

Atos announces preliminary 2021 financial figures below objectives

Paris, January 10, 2022 - Referring to EU regulation No. 596/2014, which provides that issuers shall inform the public as soon as possible of inside information directly relevant to them, Atos announces today that the objectives communicated to the market on July 12, 2021 will not be met due to several significant effects described herein below.

The figures in this press release, including the revenue growth at constant currency, operating margin rate and free cash flow for the year 2021, are not finalized at this stage nor audited. The detailed full year figures for 2021, including potential impairment further to the assessment of the recoverable amount of assets, will be published as planned on February 28, 2022 (after market close).

Rodolphe Belmer, Atos CEO, said: *"I joined the Company last week, at the time when the figures were being collected and consolidated. The current state of financial insight leads us to the obligation to issue a profit warning today due to the significant variance in the financial KPIs. However, most of the items underlying this severe gap are non-recurring. In particular, the large gap in Free Cash Flow mostly stems from working capital. I am convinced that the Company has the necessary assets and all the talents to operate a swift turnaround. In this context, I will present at the end of February a new organization to the Board of Directors, and in Q2 a plan that will demonstrate the drivers of this turnaround and the focus on profitable growth and value creation."*

Revenue growth

Revenue in 2021 reached c. € 10.8 billion, a decrease of c. -2.4% at constant currency.

The variance compared to the full-year objective of "stable" revenue came from:

- The unexpected reassessment of the cost to go on transformation, replatforming and operations of a financial services BPO contract, signed in 2018 for 15 years with a large UK financial institution, leading to a major revision of the completion rate on the project, at the end of December 2021, and therefore translating into a negative revenue impact in 2021.
Impact on full-year revenue growth: c. 70 bps;
- Big Data/HPCs and Unified Communications & Collaboration project slippages from end of 2021 to 2022 due to supply chain challenges as well as to customer postponements in Public Sector & Defense in the Netherlands and the UK.
Impact on full-year revenue growth: c. 90 bps;
- Delay to 2022 of final agreements with several large customers to get compensated for extra work performed in 2021. These amendments, expected to be signed in December, would have led to additional revenue in 2021.
Impact on full-year revenue growth: 30 bps; and
- The reduced level of low margin hardware and software resale in December 2021.
Impact on full-year revenue growth: c. 50 bps.

Operating margin

Operating margin amounted to c. 4% of revenue in 2021. The variance compared to the objective of c. 6% came mostly from:

- The reduction of the revenue booked and additional costs in 2021 on the large BPO contract in the UK mentioned above.
Impact on operating margin rate: c. 90 bps;
- Additionally, the run phase of the BPO contract on the remaining next 12 years requires the provision of c. € 65 million for future losses under "Other Operating Income and Expenses".
- Project slippages to 2022 due to supply chain challenges as well as to customer postponements.
Impact on operating margin rate: c. 30 bps;

- Delay to 2022 of final agreements with several large customers as mentioned above to get compensated for extra work performed in 2021.
Impact on operating margin rate: c. 30 bps; and
- Higher costs than anticipated in 2021 on settlements to close disputes with several customers at year-end.
Impact on operating margin rate: c. 40 bps.

Free Cash Flow

Free Cash Flow is estimated at c. €-420 million. The variance compared to the objective of positive free cash flow is mostly due to working capital and in particular to:

- € 200 million from accelerated supplier payments at the end of 2021, as a result of unforeseen pressure from critical suppliers and subcontractors in the final weeks of 2021;
- € 150 million of customer collections postponed from end of 2021 to 2022 due to the late acceptance of projects by several customers which ultimately prevented collection by year-end;
- € 60 million, of which € 30 million related to advance payments from customers and € 30 million impact from the large BPO contract in the UK mentioned herein above; and
- € 30 million from the lower level of sales of receivables.

As a reminder, the full year Free Cash Flow figure of €-420 million also comprises the impact of the German turnaround plan for €-180 million and a reduction of advance payments from customers for €-200 million, as communicated on July 12, 2021.

The Net Debt at the end of December 2021 is expected to be at c. €-1.2 billion leading to a Net Debt on OMDA (under IFRS) ratio of c. 1.1. Taking into account the Worldline shares covering the Optional Exchange Bond, Net Debt on OMDA ratio is estimated at c. 0.8.

The objectives for 2022 will be published on February 28, 2022 at the occasion of the full-year 2021 results release.

Appendix

	2021 Objectives	2021 Provisional figures
Revenue growth at constant currency	Stable	c. -2.4%
% Operating Margin to revenue	c. 6%	c. 4%
Free Cash Flow	Positive	c. €-420 million

Conference call

The Management of Atos invites you to an international conference call, on **Monday, January 10, 2022 at 08:00 am** (CET – Paris) chaired by Rodolphe Belmer, CEO.

You can join the **webcast** of the conference:

- via the following link: <https://edge.media-server.com/mmc/p/no379pbs>
- by telephone with the dial-in, 10 minutes prior the starting time. Please note that if you want to join the webcast by telephone, **you must register in advance of the conference** using the following link: <http://emea.directeventreg.com/registration/7025829>
Upon registration, you will be provided with Participant Dial In Numbers, a Direct Event Passcode and a unique Registrant ID. During the 10 minutes prior to the beginning of the call, you will need to use the conference access information provided in the email received upon registration.

After the conference, a replay of the webcast will be available on atos.net, in the Investors section.

Forthcoming events

February 28, 2022 (After Market Close)	Full Year 2021 results
April 27, 2022 (Before Market Opening)	First Quarter 2022 revenue
May 18, 2022	Annual General Meeting
July 27, 2022 (Before Market Opening)	First semester 2022 results

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About Atos

Atos is a global leader in digital transformation with 107,000 employees and annual revenue of over € 11 billion. European number one in cybersecurity, cloud and high performance computing, the Group provides tailored end-to-end solutions for all industries in 71 countries. A pioneer in decarbonization services and products, Atos is committed to a secure and decarbonized digital for its clients. Atos is an SE (Societas Europaea), listed on Euronext Paris and included in the CAC 40 ESG and Next 20 indexes.

The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.

Disclaimers

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitor's behaviors. Any forward-looking statements made in this document are statements about Atos' beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos' plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 7, 2021 under the registration number D.21-0269 and the Amendment to the 2020 Universal Registration Documents filed with the AMF on July 30, 2021 under number D.21-0269-A01. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law. This document does not contain or constitute an offer of Atos' shares for sale or an invitation or inducement to invest in Atos' shares in France, the United States of America or any other jurisdiction.

Revenue organic growth is presented at constant scope and exchange rates.

Industries include **Manufacturing** (Aerospace, Automotive, Chemicals, Consumer Packaged Goods (Food & Beverage), Discrete Manufacturing, Process Industries, Services and Siemens), **Financial Services & Insurance** (Insurance, Banking & Financial Services, and Business Transformation Services), **Public Sector & Defense** (Defense, Education, Extraterritorial Organizations, Public Administration, Public Community Services and Major Events), **Telecom, Media & Technology** (High Tech & Engineering, Media, and Telecom), **Resources & Services** (Energy, Retail, Transportation & Hospitality, and Utilities) and **Healthcare & Life Sciences** (Healthcare and Pharmaceutical).

Regional Business Units include **North America** (USA, Canada, Guatemala and Mexico), **Northern Europe** (United Kingdom & Ireland, Belgium, Denmark, Estonia, Belarus, Finland, Lithuania, Luxembourg, The Netherlands, Poland, Russia and Sweden), **Central Europe** (Germany, Austria, Bulgaria, Bosnia, Croatia, Czech Republic, Greece, Hungary, Romania, Serbia, Slovenia, Slovakia, Israel, and Switzerland), **Southern Europe** (France, Andorra, Spain, Portugal and Italy) and **Growing Markets** including Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), South America (Argentina, Brazil, Chile, Colombia, Uruguay, and Peru), Middle East & Africa (Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kenya, Kingdom of Saudi Arabia, Madagascar, Mali, Mauritius, Morocco, Qatar, Senegal, South Africa, Tunisia, Turkey and UAE), Major Events and Global Delivery Centers.