source: Gartner, updated Q4 2022.

In terms of business segments, according to Gartner, consulting was up 11.1% <sup>(2)</sup> in 2022 and implementation services grew by 11.8%. The Group's other activities also experienced a year of growth: Outsourced infrastructure and cloud services were up 6.9%, with business process outsourcing up 9.7%.

For 2023, Gartner predicts growth of 9.2% in consulting, 6.9% in implementation services and 8.3% in outsourced infrastructure and cloud services. Business process outsourcing is expected to grow by 7.2%.

Furthermore, the IT services market remains fragmented despite some consolidation, with the leading player in the European market holding a 5% share. Against this backdrop, Sopra Steria is one of the 12 largest digital services companies operating in Europe

(excluding software) with an average market share of just under 2%. In France (second in the market) and in Norway (fourth in the market), the Group's market share is over 5%. In the other major European countries, its market share is around 1%.

Sopra Steria's main competitors in Europe are: Accenture, Atos, Capgemini, CGI, DXC and IBM, all of which are present worldwide. It also faces competition from Indian groups, chiefly in the United Kingdom (such as TCS, Cognizant, Wipro and Infosys), and local companies with a strong regional presence (Indra in Spain, Fujitsu in the United Kingdom, TietoEvry in Scandinavia, etc.). Apart from its services business, listed rivals such as Temenos and Alfa Financials also command a significant presence in the software market, where Sopra Steria is also present, especially in banking.

(1) Source: Gartner, updated Q4 2022

(2) Growth calculated at constant US dollars

## 4. Sopra Steria's activities

### 4.1. A major European player in digital transformation

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits, thanks to one of the most comprehensive portfolios of offerings on the market, encompassing consulting and systems integration, business and technology solutions, hybrid cloud and technology services, cybersecurity and business process services.

The Group provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach: from strategic analysis, programme definition and implementation, and IT infrastructure transformation and operation, to designing and implementing solutions and outsourcing business processes.

For Sopra Steria, helping clients succeed in their digital transformation means breaking down their strategic and business challenges into digital initiatives through an exclusive end-to-end offering. Thanks to very close relationships with its clients and its multi-disciplinary teams, the Group is able to continually innovate to guarantee that its offerings remain relevant to the strategic challenges of each of its vertical markets.

Sopra Steria's teams are trained in the new microservices platforms, DevOps and cloud computing. They are also adopting new methods of designing, delivering and embedding teams. Sopra Steria is therefore able to offer the two key ingredients for successful digital transformation: speed of execution and openness to external ecosystems.

Sopra Steria Group is also the preferred partner of Axway Software, whose exchange and digital enablement platforms play an important role in modernising information systems and opening them up to digital technology.

Sopra Steria is an independent Group whose founders and managers control 22.3% of its share capital and 33.7% of its theoretical voting rights. With nearly 50,000 employees in nearly 30 countries, it pursues a strategy based on European key accounts.

#### 4.1.1. CONSULTING AND SYSTEMS INTEGRATION – 62% OF 2022 REVENUE

##### a. Consulting

Sopra Steria Next, the Group's consulting brand, is a leading consulting firm. Sopra Steria Next has over 40 years' experience in business and technological consultancy for large companies and public bodies, with over 3,000 consultants in France and Europe. Its aim is to accelerate the development and competitiveness of its clients by supporting them in their digital transformation while addressing their sustainability challenges in keeping with our clients' Corporate Responsibility policies. This support involves understanding clients' business issues using substantial sector-specific expertise, and then working to design transformation

roadmaps (business processes, data architecture, change management, etc.) to make the most of new digital technologies. It involves supporting the information systems departments of our clients, grasping their new challenges, assisting them with their overall transformation projects as well as the modernisation of their legacy systems.

##### b. Systems integration

Systems integration is Sopra Steria's original core business, and covers all aspects of the information system life cycle and major transformation programmes. Sopra Steria is equipped to address the full range of its clients' software asset needs:

##### Design and integration

Sopra Steria's teams help their clients implement agile and industrial-scale projects. The Group undertakes to design and deliver systems in line with business requirements that are flexible and adapted to the new requirements of digital transformation as well as sector-specific regulatory constraints. This is made possible by working closely with the Sopra Steria Next teams.

##### Performance and transformation

In addition to standard information systems maintenance, Sopra Steria takes a continuous transformation approach to these systems to guarantee optimised operational efficiency for its clients, suited to changes in their business. The transformation approach includes a well-equipped and documented procedure making it possible to combine the issues involved in reducing the time to market with improved competitiveness and continuity of service.

##### Streamlining data flow

Once the systems and technologies are implemented, the information system gives access to reliable, relevant and critical data, offering better analysis of user satisfaction and optimisation of service performance.

With the increasing number of diverse data sources relating to fundamental changes in use, data is more valuable to the company than ever. To increase the value of this data, Sopra Steria has developed specific know-how and expertise to manage the exponential growth in data volumes and associated skills (data science, smart machines, automation, artificial intelligence) by integrating them in a global solution, securing the data regardless of its origin (mobile devices, smart objects, data privacy, the cloud, multimodal and multichannel systems, etc.) and using the data by means of contextualised algorithms.

The Group's systems integration offering thus meets the challenges posed by both the obsolescence and modernisation of information systems, ensuring optimal flexibility and value creation.

##### Product lifecycle management (PLM)

CIMPA provides comprehensive expertise via its PLM offering, which covers all the various facets of PLM services:

- PLM strategy creation or optimisation;
- deployment of strategy-related tools, processes or methods;
- user training and support.

## BUSINESS OVERVIEW AND STRATEGIES

### Sopra Steria's activities

#### 4.1.2. HYBRID CLOUD & TECHNOLOGY SERVICES – 10% OF 2022 REVENUE

With over 6,000 experts worldwide and more than 15 years' experience in developing our outsourcing service centres in Europe and India, Sopra Steria – a leader in the hybridisation of information systems and a major player in digital transformation – provides support for all technological, organisational and security-focused information system transformation projects. Our main activities encompass consulting, transforming infrastructure and operating models, and managing hybrid cloud activities.

Our area of expertise covers two service categories that are essential to support information system transformation for our clients:

- **Hybrid IT Services:** A comprehensive range of shared transformation services and innovative, customisable operations to help IT departments adopt a hybrid model that combines cloud-based solutions with legacy systems and achieve their goals in relation to agility, availability and performance. Our catalogue of integrated services lets us provide end-to-end management of our clients' applications in hybrid environments, as well as changes to these applications and interconnections with applications hosted in public and sovereign cloud environments.
- **User Experience Services:** A smart shared services platform providing users with office and application support built around knowledge of their business and drawing on AI-based digital solutions to offer a seamless experience.

Our consultants and experts are able to co-manage and run complex transformation projects and design and help roll out innovative technology solutions in response to clients' business issues.

#### 4.1.3. CYBERSECURITY SERVICES

With over 1,400 experts and several state-of-the-art cybersecurity centres in Europe and worldwide (France, United Kingdom, Singapore, Norway, Belgium, Poland, India), Sopra Steria has an international reach as a European leader in protecting critical systems and sensitive information assets for major institutional and private clients.

By absorbing EVA Group in 2022, Sopra Steria strengthened its capability in client-focused consulting and expertise and expanded its international presence (in the Asia-Pacific region, the US and Canada).

Through its comprehensive offering, the Group is able to address the entire cybersecurity value chain:

- **Prevention:** Drawing up a cybersecurity strategy that is adapted to the risks of the business and complies with the regulations in force, and spreading a culture of security within the organisation;
- **Protection:** Ensuring the continuous monitoring of assets by securing multi-cloud and hybrid environments, end-to-end encryption of applications and sensitive data;
- **Detection and response:** Adopting an overall defence strategy that mobilises all stakeholders to work together (detection, response, cyber threat intelligence, investigation, vulnerability management, etc.) towards a shared goal – recognising attackers and countering cyberattacks.

Drawing on this framework and our specific areas of expertise, we have developed offerings designed to address our clients' priority concerns:

- **Crisis management and cyber resilience, cloud security, industrial security, and IT and information systems security strategy**

Sopra Steria's business model based around value centres and products is designed to maximise the cyber value of the services delivered by the Group. It can be rolled out **locally, through service centres (in France, nearshore in Poland and offshore in India) or in hybrid form, with "follow-the-sun" capability.**

#### 4.1.4. DEVELOPMENT OF BUSINESS SOLUTIONS – 15% OF 2022 REVENUE

Sopra Steria offers its business expertise to clients via packaged solutions in three areas: banks and other financial institutions via Sopra Banking Software, human resources via Sopra HR Software, and real estate owners and agents with its property management solutions. The Group offers its clients the most powerful solutions, in line with their objectives and representing the state of the art in terms of technology, know-how and expertise in each of these three areas.

##### **Sopra Banking Software: Solutions developer for the financial services industry**

Drawing on its technologies and the strength of its commitment, Sopra Banking Software, a wholly-owned subsidiary of the Group, supports its clients – financial institutions – all over the world on a daily basis.

The customer experience, operational excellence, cost control, compliance and risk reduction are among the key transformation priorities for:

- banks in Europe and Africa: From direct- and branch-based retail banks and private banks to microfinance companies, Islamic financial institutions and centralised payment or credit factories;
- financing and lending institutions around the world: Serving individuals and companies, the automotive and capital goods sectors, as well as equipment and real estate leasing and even market financing.

With over 5,000 experts and more than 50 offices worldwide, Sopra Banking Software addresses its clients' challenges across all geographies and in all business areas, covering issues such as communicating new offerings, the quality of customer relationships, production, accounting integration and regulatory reporting.

##### **Solutions**

Sopra Banking Software offers two kinds of services: Sopra Banking Platform, intended to respond to banks' day-to-day needs, and Sopra Financing Platform, which specialises in managing financing:

- Sopra Banking Platform is a banking processing platform that relies on an architecture of independent and pre-integrated business components. It makes it possible to manage all banking operations (deposits and savings, management of the loan life cycle, payments, reporting) and offers innovative features in a digital and mobile environment;
- Sopra Financing Platform is a flexible and robust financing management platform able to deal with all types of financing tools within the framework of advanced process automation.

These solutions can be used either on-site at the client's premises, on the cloud (public or private) or in SaaS mode.



## Services

An end-to-end provider, Sopra Banking Software offers solutions as well as consulting, implementation, maintenance and training services. This means that financial institutions are able to maintain their day-to-day operations while shifting towards greater innovation and agility, with the aim of securing sustainable growth. Through its market-leading solutions backed by more than 50 years of experience in its field, Sopra Banking Software is committed to working with its clients and staff to build the financial world of the future.

### Sopra HR Software: a market leader in human resource management

Sopra Steria Group also develops human resource management solutions via Sopra HR Software (a wholly-owned subsidiary of Sopra Steria). Sopra HR Software is present in 10 countries, providing comprehensive HR solutions perfectly suited to the needs of human resources departments. Sopra HR Software currently has a workforce of 1,800 people and manages the payrolls of 900 clients with over 12 million employees.

Sopra HR Software is a partner for successful digital transformation of companies and anticipates new generations of HR solutions.

## Solutions

The Sopra HR Software offerings are based on the most innovative business practices and cover a wide range of functions, including core HR, payroll, time and activity tracking, talent management, staff experience, and HR analytics. The offering is based on two product lines, HR Access® and Pléiades®, aimed at large and medium-sized public or private organisations in any sector and of varying organisational complexity, irrespective of their location. In response to new hybrid working patterns, the new generation of Sopra HR 4YOU solutions offers a fully digital HR space that helps businesses stay closely connected with their employees and optimise HR performance and the quality of HR services.

Within Sopra HR Lab, Sopra HR anticipates the emergence of innovative HR solutions.

## Services

Sopra HR Software, a comprehensive service provider, offers a number of services linked to its solution offering and its HR ecosystem. Sopra HR Software supports its clients throughout their projects, from consulting through to implementation, including staff training, maintenance and business process services (BPS).

Sopra HR Software implements its own solutions either on-premise or in the cloud and also offers a wide range of managed services.

### Sopra Real Estate: driving digital transformation in the real estate market

Sopra Real Estate Software is the leading developer, distributor, integrator, and service manager of property management software in France. Sopra Steria offers major public and private sector real estate players (institutional investors, social housing operators, property management firms, property managers and major users) comprehensive business software solutions providing a huge range of functionality.

Sopra Real Estate Software's 700 real estate experts help our 400 clients realise their digital transformation so as to boost their return on assets, optimise practices and strengthen relationships with tenants and service providers.

Sopra Real Estate Software also offers a technical real estate asset management solution that is particularly well suited to helping our clients better understand their assets and manage their energy performance.

## Solutions

From property management to building information management, we offer a range of solutions built around providing digital real estate services to tenants and partners.

## Services

Sopra Real Estate Software supports its clients with an end-to-end service offering based on its solutions, from consulting to integration and managed services.

### 4.1.5. BUSINESS PROCESS SERVICES – 13% OF 2022 REVENUE

Sopra Steria offers a full range of business process services (BPS) solutions: consulting for the identification of target operating models, development of transition and transformation plans, and managed services.

Sopra Steria manages two of Europe's largest shared services organisations. Shared Services Connected Limited (SSCL) is a unique joint venture between Sopra Steria and the UK Cabinet Office. Sopra Steria provides a full range of business support services to major government departments, the police and UK government agencies. NHS Shared Business Services is a joint venture between Sopra Steria and the Department for Health and Social Care that provides support services to NHS trusts and UK health bodies.

Our BPS offering goes hand in hand with digital transformation. Digital technologies have opened up opportunities for improving key business processes in all organisations. Whether they involve robotics, chatbots, automatic natural language processing (NLP) or artificial intelligence (AI) more widely, digital technologies can streamline the execution of processes, cut their costs and lead to new approaches.

Sopra Steria has forged relationships with major providers of digital solutions for BPS.

Furthermore, we enjoy a strong presence in the technology ecosystem, both in France and worldwide. We thus have access to a dynamic network of partners as well as a singular ability to identify innovative solutions owing to our connections with the world of technology startups. We combine our own platforms with those of our technology partners to provide the right level of innovation within our design/production/operation services. Our specialised design teams work to ensure the best possible client experience for end-users and we offer our clients ways to considerably improve process efficiency by leveraging intelligent automation and machine learning. Thanks to our technology assets, we are helping to develop tomorrow's operating models.

Sopra Steria employs many consultants and practising professionals with expertise in BPS and the digital sector. They help organisations make the best use of new digital technologies to transform their activities, from their operating models to their processes and end-user services. Our ability to handle transformation in both its human and business dimensions allows us to support our clients wherever their digital journey takes them, helping them to move from a theoretical perspective on possible solutions to a focus on specific technologies. We eliminate inefficient practices, reorganise tasks and improve results for each activity entrusted to us, whether it involves individual business processes or highly complex shared services. Added to this is the experience of our employees in change management, which is essential to the success of any transformation. In the various BPS areas, we can provide the services ourselves or work in tandem with the client's personnel to carry out the engagement. In these cases, we invest in these individuals to help them become more effective and productive, sharing our best practices with them.

Sopra Steria operates two of the largest shared service centres in Europe, taking charge of multiple business processes each day on behalf of end-clients.

## 4.2. Business expertise at the heart of our strategy

Sopra Steria has chosen eight major vertical markets that constitute its areas of excellence and make up 90% of revenue. The Group has a comprehensive offering in each of these fields, meeting the specific challenges of its clients.

### 4.2.1. FINANCIAL SERVICES – 21% OF 2022 REVENUE

The banking and financial services sector has entered a new era, that of Open Banking. Client demands and regulatory pressures are constantly increasing and new market entrants (fintech companies, the "Big Four" tech companies, retail and telecoms players, etc.) are helping to accelerate transformations in this ecosystem, moving it toward greater openness, a paradigm shift often referred to as the Open Banking revolution.

Faced with these new challenges, Sopra Steria aims to be a partner for banks, helping to facilitate and accelerate this transformation.

With three core areas of expertise – understanding of the banking sector, its clients and the most innovative technologies – the Group offers powerful and agile software solutions, as well as their application by means of value-added use. The Group and its subsidiary Sopra Banking Software provide comprehensive solutions and turn changes in the banking world into opportunities for their clients, whether in risk management, regulatory compliance, data protection, improving the customer experience, optimising performance, delivering differentiation or identifying new sources of income.

### 4.2.2. PUBLIC SECTOR – 24% OF 2022 REVENUE

Faced with new expectations from civil society and businesses, the need to optimise their expenditure, the obligation to keep up with regulatory changes and driven by a wave of reforms, public sector entities are continuing the broad-based transformation of their activities, organisations and the services offered to their users.

When digital technology is a force for change, Sopra Steria provides solutions in two main categories: (i) the digitisation of government services, the re-engineering of processes and, more generally, the modernisation of business-specific information systems via digital transformation programmes, and (ii) the pooling of support functions for central government agencies, local authorities, and key providers in the health and welfare sectors.

As a result, public sector organisations can ensure that they meet their targets and priorities at the lowest cost, while giving their information system the agility it requires to meet the high expectations from civil society and agents.

### 4.2.3. AEROSPACE, DEFENCE AND SECURITY – 20% OF 2022 REVENUE

#### a. Aerospace

The aerospace sector is a particularly fertile ground for innovation. It is subject to constraints regarding reliability, availability, security and performance, which require suppliers to have full command of the technologies and processes implemented, as well as a thorough understanding of their different clients' core businesses.

For optimal service, companies operating in this sector must align their capacities with the pace of production and optimise their processes and information systems while also improving profitability. Digital continuity and the ability to manage the product life cycle, from design to manufacture and after-sales services, are crucial. Sopra Steria's acquisition in 2015 of CIMPA, a specialist in product lifecycle management, makes total sense in this context particularly as it was followed in 2017 by the acquisition of 2MoRO, extending the Group's offering in aerospace maintenance activities.

To meet these challenges, Sopra Steria's expertise comes into play through the Aeroline vertical in such critical areas as industrial efficiency, manufacturing and particularly the shop floor, supply chain, on-board systems and air traffic control.

#### b. Defence

In a tense geopolitical context, marked by the rise of new threats to states (high-intensity major conflicts, cybercrime, terrorism, etc.), defence departments face numerous challenges and must improve their effectiveness while taking into account budgetary constraints. It has become essential to ensure information superiority, data interoperability and critical operational systems security.

With over 40 years' experience in supporting the military in Europe, Sopra Steria combines pragmatism and innovation, thanks to tailored technological and process solutions:

1. reliability and interoperability of operational information and communication systems;
2. efficiency and overall effectiveness of the armed forces;
3. efficiency of the military supply chain (supply chain management);
4. control over costs and the complexity of ensuring compliance for information systems.

As a company specialising in digital services, Sopra Steria does not engage in the manufacture, maintenance or marketing of controversial defence equipment.

#### c. Security

Sopra Steria supports public authorities in meeting the challenges of homeland security. The Group operates in 24 countries, serving many different organisations: police, emergency services, border control, justice, customs and homeland security services.

Sopra Steria carries out large-scale, complex and critical projects on behalf of these organisations, concerning:

- survey management and information processing;
- road safety;
- automation of command-and-control solutions;
- management of identity documents, security credentials, and civil and criminal biometrics;
- modernisation of court- and prison-related administration;
- intelligent, distributed computer systems;
- infrastructure security;
- mobile technologies to optimise operations on the ground.

In addition, the Group has developed innovative solutions specific to



the security sector, to meet the challenges and requirements of clients in this field (biometrics, mobile technology, fingerprint and genetic footprint search engines, implementing secure cloud solutions etc.).

#### 4.2.4. ENERGY AND UTILITIES – 6% OF 2022 REVENUE

The energy sector is in the midst of its most radical transformation, in Europe and in France, since the end of the Second World War. Public institutions, civil society and the private sector have taken into account Europe's decision to achieve carbon neutrality by 2050, with the recent energy crisis in Europe sparking an increase in investment decisions.

Becoming carbon-neutral will require a thorough overhaul of the energy sector's value chain, from production to marketing, with electricity replacing fossil fuels, and biogas and hydrogen acting as complementary forces, particularly for industry.

For energy providers, this raises a number of specific challenges:

- **In production:** striving for excellence in the field of low-carbon (especially nuclear) and renewable energy production, while mastering the technological, financial and societal challenges associated with accepting the many projects to be launched in the various regions;
- **In transmission and distribution:** spearheading a wave of investment in response to the need to scale up renewable energy production, connect production facilities to the grid, and operate those facilities under optimum conditions by modernising and digitalising management of the grid;
- **In marketing:** optimising the customer experience and creating offers that combine energy and services to retain and win over new customers, and to respond to new usage patterns (electric mobility, self-consumption, etc.).

Against this backdrop, Sopra Steria supports energy suppliers and utilities in their strategic responses to trends affecting a number of areas:

- **Experience and client acquisition:** reinventing customer relations and designing new services;
- **Digital continuity of engineering:** helping our major clients achieve their ambitions in developing new carbon-free, nuclear and renewable energy production sites;
- **Power grid modernisation:** ramping up the decentralisation and digitalisation of energy transmission and distribution grids;
- **Modernisation and optimisation of information systems** to enable energy transition investments;
- **Transformation and resilience of organisations:** facilitating changes in organisations and business lines to promote agility.

#### 4.2.5. TELECOMS, MEDIA & ENTERTAINMENT – 4% OF 2022 REVENUE

The telecoms, media and entertainment sector is at the centre of the digital revolution, for three reasons:

- it supports the digitisation of all the other verticals, in particular by feeding the data collected from billions of objects to algorithms;
- it also serves as the testing ground for the implementation of new technologies and uses as part of a platform-based business model;
- lastly, it plays a key role in ensuring economies are resilient, as demonstrated during the Covid-19 pandemic.

Sopra Steria serves the transformation goals of its clients in relation to the following main challenges:

- **deployment of new infrastructures:** Fibre and 5G to help meet countries' industrial requirements by providing them with very high-speed fixed and mobile connectivity;
- **infrastructure management:** Moving from a configurable to a programmable approach for essential infrastructure, such as the cloud, SDN/NFV and most recently 5G;
- **automation:** So that the company is able to interact in real time, in particular thanks to AI, with all members of its ecosystem (customers, suppliers, partners, employees, infrastructures);
- **greater business agility:** Making it easier to readapt, readjust and realign the company and its organisational structures to better seize new opportunities and also to further improve the engagement of managers and their teams in service of clients;
- **digitisation of services:** Laying down the fundamentals of the platform-based business, thus moving to fully digital and end-to-end solutions, from client to infrastructure;
- **core media business:** Taking up new models, such as SVOD, AVOD, content aggregation, targeted advertising and 4K;
- **core gaming business:** Customer retention and churn, fraud reduction and control over cash flows, compliance with regulations, digitisation of distribution channels.

#### 4.2.6. TRANSPORT – 6% OF 2022 REVENUE

Given that the transport sector accounts for 30% <sup>(1)</sup> of GHG (greenhouse gas) emissions, all players in the sector will have to undergo major changes in the short-to medium-term to reduce their footprint. Meanwhile, mobility and logistical needs are constantly changing and must contend with new challenges: increased international traffic and interoperability, the development of platforms to facilitate access to mobility services in urban areas, the upgrading of infrastructure both in terms of capacity and modernity, and new approaches to urban logistics as the volume of goods driven by e-commerce explodes and last-mile services in densely populated areas require new approaches.

Faced with these major challenges, the transport industry will have to implement strategies, investments and services to encourage travellers to choose the most environmentally-friendly solutions by facilitating access to services, using "door-to-door" methods, offering seamless intermodality, integrating micro-mobility, and developing new payment and customer experience models. Transporters, infrastructure managers and logisticians will progressively update their operating and supervision models to integrate the new functionalities made possible by data and predictive models. Advances in autonomous driving and vehicles are a key issue in urban areas.

The energy crisis following the war in Ukraine is set to accelerate changes that were already underway in relation to energy efficiency: optimising processes, reducing energy consumption at industrial premises, continuing to develop clean transportation and developing green hydrogen solutions.

Sopra Steria Group is determined to be the partner of choice for leading players in the transport industry to help them achieve their digital transformation goals in three key areas of their value chain: transformation of the urban and multimodal experience; platformisation of operating and command-and-control systems, operational supervision and traffic management; and excellence of industrial operations and asset management.

(1) Report on the state of the environment in France: <https://notre-environnement.gouv.fr/ree/>

The Group also aims to be a recognised player in mobility ecosystems: MaaS platforms, autonomous shuttles/vehicles, and smart cities.

Its expertise in the digital domain is recognised in the transport industry, particularly in relation to business consulting, digital expertise (Big Data, AI, IoT, etc.), cloud migration from consulting through to migration factory, integration of specialist solutions, and cybersecurity.

Sopra Steria is one of Europe's top 10 digital services companies in business and information system transformation for major clients in the rail, urban transport, postal services, aviation and logistics sectors.

#### 4.2.7. INSURANCE – 5% OF 2022 REVENUE

The insurance sector is fiercely competitive due to the increasing standardisation of offers, structurally low long-term interest rates and the escalating regulatory burden. At the same time, clients, and particularly millennials, are exhibiting new behaviours, with a shift in expectation toward the hyper-personalisation of products and services.

In this increasingly competitive global context, leading insurers continue to look to consolidation and transformation as the way forward. To set themselves apart, they are developing extended services and are taking into account the new risks associated with use (as opposed to ownership) of property, the rise of service business models, the sharing economy and cybersecurity.

Sopra Steria offers its clients a comprehensive solution for the

implementation of new business models, support for strategic plans and digital transformation to put in place a platform-based approach, seen as essential to open the business and its information system to new partnerships and services across an extended value chain.

#### 4.2.8. RETAIL – 3% OF 2022 REVENUE

Retailers face a challenging business environment as well as profound and continual changes in the shopping habits of customers, who increasingly use digital technology. To remain competitive, transformation is essential. The aim is to secure and better manage retail business practices by offering a real ability to innovate to meet consumer demand for immediate and flexible services while respecting environmental issues.

Sopra Steria assists retailers with their digital transformation and has developed knowledge and experience in multi-channel commerce, optimisation of logistics chains and understanding customer experiences.

### 4.3. Research and Development in Solutions

The Group has continued its R&D efforts, investing €114 million in 2022 (versus €137 million <sup>(1)</sup> in 2021) in developing and expanding its business solutions. These are gross amounts and do not take into account funding related to the French R&D tax credit (CIR).

(1) After taking into account the impact of changes in scope

## 5. Strategy and objectives

### 5.1. Strong and original positioning in Europe

Sopra Steria's ambition is to be a European leader in digital transformation. Its high value-added solutions, delivered by applying an end-to-end approach to transformation, enable its clients to make the best use of digital technology to innovate, transform their models (business as well as operating models), and optimise their performance.

The Group's aim is to be the benchmark partner for large public authorities, financial and industrial operators and strategic companies in the main countries in which it operates.

To achieve this aim, Sopra Steria continues to strengthen its key competitive advantages:

- business software solutions which, when combined with the Group's full range of services, make its offering unique;
- a position among the leaders in the financial services vertical (core banking and specialist lenders) bolstered by the success of the Sopra Banking Software solutions;
- very close relationships with its clients, thanks to its roots in the regions where it operates and its ability to meet core business requirements;
- a strong European footprint with numerous locations in many of the region's countries which, when combined with these close relationships, raises its profile among large public authorities and strategic companies throughout Europe as a trusted and preferred partner for all projects involving digital sovereignty.

Lastly, the Group's mission statement – formally adopted in 2019 – reflects both its values and its desire to help meet the Sustainable Development Goals of the Company and its stakeholders: "Together, building a positive future by making digital work for people."

### 5.2. Confirmed objectives and priority action areas

#### 5.2.1. DEVELOPMENT OF SOLUTIONS

The Group, currently France's number-two enterprise software developer, confirms its medium-term target of continuing to grow its solution development and integration activities. Efforts will continue to be focused on enriching the Group's solutions, adapting them to cloud systems, leveraging API-based access to data and services, integrating new digital technologies, developing managed services, and expanding operations into new geographic markets.

The development of Sopra Banking Software, whose aim is to conquer markets beyond Europe, remains a priority. The Group also continues to strengthen its leading position in human resource

management and property management solutions. With organic growth as the preferred strategy, the Group remains on the lookout for acquisition opportunities.

Management at the Group's three software entities (Sopra Banking Software, Sopra HR Software and Sopra Real Estate Software) confirmed the benefits of mapping out a Software Project that goes beyond merely setting up a reporting and control hub.

This resulted in the creation of a Software division spanning these three entities.

The first decision was to put in place, in 2021, a Design Authority Software (DAS) tasked with the following:

- defining mandatory requirements for all software entities and ensuring they are properly implemented;
- promoting knowledge-sharing: shared research, best practice, coordination of subject-specific communities, etc;
- developing and running tools and platforms on behalf of the three entities;
- managing key partnerships for the benefit of all.

#### 5.2.2. DEVELOPMENT OF CONSULTING ACTIVITIES

In order to position itself even more securely with client decision-makers at the business department level, the Group is continuing its move up the value chain in consulting, and confirms its medium-term target of continuing to develop its activities in this area. To do this, it is gradually developing a range of consulting services and capacity in all of the regions in which it operates, using a model that favours synergies with the Group's other business lines. The Group's plan is to establish and develop a European consulting capability specialising in business transformation through technology. The Group aims to help its clients define and deliver on the promises they make to their own clients and employees by seizing opportunities offered by the ongoing digital, environmental and social transitions, in support of the Group's strategy. The Group's ambition is to be a powerful and widely recognised European consulting firm at the cutting edge of innovation in technology and management, offering tailored solutions designed to address specific business issues while honouring its clients' culture and ESG <sup>(1)</sup> policy. The consulting business mainly operates in three segments: IT consulting; operational consulting, with a focus on Group clients' core business; and strategy consulting, with a focus on digital services and associated marketing, innovation and data use.

The prominence of the Sopra Steria Next brand, created in 2019 to promote the Group's digital transformation consulting expertise, has benefited from this. In France, it is also bolstered by the Group's decision to integrate its CSR mission into its consulting activities. This mission, built around the idea of digital ethics, is backed by a dedicated communications plan.

(1) Environmental, Social and Governance.

### 5.2.3. ACCELERATION IN DIGITAL TECHNOLOGY

Sopra Steria has successfully completed numerous digital projects. Its experience has allowed it to offer a holistic approach to digital transformation to the market, based on a series of best practices.

To step up its commitment to digital technology, the Group is continuing to invest with the goal of:

- being at the cutting edge of the market in all of its services and business models;
- strengthening its technology assets;
- transforming its operating models;
- educating all of its employees in digital culture, practices and skills;
- keeping an eye on the market in order to clarify its digital strategy and target the best digital partners.

#### Digitisation of offerings and business model adaptation

The Group is adapting its software to factor in advances in digital technology in a number of key areas, such as the customer/user experience, analytics, AI, APIs, etc., and to take account in their architecture of changes in client needs, such as growing use of the (hybrid) cloud, increasing demand for Software-as-a-Service and the gradual adoption of the platform company model (particularly in the financial sector).

The same approach is being applied for each of the Group's service activities – Consulting, Application Services (Build and Application Management), Infrastructure Management, Cybersecurity, Business Process Services – with the following Group objectives:

- using the potential of new technologies – analytics, AI/machine learning, smart machines, blockchain, IoT, augmented/virtual reality etc. – to benefit its clients through innovative applications;
- driving its clients' transformation from its current position: For example, the Application Management offering has evolved to encompass the end-to-end transformation of processes and the corresponding modernisation of existing IT systems, including connecting digital technologies with legacy systems and migrating all or some of the IT system to the cloud;
- promoting new end-to-end approaches combining consulting and software: Providing IT strategy support for large companies and public authorities, implementing digital continuity in industrial value chains, building service platforms, overseeing the cloud-based and digital transformation of information systems, etc.

The digitisation of offerings and, more broadly speaking, changing client expectations, have led the Group to adapt its business models. The Group will thus be selling more and more solutions operated on behalf of clients and, in services, increasingly leveraging intellectual property (reusable components, implementation accelerators, etc.). It will thus generate more recurring revenue through its solutions, with less of a direct connection to the size of its workforce in services.

#### Technology assets

The Group is continually investing in the exploration of new ideas and expertise in architectures, and in emerging digital and cloud technologies and uses, relying on its teams of "digital champions" (experts led by the Group's Chief Technology Officer).

At the same time, all necessary resources are being designed and put in place to rapidly develop and operate digital solutions on behalf of the Group's clients that are natively designed to function in hybrid cloud environments:

- the Digital Enablement Platform (DEP), the technical foundation for building or modernising IT systems (designed to be able to interact with components of Amplify, Axway's hybrid integration platform), an industrial DevOps chain and an environment to capitalise on and search for reusable software components, a private cloud that can be extended to the main public clouds;
- implementation accelerators for new digital technologies (smart machines, AI/machine learning, blockchain, IoT, etc.);
- digital factories to enable service offerings combining consulting and software (e.g. migrating information systems to the cloud).

#### Transformation of operating models

The Group is gradually changing the operating model for its services and R&D activities (by integrating its aforementioned technology assets):

- extensive experience with agile projects (including many in collaboration with offshore and nearshore centres);
- roll-out of processes and resources (software and digital factories) for industrialisation, automation and reusable components developed to boost productivity and quality for IT services and R&D activities.

In particular, this involves greater use of smart machines (robotic process automation, intelligent automation, virtual assistants) in the Group's recurring service activities (in connection with its Business Process Services, Infrastructure Management, Application Management and Support offerings) as well as expanding the reuse of existing technology- or industry-specific software components (IP blocks, open source) and the use of low-code/no-code development platforms for the building of solutions:

- transformation in line with the production model of each activity (distribution of roles between the onshore production teams, the service centres, and the offshore and nearshore R&D teams).

#### Skills development

To accompany its transformation, the Group is making a considerable effort to train its employees and managers:

- strengthening its training offering: Introductory and more advanced courses on all digital/cloud technologies, training on new digital practices and new industrial environments, training on the digitised services provided by the Group.
- digitisation of training resources: virtual training rooms, in-house e-learning and access to MOOC-style learning platforms.

#### Innovation

Numerous initiatives are being encouraged to promote and enhance innovation, such as the Group's digital champions keeping an eye on technology advances and uses, innovation imperatives assigned to project teams, internal innovation competitions to develop new digital uses, hackathons open to clients and partners, as well as platforms for digital demonstrations, brainstorming, co-design, rapid development and technology intelligence open to clients, employees and partners (DigiLabs at all the Group's major locations and a Next centre at its registered office), etc.

### Ecosystem of partners

Special efforts are being made to establish targeted partnerships with leading players in the digital ecosystem by vertical and by major technology area (startups and niche players, institutions of higher education and research laboratories, top software development companies, tech giants, etc.). It is within this framework that a strategic partnership has been forged with Axway.

In order to ensure effective market intelligence, a collaborative startup observatory is made available to the Group's teams of digital champions and all its managers.

In certain very specific cases relating to its digital strategy, the Group may directly or indirectly take equity stakes (through specialised funds) in young startups that it considers the most innovative in the market, applying a corporate venturing approach.

### 5.2.4. TARGETING OF SPECIFIC VERTICALS

#### Focused business development

To support its positioning goals, the Group is continuing its policy targeting specific vertical markets, key accounts and business areas in all countries where it operates.

There are eight priority verticals that currently account for the majority of revenue: Financial Services; Public Sector; Aerospace, Defence & Security; Energy & Utilities; Telecoms, Media & Entertainment; Transport; Insurance; Retail.

For each vertical, the Group selects a small number of key accounts (fewer than 100 at Group level), focuses on a few different business areas in which it aims to secure a leading position and implements an inter-entity coordination system for the different countries and subsidiaries concerned.

Some of these verticals are considered particularly strategic. The Group has very clear strengths in several countries (broad position, IT and business expertise, replicable experiences etc.). The transformation needs of businesses, public authorities and ecosystems in place are considerable and rely on similar solutions from one country to the next. These verticals (Financial Services, Aerospace, Defence & Security, Public Sector) are eligible for corporate investment or external growth transactions.

Starting in 2021, the organisation of the financial services vertical has been bolstered in order to develop synergies between the various business lines and improve the Group's positioning in Europe in this strategic market.

The financial services vertical includes:

- service businesses in France, the United Kingdom, Germany, Spain, the Benelux countries, Scandinavia, Italy and Switzerland, by Gallit and at the Group's Service Centres;
- software and ancillary services supplied by Sopra Banking Software;
- software and ancillary services supplied by Sopra HR Software and Sopra Real Estate Software in the financial services market.

#### End-to-end vertical offerings

In order to achieve its leadership objective in its targeted verticals and business areas, the Group mobilises the development efforts of

its various entities to build end-to-end value propositions as well as offerings of business solutions designed to address the business challenges faced by its major clients. As an example, the Group applies this approach to meet digital continuity challenges in the aerospace value chain.

Particular emphasis is placed on the financial services vertical, for which the Group offers comprehensive responses to productivity issues in the core banking and specialist lending sectors. These responses are based on Sopra Banking Software's solutions and the Group's full range of consulting activities and services.

### 5.2.5. ACQUISITION STRATEGY

In addition to regular targeted acquisitions in order to enhance its offering and expertise or strengthen its position in certain regions, the Group is ready to play an active role in market consolidation, which will inevitably be boosted by the end of the Covid-19 crisis. In this context, it will be able to carry out larger acquisitions.

### 5.2.6. INTEGRATING THE GROUP'S CSR AMBITIONS INTO ITS STRATEGY

To fulfil the mission it has adopted, achieve the targets set in this regard and respond to its clients' growing demands, the Group is factoring social and environmental concerns into its strategy in three main areas:

- Digital ethics: Sopra Steria promotes a responsible approach in its consulting services;
- Green IT: The Group's different business lines work to assess and optimise the environmental impact of the digital solutions they offer, build and operate for their clients (as part of a "green IT" approach);
- IT for Green: The Group's activities in this area help clients address their sustainability priorities, using new technologies to develop innovative environmentally and climate-friendly solutions.

## 5.3. Medium-term strategic objectives

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

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

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



## 6. 2022 Full-year results

### 6.1. Comments on 2022 performance

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

"Our strong performance in 2022 puts us on track to achieve our medium-term goal: delivering an operating margin on business activity of around 10% in 2024 and being among the top-performing players in our sector. As regards the financial targets set at the beginning of the year, we achieved our profitability target and exceeded our growth and cash flow targets. We also ramped up implementation of our strategy in 2022. We began to strengthen our business in areas where sovereignty issues are becoming increasingly important (defence, space, energy, cybersecurity, etc.), and at the same time, we worked to grow our market share in those European countries we consider strategic for our future development. We reviewed our operating model and reinforced leadership in our consulting business. We boosted our operational efficiency on multiple fronts: through the value we deliver to our clients, efficient management of our human resources, optimisation of our costs and an increased return on capital employed. Lastly, I'm proud to point out that, alongside this uplift in performance, we once again improved our score on our annual Great Place To Work® survey and were confirmed as being on CDP's A List <sup>(1)</sup> for the 6<sup>th</sup> year running."

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

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

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

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

We took a number of steps to boost our **operational efficiency**. We sought to move our offerings further up the value chain wherever possible and average selling prices rose across our business lines. We embarked on a programme to reduce our real estate footprint. We also ramped up the expansion of our offshore resources: the number of employees based in India rose by 14.2% in the year, compared with a 4.7% increase in the workforce as a

whole. Consequently, resources at international service centres now account for 19% of the total workforce (up 0.6 points from 2021). These various factors contributed to the improvement in profitability and improved our return on capital employed, which rose 2.7 points to 14.1% <sup>(2)</sup>.

#### DETAILS ON 2022 OPERATING PERFORMANCE

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

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

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

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

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

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

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

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



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

## 6.2. Comments on the components of net profit attributable to the Group and financial position at 31 December 2022

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

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

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

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

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

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

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

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

## 6.3. Proposed dividend in respect of financial year 2022

At the next General Meeting of Shareholders, to be held on 24 May 2023, Sopra Steria will propose the payment of a dividend of €4.30 per share (vs. €3.20 per share in respect of financial year 2021). The ex-dividend date will be 29 May 2023. The dividend will be payable as from 31 May 2023.

## 6.4. Workforce

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

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

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

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

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

## 6.5. Social and environmental footprint

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

With regard to the **environment**, CDP confirmed in December 2022 that Sopra Steria had made its A List – recognising the world's most transparent and most proactive companies in the fight against climate change – for the 6th year in a row. This recognition notably reflects the Group's target <sup>(1)</sup> of achieving an 85% reduction in its greenhouse gas emissions by 2040 (vs a 2015 baseline). As at end-December 2022, a reduction of 68% <sup>(2)</sup> had been achieved. By way of illustration, over the course of the year more than 19,000 Group employees received training in eco-friendly digital behaviours and more than 16,000 in issues relating to net-zero emissions.

In the field of **social responsibility**, in 2022 Sopra Steria secured GEEIS (Gender Equality European and International Standard) accreditation <sup>(3)</sup>, which assesses firms' human resources policies from a gender equality perspective. Other areas of progress in the year included signing the Corporate Parenthood Charter in France to promote a working environment and management culture conducive to work-life balance.

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

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

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

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

## 6.6. Targets

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

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

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

## 6.7. External growth transactions and acquisitions in financial year 2022

During financial year 2022, Sopra Steria announced the following key transactions:

- On 11 July 2022, **Footprint** – a Norwegian consultancy specialising in environmental and sustainability solutions, which employs around twenty consultants – was added to the Group's scope of consolidation.
- On 28 July 2022, Sopra Steria announced its plan to acquire **CS Group** (see the press release related to this transaction). Merger control and foreign investment approvals could be obtained by the end of February 2023, which should pave the way for the acquisition of controlling interests and the filing of a simplified public tender offer before the end of the first quarter of 2023. The company could be consolidated with effect from 1 March 2023.
- The proposed acquisition of **Tobania** was announced on 17 November 2022 (see the press release related to this transaction). This acquisition should be finalised beginning of March and the company could be consolidated with effect from 1 March 2023.

## 6.8. Infrastructure and technical facilities

A total of €55.3 million was invested in 2022 in infrastructure and technical facilities, as against €42.7 million in 2021.

Investments in facilities comprised the following:

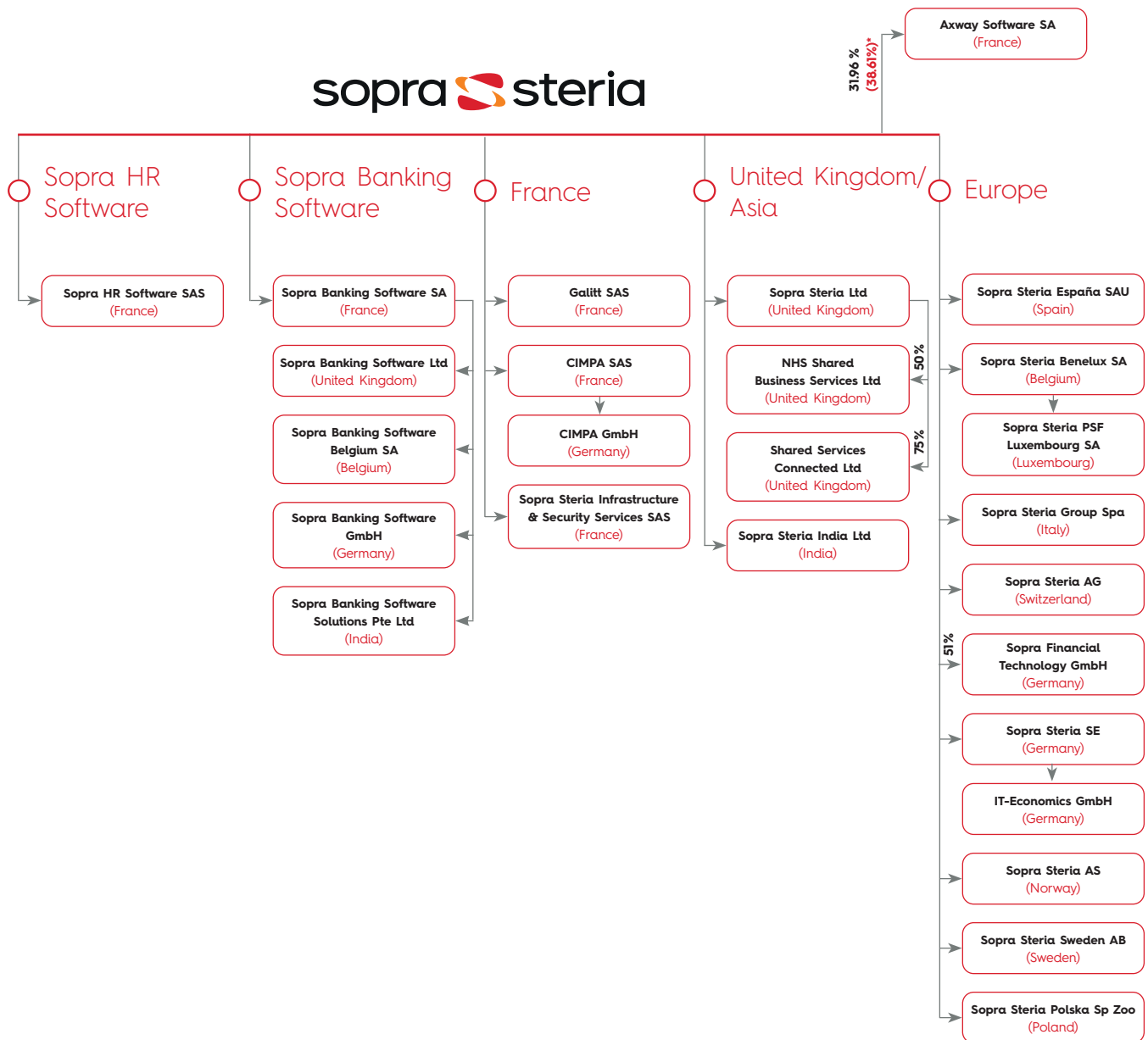
- land and buildings: €0.0m;
- fixtures, fittings and furniture: €35.9m;
- IT: €19.4m.

## 7. Subsequent events

The conditions precedent for the acquisitions of CS Group and Tobania described in Note 2.2 of the Chapter 5 "2022 consolidated financial statements" of this document (page 199) were met after 31 December 2022, on 28 February and 2 March 2023 respectively.

No other subsequent events occurred after the end of financial year 2022.

## 8. Simplified Group structure at 31 December 2022



This organization chart represents companies whose turnover is **greater than or equal to €20 million and which are 95% - owned by the Group** either directly or indirectly, unless otherwise specified (see percentage).

(\*) Exercisable voting rights

## 9. Group organisation

Sopra Steria Group's governance consists of a Board of Directors, Chairman and Chief Executive Officer.

The organisation is supported by a permanent operational and functional structure as well as temporary structures for the management of particular deals and projects.

Sopra GMT, the holding company that takes an active role in managing the Group, takes part in conducting Group operations through:

- Its presence on the Board of Directors and the three Board committees.
- A tripartite assistance agreement entered into with Sopra Steria and Axway, concerning services relating to strategic decision-making, coordination of general policy between Sopra Steria and Axway, and the development of synergies between these two companies, as well as consulting and assistance services, particularly with respect to finance and control.

### 9.1. Permanent structure

The Group's permanent structure is composed of four operational tiers and their associated functional structures.

#### 9.1.1. TIER 1: EXECUTIVE MANAGEMENT AND THE EXECUTIVE COMMITTEE

On Wednesday, 12 January 2022, Sopra Steria announced the appointment of Cyril Malargé to succeed Vincent Paris as Chief Executive Officer.

Cyril Malargé has served as Chief Executive Officer since 1 March 2022.

The Executive Committee (ExCom) is led by the Chief Executive Officer and consists of the heads of the main operating and functional entities.

The 15 members of Sopra Steria Group's Executive Committee supervise the Group's organisation, management system, major contracts and support functions and entities. The Executive Committee is involved in the Group's strategic planning and implementation. Three of its members are women.

##### Members of the Sopra Steria Executive Committee:

- Cyril Malargé, Chief Executive Officer
- Laurent Giovachini, Deputy Chief Executive Officer, Business Strategy, Defence & Security
- Éric Pasquier, Software
- Fabrice Asvazadourian, Consulting – Sopra Steria Next
- Yvane Bernard-Hulin, Legal
- Éric Bierry, Sopra Banking Software
- Pierre-Yves Commanay, Continental Europe
- Perrine Dufros, Human Resources Development
- Dominique Lapère, Industrial Approach
- Fabienne Mathey-Girbig, Corporate Responsibility and Sustainable Development
- John Neilson, United Kingdom
- Xavier Pecquet, Key Accounts and Partnerships, Aeroline

- Mohammed Sijelmassi, Technology
- Étienne du Vignaux, Finance
- Grégory Wintrebert, France

The Group Management Committee consists of the members of the Group Executive Committee, together with 42 operational directors and functional directors. Eleven of the Group Management Committee's members are women.

#### 9.1.2. TIER 2: SUBSIDIARIES OR COUNTRIES

These are the main operating entities. Their scope corresponds to one of the following:

- a specific line of business (consulting and systems integration, development of business solutions, infrastructure management and cloud services, cybersecurity services and business process services);
- geographic area (country);
- these entities are managed by their own Management Committee, comprising in particular the Director and management of tier 3 entities.

#### 9.1.3. TIER 3: DIVISIONS

Each country or subsidiary is made up of divisions based on two criteria:

- vertical market;
- geographic area (region).

#### 9.1.4. TIER 4: BUSINESS UNITS

Each division is made up of business units, which are the organisation's primary building blocks. They operate as profit centres and enjoy genuine autonomy. They have responsibility for their human resources, budget and profit and loss account. Management meetings focusing on sales and marketing strategy and human resources are held weekly, and the operating accounts and budget are reviewed on a monthly basis.

The diagram below illustrates the four main tiers of the ongoing structure:



### 9.1.5. OPERATIONAL SUPPORT FUNCTIONS

The operational organisation is strengthened by operational support entities responsible for managing major transformations:

- the Key Accounts and Partnerships Department (DGCP), responsible for promoting the Key Accounts policy and developing relations with partners. The role of this department is to coordinate the commercial and production approaches for our major clients, particularly when different entities are involved;
- the Digital Transformation Office (DTO), responsible for designing and managing the Group's digital transformation. It also manages the Group's innovation approach;
- the Industrial Department, responsible for industrialising working methods and organising subcontracting on X-shore platforms. It also checks that projects are properly executed.

### 9.1.6. FUNCTIONAL STRUCTURES

The functional departments are the Human Resources Department, the Marketing and Communications Department, the Corporate Responsibility and Sustainable Development Department, the Internal Control Department, the Finance Department, the Legal Department, the Real Estate Department, the Purchasing Department, and the Information Systems Department.

These centralised functions ensure Group-wide consistency. Functional managers transmit and ensure commitment to the Group's core values, serve the operational entities and report directly to Executive Management.

The Group's functional structures standardise management rules (information system resources, IT systems, financial reporting, etc.) and monitor the application of strategies and rules. In this manner, they contribute to overall supervision and enable the operational entities to focus on business operations.

### 9.1.7. A SOLID, EFFICIENT INDUSTRIAL ORGANISATION

Sopra Steria manages complex and large-scale programmes and projects in a market where delivery commitments are increasing and becoming globalised. The Group has an increasingly wide range of skills to support multi-site projects that generate strong gains in productivity with delivery models that guarantee clients an optimal cost structure.

Sopra Steria applies an industrial production approach, supported by five levers:

- production culture: Transmission of know-how and expertise in the field;
- choice of personnel: Human resources are central to the approach, providing training, support and improved skills for each employee;
- organisation: The Industrial Department and its representatives in the business units control production quality and performance, identify and manage risks, support project managers and roll out industrialised production processes;
- state-of-the-art industrial-scale foundation: The Delivery Rule Book (DRB), the Digital Enablement Platform (DEP) and the Quality System across the Group's various entities;
- global delivery model: Rationalising production by pooling resources and expertise within service centres, with services located based on the needs of each client (local services and skill centres in various entities, shared service centres nearshore in Spain and Poland, and offshore shared service centres in India).

## 9.2. Temporary structures for specific deals and projects

The Group's organisation must retain flexibility in order to adapt to changes in its markets and ensure the successful completion of projects.

These are handled by temporary teams:

- within the entities;
- under the authority of a pilot entity, established to leverage synergies across several entities.

Each project is organised and carried out in order to meet fundamental objectives: client service, business success, and contribution to the overall growth of the Group.

Depending on their particularities (size, area of expertise, geographic area covered), large-scale projects can be managed at the business unit, division, subsidiary/country or Executive Management level. Certain large projects requiring the resources of several business units may involve the creation of a division.

