Press Release

Market update

Non-binding letter of intent received from the French state to acquire 100% of the Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities of Atos SE's BDS (Big Data & Security) business

- Indicative enterprise valuation between €700 million and €1 billion
- Due diligence phase to start shortly in view of the issuance of a confirmatory non-binding offer by early June 2024

Revision of the parameters of the financial restructuring framework presented on April 9, 2024, to reflect current market conditions and business trends

- €1.1 billion of cash needed to fund the business over the 2024-25 period compared with €600 million previously. Funds to be provided in the form of debt and/or equity by existing stakeholders or third-party investors
- €300 million in new revolving credit facility and €300 million in additional bank guarantee lines (unchanged)
- Targeting BB credit profile by 2026, which assumes a financial leverage[1] below 2x by year-end 2026 and implies a gross debt reduction of €3.2 billion compared with €2.4 billion previously
- Remaining debt maturities extended by 5 years (unchanged)
- These parameters are based on Atos full business perimeter of Tech Foundations and Eviden (unchanged)

Submission of financing proposals including new money by existing stakeholders of Atos SE and third-party investors extended to May 3, 2024

- Allowing time to incorporate new information
- Given the Group's needs, a global financial restructuring agreement will trigger significant dilution of existing shareholders

July 2024 target date to reach a financial restructuring agreement with financial creditors unchanged

- Atos intends such financial restructuring agreement to include the extension of €450 million interim financing agreed in-principle and an incremental interim financing of €350 million from July 2024 to final implementation of the financial restructuring agreement.

[1] Ratio net debt pre-IFRS16 over EBITDA pre-IFR16; EBITDA computed as OMDA pre-IFRS16 minus anticipated RRI (restructuring, rationalization, integration) costs and Other changes

Paris, France – April 29, 2024 - Atos SE announces today the receipt of a non-binding letter of intent from the French state to acquire 100% of the Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities of Atos SE's BDS division. The Company also presents a revision of the parameters of its financial restructuring framework based on an adjusted business plan that reflects current market conditions and business trends.

Non-binding letter of intent received from the French state to acquire 100% of the Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities of Atos SE

Atos announces it has received on April 27, 2024, a non-binding letter of intent from the French state concerning the potential acquisition of 100% of the Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities of Atos SE's BDS division for an indicative enterprise value comprised between €700 million and €1 billion. This perimeter represents a turnover of circa €1 billion in 2023, out of a total of €1.5 billion for the BDS division as a whole.

The Group welcomes this letter of intent, which would protect the sovereign strategic imperatives of the French State. Due diligence phase with the French state would start shortly, in view of the issuance of a confirmatory non-binding offer by early June 2024.

The letter of intent provides for a limited exclusivity undertaking, applying to direct offers on the perimeter covered by the letter of intent (expressly allowing exchange of information and global offers in the context of the financial restructuring plan), until the earlier of July 31, 2024, and the conclusion of a global restructuring agreement.

Adjusted 2024-2027 business plan of the Atos Group

2024[2]

The Group 2024 revenue of €9.8 billion compares with €9.9 billion communicated previously and represents an organic revenue evolution of circa -3.3% compared with 2023, compared with circa - 2% communicated on April 9, 2024.

The Group Operating margin of €0.3 billion or 2.9% of revenue compares with €0.4 billion or 4.3% of revenue communicated previously.

Change in cash before debt repayment of €-0.6 billion compares with €-0.4 billion communicated previously. It excludes the full unwind of the working capital actions of circa €1.8 billion as of December 31, 2023, which will be covered from cash on the balance sheet.

[2] Please refer to the disclaimer of this press release

2027[3]

The Group's revenue of €11.0 billion in 2027 compares with €11.4 billion in 2027 communicated previously and represents a revenue CAGR[4] of +2.3% over the 2023PF[5] - 2027 period, compared with circa +3.1% communicated on April 9, 2024.

The Group Operating margin of €1.1 billion or 9.9% of revenue compares with €1.2 billion or 10.3% of revenue communicated previously.

Change in cash before debt repayment of €0.3 billion compares with €0.5 billion communicated previously.

Key revisions to business plan hypothesis

The adjusted business plan takes into account current business trends and softer market conditions in some of the Group's key regions. It also reflects delays in award of new contracts and add-on work, as clients await the final resolution of the Group's financial restructuring plan. In addition:

- The adjusted business plan for Digital reflects:
    - A delay in the return of a positive organic revenue growth to July 2025;
    - Lower profitability due to lower utilization of billable resources;
    - Higher overhead costs;
    - Higher restructuring costs in 2025.
- BDS operating margin was reduced in 2024 mainly due to lower utilization of billable resources in Cybersecurity services.
- The adjusted business plan for Tech Foundations includes:
    - Lower revenue and operating margin due to higher risk of contract terminations and reduced expectations for new logos in 2024 and 2025;
    - Lower profitability due to lower utilization of billable resources and lower absorption of fixed costs.

Digital adjusted business plan[6]

Digital, in € million	**2023PF**	**2024E**	**2025E**	**2026E**	**2027E**
Revenue	3,476	3,347	3,443	3,729	4,070
Growth (%)		*-3.7%*	*2.9%*	*8.3%*	*9.1%*
Operating margin	233	95	254	349	458
OM%	*6.7%*	*2.8%*	*7.4%*	*9.3%*	*11.3%*
Free cash flow before interest and taxes		46	91	276	420

[3] Please refer to the disclaimer of this press release
[4] CAGR: Compound annual growth rate
[5] PF: Pro forma
[6] Please refer to the disclaimer of this press release

BDS adjusted business plan[7]

BDS, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	1,438	1,553	1,836	2,054	2,253
Growth (%)		*8.0%*	*18.2%*	*11.9%*	*9.7%*
Operating margin	35	87	189	237	269
OM%	*2.4%*	*5.6%*	*10.3%*	*11.5%*	*11.9%*
Free cash flow before interest and taxes		-71	152	331	97

Tech Foundations adjusted business plan[8]

Tech Foundations, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	5,179	4,857	4,637	4,670	4,724
Growth (%)		*-6.2%*	*-4.5%*	*0.7%*	*1.1%*
Operating margin	148	101	87	243	368
OM%	*2.9%*	*2.1%*	*1.9%*	*5.2%*	*7.8%*
Free cash flow before interest and taxes		-160	-238	51	253

Atos Group adjusted business plan[9]

Atos Group, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	10,093	9,757	9,915	10,453	11,046
Growth (%)		*-3.3%*	*1.6%*	*5.4%*	*5.7%*
Operating margin	417	282	531	828	1,095
OM%	*4.1%*	*2.9%*	*5.4%*	*7.9%*	*9.9%*
Free cash flow before interest and taxes		-185	5	659	770
Taxes		-61	-68	-94	-140
Separation costs & other		-169	-79	-42	-42
Interests[10]		-190	-300	-317	-281
Change in cash before debt repayment		-605	-442	206	307

Free cash flow may vary based on interest expense related to the new financial restructuring solution. Please refer to the disclaimer in this press release.

[7] Please refer to the disclaimer of this press release
[8] Please refer to the disclaimer of this press release
[9] Please refer to the disclaimer of this press release
[10] Reflect contractual interests and 7% interest rate on negative liquidity position

Parameters of Atos' financial restructuring framework

As indicated in its press release of March 26th, 2024, Atos SE has entered into an amicable conciliation procedure in order to frame discussions with its financial creditors. This is to facilitate the emergence of a global agreement regarding the restructuring of its financial debt within a short and limited timeframe of four months, which could be further extended by one month if needed.

Atos SE presents today a revision of its financial restructuring framework presented on April 9, 2024, to reflect current market conditions and business trends:

- €1.1 billion of cash needed to fund the business over the 2024-25 period compared with €600 million previously. Funds to be provided in the form of debt and/or equity by existing stakeholders or third-party investors. The €1.1 billion of cash needed for the 2024 and 2025 period is based on a severe downside case performed by the Company adjusting for lower interest expenses related to debt reduction targets;
- €300 million in new revolving credit facility and €300 million in additional bank guarantee lines (unchanged);
- Targeting BB credit profile by 2026, which assumes a financial leverage[11] below 2x by year-end 2026 and implies a gross debt reduction of €3.2 billion compared with €2.4 billion previously;
- Remaining debt maturities extended by 5 years (unchanged).

The key parameters of this financial restructuring framework are not impacted by the Letter of Intent received from the French state. If an agreement is reached with the French state, proceeds resulting from such a transaction are not assumed to be received before H2 2025. Such proceeds would be available for early repayment of potential new money instruments as part of the financial restructuring solution.

Interim financing until the final implementation of the financial restructuring agreement

The financial restructuring agreement will need to include the extension of €450 million interim financing agreed in-principle and an incremental interim financing of €350 million from July 2024 to final implementation of the financial restructuring agreement.

Next steps and financial restructuring discussions' process

Existing stakeholders of Atos SE and third-party investors can submit proposals for new money by May 3, 2024, in order to allow a global agreement on the new capital structure of the Company to be finalized by July 2024.

Atos will evaluate all proposals, under the aegis of the conciliator Maître Hélène Bourbouloux in the best corporate interest of the Company including its employees, clients, suppliers, shareholders, and other stakeholders, while maintaining an attractive business mix.

[11] Ratio net debt pre-IFRS16 over EBITDA pre-IFR16; EBITDA computed as OMDA pre-IFRS16 minus anticipated RRI (restructuring, rationalization, integration) costs and Other changes

Atos will inform the market in due course of the progress of the financial restructuring discussions, which will result in a change in its capital structure arising from a final financial restructuring agreement, including the potential issuance of new equity which will result in a dilution of the existing shareholders.

Shareholders and financial creditors will be consulted in compliance with French legal requirements.

***

Appendix 1

The debt structure of the Group as of 31 December 2023, taking into account drawings on the remaining available RCF (drawn in January 2024) is as follows:

Debt Structure as of 31 Dec. 2023, Pro Forma(1)		
€ in millions	Maturity	Outstanding
Term Loan A	Jan-25	1,500
RCF	Nov-25	900
Bank loans		**2,400**
Sustainability linked Bond 1%	Nov-29	800
OEB zero coupon	Nov-24	500
Senior Bond 1.75%	May-25	750
Senior Bond 2.5%	Nov-28	350
NEU MTN	Apr-26	50
Bonds & mid-term notes		**2,450**
Other debt		85
Total debt		**4,935**

(1) Pro Forma €320M RCF draw and maturity extension of Term Loan A to January 2025
(2) Excluding accrued interest on LT Borrowing

Note: the €1.5 billion Term Loan A, maturing in July 2024, provides for another 6-month extension option until January 2025 available to Atos SE under standard conditions (notably no event of default and payment of an extension fee); it should be noted that under French law, any events of defaults triggered by the opening of *mandat ad hoc* or *conciliation* proceedings are considered void.

The debt principal schedule of the Group from 31 December 2023, taking into account drawings the remaining available RCF and assuming the exercise of the Term Loan A second extension option would be as follows:

Maturity Profile of Gross Debt as of 31 Dec. 2023, Pro Forma(1)

€ in millions, FYE Dec.	H1-24	H2-24	H1-25	H2-25	2026	2027	2028	2029
Term Loan A	-	-	1,500	-	-	-	-	-
RCF	-	-	-	900	-	-	-	-
Bank loans	**-**	**-**	**1,500**	**900**	**-**	**-**	**-**	**-**
Bonds	-	500	750	-	-	-	350	800
MTN	-	-	-	-	50	-	-	-
Bonds & mid-term notes	**-**	**500**	**750**	**-**	**50**	**-**	**350**	**800**
Total debt	**-**	**500**	**2,250**	**900**	**50**	**-**	**350**	**800**

(1) Pro Forma €320M RCF draw and maturity extension of Term Loan A to January 2025

Appendix 2: expected guarantee needs

€m, FYE Dec.	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
Guarantees beginning of period	**504**	**573**	**407**	**453**	**562**
New lines	280	164	226	214	199
Releases	(211)	(330)	(180)	(105)	(114)
Outstanding end of period	**573**	**407**	**453**	**562**	**647**

Appendix 3: FY23 actual – FY23 pro forma revenue and operating margin reconciliation

The tables below present the reconciliation between the FY 2023 actual revenue and operating margin and the 2023 pro forma revenue and operating margin, for the Group, Eviden, Tech Foundations and the two components of Eviden, Digital and BDS. Elements in reconciliation correspond to businesses disposed in 2023.

(in € millions)

External revenue	**2023 Actuals**	**Scope effects**	**2023 PF**
Digital	*3,630*	*-154*	*3,476*
BDS	*1,459*	*-21*	*1,438*
Sub-total Eviden	5,089	-175	4,914
Tech Foundations	5,604	-425	5,179
Total Group	**10,693**	**-600**	**10,093**

Operating margin	**2023 Actuals**	**Scope effects**	**2023 PF**
Digital	*257*	*-23*	*234*
BDS	*38*	*-2*	*36*
Sub-total Eviden	295	-25	270
Tech Foundations	172	-25	147
Total Group	**467**	**-50**	**417**

Pro forma information consists in adjusting historical published information from scope changes but shall not be considered as pro forma information as defined by the EU Prospectus regulation.

Appendix 4: Free cash flow reconciliations

	In € billion
Reported 2023 Free cash flow	-1.1
Less: working capital actions	-1.8
Free cash flow assuming no working capital actions	-2.9

	In € billion
2024E change in cash before the unwinding of working capital actions[12]	-0.6
Unwinding of the working capital actions	-1.8
2024E change in cash after the unwinding of working capital actions[13]	-2.4

[12] Before debt repayment
[13] Before debt repayment

Disclaimer

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's beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos's 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 2022 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 21st, 2023 under the registration number D.23-0321 and within the 2023 Consolidated financial statements published by Atos SE on March 26, 2024. 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's shares for sale or an invitation or inducement to invest in Atos's shares in France, the United States of America or any other jurisdiction.

This document includes information on specific transactions that shall be considered as projects only. In particular, any decision relating to the information or projects mentioned in this document and their terms and conditions will only be made after the ongoing in-depth analysis considering tax, legal, operational, finance, HR and all other relevant aspects have been completed and will be subject to general market conditions and other customary conditions, including governance bodies and shareholders' approval as well as appropriate processes with the relevant employee representative bodies in accordance with applicable laws.

***

About Atos

Atos is a global leader in digital transformation with c. 94,000 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.

Contacts

Investor relations : David Pierre-Kahn | investors@atos.net | +33 6 28 51 45 96

Individual shareholders : 0805 65 00 75

Press contact : globalprteam@atos.net