



Continued growth in an uncertain environment

First half revenue: €1,121.7 million

Total growth: 12.9%

Organic growth: 6.9%

Record first half operating profit: 11.3%

Paris, July 20, 2022 – Ipsos’ business continues to grow well, despite the effects of the war in Ukraine and new lockdowns in China. The majority of our service lines are seeing double digit growth. We have been able to respond rapidly to rising inflation, which has allowed us to protect our margins.

Ipsos posted revenue in the first half of the year of €1,121.7 million, up 12.9%, of which 6.9% is organic growth, and 5.4% of exchange rate effects due to the depreciation of the euro and 0.7% of scope effects. Underlying organic growth was 10.6%, after adjusting for the temporary effect of Covid testing contracts with some Western governments during the pandemic, and net of the research projects that could not be completed because of sanitary measures and have been resumed.

In the second quarter, total growth was 8.9%, of which 2.1% organic growth. Excluding the Covid effect, organic growth in the second quarter was at 7.7%. This reflects the strength of Ipsos’ model in a context made difficult by the war in Ukraine, the new lockdowns in China, as well as the excellent performance recorded in the second quarter of 2021, which led to an unfavorable base effect.

PERFORMANCE BY QUARTER

In millions of Euros	Revenue 2022	H1 2022 vs. H1 2021	
		Total growth	Organic growth
1 st quarter	547.8	17.5%	12.3% ⁽¹⁾
2 nd quarter	574.0	8.9%	2.1% *
Total for the half year	1,121.7	12.9%	6.9% *

* Underlying cumulative organic growth is 7.7% in the second quarter and 10.6% in the first half of 2022, excluding the temporary net positive impact of Covid-related contracts (specific pandemic monitoring projects for governments, minus contracts that could not be executed because of the health situation).

⁽¹⁾ Covid-related contracts were maintained at least in part until March 31, 2022

PERFORMANCE BY REGION

In millions of Euros	H1 2022	Contribution	H1 2022/H1 2021	
			Total growth	Organic growth
EMEA	498.4	44%	1.4%	-1%
Americas	429.9	38%	27.3%	16%
Asia-Pacific	193.4	17%	18.0%	10%
Revenue	1,121.7	100%	12.9%	6.9%

The **Americas** were Ipsos' best performer in the first half of the year, with organic growth of 16%, driven by our large TMT (Technology, Media and Telecommunications) clients and our proprietary platform Ipsos.Digital. The American market, which weighs significantly in this area, is one of the priorities of our 2025 strategic plan "The Heart of Science and Data", and where we are increasing our market share.

Despite headwinds caused by Covid lockdowns in China, the rest of **Asia-Pacific** has been bouncing back strongly after the pandemic with total organic growth in the region at 10%.



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The **EMEA** region was unsurprisingly the most affected by the war in Ukraine. It was also penalized by the end of Covid-related contracts and organic growth was -1%. Excluding temporary Covid-related contracts: organic growth remains solid in the region, at around 6%, particularly in our major markets like the UK, France and Italy.

PERFORMANCE BY AUDIENCE

In millions of Euros	H1 2021	Contribution	Organic growth H1 2022/ H1 2021
Consumers ¹	522.1	46%	14%
Customers and employees ²	222.1	20%	9%
Citizens ³	187.3	17%	-12%
Doctors and patients ⁴	190.1	17%	8%
Revenue	1,121.7	100%	6.9%

Breakdown of Service Lines by audience segment:

1- Brand Health Tracking, Creative Excellence, Innovation, Ipsos UU, Ipsos MMA, Market Strategy & Understanding, Observer (excl. public sector), Social Intelligence Analytics, Strategy3

2- Automotive & Mobility Development, Audience Measurement, Customer Experience, Channel Performance (including Retail Performance and Mystery Shopping), Media development, Capabilities

3- Public Affairs, Corporate Reputation

4- Pharma (quantitative and qualitative)

Despite inflationary pressures and disruptions in our customers' supply chains, our core work among **consumers** grew organically by 14% in the first half. This reflects our clients' need to understand changing consumer behavior in a post-Covid and inflationary world. As we have said before, uncertainty drives demand for accurate information.

As societies learn to live with Covid-19, our health business with **doctors and patients** grew by 8% organically.

The re-opening of economies, re-opening of hospitality and resumption of travel saw our **customer and employee** facing businesses grow by 9% organically in the first half.



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After massive growth in the last two years, our **citizen**-facing businesses are down 12% organically because of the end of covid testing contracts. However, excluding the Covid effect, our activities with governments and the public sector is up 23% organically.

FINANCIAL PERFORMANCE

Summary income statement

In millions of Euros	June 30, 2022	June 30, 2021	Change	Reminder Dec 31, 2021
Revenue	1,121.7	993.3	12.9%	2,146.7
Gross margin	739.7	642.8	15.1%	1,389.3
Gross margin / Revenue	65.9%	64.7%		64.7%
Operating margin	126.8	109.0	16.3%	277.4
Operating margin / Revenue	11.3%	11.0%		12.9%
Other non-operating / non-recurring income and expenses	0.9	0.7		(5.5)
Finance costs	(6.2)	(7.0)	-11.6%	(13.8)
Income tax	(29.5)	(23.2)		(62.9)
Net profit attributable to the owner of the parent	85.5	72.0		183.9
Adjusted net profit attributable to the owner of the parent*	97.5	81.4		209.2

*Adjusted net profit is calculated before (i) non-cash items covered by IFRS 2 (share-based payments), (ii) amortization of intangible assets identified on acquisitions (client relationships), (iii) the net tax effect of other non-operating income and expenses, (iv) the non-cash effect on changes in puts in other financial income and expenses and (v) deferred tax liabilities from goodwill, which in some countries can be amortized.

The gross margin (which is calculated by deducting external and variable costs associated with contract performance from revenue) is up 120 basis points to 65.9% compared with 64.7% in the first half of 2021. This increase in the gross margin ratio is linked to the change in the mix of data collection methods and is





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explained by (i) the termination during the first half of 2022 of the major pandemic monitoring contracts (whose collection costs are higher than average) and (ii) the increase in the proportion of online surveys in the most “digitized” countries, partially balanced by the resumption of offline data collection in the rest of the world after the pandemic. Overall, the proportion of online surveys increased from 60% in the first quarter of 2021 to 62% for the whole year, then to 63% in the first half of 2022. The rise in the gross margin in the first half of 2022 is also the result of our ability to maintain our prices.

With regard to operating costs, **the payroll** remains contained in a context of (i) a resumption of recruitment to cope with the growth in activity (these were significantly slowed down during the pandemic and at the beginning of 2021) and (ii) higher inflation. It increased by 14.3%, which is less than the increase in gross margin (15.1%). Payroll, including provision for bonuses, accounts for 68.0% of the gross margin against 72.7% for the same period in 2019. As of June 30, 2022, the permanent workforce was 19,503 employees. The average permanent workforce is up 11,7% between both halves.

The cost of **variable compensation in shares** increased to €6.9 million from €5.9 million in 2021.

Overhead costs increased by nearly €18 million, an increase of 21.6% compared to the first half of 2021 due to (i) the recovery in travel over the past few months - travel expenses, however, remain 45% below the level of the first half of 2019 and (ii) a catch-up of IT current expenses which had been severely constrained during the pandemic. Overall and despite these catch-up effects, overhead costs remain contained in relation to the pre-crisis level and represented 13.9% of gross profit compared with 18.8% in the first half of 2019.

The item "**Other operating income and expenses**", which consists mainly of severance costs, shows a negative balance of 1.7 million and is down by almost €3 million compared to the first half of 2021.

Overall, **the Group's operating profit** is at 11.3% in the first half of 2022, up 30 basis points compared to the same period last year, establishing a record performance for the first half. Given the cyclical nature of Ipsos' business, revenue growth and the operating margin are more significant in the second half of the year. The excellent performance of the first half is nonetheless promising for Ipsos to achieve its objectives for the whole of 2022.

Below the operating margin, **the amortization of intangible assets** related to acquisitions concerns notably the portion of goodwill allocated to customer relations during the 12 months following the date of acquisition and subject to amortization in the income statement under IFRS over several years. This allocation amounts to €4 million compared to €2.5 million previously. This increase is mainly due to the acquisitions of Karian & Box and Infotools.

The balance of the item **other non-current and non-recurring income and expenses** amounted to €0.9 million compared to a balance of €0.7 million last year. This item mainly records income related to the decision to capitalize internal development costs since January 2018. This effect will end at the end of 2022.

Finance costs. The net interest expense amounted to €6.2 million compared to €7 million the previous year due to (i) a decrease in financial debt in relation to good cash generation and (ii) a renewal and extension of the maturity of a "Shuldschein" loan in euros and dollars for an amount reduced to €78 million with a maturity of 5 to 7 years.

The effective **tax** rate on the IFRS income statement was 25.3% compared to 25.2% last year. It includes a deferred tax liability of €2.2 million, which cancels out the tax savings achieved through the tax deductibility of goodwill amortization in certain countries, even though this deferred tax expense would only be due in the event of the disposal of the activities concerned (and is therefore restated in adjusted net profit).

Net profit attributable to the owner of the parent was €85 million compared to €72 million in the first half of 2021, up 18.8%.

Adjusted net profit attributable to the owner of the parent, which is the relevant and constant indicator used to measure performance, is also up to €98 million compared to €81 million last year at the same period, up 19.8%.

Financial structure

Cash flow. Cash flow from operations amounted to €172 million, compared with €150 million in the first half of 2021.

The **working capital requirement** experienced a negative change of €22 million in the first half, due, on the one hand to the increase in activity, and on the other hand to larger bonus payments this half, following an excellent performance in 2021.



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Investments in property, plant and equipment and intangible assets consisted mainly of IT infrastructure investments and amounted to €27 million in the first half of the year, an increase of €8 million compared to the first half of 2021, showing that we have already started the implementation of our 2025 strategic plan, which calls for a significant increase in investments in our platforms, notably Ipsos.Digital, Askia and Infotools.

Overall, free cash flow from operations, at €53 million, was in line with the forecast for the year, down €40 million compared to the same period last year, due to the increase in activity, the payment of bonuses for 2021 and the increase in investments in technology and platforms, as explained above.

As regards non-current investments, Ipsos invested approximately €2.3 million in the form of an earn-out payment relating to the acquisition of Infotools and for the acquisition of WeCheck, a small size company specialized in Mystery Shopping in Canada. As for the previous years, a large part of free cash flow will be generated in the second half of 2022.

Shareholders' equity stood at €1,440 million at June 30, 2022 compared to €1,342 million at December 31, 2021.

Net financial debt amounted to €154 million, down compared to December 31, 2021 (€180 million) and to June 30, 2021 (€272 million). The net debt ratio fell to 10.7% compared with 13.4% at December 31, 2021 and 22.7% at June 30, 2021. The leverage ratio (calculated excluding the IFRS16 impact) was 0.4 times EBITDA (compared to 0.5 times at December 31, 2021).

Cash position. Cash at June 30, 2022 amounted to €338 million compared to €298 million at December 31, 2021 and €301 million at June 30, 2021

The Group also has more than €250 million in credit lines available for more than one year, enabling it to meet its €107 million debt repayments in 2022 and 2023.

OUTLOOK

Beyond the very good results of this first half, our order book at the end of June remains solid, recording 14% growth, of which 8% organically.

We are therefore confident in our ability to achieve organic growth of more than 5% this year and to reach a level of operating margin comparable to that of last



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year, reaching 12.9%.

However, the only certainty is uncertainty: central banks are raising interest rates and seeking a soft landing after a period of inflation in most Western countries, while wages remain below inflation almost everywhere, penalising consumers. Globally, a second Cold War has effectively begun, while the pandemic continues to disrupt the world, particularly in China, where the government has opted for a zero Covid strategy, which has had major social and economic impacts.

Despite all these headwinds, we can see that our strategy of the best people combined with the best technology – or as we call it being at “The Heart of Science and Data” - gives us room to continue our growth with our clients, following the lines of the strategic plan we presented at our [2022 Investor Day in June](#).

Our market is near \$90 billion and Ipsos has a small fraction of it. No competitor now offers the range and diversity of services, or the sectoral cover we now have, giving us room to flex and adapt to new needs of thousands of our clients for reliable information, and to take advantage of opportunities quickly. Our digitisation and automation strategy continues and helps improve our margins.



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Presentation of the half-year results 2022:

Thursday July 21 at 8.30 a.m. at the **Hôtel Le Bristol**. A conference call in English will take place at **4 p.m.** For invitation requests, please contact

IpsosCommunications@ipsos.com.

The event will be broadcast on our website in English and French.

ABOUT IPSOS

Ipsos is one of the largest market research companies in the world, present in 90 markets and employing more than 18,000 people.

Our passionately curious research professionals, analysts and scientists have built unique multi-specialist capabilities that provide true understanding and powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. Our 75 solutions are based on primary data from our surveys, social media monitoring, and qualitative or observational techniques.

Our tagline "Game Changers" sums up our ambition to help our 5,000 customers move confidently through a rapidly changing world.

Founded in France in 1975, Ipsos has been listed on the Euronext Paris since July 1, 1999. The company is part of the SBF 120 and Mid-60 indices and is eligible for the Deferred Settlement Service (SRD). ISIN code FR0000073298, Reuters ISOS.PA, Bloomberg IPS:FP
www.ipsos.com

Appendices

Consolidated income statement, Half-yearly financial statements at June 30, 2022

In thousands of euros	06/30/2022	06/30/2021	12/31/2021
Revenue	1,121,724	993,317	2,146,725
Direct costs	(382,060)	(350,502)	(757,391)
Gross margin	739,664	642,815	1,389,334
Employee benefit expenses – excluding share-based payments	(503,320)	(440,460)	(896,461)
Employee benefit expenses - share-based payments*	(6,874)	(5,885)	(12,071)
General operating expenses	(100,963)	(83,034)	(183,043)
Other operating income and expenses	(1,747)	(4,447)	(20,381)
Operating margin	126,759	108,988	277,378
Amortization of intangible assets identified on acquisitions*	(4,018)	(2,531)	(5,274)
Other non-operating income and expenses*	856	671	(5,486)
Share of profit/(loss) of associates	99	(327)	1,671
Operating profit	123,697	106,801	268,289
Finance costs	(6,195)	(7,008)	(13,837)
Other financial income and expenses *	(959)	(3,724)	(4,413)
Net profit before tax	116,542	96,069	250,038
Income tax – excluding deferred tax on goodwill amortization	(27,265)	(21,531)	(58,303)
Deferred tax on goodwill amortization*	(2,197)	(1,641)	(4,608)
Income tax	(29,462)	(23,172)	(62,911)
Net profit	87,080	72,897	187,127
Attributable to the owners of the parent	85,489	71,987	183,923
Attributable to non-controlling interests	1,590	910	3,204
Basic net profit per share attributable to the owners of the parent (in euros)	1.93	1.63	4.14
Diluted net profit per share attributable to the owners of the parent (in euros)	1.88	1.59	4.04
Adjusted earnings*	99,077	82,143	212,205
Attributable to the owners of the parent	97,518	81,404	209,223
Attributable to non-controlling interests	1,558	740	2,982
Adjusted basic earnings per share, attributable to the owners of the parent	2.20	1.84	4.71
Adjusted diluted earnings per share, attributable to the owners of the parent	2.15	1.80	4.59

* Adjusted for non-cash items related to IFRS 2 (share-based compensation), amortization of intangible assets identified on acquisitions (client relationships), deferred tax liabilities related to goodwill for which amortization is deductible in some countries, the impact net of tax of other non-operating income and expenses and the non-cash impact of changes in puts in other financial income and expenses.

Statement of financial position, Half-yearly financial statements at June 30, 2022

In thousands of euros	06/30/2022	06/30/2021	12/31/2021
ASSETS			
Goodwill	1,420,712	1,296,426	1,360,464
Right-of-use assets	134,702	121,191	122,935
Other intangible assets	113,145	96,119	98,899
Property, plant and equipment	34,211	28,282	31,340
Investments in associates	7,732	2,686	8,919
Other non-current financial assets	54,857	54,023	51,961
Deferred tax assets	24,100	15,678	25,223
Non-current assets	1,789,460	1,614,404	1,699,741
Trade receivables	402,949	358,673	555,496
Contract assets	195,388	184,041	107,114
Current tax	36,618	39,842	14,045
Other current assets	66,736	73,928	62,720
Financial derivatives	-	(1,287)	-
Cash and cash equivalents	338,289	301,041	298,454
Current assets	1,039,980	956,238	1,037,830
TOTAL ASSETS	2,829,440	2,570,642	2,737,571

In thousands of euros	30/06/2022	30/06/2021	31/12/2021
EQUITY AND LIABILITIES			
Share capital	11,109	11,109	11,109
Share paid-in capital	507,588	514,068	508,259
Treasury shares	(794)	(445)	(643)
Translation adjustments	(43,895)	(149,133)	(115,406)
Other reserves	862,517	728,997	746,221
Net profit, attributable to the owners of the parent	85,393	71,987	183,926
Equity, attributable to the owners of the parent	1,421,918	1,176,583	1,333,466
Non-controlling interests	18,515	19,246	8,963
Equity	1,440,433	1,195,829	1,342,429
Borrowings and other non-current financial liabilities	454,784	396,093	448,561
Non-current liabilities on leases	112,472	101,056	102,421
Non-current provisions	8,430	2,143	7,025
Provisions for post-employment benefit obligations	34,394	33,631	36,255
Deferred tax liabilities	94,858	78,272	66,458
Other non-current liabilities	45,318	26,318	45,549
Non-current liabilities	750,256	637,515	706,270
Trade payables	295,921	272,542	332,239
Borrowings and other current financial liabilities	37,051	175,407	30,349
Current liabilities on leases	36,098	36,360	34,923
Current tax	7,626	4,470	25,463
Current provisions	10,049	7,651	9,967
Contract liabilities	45,817	40,049	64,329
Other current liabilities	206,188	200,819	191,603
Current liabilities	638,751	737,298	688,873
TOTAL LIABILITIES	2,829,440	2,570,642	2,737,571



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Consolidated cash flow statement, Half-yearly financial statements at June 30, 2022

In thousands of euros	06/30/2022	06/30/2021	12/31/2021
OPERATING ACTIVITIES			
NET PROFIT	87,080	72,897	187,127
Items with no impact on cash flow from operations			
Amortization and depreciation of property, plant and equipment and intangible assets	43,121	38,286	79,839
Net profit of equity-accounted companies, net of dividends received	(99)	327	(1,671)
Losses/(gains) on asset disposals	45	(26)	(164)
Net change in provisions	(1,796)	1,641	17,985
Share-based payment expense	6,018	5,351	11,153
Other non-cash income/(expenses)	(687)	(655)	(2,459)
Acquisition costs of consolidated companies	227	323	882
Finance costs	8,178	8,816	17,349
Tax expense	29,462	23,172	62,911
CASH FLOW FROM OPERATIONS BEFORE TAX AND FINANCE COSTS	171,549	150,132	372,952
Change in working capital requirement	(22,419)	32,058	33,538
Income tax paid	(44,961)	(45,174)	(60,519)
NET CASH FROM OPERATING ACTIVITIES	104,168	137,017	345,972
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets	(27,420)	(19,112)	(43,512)
Proceeds from disposals of property, plant and equipment and intangible assets	35	49	128
(Increase)/decrease in financial assets	(1,658)	(1,270)	(2,003)
Acquisitions of consolidated activities and companies, net of acquired cash	(2,271)	(8,792)	(29,079)
CASH FLOW FROM INVESTING ACTIVITIES	(31,314)	(29,124)	(74,466)
FINANCING ACTIVITIES			
Share capital increases/(reductions)	-	-	-
Net (purchases)/sales of treasury shares	(16,847)	(689)	(8,694)
Increase in long-term borrowings	4	-	75,570
Decrease in long-term borrowings	(41)	(102)	(167,480)
Decrease in long-term loans from associates	-	-	5,704
Increase/(decrease) in bank overdrafts	302	366	(1,033)
Net repayment of lease liabilities	(18,649)	(19,808)	(40,308)
Net interest paid	(1,199)	(1,973)	(13,012)
Net interest paid on lease liabilities	(1,958)	(1,865)	(3,599)
Acquisitions of non-controlling interests	(723)	(956)	(956)
Dividends paid to the owners of the parent	-	-	(39,820)
Dividends paid to non-controlling interests of consolidated companies	-	-	(1,984)
Dividends received from non-consolidated companies	-	-	52
NET CASH FROM FINANCING ACTIVITIES	(39,113)	(25,028)	(195,561)
NET CHANGE IN CASH AND CASH EQUIVALENTS	33,742	82,864	75,945
Impact of foreign exchange rate movements	6,098	2,215	6,559
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	298,454	215,951	215,951
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	338,289	301,041	298,454