6. Parent company financial statements

Income statement

(in thousands of euros)	*Notes*	2022	2021
Net revenue	*4.1.1*	1,891,556	1,717,658
Other operating income		54,430	82,154
Operating income		**1,945,986**	**1,799,812**
Purchases consumed		750,614	638,632
Staff costs		999,612	963,011
Other operating expenses		13,984	20,071
Taxes and duties		33,537	30,588
Depreciation, amortisation, provisions and impairment		28,881	41,397
Operating expenses		**1,826,628**	**1,693,698**
Operating profit		**119,358**	**106,114**
Financial income and expenses	*4.3*	48,633	59,098
Pre-tax profit on ordinary activities		**167,991**	**165,212**
Exceptional income and expenses	*4.4*	160	-9,825
Employee profit-sharing and incentives	*4.2.1*	-16,517	-13,987
Corporate income tax	*4.5*	16,032	15,468
NET PROFIT		**167,666**	**156,867**

Balance sheet

Assets *(in thousands of euros)*	***Notes***	**Gross value**	**Depreciation, amortisation and impairment**	**2022**	**2021**
Intangible assets	*5.1.1*	284,623	84,911	199,711	200,785
Property, plant and equipment	*5.1.2*	182,474	119,528	62,945	56,281
Financial investments	*5.1.3*	1,950,405	67,720	1,882,684	1,929,074
Non-current assets		**2,417,501**	**272,160**	**2,145,341**	**2,186,141**
Inventories and work in progress	*5.2.1*	3,273	-	3,273	2,677
Trade receivables and related accounts	*5.2.2*	403,303	44	403,259	352,578
Other receivables, prepayments and accrued income	*5.2.3*	515,617	-	515,617	535,049
Cash and cash equivalents		308,634	-	308,634	151,242
Current assets		**1,230,827**	**44**	**1,230,783**	**1,041,546**
Debt issuance costs	*5.2.5*	383	-	383	475
Foreign currency translation losses	*5.2.5*	2,981	-	2,981	1,213
TOTAL ASSETS		**3,651,691**	**272,204**	**3,379,487**	**3,229,375**

Liabilities and equity *(in thousands of euros)*	***Notes***	**2022**	**2021**
Share capital		20,548	20,548
Share premium		531,477	531,477
Reserves		777,942	686,763
Profit for the year		167,666	156,867
Regulated provisions		-	-
Equity	*5.3*	**1,497,633**	**1,395,655**
Provisions	*5.4*	**161,981**	**141,156**
Financial debt	*5.5.1*	779,972	815,704
Trade payables and related accounts	*5.5.3*	171,824	139,604
Tax and social security payables	*5.5.4*	331,760	280,931
Other liabilities, accruals and deferred income	*5.5.5*	443,270	455,032
Liabilities		**1,716,826**	**1,691,271**
Foreign currency translation gains	*5.5.7*	3,046	1,293
TOTAL LIABILITIES AND EQUITY		**3,379,487**	**3,229,375**

Cash flow statement

(in thousands of euros)	*Notes*	2022	2021
Profit for the year		**167,666**	**156,867**
■ Non-monetary items with no cash impact			
■ Depreciation and amortisation of property, plant and equipment, intangible assets and financial investments	*5.1*	60,416	29,684
■ Gains and losses on disposal of assets		-176	1,017
■ Change in working capital requirement			
■ Change in provisions and other non-monetary items		18,009	3,257
■ Change in inventories		-596	410
■ Change in trade receivables		-50,680	6,340
■ Change in other receivables (excluding receivables on disposals of assets)		40,186	-7,785
■ Change in trade payables (excluding payables on purchases of assets)		32,220	11,514
■ Change in other payables		54,358	-39,639
Net cash from operating activities		**321,403**	**161,665**
Purchase of property, plant and equipment and intangible assets	*5.1.1 and 5.1.2*	-18,374	-18,959
Change in trade payables on fixed assets		-503	1,893
Proceeds from sale of property, plant and equipment and intangible assets		-	40
Purchase of long-term investment securities	*5.1.3*	-206	-15,834
Change in payables on securities	*5.5.5*	-	-1,550
Proceeds from sale of equity interests		589	642
Change in other financial investments		-9,039	-7,436
Net cash from/(used in) investing activities		**-27,533**	**-41,204**
Issuance of long-term borrowings	*5.5.1*		-
Repayment of long-term borrowings	*5.5.1*	-129,589	-71,341
Increase/(Decrease) in short-term borrowings	*5.5.1*	92,007	-50,000
Change in share capital	*5.3.1*		
Dividends paid	*5.3.1*	-65,688	-41,079
Change in Group current accounts and cash accounts related to the notional cash pool		-37,713	26,315
Change in long-term financial receivables	*5.1.3*	-6,000	-
Net cash from/(used in) financing activities		**-146,983**	**-136,105**
Net change in cash (excluding cash accounts related to the notional cash pool)		**146,887**	**-15,644**
Opening cash position (excluding cash accounts related to the notional cash pool)		130,136	145,780
Closing cash position (excluding cash accounts related to the notional cash pool)		277,023	130,136

1. Company description

Sopra Steria Group is the parent company of the Sopra Steria group.

Its registered office is located at 3 Rue du Pré Faucon in Annecy-le-Vieux (France), where its consolidated financial statements may be consulted.

It performs a number of roles:

- It operates as a holding company, holding financial interests through which it has direct or indirect control over Group companies.
- It implements the Group's funding policy, and as such ensures that the funding requirements of its subsidiaries are met. It also centrally manages market risks to which it and its subsidiaries are exposed;
- It operates in consulting, systems integration, software and other solutions mainly delivered in France;

2. Significant events

2.1. Proposed acquisition of CS Group

On 21 November 2022, Sopra Steria Group entered into an acquisition agreement to purchase a controlling block equating to 29.73% of CS Group.

This built on the commitments already made to Sopra Steria Group on 27 July 2022 to sell two other blocks comprising 29.15% and 6.38% of CS Group's share capital. The acquisition remains subject to the customary conditions precedent, particularly with regard to merger control and approval of foreign investments. These had not yet been met at 31 December 2022.

This proposed acquisition has no impact on the parent company financial statements for the financial year.

2.2. Renegotiation of senior debt

On 22 February 2022, the Group signed an agreement with its partner banks consisting of a €1,100 million non-amortising multi-currency credit facility with the margin to be paid tied to the achievement of environmental goals.

This agreement replaced the revolving multi-currency credit facility arranged in 2014.

2.3. Decision to approve the transfer of Groupe Steria SCA's tax losses

In connection with the merger between Sopra Group and Groupe Steria SCA that took place in 2014, a request was filed with the tax authorities to carry forward tax losses.

On 15 December 2022, the " bureau des agréments" issued its decision and granted the right to carry forward the tax losses of Groupe Steria SCA in the amount of €75,839 thousand.

The direct consequence of this decision is the deduction of a portion of this tax loss from Sopra Steria Group's own taxable profit, i.e. before taking into account the tax consolidation group.

3. Accounting policies

The financial statements for the period under review were prepared and are presented in accordance with the accounting methods in force within the Group and in compliance with the principles laid down in Articles 121-1 and 121-5 *et seq.* of France's 2014 National Chart of Accounts (*Plan Comptable Général*).

Accounting conventions have been applied in accordance with the provisions of the French Commercial Code and ANC Regulation 2019-09 on the revision of the National Chart of Accounts applicable at the period-end.

Generally accepted accounting principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one period to the next;
- accrual basis; and
- in accordance with general guidelines for the preparation and presentation of parent company financial statements.

No changes were made to accounting policies during the periods under review.

Foreign currency income and expense items are recorded at their euro equivalent at the transaction date.

Foreign currency receivables and payables are recorded in the balance sheet at their euro equivalent determined using the closing exchange rate. Any gains or losses arising on the retranslation of foreign currency receivables and payables are recorded in the balance sheet under *Translation adjustments*.

The Company also prepares consolidated financial statements. The Group consists of Sopra Steria Group SA (the parent company) and its subsidiaries as well as the Group's share in associates.

4. Notes to the income statement

4.1. Operating income

4.1.1. REVENUE

REVENUE BREAKS DOWN AS FOLLOWS BY VERTICAL MARKET:

	2022	2021
Services	22.5%	22.8%
Manufacturing	31.4%	26.4%
Finance	17.8%	19.7%
Public Sector	19.8%	21.5%
Telecoms & Media	6.5%	7.2%
Distribution	1.9%	2.4%
TOTAL	**100.0%**	**100.0%**

Of the €1,891,556 thousand in revenue generated in 2022, €138,594 thousand derived from international operations.

Costs of obtaining and fulfilling a contract

- The costs of obtaining a contract are capitalised in assets if two conditions are met: they would not have been incurred had the contract not been obtained, and they are recoverable. They can include sales commissions if these are specifically and solely linked to obtaining a contract and were not therefore granted in a discretionary manner.
- Costs of fulfilling a contract: Transition/transformation phases of third-party application maintenance, infrastructure management and outsourcing contracts, preparatory phase for licences in SaaS mode.
- The costs of fulfilling or implementing a contract are costs directly related to the contract, which are necessary to satisfying performance obligations in the future and are expected to be recovered. They do not meet the criteria defined in the general principles to constitute a distinct performance obligation.
- Certain third-party application maintenance, infrastructure management or outsourcing contracts may include transition and transformation phases. In basic contracts, these activities are combined for the purpose of preparing the operating phase. They are not distinct from subsequent services to be rendered. In this case, they represent costs to implement the contract. They are capitalised and recognised in *Inventories and work in progress*.
- Conversely, in more complex or sizeable contracts, the transformation phase is often longer and more significant. This generally occurs prior to operations or parallel to temporary operations to define a target operating model. In these situations, it represents a distinct performance obligation.
- Licences in SaaS mode require preparatory phases (functional integration, set-up of the technical environment) in order to reach a target operating phase. These are not distinct performance obligations but represent costs to implement the contract that are capitalised and recognised in Inventories and work in progress.
- The costs of fulfilling or implementing a contract capitalised in *Inventories and work in progress* are released to profit or loss in a pattern consistent with revenue recognition and never give rise to the recognition of revenue.

Implementation, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; and third-party application maintenance (corrective maintenance)

- Revenue from implementation, consulting and assistance services provided on a time-and-materials basis; outsourcing; infrastructure management; and third-party application maintenance (corrective maintenance) is recognised, in accordance with the general principles, when the customer simultaneously receives and consumes the benefits of the service. Revenue is recognised based on time spent or another billable unit of work.

Services covered by fixed-price contracts

- Revenue and profit generated by services performed under fixed-price contracts are recognised based on a technical estimate of the degree of completion.

Licences

- Should the analysis of a contract in accordance with the general principles identify the delivery of a licence as a distinct performance obligation, control is transferred to the customer either at a point in time (grant of a right to use), or over time (grant of a right to access).
- A right to access corresponds to the development of solutions in SaaS mode. Changes at any time made by the developer to the solution that expose the customer to any positive or negative effects do not represent a service for the customer. In this situation, revenue is recognised as and when the customer receives and consumes the benefits provided by performance. If the nature of the licence granted to the customer does not correspond to the definition of a right to access, it is a right to use. In this situation, revenue from the licence shall be recognised on delivery when all the obligations stipulated in the contract have been met.

Principal/Agent distinction

- Should the analysis of a contract identify the resale of goods or services as a separate performance obligation, it must be determined whether the Company is acting as an agent or a principal. It is acting as an agent if it is not responsible to the customer for satisfying the performance obligation and for the customer's acceptance, if there is no transformation of the goods or services and there is no inventory risk. In this situation, revenue is recognised for a net amount corresponding to the agent's margin or a commission. Otherwise, where it obtains control of the good or service prior to its transfer to the end-customer, it is acting as a principal. Revenue is recognised for the gross amount and external purchases are recorded in full as an operating expense.

4.1.2. EXPENSES TRANSFERRED

Expenses transferred in financial year 2022 amounted to €46,422 thousand.

They mainly consisted of transfers from one expense account to another, as well as intercompany rebilling of structure costs initially recognised by Sopra Steria as part of its management of certain contracts and Group employee share ownership plans.

4.2. Staff costs and employee benefits

4.2.1. EMPLOYEE PROFIT-SHARING AND INCENTIVES

The amount of legally prescribed employee profit-sharing was nil in financial year 2022, since net taxable profit equated to less than 5% of equity.

As such, this item only comprised an expense relating to employee incentives for a total of €16,517 thousand.

4.2.2. FREE SHARE AWARD PLAN

Free performance share plans as a long-term incentive

At the Combined General Meeting of Sopra Steria Group on 01 June 2022, the shareholders authorised the Board of Directors to award free performance shares in the Company to employees and/or executive company officers, for up to a maximum of 1.1% of the Company's share capital on the date on which the Board of Directors decides to make the award.

At maturity, the Board of Directors may decide whether to issue new shares or buy back existing shares to fund these plans.

Performance shares are delivered to recipients provided that the condition of continued employment and performance conditions are met at the end of the vesting period. Performance conditions are measured based on changes over three years in operating profit on business activity, consolidated revenue and consolidated free cash flow, for 90% of the plan, and on achieving CSR targets for 10% of the plan.

Two plans were active at the financial year-end:

- the 2021 LTI plan, set up on 26 May 2021, by decision of the Board of Directors;
- the 2022 LTI plan, set up on 01 June 2022, by decision of the Board of Directors.

	Sopra Steria Plan	
	2021 LTI plan (1)	**2022 LTI plan (1)**
Date granted by the Board of Directors	26/05/2021	01/06/2022
Total number of shares in awards granted, not subject to conditions	219,200	200,950
Number of shares granted to:		
■ Company officers	3,000	3,000
■ Top 10 employee grantees	21,500	20,200
Vesting date		
■ France	30/06/2024	30/06/2025
■ Other countries	30/06/2024	30/06/2025
Number of potential shares that could have been granted as at 1 January 2022	210,100	
Granted in 2022	-	200,950
Awards cancelled in 2022	7,100	1,890
Vested at 31/12/2022	-	-
SHARES REMAINING AT 31 DECEMBER 2022	**203,000**	**199,060**

(1) *Plan with conditional grant depending on the recipient's continued employment and performance conditions as measured by changes over three years in operating profit on business activity, consolidated revenue and consolidated free cash flow.*

"We Share 2022" employee share ownership plan

In the first half of 2022, the Group relaunched its We Share employee share ownership programme. Employees were able to purchase Sopra Steria Group shares, under certain conditions, from 28 March to 13 April 2022 inclusive.

Employees could purchase Sopra Steria shares according to a "conventional" purchase model and receive a matching employer contribution of one free share for every share purchased, up to a maximum gross value of €3,000.

The offer of Sopra Steria shares to the Group's employees was carried out via the transfer of existing treasury shares and shares bought back in advance by Sopra Steria under a share buyback programme.

This offer involved 189,639 shares in the Company, corresponding to 95,112 shares purchased by employees and 94,527 free shares awarded as the employer's matching contribution.

Employees of Sopra Steria Group subscribed for 46,167 shares and received 45,743 shares as the employer's matching contribution.

In the Company's parent company financial statements, the implementation of this plan had the following profit and loss impact:

- a capital loss on the shares subscribed for by employees in the amount of €368k;
- a staff expense in respect of the employer's matching contribution in the amount of €7,327k.

- The actual staff expense is not recognised until the date shares are delivered under the plan. This expense is measured at the purchase cost of the vested free shares.
- For multi-year plans contingent upon conditions related to performance and/or continued employment, a provision for contingencies is set aside on a straight-line basis over the vesting period in recognition of the probable outflow of resources **when the decision or intention to award shares bought back is established.** This provision is reassessed in the parent company financial statements at each financial year-end, taking into account the opening cost of the shares on the date they were assigned to the plan or the cost of shares yet to vest, measured on the basis of the share price at the balance sheet date, and the probability that the plans will be implemented at the stated terms.

4.2.3. RETIREMENT BENEFIT OBLIGATIONS: AMOUNT RECOGNISED IN THE INCOME STATEMENT

The calculation assumptions for this obligation were as follows:

- each employee is entitled to a retirement bonus;
- the amount payable is calculated as set out in the collective bargaining agreement covering the category of employees in question;
- voluntary retirement age: 65;
- salary increase rate: 2.5%;
- staff turnover: 0% to 18.70%;
- social security contribution rate: 44.50%;
- discount rate: 3.77%.

The change in the assessment base described in Note 5.4.1 was recognised within *Operating profit* at 31 December 2022 and its impact amounted to €1,516 thousand.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

(in thousands of euros)	31/12/2022	31/12/2021
Current service cost	6,302	6,678
Interest on obligation	872	395
Net actuarial losses recognised in respect of the financial year	-	534
Past service cost	1,516	-
Total recognised under Operating expenses	**8,690**	**7,607**
Net liability at the beginning of the period (with corridor)	87,904	77,663
Net expense recognised in the income statement	8,690	7,607
Benefits provided	-2,587	-2,990
Intercompany transfers and partial transfers of assets	-	5,626
NET LIABILITY AT THE END OF THE PERIOD	**94,008**	**87,905**

4.2.4. OTHER INFORMATION

a. Workforce

The average workforce in 2022 was 13,336 employees.

The workforce at 31 December 2022 totalled 13,622 employees.

b. Compensation of Directors and company officers

Directors' fees paid in 2022 in respect of financial year 2021 amounted to €500 thousand.

Compensation paid in 2022 to company officers totalled €1,276 thousand.

4.3. Net financial income

(in thousands of euros)	*Notes*	2022	2021
Dividends received from equity interests	*5.3.1.c*	91,953	85,664
Interest on bank borrowings and similar charges		-7,780	-5,789
Interest on employee profit-sharing		-	-
Discounting of the pension provision		-872	-395
Interest received and paid on Group current accounts		4,602	3,350
Positive and negative foreign exchange impact (incl. provision)		11,837	-8,506
Impairment of equity interests	*5.3.1.b*	-44,725	-7,005
Other financial income and expenses		-6,382	-8,222
NET FINANCIAL INCOME		**48,633**	**59,097**

Foreign exchange gains and losses mainly arise from transactions carried out in pounds sterling, Norwegian kroner and US dollars. In 2022, this item was mainly affected by the revaluation of financial debt outstanding denominated in pounds sterling.

Net financial income includes €44,725k in impairment losses on securities net of reversals (see Note 5.1.3.b) and an additional €13,600k provision in respect of that portion of the risk exceeding the Company's investment in its Singapore subsidiary Sopra Steria Asia (see Note 5.4)..

4.4. Exceptional items

(in thousands of euros)	2022	2021
Scrapping of fixed assets	-122	-114
Gain or loss on disposal of fixed assets	242	-1,017
Gain or loss on treasury share transactions	558	256
Tax risks	298	3,936
Reorganisation costs	-2,059	-12,564
Withholding taxes	748	-
Other	494	-322
EXCEPTIONAL ITEMS	**160**	**-9,825**

Exceptional items are items that do not arise from the Company's day-to-day operations, either because they are unusual in amount or impact or because they are abnormal, non-predictive and infrequent.

4.5. Corporate income tax

4.5.1. TAX CONSOLIDATION

Sopra Steria Group and certain of its subsidiaries have opted to file as a tax consolidation group. Each of the companies computes and recognises its own corporate income tax charge as if it were taxed separately.

The tax savings resulting from the application of the tax consolidation group – equal to the difference between the sum of tax paid to the parent company by consolidated companies, and tax calculated on Group earnings and actually payable to the French Treasury – will accrue to the parent company.

However, given the provisions laid down in agreements with subsidiaries, tax savings recognised by the parent company during the financial year, arising from the use of tax losses and net long-term capital losses reported by consolidated companies, are only temporary, since they will be taken into account by consolidated companies when they determine their taxes for subsequent financial years.

At the financial year-end, corporate income tax due for the year was €9,814 thousand.

4.5.2. TAX BREAKDOWN BETWEEN ORDINARY ACTIVITIES AND EXCEPTIONAL ITEMS

Corporate income tax broke down as follows:

(in thousands of euros)	2022	2021
Tax on recurring operations	16,337	20,581
Tax on exceptional operations	-454	-3,904
Impact of tax consolidation	-14,703	-15,661
R&D tax credit	-16,434	-16,642
Other tax expenses	359	1,365
Other tax credits	-1,137	-1,207
TOTAL	**-16,032**	**-15,468**

4.5.3. DEFERRED AND UNREALISED TAX ITEMS

(in thousands of euros)	2022	2021
I. Certain or contingent differences		
Temporary non-deductible expenses		
■ C3S social security tax	2,802	2,652
■ Provision for post-employment benefits	94,008	87,904
■ Provision for foreign exchange losses	62	26
■ Amortisation of intangible assets	2,143	1,714
■ Other	4,255	2,786
Temporary non-taxable income		
■ Capital gains on mergers/conversions	-6,467	-6,467
Deducted expenses (or taxed income) for tax purposes that have not been recognised		
■ Foreign currency translation losses	-2,981	-1,213
■ Foreign currency translation gains	3,046	1,293
TOTAL	**96,868**	**88,695**
II. Items to be applied		
Losses that may be carried forward for tax offset	-273,240	-235,201
III. Contingent tax items		
Capital gains on non-depreciable assets contributed on merger	-148,729	-148,729

5. Notes to the balance sheet

5.1. Non-current assets

5.1.1. INTANGIBLE ASSETS

(in thousands of euros)	**Gross value** *(beginning of period)*	**Acquisitions**	**Disposals**	**Gross value** *(end of period)*
Research and development expenses	12,932	-	12,186	746
Concessions, patents and similar rights	47,710	-	20,421	27,289
Goodwill	254,338	-	-	254,338
Other intangible assets	2,250	-	-	2,250
TOTAL FIXED ASSETS	**317,230**	**-**	**32,607**	**284,623**

(in thousands of euros)	**Amortisation and provisions** *(beginning of period)*	**Charges**	**Reversals**	**Amortisation and provisions** *(end of period)*
Research and development expenses	12,690	200	12,186	704
Concessions, patents and similar rights	46,987	446	20,421	27,011
Goodwill	55,054	-	-	55,054
Other intangible assets	1,714	429	-	2,142
TOTAL AMORTISATION AND PROVISIONS	**116,444**	**1,074**	**32,607**	**84,911**

Intangible assets comprise:

1. software acquired or contributed,
2. goodwill and technical merger losses acquired or contributed during mergers.

Research and development costs for software and solutions, which totalled €16,911 thousand in 2022, are recognised as expenses.

Software development costs

All research costs are charged to the income statement for the financial year during which they are incurred.

Development costs for software and solutions may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset for use or sale;
- the intent to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to reliably measure the expenditure attributable to the intangible asset during its development. The only research and development costs recognised are from companies acquired and subsequently merged.

Software acquired

Software is recognised at cost. It is amortised on a straight-line basis over one to ten years.

Goodwill

Goodwill consists of acquired assets of a business that cannot be shown in any other balance sheet item. As such, it is calculated by deducting from the total value of a business those elements of that business that can be recognised separately in the balance sheet.

The Company conducts goodwill impairment tests every year.

The duration of use of goodwill is presumed to be unlimited.

The Company writes down the value of an asset if its current value (the higher of market value and value in use) is less than its carrying amount.

Goodwill is allocated to a group of assets so that it can be tested at a level of relevance that enables its performance to be tracked.

Recognised write-downs are definitive and may not be reversed.

Technical merger losses allocated to goodwill

After allocation, technical losses on mergers are recognised in a specific account by the relevant asset category to facilitate their monitoring over time.

Technical losses on mergers are depreciated using the same rules and under the same terms as the assets to which they relate.

Each share of the merger loss allocated to an underlying asset is tested for impairment and written down whenever the current value of the underlying asset falls below its carrying amount plus the share of the merger loss allocated. The impairment loss is charged firstly to the share of the technical merger loss.

Goodwill impairment therefore also includes impairment losses charged to the portion of the technical merger loss allocated to goodwill.

5.1.2. PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Gross value *(beginning of period)*	Acquisitions	Disposals	Line-item transfers	Gross value *(end of period)*
Land	323	-	-	-	323
Buildings	6,883	-	-	-	6,883
Technical installations	5,132	1,353	3,243	-	3,242
Sundry fittings	101,743	9,018	1,278	6,764	116,247
Vehicles	137	-	-	-	137
Office furniture and equipment	46,020	4,827	292	1,642	52,198
Other property, plant and equipment	14	-	-	-	14
Fixed assets in progress	8,660	3,176	-	-8,406	3,430
TOTAL FIXED ASSETS	**168,912**	**18,374**	**4,813**	**-**	**182,474**

(in thousands of euros)	Amortisation and provisions *(beginning of period)*	Charges	Reversals	Line-item transfers	Amortisation and provisions *(end of period)*
Land	185	10	-	-	195
Buildings	6,447	75	-	-	6,522
Technical installations	4,019	701	3,243	-	1,477
Sundry fittings	67,773	8,171	1,223	-	74,721
Vehicles	29	27	-	-	56
Office furniture and equipment	34,179	2,669	292	-	36,557
Other property, plant and equipment	-	-	-	-	-
Fixed assets in progress	-	-	-	-	-
TOTAL AMORTISATION AND PROVISIONS	**112,631**	**11,654**	**4,757**	**-**	**119,528**

Property, plant and equipment consists of the following:

- land and buildings: Sopra Steria Group owns three buildings at the Annecy-le-Vieux site;
- office furniture, fixtures and equipment: This item refers to equipment on premises leased by Sopra Steria Group in major French cities.

Some IT equipment is acquired on three- or four-year finance leases and is not included under *Property, plant and equipment* in the parent company financial statements.

All properties other than the buildings at the Annecy-le-Vieux site are leased.

Property, plant and equipment is recognised in the balance sheet at cost.

Depreciation is calculated using the straight-line method over the useful lives assigned to each category of fixed assets.

Buildings	25 years
Fixtures and fittings	9 years
Hardware and equipment	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

5.1.3. FINANCIAL INVESTMENTS

(in thousands of euros)	*Notes*	Gross value *(beginning of period)*	Acquisitions/ Increases	Disposals/ Decreases	Line-item transfers	Gross value *(end of period)*
Equity interests and long-term investment securities	*5.1.3. c*	1,391,778	206	413	205	1,391,777
Other financial investments		560,291	11,194	415	-12,442	558,627
TOTAL FIXED ASSETS		**1,952,070**	**11,400**	**828**	**-12,237**	**1,950,404**

(in thousands of euros)	*Notes*	Impairment *(beginning of period)*	Charges	Reversals	Line-item transfers	Impairment *(end of period)*
Equity interests and long-term investment securities		16,811	47,710	2,680	-	61,840
Other financial investments		6,184	134	439	-	5,880
TOTAL IMPAIRMENT	**5.1.3. B**	**22,995**	**47,844**	**3,119**	**-**	**67,720**

Equity interests are recognised at cost.

At the financial year-end, an impairment loss is recognised whenever the carrying amount exceeds the value in use.

Value in use is equal to enterprise value less net debt. Enterprise value is determined on the basis of discounted future cash flows derived from five-year business plans drawn up by management.

a. Breakdown of changes in the gross amounts recognised for equity interests and other financial investments

Increases are as follows:

(in thousands of euros)

Securities concerned	Transaction type	Amount
Sopra Financial Technology	Loan involving an investee	6,000
Treasury shares – Liquidity agreement	Purchase of shares	2,147
Other investments		3,253
TOTAL		**11,400**

b. Impairment of equity interests

In accordance with CRC Regulation 2002-10, issued by the Comité de la Réglementation Comptable (the French accounting regulation committee), on the depreciation, amortisation and impairment of fixed assets, additional impairment charges amounting to €47,844 thousand were recognised in financial year 2022.

(in thousands of euros)	Impairment *(beginning of period)*	Charges	Reversals	Impairment *(end of period)*
Sopra Steria A/S (Denmark)	3,135	9,086	-	12,221
Sopra Steria Asia (Singapore)	9,994	-	-	9,994
CS Group	2,614	-	2,614	-
COMECO	3,400	1,000	-	4,400
SFT	-	22,624	-	22,624
Sopra Banking Software	-	15,000	-	15,000
Other	3,853	134	505	3,481
TOTAL	**22,995**	**47,844**	**3,119**	**67,720**

In addition, reversals of provisions totalling €3,119 thousand mainly consisted of €2,614 thousand in respect of shares of CS Group.

c. Subsidiaries and equity interests

(in thousands of euros)	Share capital	Other share-holders' equity	% of capital held	Carrying amount of shares held (including merger deficit)		Loans and advances granted by the Company	Guarantees and securities given	Revenue excluding VAT	Profit or loss	Dividends received by the Company
				Gross	Net					
Subsidiaries										
Sopra Banking Software (France)	161,867	-	100	238,619	223,619	321,434	16,129	323,344	-6,237	-
Sopra HR Software (France)	13,110	-	100	3,171	3,171	-	7,100	186,069	18,885	11,995
Sopra Steria Holdings Ltd (United Kingdom)	20,117	-	100	388,753	388,753	-	-	-	-7,764	-
Sopra Steria Group SpA (Italy)	3,660	-	100	12,503	12,503	-	500	91,010	4,580	3,294
Sopra Steria España SAU (Spain)	24,000	-	100	116,747	116,747	-	-	229,399	12,848	10,000
Sopra Steria AB (Sweden)	629	-	100	33,673	33,673	-	-	-	-37	-
Sopra Steria AG (Switzerland)	4,677	-	99	37,561	37,561	-	-	40,461	3,142	1,952
Sopra Steria A/S (Denmark)	1,345	-	100	12,220	-	-	-	8,755	-564	-
Sopra Steria Benelux (Belgium)	9,138	-	99	45,756	45,756	-	-	94,589	3,753	4,469
Sopra Steria AS (Norway)	1,902	-	100	126,303	126,303	-	75	442,753	36,072	26,410
Sopra Steria SE (Germany)	10,000	-	100	183,153	183,153	-	31,598	365,267	-2,931	-
Sopra Steria Asia (Singapore)	8,392	-	100	9,994	-	-	47,260	4,349	-12,892	-
Sopra Steria Infrastructure & Security Services (France)	27,025	-	100	40,648	40,648	18,847	-	291,582	12,013	1,757
Sopra Steria Polska Sp. z o.o. (Poland)	3,938	-	100	10,800	10,800	-	397	44,276	3,024	1,999
Sopra Steria UK Corporate Ltd (United Kingdom)	20,107	-	100	389,600	389,600	-	-	-	13,997	22,714
CIMPA (France)	152	-	100	100,000	100,000	-	-	145,171	10,421	2,500
Galitt	2,668	-	100	45,478	45,478	-	-	37,316	1,087	2,001
SSG 1 (France)	10	-	100	10	10	-	-	-	-	-
XYZ 12 2016 (France)	10	-	100	10	10	-	-	-	-2	-
Sopra Financial Technology (Germany)	22,940	-	51	22,624	-	6,000	30,600	160,496	-15,726	-
Sopra Steria Réassurance	1,250	-	51	1,250	1,250	2	3,000	-	938	-
Other	-	-		42	42	-	-	-	-	-
Equity interests										
CS Group	N/A	N/A	11	15,548	15,548	-	-	N/A	N/A	96
Particeep	N/A	N/A	7	742	742	-	-	N/A	N/A	-
Axway Software	43,267	186,015	32	73,859	73,859	-	-	167,254	-7,843	2,765
COMECO	N/A	N/A	10	4,400	-	-	-	N/A	N/A	-

d. Loans and other financial investments

At the balance sheet date, this item mainly comprised the following:

- liquidity agreement (shares and cash): €7,090 thousand;
- units in FCPI investment funds for €15,961 thousand;
- merger loss allocated to financial assets: €521,689 thousand.

5.2. Other assets

5.2.1. INVENTORIES AND WORK IN PROGRESS

(in thousands of euros)	**Inventories** *(beginning of period)*	**Increase**	**Decrease**	**Inventories** *(end of period)*
Consumables	12	49	-	61
Work in progress	2,665	547	-	3,212
TOTAL	**2,677**	**596**	**-**	**3,273**

Work in progress recognises all costs incurred during the transition or transformation phases of third-party application maintenance, infrastructure management and outsourcing contracts, as well as preparatory phases for licences in SaaS mode.

- Costs incurred in the start-up phase of a contract may be deferred over the term of the contract and recognised in the balance sheet as work in progress when they relate to future activities of the contract and provided that they are probable and generate future economic benefits.
- Work in progress is recognised at its direct production cost and does not include administrative or commercial costs.

5.2.2. TRADE RECEIVABLES

(in thousands of euros)	**2022**	**2021**
Non-Group clients and related accounts	265,788	252,070
Accrued income	112,107	87,360
Group clients (including accrued income)	25,355	13,139
Doubtful debtors	53	54
Provision for doubtful debtors	-44	-45
TOTAL	**403,259**	**352,578**

Trade receivables and related accounts are recognised as assets and are stated at their carrying amount.

Accrued income is essentially comprised of production recognised for fixed-price projects using the percentage-of-completion method.

Invoices are generally prepared for these contracts upon completion of the services rendered, which are covered over the lifespan of the projects through payments on account.

- Trade receivables are measured at their nominal value.
- A separate estimate is made for trade receivables at the end of the financial year and an impairment loss is recognised in the event of a risk of non-recovery, particularly when linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

5.2.3. OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

(in thousands of euros)	**2022**	**2021**
Staff costs and related accounts	54	87
Social security	770	1,544
State and local authorities		
▪ Corporate income tax	4,519	3,077
▪ Value-added tax	23,400	20,240
▪ Other tax	114,028	141,323
Group and associates	346,799	326,042
Impairment of current accounts	-	-
Other receivables	11,778	26,466
Prepaid expenses	14,268	16,270
TOTAL	**515,617**	**535,049**

The *Other tax* item includes in particular tax credits not used at 31 December 2022. It mainly consists of research tax credit receivables totalling €95,606 thousand.

The *Corporate income tax* item in the amount of €4,519 thousand mainly consists of overpayment of a corporate income tax paymentS on account.

The *Group and associates* item consists of current account advances to Group subsidiaries (see Note 5.1.3.c).

Prepaid expenses relate to services invoiced in 2022 and attributable to subsequent years. They mainly concern costs associated with hardware and software maintenance contracts and leases of movable and immovable property.

5.2.4. SHORT-TERM INVESTMENT SECURITIES

At the financial year-end, short-term investment securities comprised treasury shares held and assigned to an employee shareholding plan.

Purchases of treasury shares in the financial year totalled €32,194k.

Treasury shares used to fund plans during the financial year totalled €30,397k.

At 31 December, there were 90,823 such shares, the value of which totalled €12,999 thousand.

Short-term investment securities are recognised at cost.

At each financial year-end, an impairment loss is recognised whenever the carrying amount exceeds the value in use, except in the case of treasury shares assigned to a predetermined plan to distribute free shares to employees of the Company.

5.2.5. DEBT ISSUANCE COSTS AND TRANSLATION ADJUSTMENTS – ASSET

(in thousands of euros)	2022	2021
Debt issuance costs	383	475
Foreign currency translation losses	2,981	1,213
TOTAL	**3,364**	**1,688**

a. Debt issuance costs

Debt issuance costs consisted of costs to negotiate and arrange the bond issue carried out on 5 July 2019 for an initial amount of €697 thousand. These costs are amortised over the term of the debt in proportion to the interest accrued.

b. Foreign currency translation losses

The *Translation adjustments – Asset* item amounted to €2,981 thousand at end-December 2022, compared with €1,213 thousand at end-2021.

This change was mainly due to the stock of US dollar payables being higher at end-2022 than it had been at end-2021.

A provision for contingencies and losses is recognised in respect of foreign currency translation losses in the amount of such losses, unless the transactions are hedged or their term is sufficiently close. In this case, the unrealised gains and losses are considered to form part of the overall foreign exchange position and the charge to the provision is restricted to the amount by which losses exceed gains.

5.2.6. IMPAIRMENT OF CURRENT ASSETS

(in thousands of euros)	Impairment *(beginning of period)*	Charges	Reversals	Impairment *(end of period)*
Impairment of trade receivables	45	-	1	44
Impairment of current accounts	-	-	-	-
Cash and cash equivalents	-	-	-	-
TOTAL	**45**	**-**	**1**	**44**

5.2.7. ACCRUED INCOME

(in thousands of euros)	31/12/2022	31/12/2021
Accrued income		
Trade payables – Credit notes to be received	204	133
Trade receivables, related accounts and other receivables	128,619	117,854
Tax and social security receivables	784	1,308
Cash and cash equivalents	65	144
TOTAL	**129,671**	**119,439**

5.3. Equity

5.3.1. STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Amounts *(beginning of period)*	Appropriation of earnings	Impact of mergers	Change in regulated provisions	Profit for the year	Amounts *(end of period)*
Share capital	20,548	-	-	-	-	20,548
Issue, merger and contribution premiums	531,477	-	-	-	-	531,477
Legal reserve	2,056	-	-	-	-	2,056
Discretionary reserves	684,691	91,131	-	-	-	775,822
Retained earnings	16	49	-	-	-	65
Profit for the year	156,867	-156,867	-	-	167,666	167,666
Regulated provisions	-	-	-	-	-	-
TOTAL EQUITY	**1,395,655**	**-65,688**	**-**	**-**	**167,666**	**1,497,634**

5.3.2. SHARE CAPITAL

At 31 December 2022, 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.

There were no capital transactions during the financial year under review.

In accordance with the resolution passed at the Combined General Meeting of 27 June 2014, pursuant to Article L. 225-123 of the French Commercial Code arising from the Act of 29 March 2014, double voting rights were introduced on 7 July 2014 for all fully paid-up shares held in registered form in the same shareholder's name for at least two years.

At 31 December 2022, the total number of voting rights that could be exercised at Ordinary and Extraordinary General Meetings was 26,448,235, while the total number of theoretical voting rights at that date was 26,559,500.

The Company held a total of 111,265 treasury shares at 31 December 2022. Consequently, at the balance sheet date, reserves not available for distribution amounted to €15,892 thousand.

Free share award plans realised in the financial year had no dilutive effect on capital.

5.4. Provisions for contingencies and losses

(in thousands of euros)	*Notes*	Amounts *(beginning of period)*	Additions in the financial year	Reversals in the financial year – Used	Reversals in the financial year – Not used	Amounts *(end of period)*
Provisions for retirement bonuses	*5.4.1*	87,905	8,690	2,587	-	94,008
Provisions for restructuring		2,270	140	1,011	-	1,399
Provisions for commercial disputes		3,475	425	-	-	3,900
Provisions for employee disputes		1,270	127	401	135	861
Provisions for foreign exchange losses		15	52	16	-	52
Provisions for tax risks	*5.4.2*	18,397	-	298	-	18,099
Provisions for renovating premises		2,250	640	600	-	2,290
Provisions for contingencies on free share plans	*5.4.3*	14,186	7,199	-	-	21,384
Other provisions for contingencies	*5.4.4*	11,388	13,600	5,000	-	19,988
TOTAL		**141,156**	**30,873**	**9,912**	**135**	**161,981**

Provisions for contingencies and losses are set aside to cover probable outflows of resources to third parties, without consideration for the Company.

The Company recognises provisions for the following contingencies:

- commercial risks (estimated costs of guarantee expenses, "losses on completion" on some long-term contracts);
- employee-related costs (restructuring costs, performance-based free share plan);
- costs related to business premises (unoccupied premises, renovations);
- financial risks such as the risk of foreign exchange losses (see Note 5.2.5) or losses going beyond equity interests;
- risks of tax adjustments linked to tax audits.

It should be noted that provisions recognised on a prudent basis in no way prejudice the future outcome of current disputes.

5.4.1. PROVISIONS FOR RETIREMENT BONUSES

Sopra Steria Group recognises provisions for its employee benefit obligations in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement, as amended in 2004 following the French pension reform act of 21 August 2003. Provisions for retirement benefits are recognised on an actuarial basis as described below.

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are based on five-year age brackets and are updated at each balance sheet date to reflect separation data for the last five years.

The discount rate used to calculate the present value of the obligation is the yield on high-quality corporate bonds (rated AA or higher) denominated in the payment currency and with a maturity close to the average estimated term of the retirement benefit obligation concerned.

The Company uses the +10-year iBoxx rate for the eurozone as the benchmark for discounting its retirement benefit obligations. At 31 December, this rate stood at 3.77%.

In France, the method for calculating retirement bonuses is changing. This change will take effect in the first quarter of 2023, in the month after the date of publication of the order by the French Ministry of Labour to extend an amendment to the Syntec collective bargaining agreement. This amendment aims to align the method for calculating retirement benefits with that used for termination benefits, which will have the effect of adding employee bonuses to the base salary.

The impact of this change is spread across the average remaining term of employees' service.

Amounts recognised in the balance sheet

(in thousands of euros)	31/12/2022	31/12/2021
Present value of the obligation financed (with corridor)	79,443	91,688
Fair value of plan assets	-	-
Difference	-	-
Present value of the obligation financed	**79,443**	**91,688**
Unrecognised actuarial losses (difference)	24,822	-3,783
Unrecognised past service cost	-10,257	-
Net liabilities on the balance sheet (provision after charge for the year)	**94,008**	**87,905**
Balance sheet amounts	**-**	**-**
Liabilities	94,008	87,905
Assets	-	-
NET OBLIGATION IN THE BALANCE SHEET	**94,008**	**87,905**

The total obligation in respect of retirement benefits amounted to €94,008 thousand.

- Sopra Steria Group recognises provisions for all of its commitments in respect of retirement benefits in accordance with the retirement clauses of the Syntec collective bargaining agreement.
- Sopra Steria Group's obligation towards its employees is determined on an actuarial basis, using the projected unit credit method: the present value of the employer's obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as the level of future compensation, life expectancy and staff turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognised as actuarial gains and losses. Actuarial gains and losses representing more than 10% of the amount of obligations are recognised and amortised over the expected average working lives of the employees participating in the plan.

5.4.2. PROVISIONS FOR TAX RISKS

The total amount of provisions for taxes recognised at 31 December 2022 was €18,099 thousand.

No new tax-related disputes arose during the period; changes during the financial year related to adjustments of provisions made in prior periods.

Used reversals from these provisions amounted to €298 thousand in respect of financial year 2022.

5.4.3. PROVISIONS FOR PLANS TO AWARD EXISTING FREE SHARES

Since the Company had expressed its intention to fund long-term incentive (LTI) plans by acquiring existing shares in advance, it had to recognise a provision for contingencies in recognition of the probable outflow of resources.

At 31 December 2022, the provision in respect of the LTI plans stood at €21,384 thousand.

The characteristics of these plans are set out in Note 4.2.2.

The next shares will be delivered in July 2024 when the 2021 LTI plan closes.

5.4.4. OTHER PROVISIONS FOR CONTINGENCIES

During the financial year, the Company set aside €13,600 thousand in provisions linked to financial investments, relating in particular to that portion of the risk exceeding its investment in its Singapore subsidiary Sopra Steria Asia.

5.5. Other liabilities

5.5.1. FINANCIAL DEBT

(in thousands of euros)	*Notes*	Amounts *(beginning of period)*	Increase	Decrease	Amounts *(end of period)*
Syndicated loan	*5.5.1.a*	88,000	-	88,000	0
NEU CP programme	*5.5.1.b*	15,000	125,000	15,000	125,000
NEU MTN programme	*5.5.1.c*	130,000	10,000	70,000	70,000
Other financial debt	*5.5.1.d*	329,957	1,452	-	331,409
Employee profit-sharing		1	-	-	1
Bond	*5.5.1.e*	250,000	-	-	250,000
Accrued interest on financial debt		2,746	1,257	442	3,561
TOTAL		**815,704**	**137,709**	**173,442**	**779,972**

a. Syndicated loan

On 22 February 2022, the Group signed an agreement with its partner banks consisting of a €1,100 million non-amortising multi-currency credit facility tied to the achievement of environmental goals. Its ESG component does not constitute an embedded derivative. It is based on achieving a greenhouse gas emissions reduction aligned with a 1.5°C temperature increase scenario validated by SBTi for Scope 1 and 2 emissions, and part of Scope 3. The target is to achieve a 68% reduction in greenhouse gas emissions per employee by 2028 relative to a 2015 baseline is measured for each financial year and, if the target is met, will result in a 0.04% reduction per year in the applicable margin. If, on the other hand, emissions go over the limit, the margin will be increased and used to make a financial contribution to sustainable projects.

This agreement replaced the revolving multi-currency credit facility arranged in 2014. It has an initial term of five years and may optionally be extended for two periods of one year each.

The first option of requesting an extension was exercised in late 2022 and received the unanimous agreement of all lenders in February 2023.

The €1,100 million multi-currency revolving credit facility is undrawn.

b. Details on the NEU CP programme

In 2015, the Group arranged an unrated multi-currency NEU CP programme of short-term negotiable securities that was not underwritten, in a maximum amount of €700 million. This programme is presented in documentation available on the Banque de France website, which was last updated in July 2022. The average amount outstanding under the NEU CP programme was €133.9 million in 2022, compared with €68.4 million in 2021. The outstanding amount under the NEU CP programme at 31 December 2022 was €125.0 million (€15.0 million at 31 December 2021).

c. Details on the NEU MTN programme

In December 2017, as part of its efforts to diversify its borrowings, the Group arranged an NEU MTN programme of medium-term negotiable securities that was not underwritten, with a maximum amount of €300 million. As was the case for the earlier NEU CP programme, the NEU MTN programme is presented in documentation available on the Banque de France website, which was updated in July 2022. The NEU MTN programme pays fixed or floating rates, with a spread at each issue date. Maturities range from one to five years.

At 31 December 2022, the outstanding amount under the NEU MTN programme was €70.0 million, with maturities of up to two years (€144.0 million at 31 December 2021). The net decrease in the amount of NEU MTN over the financial year corresponded to €70 million in matured securities, which were renewed in the form of NEU CP and a new NEU MTN issue of €10 million.

d. Other financial debt

The *Other financial debt* item includes:

- bank overdrafts in the amount of €271.3 million mainly relating to the management of a notional cash pooling arrangement. These amounts correspond to the debit positions of subsidiaries taking part in the cash pooling arrangement;
- a €60 million non-amortising bilateral bank facility maturing in early 2024. In addition, another €50 million bilateral credit line maturing in 2024 was undrawn at 31 December 2022 (see Note 6.2.2).

e. Bond

The bond issued on 5 July 2019 for an amount of €250 million has the following characteristics:

- 1st tranche – €130 million:
  - subscription date: 5 July 2019,
  - coupon rate: 1.749%,
  - redemption date: 5 July 2026;
- 2nd tranche – €120 million:
  - subscription date: 5 July 2019,
  - coupon rate: 2.0%,
  - redemption date: 5 July 2027.

f. Covenants

The bond issue is subject to terms and conditions, which include financial covenants.

Two financial ratios are calculated every six months using the consolidated financial statements prepared in accordance with IFRS 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*. 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 31 December 2022, the net financial debt/pro forma EBITDA ratio covenant was met, with the ratio coming in at 0.31 compared with a covenant of 3.0. It is calculated as follows:

(in thousands of euros)	**31/12/2022**	**31/12/2021**
Short-term borrowings (<1 year)	187,715	95,849
Long-term borrowings (>1 year)	320,149	448,413
Cash and cash equivalents	-355,898	-217,166
Other financial guarantees	-	-
Net debt (including financial guarantees)	**151,966**	**327,096**
EBITDA	**496,516**	**447,860**
NET DEBT/PRO FORMA EBITDA RATIO	**0.31**	**0.73**

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 31 December 2022, the pro forma EBITDA to cost of net financial debt covenant – requiring a ratio of at least 5.0 – was met, with the ratio coming in at 57.34. It is calculated as follows:

(in thousands of euros)	**31/12/2022**	**31/12/2021**
EBITDA	**496,516**	**447,860**
Cost of net debt	**8,659**	**8,743**
PRO FORMA EBITDA/COST OF NET DEBT RATIO	**57.34**	**51.22**

The multi currency credit facility is subject to conditions including a single financial covenant: the leverage ratio, calculated in the same way as for the bond issue, on the basis of the consolidated financial statements, on a 12-month rolling basis, but only annually.

5.5.2. FINANCIAL INSTRUMENTS

a. Interest rate hedge

Within the framework of the Group's policy, the Company's aim is to protect itself against interest rate fluctuations by hedging part of its floating-rate debt and investing its cash over periods of less than three months.

The derivatives used to hedge the debt are interest rate swap contracts or options, which may or may not be eligible for hedge accounting.

The eligible counterparties for interest rate hedging and investments are leading financial institutions which belong to the Sopra Steria banking syndicate. These financial instruments are managed by the Group's Finance Department.

For transactions qualifying as hedges, the underlying hedged risk consists of a group of floating-rate financial liabilities. At 31 December 2022, floating-rate financial liabilities mainly comprised the NEU CPs (€125 million) and a portion of the NEU MTNs (€70.0 million).

	-50 bp		+50 bp	
(in thousands of euros)	Equity impact	P&L impact (hedge ineffectiveness)	Equity impact	P&L impact (hedge ineffectiveness)
Options eligible for hedge accounting in euros	-796	-3	791	3
Options not eligible for hedge accounting in foreign currency		1		-1
TOTAL	**-796**	**-3**	**791**	**3**
Total impact	*-800*		*795*	

The transactions not qualifying as hedges relate to option contracts not linked to an underlying asset at 31 December 2022.

At 31 December 2022, the fair value of interest rate instruments was negative €5,711 thousand.

The portfolio's sensitivity in the event of a change in interest rates is:

- a decrease of €799 thousand in the event of a decrease of 50 basis points in interest rates;
- an increase of €794 thousand in the event of an increase of 50 basis points in interest rates.

	Fair value 31/12/2022					Maturity		
(in thousands of euros)	Non -current assets	Current assets	Non-current liabilities	Current liabilities	Notional amount	<1 year	1 to 5 years	>5 years
Options eligible for hedge accounting in euros	5,963	2,623	491	2,390	100,000	75,000	25,000	-
TOTAL INTEREST RATE HEDGES	**5,963**	**2,623**	**491**	**2,390**	**100,000**	**75,000**	**25,000**	**-**

b. Foreign exchange hedge

Sopra Steria Group is subject to three main types of risks linked to fluctuations in exchange rates:

- currency translation risk associated with the repatriation of dividends of subsidiaries whose base currency is not the euro;
- transaction risk associated with purchases and sales of services in foreign currencies and internal foreign exchange contracts granted to subsidiaries in connection with the centralised management of foreign exchange risk;
- financial foreign exchange risk arising from foreign-currency borrowings (risk arising from changes in the value of the financial debt denominated in pounds sterling).

(in thousands of euros)	Nominal value	Fair value
Foreign exchange hedge	103,807	2,433
Interest rate hedge	100,000	571

Transaction risk:

As part of the Group's general risk management policy, Sopra Steria Group systematically hedges against foreign currency transaction risks that constitute material risks.

In addition, centralised management of foreign exchange 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 in pounds sterling, US dollars, Polish zlotys, Tunisian dinars, Norwegian kroner and Swiss francs. After netting internal exposures, Sopra Steria Group hedges the residual exposure through the use of derivatives.

The remeasurement through profit or loss of these financial instruments hedging balance sheet items is offset by the revaluation of foreign currency receivables over the period.

At 31 December 2022, the fair value of foreign exchange instruments was €2,433 thousand.

The portfolio's sensitivity in the event of a change in interest rates is:

- an increase of €2,430 thousand in the event of a 5% fall in the euro;
- a decrease of €2,416 thousand in the event of a 5% rise in the euro.

Foreign exchange risk:

At 31 December 2022, sterling-denominated debt providing partial coverage of the assets comprised of shares in UK subsidiaries amounted to €251,207 thousand, while cash and cash equivalents in Swedish kronor providing partial coverage of the debt of subsidiaries in Sweden came to €17,817 thousand.

All of the foreign exchange and interest rate positions are taken using listed financial instruments traded over the counter or through organised markets with minimal counterparty risk. Gains and losses on financial instruments accounted for as hedges are recognised symmetrically with the items hedged. The fair value of financial instruments is estimated on the basis of quoted prices in active markets or values provided by banks. Gains or losses arising on derivatives used to hedge forecast transactions with separately identifiable risks are deferred and taken into account in the valuation of the transaction in question, which occurs when it is settled.

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5.5.3. TRADE PAYABLES

(in thousands of euros)	2022	2021
Non-Group suppliers and related accounts	25,106	17,803
Accrued expenses	76,423	63,760
Group suppliers (including accrued expenses)	70,296	58,041
TOTAL	**171,824**	**139,604**

5.5.4. TAX AND SOCIAL SECURITY PAYABLES

(in thousands of euros)	2022	2021
Staff costs and related accounts	114,179	112,169
Social security	119,092	72,644
State and local authorities		
■ Corporate income tax	-	-
■ Value-added tax	87,370	84,471
■ Other tax	11,120	11,647
TOTAL	**331,760**	**280,931**

5.5.5. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

(in thousands of euros)	2022	2021
Payables on fixed assets and related accounts	7,799	11,867
Group and associates	299,459	319,605
Other payables	24,417	25,557
Deferred income	101,595	98,003
TOTAL	**433,270**	**455,032**

Deferred income comprises the portion of interim billings issued in advance on fixed-price and maintenance contracts.

The *Group and associates* item consists of current account advances received from subsidiaries. These advances are related to cash transfers from subsidiaries participating in the zero-balance cash pooling system implemented by the Company.

At 31 December 2022, *Liabilities on fixed assets* included:

- liabilities on acquisitions of property, plant and equipment for €1,599 thousand;
- liabilities on acquisitions of non-current financial assets for €6,200 thousand. These concerned investments in FCPI funds and will be recognised upon each call for subscription.

5.5.6. ACCRUED EXPENSES

(in thousands of euros)	31/12/2022	31/12/2021
Accrued expenses		
Accrued interest on financial debt	3,562	2,746
Trade payables and related accounts	91,730	79,200
Trade receivables – Credit notes to be issued	19,753	19,695
Tax and social security payables	168,910	166,558
Other payables	-	500
TOTAL	**283,954**	**268,700**

5.5.7. FOREIGN CURRENCY TRANSLATION GAINS

(in thousands of euros)	2022	2021
Foreign currency translation gains	3,046	1,293
TOTAL	**3,046**	**1,293**

5.6. Maturities of receivables and payables at the balance sheet date

5.6.1. RECEIVABLES

(in thousands of euros)	Gross amount	Due in 1 year or less	Due in more than 1 year
Non-current assets			
Receivables related to equity interests	6,000	-	6,000
Other financial investments	6,152	4,196	1,956
Current assets			
Doubtful debts and disputes	53	-	53
Other trade receivables	403,250	403,250	-
Staff costs and related accounts	54	54	-
Social security	770	770	-
State and local authorities			
■ Corporate income tax	4,519	4,519	-
■ Value-added tax	23,400	23,400	-
■ Other tax	114,028	48,216	65,813
Group and associates	346,799	346,799	-
Other receivables	11,778	11,778	-
Prepaid expenses	14,268	14,268	-
TOTAL	**931,071**	**857,250**	**73,821**

5.6.2. PAYABLES

(in thousands of euros)	Gross amount	Due in 1 year or less	Due in more than 1 year and no more than 5 years	Due in more than 5 years
Bank borrowings				
■ 2 years maximum at origin	-	-	-	-
■ More than 2 years at origin	60,000	-	60,000	-
Bond	250,000	-	250,000	-
Other financial debt	469,972	459,847	10,124	-
Trade payables and related accounts	171,824	171,824	-	-
Staff costs and related accounts	114,179	114,179	-	-
Social security	119,092	119,092	-	-
State and local authorities:				
■ Corporate income tax	-	-	-	-
■ Value-added tax	87,370	87,370	-	-
■ Other tax	11,120	11,120	-	-
Payables on fixed assets and related accounts	7,799	7,799	-	-
Group and associates	299,459	299,459	-	-
Other payables	24,417	24,417	-	-
Deferred income	101,595	101,595	-	-
TOTAL	**1,716,826**	**1,396,702**	**320,124**	**-**

6. Other information

6.1. Information on finance leases

6.1.1. ASSETS HELD UNDER FINANCE LEASES

(in thousands of euros)	Original value	Depreciation charge: For the period	Depreciation charge: Accumulated	Net value
IT equipment	30,356	6,354	13,479	16,877

6.1.2. FINANCE LEASE COMMITMENTS

(in thousands of euros)	Lease payments made: For the period	Lease payments made: Accumulated	Lease payments remaining: Less than 1 year	Lease payments remaining: 1 to 5 years	Lease payments remaining: Total payable	Residual purchase price
IT equipment	6,741	14,340	8,806	9,407	18,213	304

6.2. Off-balance sheet commitments

6.2.1. OFF-BALANCE SHEET COMMITMENTS GIVEN

(in thousands of euros)	31/12/2022
Commitments given	
Endorsements and bank guarantees	16,840
Counter-guarantee on non-bank guarantees covering contracts (1)	291,363
Bank counter-guarantee	-
Nominal value of future equipment operating lease payments	1,381
Nominal value of future real estate operating lease payments	206,028
Nominal value of future finance lease payments	10,609
Foreign exchange hedge (2)	103,807
Interest rate hedge	100,000
TOTAL COMMITMENTS GIVEN	**730,028**

(1) Under the IT service contracts entered into with its clients, the Company may, if formally requested by its clients, provide parent company guarantees to its subsidiaries in respect of the performance of their obligations under the contracts signed directly with their clients. To date, no use has ever been made of any such guarantee.
(2) Including internal foreign exchange contracts.

Other off-balance sheet commitments given:

Sopra Steria Group also acts as guarantor for the amount of the contribution payable by its UK subsidiaries in respect of defined benefit pension plans in the event that those subsidiaries should default. Similarly, it acts as guarantor for the put option granted to the UK Cabinet Office to acquire the 25% stake not yet held in SSCL, in the event that the Sopra Steria Ltd subsidiary should default.

Sopra Steria Group has granted a loan approval to its subsidiary Sopra Financial Technology in the amount of €35,000 thousand. At 31 December 2022, the unused portion of this loan came to €29,000 thousand.

6.2.2. OFF-BALANCE SHEET COMMITMENTS RECEIVED

(in thousands of euros)	31/12/2022
Commitments received	
Endorsements and other bank guarantees	873
Cash facilities (current bank overdrafts):	
■ Authorised	161,500
■ Used (balance sheet)	-
■ Not used (off balance sheet)	161,500
Medium-term loan:	
■ Authorised	1,210,000
■ Used (balance sheet)	60,000
■ Not used (off balance sheet)	1,150,000
Net carrying amount of assets held under finance leases	16,877
Foreign exchange hedge (1)	103,807
Interest rate hedge	100,000
TOTAL COMMITMENTS RECEIVED	**1,533,057**

(1) Including internal foreign exchange contracts.

Other off-balance sheet commitments received:

As part of a cash pooling arrangement set up between certain Group entities and BMG (Bank Mendes Gans), the Company acts as guarantor for the amounts borrowed by its subsidiaries.

Lastly, as part of the acquisition of Sodifrance, the Company received specific guarantees from the sellers in respect of certain specific potential risks concerning the pre-acquisition period, for which compensation would be payable on a euro-for-euro basis.

6.3. Exceptional events and legal disputes

There were employee and contractual risks and disputes at the balance sheet date that are not provisioned in the balance sheet because they constitute contingent liabilities. Uncertainties remain as to their amount and the timing of the outflow of resources.

Furthermore, there are no exceptional events or legal disputes that may have a material effect on the Company's financial position, revenue, assets or net profit.

6.4. Subsequent events

The conditions precedent applicable to the acquisition of CS Group described in Note 2.1 were met after 31 December 2022, on 28 February 2023.

6.5. Summary for the last five financial years

(in thousands)	2022	2021	2020	2019	2018
Financial position at year-end					
■ Share capital	20,548	20,548	20,548	20,548	20,548
■ Number of shares issued	20,548	20,548	20,548	20,548	20,548
■ Number of bonds convertible into shares	-	-	-	-	-
Results of operations for the year					
■ Revenue excluding VAT	1,891,556	1,717,658	1,512,781	1,651,461	1,553,775
■ Profit before tax, depreciation, amortisation and provisions	230,059	174,360	131,796	150,240	127,749
■ Corporate income tax	-16,032	-15,468	-20,835	-14,713	-26,012
■ Profit after tax, depreciation, amortisation and provisions	167,666	156,867	142,276	147,078	124,706
■ Amount of profit distributed as dividends	88,355	65,754	41,095	-	38,013
Earnings per share					
■ Profit after tax but before depreciation, amortisation and provisions	11.98	9.24	7.43	8.03	7.48
■ Profit after tax, depreciation, amortisation and provisions	8.16	7.63	6.92	7.16	6.07
■ Dividend paid per share	4.30	3.20	2.00	-	1.85
Employee data					
■ Number of employees	13,336	13,236	12,997	13,451	13,083
■ Total payroll	684,774	665,161	625,364	635,496	610,196
■ Amount paid in respect of employee benefits (social security, employee discounts, etc.)	317,064	300,241	277,481	288,332	299,928

6.6. Maturity schedule of trade payables and receivables

6.6.1. MATURITY SCHEDULES OF TRADE PAYABLES NOT PAST DUE

The *Trade payables and related accounts* item came to €171,824 thousand. It comprised accrued expenses for €91,730 thousand, invoices not past due for €77,727 thousand and past due invoices for €2,367 thousand.

	Article D. 441-4 I. 1° of the French Commercial Code: Invoices received, not yet paid and past due at the balance sheet date					
	0 days (for guidance only)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total**
(A) PAST DUE INVOICES						
Number of invoices concerned	-					4,886
Total amount of invoices concerned (€k, incl. VAT)		2,246	-537	292	365	2,367
Percentage of total purchases for the financial year (excl. VAT)		0.3%	-0.1%	0.0%	0.0%	0.3%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT RECORDED IN THE ACCOUNTS						
Number of invoices excluded						-
Total amount of invoices excluded (€k, incl. VAT)	-	-	-	-	-	-
(C) PAYMENT TERMS USED AS REFERENCE (CONTRACTUAL DEADLINE OR LEGAL DEADLINE SET FORTH IN ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)						
Payment terms used to calculate late payments	■ Contractual deadline: 30 to 45 days ■ Legal deadline: 45 days					

6.6.2. MATURITY SCHEDULE OF TRADE RECEIVABLES NOT PAST DUE

The *Trade receivables and related accounts* item came to €403,259 thousand. It comprised accrued income for €124,259 thousand, invoices not past due for €244,192 thousand and past due invoices for €34,808 thousand.

	Article D. 441-4 I. 2° of the French Commercial Code: Invoices issued, not yet paid and past due at the balance sheet date					
	0 days (for guidance only)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total**
(A) PAST DUE INVOICES						
Number of invoices concerned	-					1,887
Total amount of invoices concerned (€k, incl. VAT)		21,754	4,552	3,245	5,257	34,808
Percentage of revenue for the financial year (excl. VAT)		1.1%	0.2%	0.2%	0.3%	1.8%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED PAYABLES AND RECEIVABLES OR NOT RECORDED IN THE ACCOUNTS						
Number of invoices excluded						6
Total amount of invoices excluded (€k, incl. VAT)	-	-	-	-	53	53
(C) PAYMENT TERMS USED AS REFERENCE (CONTRACTUAL DEADLINE OR LEGAL DEADLINE SET FORTH IN ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)						
Payment terms used to calculate late payments	■ Contractual deadline: 45 days ■ Legal deadline: 45 days					

Statutory Auditors' report on the parent company financial statements

Financial year ended 31 December 2022

To the General Meeting of Sopra Steria Group SA,

Opinion

In compliance with the engagement entrusted to us by your shareholders at the General Meeting, we have audited the accompanying financial statements of Sopra Steria Group SA for the financial year ended 31 December 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

AUDIT FRAMEWORK

We performed our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the parent company financial statements".

INDEPENDENCE

We performed our audit in accordance with the independence rules provided by the French Commercial Code and the French Code of Ethics for Statutory Auditors for the period from 1 January 2022 to the date our report was issued, and in particular we have not provided any services prohibited by Article 5, paragraph 1 of Regulation (EU) No. 537/2014.

Justification of our assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments which, according to our professional judgment, were most significant for the audit of the parent company financial statements for the financial year.

These matters were addressed in the context of our audit of the parent company financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on specific items of the parent company financial statements.

REVENUE RECOGNITION ON FIXED-PRICE CONTRACTS

(Note 4.1.1 to the parent company financial statements)

Risk identified

Sopra Steria Group, one of Europe's key players in digital transformation, offers end-to-end, high-value-added services comprising consulting and systems integration, development of industry- and technology-specific solutions, IT infrastructure management, cybersecurity and business process services (BPS).

For the financial year ended 31 December 2022, the Company's revenue totalled €1.9 billion, a significant portion of which related to fixed-price contracts. Fixed-price contracts are characterised by commitments relating to the price, the end result and the deadline.

As stated in Note 4.1.1 to the parent company financial statements, services corresponding to contracts of this kind are recognised using the percentage-of-completion method. This method requires an estimate by management of figures on completion and the level of completion of the contract, it being specified that the amount of revenue recognised at each balance sheet date is based on the difference between the contract value and the amount required to cover the total number of person-days remaining to be performed.

We considered the recognition of revenue on fixed-price contracts as a key audit matter due to its significance in Sopra Steria Group SA's financial statements and the level of judgment and estimation required by management to determine the revenue and income on completion from these contracts.

Our response

We familiarised ourselves with the internal control procedures implemented by the Company and tested the key controls relating to determining income from fixed-price contracts.

For a sample of contracts deemed material due to their financial impact and risk profile:

- we reconciled contractual data, including any contractual changes resulting from additional requests and contractual claims, with management and accounting data;
- we talked to management and project managers in order to assess the reasonable nature of the estimates made by management and corroborate the estimated amount allocated to cover the total number of person-days remaining to be performed, particularly in comparison with prior estimates and by reviewing correspondence with the client and assessing whether this has been translated correctly into the accounts. In performing this work we drew on experience acquired in previous financial years relating to similar contracts;
- for contracts subject to claims, we talked to the Company's legal department and reviewed correspondence with the client in order to assess the estimates made by management.

We also used substantive checks on a sample of trade receivables and accrued income in order to assess management's estimates relating to the prospect of recovering these receivables.

VALUATION AND IMPAIRMENT OF NON-CURRENT FINANCIAL ASSETS

(Note 5.1.3 to the parent company financial statements)

Risk identified

Non-current financial assets are reported in the balance sheet at 31 December 2022 for a net amount of €1,882.7 million, representing 56% of total assets.

As set out in Note 5.1.3 to the parent company financial statements, equity interests are recognised at acquisition cost and impaired when their value in use is less than their net carrying amount at the balance sheet date.

In estimating the value in use of these securities, management must exercise judgment in deciding which factors should be taken into consideration for each relevant investment. These factors may correspond to historical items (equity and net debt) or forecast items (discounted future cash flows taking into account the profitability outlook and economic climate in the countries in question).

We considered that the valuation of non-current financial assets is a key audit matter because of their significant importance in the Company's parent company financial statements and the judgment exercised by management in determining their value in use.

Our response

To assess the reasonableness of the estimate of the value in use of equity interests, based on the information provided to us, our work consisted in particular of:

- verifying, for valuations based on historical elements, that the retained equity is consistent with the accounts of entities that have been the subject of an audit or analytical procedures by their statutory auditors, and assessing the appropriateness of any adjustments made to this equity;
- for valuations based on forecast items:
  - obtaining cash flow forecasts for the entities concerned prepared by the operational departments, and assess their consistency with the forecast data derived from the latest strategic plans, prepared under the supervision of their general management for each of these activities and approved, where applicable, by the Board of Directors:
    - assessing the consistency of the assumptions used (in particular the growth rate of projected cash flows) with the market analyses and consensus observed, and verifying the various components of the discount rate applied,
    - comparing the forecasts used for previous periods with the corresponding actual levels achieved in order to assess the extent to which past targets were met;

In addition to assessing the values in use of equity interests, our work also involved:

- assessing the recoverability of loans to subsidiaries compared with the analyses carried out on the equity interests;
- verifying the recognition of a provision for risks in cases where the Company has committed to bear the losses of a subsidiary with negative equity.

Lastly, we verified the appropriateness of the information provided in Note 5.1.3 to the parent company financial statements.

PROVISIONS FOR RETIREMENT BONUSES

(Note 5.4.1 to the parent company financial statements)

Risk identified

Sopra Steria Group recognises provisions for its employee benefit obligations with respect to retirement bonuses in accordance with the terms of voluntary and compulsory retirement under the Syntec collective bargaining agreement. The related provision is evaluated recognised on an actuarial basis based on the projected unit credit method described in Note 5.4.1 to the parent company financial statements. The actuarial value of accumulated benefits as at 31 December 2022 was €94.0 million.

Valuing these obligations, as well as the actuarial cost for the financial year, requires a high level of judgment by management to determine appropriate assumptions to be made, such as the discount rate, future pay rises, staff turnover and mortality tables.

The change in some of these assumptions may have a material impact on determining the amount of the provision recognised.

In view of the amounts represented by these obligations, we considered the provisions for retirement bonuses to be a key audit matter.

Our response

We familiarised ourselves with the process for valuing the provision for retirement bonuses applied by Sopra Steria Group. A review of actuarial assumptions was performed to take into account any changes over the year or ad hoc impacts by:

- assessing the discount rate in order to evaluate its consistency with market conditions and duration;
- assessing the reasonable nature of assumptions relating to pay rises, staff turnover and mortality;
- reviewing calculations supporting the sensitivity of the liability to changes in the discount rate.

Lastly, we verified the appropriateness of the information provided in Note 5.4.1 to the parent company financial statements.

Specific verifications

We also performed the other specific verifications required by law and regulations in accordance with professional standards applicable in France.

Information given in the Management Report and in the other documents with respect to the financial position and the parent company financial statements addressed to shareholders

We have no matters to report regarding the fair presentation and consistency with the parent company financial statements of the information given in the Management Report of the Board of Directors, and in the other documents addressed to shareholders with respect to the financial position and the parent company financial statements.

We certify that information relating to payment times as mentioned in Article D. 441-6 of the French Commercial Code is fair and consistent with the parent company financial statements.

Information relating to corporate governance

We attest to the existence, in the report of the Board of Directors on corporate governance, of the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the disclosures made in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or granted to the company officers and any other commitments made to them, we have verified their consistency with the financial statements, or with the underlying information used to prepare those financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it that are included in the scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of those disclosures.

Concerning the disclosures made relating to the elements that your Company considered likely to have an impact in the event of a public tender or exchange offer pursuant to the provisions of Article L. 22-10-11 of the French Commercial Code, we verified their compliance with the source documents which were provided to us. Based on this work, we have no comments to make on these disclosures.

Other information

Pursuant to the law, we have verified that the Management Report contains the applicable disclosures as to ownership and control, and the identity of the holders of share capital and voting rights.

Report on other legal and regulatory requirements

Format of presentation of the parent company financial statements intended to be included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France concerning the procedures performed by the Statutory Auditor relating to the parent company and consolidated financial statements presented in the European Single Electronic Format, that the presentation of the parent company financial statements intended to be included in the Annual Financial Report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with this format as defined in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the parent company financial statements intended to be included in the Annual Financial Report complies, in all material respects, with the European Single Electronic Format.

We have no responsibility to verify that the parent company financial statements that will ultimately be included by your Company in the Annual Financial Report filed with the AMF correspond to those on which we have performed our work.

Appointment of Statutory Auditors

Mazars was appointed Statutory Auditor of Sopra Steria Group SA by the shareholders at the General Meeting of 1 June 2000, and ACA Nexia by the shareholders at the General Meeting of 24 June 2004.

As at 31 December 2022, Mazars was in its 23rd consecutive year as Statutory Auditor and ACA Nexia in its 19th consecutive year as Statutory Auditor, respectively 23 years and 19 years since the Company's shares were first listed for trading on a regulated market.

Responsibility of management and persons charged with governance in relation to the parent company financial statements

It is management's responsibility to prepare parent company financial statements that give a true and fair view in accordance with French accounting principles, as well as to implement the internal controls it deems necessary to prepare parent company financial statements that are free of material misstatement, whether due to fraud or error.

On preparing the parent company financial statements, it is up to management to assess the Company's ability to continue as a going concern, and to present in the financial statements, if applicable, any necessary information relating to the continuity of operations and apply the going concern assumption unless it is planned that the company will be liquidated or cease trading.

The parent company financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the parent company financial statements

Audit aim and approach

It is our responsibility to prepare a report on the parent company financial statements. Our aim is to obtain reasonable assurance that the parent company financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, although this does not guarantee that an audit performed in accordance with professional standards systematically allows for all material misstatements to be detected. Misstatements may be due to fraud or error and are considered material when it can reasonably be expected that they may, taken individually or combined, influence the financial decisions of users made on the basis of the financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment of certifying the financial statements does not consist of guaranteeing the viability or quality of your company's management.

Within the framework of an audit performed in accordance with professional standards applicable in France, the Statutory Auditor uses its professional judgment throughout the audit process.

In addition:

- it identifies and assesses the risk of the parent company financial statements containing material misstatements, whether due to fraud or error, defines and implements audit procedures in light of these risks, and collects evidence that it deems sufficient and appropriate to form a basis for its opinion. The risk of failure to detect a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, false statements or circumvention of internal control procedures;
- it familiarises itself with internal controls relevant for the audit in order to define appropriate audit procedures under the circumstances, and not with the aim of expressing an opinion on the effectiveness of internal control procedures;
- it assesses the appropriateness of accounting policies used and the reasonable nature of accounting estimates made by management, as well as associated information provided in the parent company financial statements;
- it assesses the appropriateness of management's application of the going concern principle and, depending on the evidence collected, whether or not any material uncertainty exists relating to events or circumstances that may call into question the Company's ability to continue as a going concern. This assessment relies on evidence collected up to the date of its report, noting that subsequent circumstances or events may call into question the continuity of operations. If it concludes that a material uncertainty exists, it shall draw readers' attention to the information provided in the parent company financial statements relating to this uncertainty or, if this information is not provided or is not relevant, it shall give a qualified certification or refuse to certify the financial statements;
- it assesses the overall presentation of the parent company financial statements and evaluates whether the parent company financial statements reflect underlying transactions and events in a way that gives a true and fair view.

REPORT TO THE AUDIT COMMITTEE

We send a report to the Audit Committee setting out in particular the scope of our audit work and the programme of works carried out, as well as the conclusions of our work. We also bring to its attention, if applicable, any significant weaknesses in internal control procedures that we have identified as regards procedures relating to the preparation and treatment of accounting and financial information.

The information provided in the report to the Audit Committee includes risks of material misstatement, which we deem to have been the most significant for our audit of the parent company financial statements for the financial year and which therefore constitute key audit matters, which it is our duty to describe in this report.

We also provide the Audit Committee with the declaration required by Article 6 of Regulation (EU) No. 537-2014 attesting to our independence within the meaning of applicable regulations in France as set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. If applicable, we shall discuss with the Audit Committee the risks to our independence and safeguarding measures implemented.

Paris and Courbevoie, 2 March 2023

The Statutory Auditors,

French original signed by

ACA Nexia	**Mazars**	
Sandrine Gimat	Alain Chavance	Jérôme Neyret

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Statutory Auditors' special report on related-party agreements

General Meeting to approve the financial statements for the financial year ended 31 December 2022

To the General Meeting of Sopra Steria Group SA,

In our capacity as Statutory Auditors of your Company, we hereby submit to you our report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions as well as the grounds for the benefit to the company of those agreements brought to our attention or that we may have discovered in the course of our audit. We are not required to express an opinion on their usefulness and appropriateness or ascertain whether any other such agreements exist. In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the benefit of entering into such agreements when they are submitted for your approval.

Where applicable, it is also our responsibility to provide you with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the financial year under review of agreements already approved by the shareholders at a General Meeting.

We have carried out the procedures we deemed necessary in accordance with the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes (CNCC, the French national institute of statutory auditors) relating to this engagement. These procedures consisted in verifying that the information given to us was consistent with the underlying documents.

1. AGREEMENTS SUBMITTED FOR APPROVAL AT THE GENERAL MEETING

We hereby inform you that we were not advised of any agreement authorised and entered into during the financial year under review that needs to be submitted for shareholder approval at the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

2. AGREEMENTS ALREADY APPROVED AT A GENERAL MEETING

Agreements approved during previous financial years that remained in force during the financial year under review

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements approved by the shareholders at General Meetings in previous financial years remained in force during the financial year under review.

Tripartite framework agreement for assistance entered into between your Company, Sopra GMT (a shareholder in your Company) and Axway Software (an investee of your Company)

Under this agreement, Sopra GMT carried out services for your Company relating to strategic decision-making, coordination of the general policy between your Company and Axway Software, and the development of synergies between these two companies, and performs various strategy-related, consulting and assistance services particularly with respect to finance and control.

This agreement has an unspecified term and will end, in the event of termination, with prior notice of 12 months.

Services are charged to Sopra Steria Group on the basis of actual costs plus a 7% mark-up (excluding expenses relating to Sopra GMT's administration of its investments, estimated at around 15% of the total).

Sopra Steria Group charges Sopra GMT fees for providing premises, IT resources and assistance from the Group's functional divisions as well as appropriate expertise for the assignments performed by Sopra GMT.

Under this agreement, Sopra GMT charged your Company a net amount of €1,309,924 with respect to financial year 2022.

At its meetings on 9 February 2022 and 26 January 2023, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

Persons concerned:

Name	Functions
Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman and CEO of Sopra GMT
Éric Pasquier	Director of Sopra Steria Group Managing Director and Director of Sopra GMT
Kathleen Clark-Bracco	Permanent representative of Sopra GMT for the Board of Directors of Sopra Steria Group

Agreement entered into with Éric Hayat Conseil

At its meeting of 25 October 2018, your Board of Directors authorised an agreement with Éric Hayat Conseil for a period expiring on 31 December 2024. This agreement relates to the provision to Executive Management of consulting and assistance services for business development in strategic operations, in return for compensation calculated at a rate of €2,500 (excluding taxes) per day.

For the financial year ended 31 December 2022, your Company recognised an expense of €181,000 under this agreement.

At its meetings on 9 February 2022 and 26 January 2023, your Company's Board of Directors confirmed that this agreement still met the criteria under which it was authorised, and indicated that it would maintain the previously granted authorisation.

Person concerned: Éric Hayat, Chairman of Éric Hayat Conseil and Vice-Chairman of the Board of Directors of Sopra Steria Group.

Paris and Courbevoie, 2 March 2023
The Statutory Auditors,
French original signed by

Mazars		**ACA Nexia**
Alain Chavance	Jérôme Neyret	Sandrine Gimat

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