

Atos reports third-quarter revenue 2023 full-year outlook confirmed

Q3 2023 Group revenue of €2,590m, down -3.0% on an organic basis

- **Eviden** up +2.3% on an organic basis on solid contribution from Big Data and Digital Security
- **Tech Foundations** down -7.2% on an organic basis, with core revenue down -4.9% driven by portfolio rationalisation

Order entry of €2.2bn up +10% compared with the prior year, book-to-bill ratio of 84% compared with 71% in Q3 2022

9-months 2023 Group revenue of €8,138m, up +0.6% on an organic basis with Eviden up +5.5% and Tech Foundations down -3.5%

Paris, France, October 26, 2023 - Atos, a global leader in digital transformation, high-performance computing and information technology infrastructure, today announces its revenue for the third quarter of 2023.

Yves Bernaert, Chief Executive Officer of Atos, said: "In Q3 we continued to focus on our operations and the delivery of our separation and transformation plans.

Eviden growth has been driven by its activities in Digital Security, Big Data including Generative AI. In High-Performance Computing, we signed the very first exascale supercomputer contract in Europe.

Tech Foundations continues to execute on its transformation plan including reducing its activities in non-core areas.

I would like to thank our talented employees for their commitment and dedication to serving our clients and for delivering innovative solutions that address their business needs."

Organic revenue -3.0% in Q3

In € million	Q3 2023	Q3 2022	Variation	Var. at cst. curr.	Var. organic
Eviden	1,217	1,278	-4.8%	-1.8%	+2.3%
Tech Foundations	1,373	1,540	-10.8%	-8.2%	-7.2% ¹
Group revenue	2,590	2,818	-8.1%	-5.3%	-3.0%

1: Core business revenue: -4.9%

Group revenue was €2,590 million in Q3 2023, down -5.3% on a constant currency basis. On an organic basis, revenue was down -3.0% as positive performance at Eviden was offset by Tech Foundations. Scope effects, mainly related to the divestment of Atos Italia completed in Q2 2023, accounted for -2.3% of the reported revenue decrease. Foreign exchange was a headwind of -2.8%, mainly reflecting the weakening of US dollar.

Eviden reported +2.3% organic revenue growth in Q3, primarily driven by strong results in Big Data and Digital Security. Digital Security continued its trend of high organic revenue growth, driven by next-generation products and services. High single-digit growth in digital in Europe, driven by demand for application development and modernization, was offset by a decrease in the US as clients are taking longer to decide on new business awards.

Tech Foundations recorded a -4.9% decrease in revenues for its core activities, which includes infrastructure, private cloud & platforms, digital workplace, and professional services. The business continues to reduce its activities in non-core areas including hardware and software resale and BPO. The company recently sold its UCC business which had been a declining non-core asset.

Commercial activity

In Q3 2023, order entry was €2.2 billion, up 10% YoY, with a book-to-bill ratio of 84%, compared with 71% in Q3 2022.

Eviden reported a book-to-bill ratio of 80%, in line with the prior year. Order entry reflects ongoing digital activities from smaller, low-risk contracts and short-term bookings with faster revenue yields. During the quarter, Eviden signed Generative AI contracts with large clients in the retail and technology sectors. In addition, Eviden signed the very first exascale supercomputer contract in Europe, a key milestone that will extend Europe's scientific excellence and industrial leadership. The company recorded an initial tranche of that contract in the quarter.

Tech Foundations recorded a book-to-bill ratio of 88%, up compared with 58% in Q3 2022. The business signed a new logo in the quarter with a major US telecom company and gained a significant new contract with a leading utility company in Europe. The business continues to maintain its strong retention rate track record with existing customers.

The Group's **full backlog** was € 18.6 billion at the end of September 2023 compared with 19.0 billion at end of H1 adjusted for disposals.

The **full qualified pipeline** amounted to € 6.0 billion compared with 6.8 billion at end of H1 adjusted for disposals.

9-month organic revenue growth of 0.6%

<i>In € million</i>	9-month 2023	9-month 2022	Variation	Var. at cst. Curr.	Var. organic
Eviden	3,842	3,817	+0.7%	+2.2%	+5.5%
Tech Foundations	4,296	4,564	-5.9%	-4.4%	-3.5%*
Group revenue	8,138	8,381	-2.9%	-1.4%	+0.6%

* core business revenue: -1.9%

Group revenue was €8,138 million over 9-month 2023 up 0.6% organically, reflecting growth in Eviden of +5.5% compared with the prior year, offsetting the decline in Tech Foundations of -3.5%. Scope effects accounted for -2.0% from the divestiture of non-core assets. Foreign exchange was negative -1.5%, reflecting the weakening of the US dollar.

2023 full-year outlook

Atos confirms its 2023 full-year outlook.

	Group	Eviden	Tech Foundations
Organic revenue growth	0.0% to +2.0%	Acceleration vs. 2022	Managed decrease Core stabilization Portfolio rationalization
Operating margin (% of revenue)	4% to 5%	Improvement vs. 2022	Positive territory
Free Cash-Flow	c. €-1bn FY		

Update on contemplated sale of Tech Foundations to EPEI group

On October 16, 2023, Atos provided an update on the contemplated sale of Tech Foundation to EPEI Group. This press release can be accessed at the following [link](#).

In this press release, the Group indicated that the Shareholders' Meeting to approve the contemplated transaction and capital raise is now anticipated to take place in early Q2 2024.

Human resources

Total headcount was 104,856 at the end of September 2023, down -2.0%. On a trailing twelve-month basis, attrition rate was at 16% versus 18% at the end of June. During the quarter the company hired 3,630 employees. 5,800 employees have left the company as a result of attrition or restructuring.

Analyst and investor conference call

Atos Management invites analysts and investors to a conference call on the Group 2023 third quarter revenue, on **Thursday, October 26, 2023, at 08:00 am** (CET – Paris).

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

- via the following link: <https://edge.media-server.com/mmc/p/n9ev3qtg>
- 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:

<https://register.vevent.com/register/BIaccf86590a5e4affaef96a503af2cefb>

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 event

February 29, 2024 (Before Market Opening)

Full-year 2023 results

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Appendix

Q3 2023 revenue by Regional Business Unit

<i>In € million</i>	Q3 2023	Q3 2022	Variation	Var. at cst. curr.	Var. organic
Americas	621	776	-20.0%	-13.1%	-13.1%
Northern Europe & APAC	769	801	-4.2%	-2.5%	-2.5%
Central Europe	627	638	-1.6%	-1.3%	-0.1%
Southern Europe	501	544	-7.8%	-7.8%	+3.0%
Others & Global structures	73	60	ns	ns	ns
Group revenue	2,590	2,818	-8.1%	-5.3%	-3.0%

Americas revenue decreased by -13.1% on an organic basis in Q3 due to delay in contract awards, lower software and volume cloud licensing and large HPC contract completion in Q3-2022. Foreign exchange impact was -7% resulting from a strengthening euro.

Northern Europe & APAC revenue decreased by -2.5% on an organic basis but was effectively flat on proforma basis excluding BPO contract in UK. Eviden grew double-digit in Q3. Eviden order entry was near record Q3 levels on upsell/cross-sell business but experienced delays in larger new logo deals. Order entry in Tech Foundations was strong in UKI and BTN on back of strategic competitive renewals.

Central Europe revenue organic growth was mostly flat compared with the previous year as growth at Eviden offset a decrease at Tech Foundations. Order entry was robust, with the initial tranche of the exascale supercomputer contract, supported by cross-sell and upsell activity in digital.

Southern Europe recorded robust +3.0% organic growth. Growth was driven by Eviden's HPC activities, notably through the delivery of a major contract in Spain. Digital services, particularly consulting, data and platform, were strong in this quarter. Landmark contracts in the fields of health and manufacturing were also successfully carried out.

Others and global structures encompass Middle East, Africa, Major Events as well as two cost centers: the Group's global delivery centers and global structures.

Revenue at constant scope and exchange rates reconciliation

<i>In € million</i>	Q3 2023	Q3 2022	% change
Statutory revenue	2,590	2,818	-8.1%
Exchange rates effect		-83	
Revenue at constant exchange rates	2,590	2,735	-5.3%
Scope effect		-68	
Exchange rates effect on acquired/disposed perimeters		+3	
Revenue at constant scope and exchange rates	2,590	2,670	-3.0%

Currency impact was €-83 million, primarily from a weakening dollar.

Scope effects amounted to €-65 million. They mainly related to divestiture of Atos Italia and the exit of Russia operations in 2022.

About Atos

Atos is a global leader in digital transformation with c.105,000 employees and annual revenue of c. € 11 billion. European number one in cybersecurity, cloud and high-performance computing, the Group provides tailored end-to-end solutions for all industries in 69 countries. A pioneer in decarbonization services and products, Atos is committed to a secure and decarbonized digital for its clients. Atos is a SE (Societas Europaea) and listed on Euronext Paris.

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

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

Regional Business Units include **Americas** including North America (USA, Canada, Guatemala and Mexico) and South America (Argentina, Brazil, Chile, Colombia, Uruguay, and Peru), **Northern Europe and APAC** including Northern Europe (United Kingdom & Ireland, Belgium, Denmark, Estonia, Belarus, Finland, Luxembourg, The Netherlands and Sweden) and Asia-Pacific (Australia, China, Hong Kong, India, Japan, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand), **Central Europe** (Germany, Austria, Bulgaria, Bosnia, Croatia, Czech Republic, Greece, Hungary, Israel, Poland, Romania, Serbia, Slovenia, Slovakia, and Switzerland), **Southern Europe** (France, Andorra, Spain, Portugal, and Italy) and **Rest of the World** including 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.