Atos

Press release

Atos reports first half 2024 results

Successful funding of Atos financial restructuring plan

Revenue of €4,964m down -2.8% organically

- Eviden down -4.2% organically reflecting continued market softness in the Americas and the UK
- Tech Foundations down -1.4% organically reflecting lower scope of work with certain customers in Americas and Central Europe

Operating margin of 2.3% at €115m, down -100 bps organically

- This margin decrease comes mainly from the allocation to the business of SG&A costs previously allocated to Other expenses, as part of the separation project in prior year

Free cash flow at €-1,914m reflecting stronger investment on customer contracts and a €1,320m reduction of one-off working capital optimization as planned

H1 2024 book-to-bill at 73% vs 93% in H1 2023

- 88% contract renewal rate reflecting continued customer confidence

Net loss of €-1,941m

- Impacted by goodwill and other non-current assets non-cash impairment charge of €1,570m
- Half year goodwill impairment test performed at end of June, taking into account the ongoing financial restructuring of the Group and the resulting offers received

Implementation of the proposed financial restructuring plan will result in massive dilution of Atos existing shareholders

Paris, August 1st 2024 - Atos, a global leader in digital transformation, high-performance computing and information technology infrastructure, today announces its H1 2024 results.

Jean Pierre Mustier, Atos Chairman of the Board of Directors and Chief Executive Officer, declared:

"The opening of an accelerated safeguard proceedings by the Commercial Court is an important step in Atos' financial restructuring process. We now have an agreement with our financial creditors that provides ample liquidity to run the Company and establishes strong foundations for the company's future. This is the start of a new period of recovery and development for the Group, with reinforced focus on serving our customers through innovation and high-quality of service.

Our revenue and operating margin for the semester are in line with the business plan presented on April 29, despite soft market conditions in some of our key geographies. We are investing for our future and our free cash flow reflects increased investments for customers and reduction of one-off working capital optimization.

I would like to take this opportunity to sincerely thank our 92,000 employees for their ongoing commitment and to our customers and partners for their continued support."

H1 2024 performance highlights

In € million	**H1 2024**	**H1 2023**	**Var.**	**H1 2023***	**Organic Var.**
Revenue	**4,964**	5,515	-10.0%	5,104	-2.7%
Operating Margin	**115**	212	-96	168	-53
In % of revenue	*2.3%*	*3.8%*	-150 bps	*3.3%*	**-100 bps**
OMDA	**373**	487	-114		
In % of revenue	*7.5%*	*8.8%*	-130 bps		
Normalized net loss	-124	-113	-11		
Net loss	-1,941	-600	-1,341		
Free Cash Flow	**-1,914**	-969	-945		
Net debt	-4,218	-2,321	-1,897		

**: at constant scope and June 2024 average exchange rates*

H1 2024 performance by Business

In € million	H1 2024 Revenue	H1 2023 revenue	H1 2023 revenue*	Organic variation*
Eviden	2,386	2,592	2,490	-4.2%
Tech Foundations	2,578	2,923	2,614	-1.4%
Total	**4,964**	**5,515**	**5,104**	**-2.7%**

In € million	H1 2024 Operating margin	H1 2023 Operating margin	H1 2023 Operating margin*	H1 2024 Operating margin %	H1 2023 Operating margin%	H1 2023 Operating margin%*	Organic variation*
Eviden	58	138	117	2.4%	5.3%	4.7%	-230 bps
Tech Foundations	57	73	51	2.2%	2.5%	1.9%	+30 bps
Total	**115**	**212**	**168**	**2.3%**	**3.8%**	**3.3%**	**-100 bps**

**: at constant scope and June 2024 average exchange rates*

Group revenue was €4,964 million in H1 2024, down -2.7% organically compared with H1 2023.

Eviden revenue decreased by **-4.2%** organically.

- **Digital** activities decreased mid-single digit. While revenue grew in Southern Europe with public sector and utility customers, the business was impacted by the general market slowdown in Americas and by contract scope reductions in the UK.
- **Big Data & Security (BDS)** decreased low-single digit. Revenue in Advanced Computing was up slightly, with stronger activity in Denmark and in France. Revenue in Digital Security decreased, impacted by a delay in ramping up a large project in Europe.

Tech Foundations revenue decreased by **-1.4%** organically.

- **Core revenue** (excluding BPO and value-added resale ("VAR")) decreased by low-single digit. Stronger contributions related to the Paris Olympic & Paralympic games and the UEFA contract were offset by slowdown with banking and manufacturing customers in Central Europe as well as by contract scope and volume reductions in Americas and Southern Europe.
- **Non-core revenue** grew low-single digit during the semester, reflecting a moderate growth in BPO activities in the United Kingdom and a strong demand for hardware and software products from European customers during the first quarter.

Group operating margin was €115 million representing 2.3% of revenue, down -100 basis points organically compared with H1 2023:

- This margin decrease comes mainly from the allocation to the business of SG&A costs previously allocated to Other expenses, as part of the separation project in prior year
- **Eviden's** operating margin was €58 million or 2.4% of revenue, down -230 basis points organically. Beyond the allocation of SG&A costs, profitability was also impacted by revenue decrease and lower utilization of resources.
- **Tech Foundations'** operating margin was €57 million or 2.2% of revenue, up +30 basis points organically. The business benefitted from the continued execution of its transformation program. There was also a positive impact from the accelerated reduction of under-performing contracts via renegotiation and improved delivery, which more than compensated the SG&A cost allocation.

H1 2024 performance by Regional Business Unit

In € million	H1 2024 Revenue	H1 2023 revenue	H1 2023 revenue*	Organic variation*
Americas	1,108	1,279	1,190	-6.9%
Northern Europe & APAC	1,542	1,584	1,563	-1.3%
Central Europe	1,077	1,297	1,127	-4.5%
Southern Europe	1,084	1,211	1,083	+0.0%
Others & Global Structures	154	145	141	+9.2%
Total	**4,964**	**5,515**	**5,104**	**-2.7%**

In € million	H1 2024 Operating margin	H1 2023 Operating margin	H1 2023 Operating margin*	H1 2024 Operating margin %	H1 2023 Operating margin%	H1 2023 Operating margin%*	Organic variation*
Americas	99	133	113	8.9%	10.4%	9.5%	-60 bps
Northern Europe & APAC	66	63	60	4.3%	4.0%	3.9%	+40 bps
Central Europe	-4	16	11	-0.3%	1.3%	1.0%	-130 bps
Southern Europe	46	58	42	4.3%	4.8%	3.9%	+40 bps
Others/Global Structures	-93	-58	-59	NA	NA	NA	NA
Total	**115**	**212**	**168**	**2.3%**	**3.8%**	**3.3%**	**-100 bps**

**: At constant scope and June 2024 average exchange rates*

Americas revenue was €1,108 million, down **-6.9%** organically, reflecting a general slowdown in market conditions.

- Eviden revenue was down low-double digit impacted by contract completions and volume decline in Healthcare and Finance. The delivery of a supercomputer project in South Americas in H1 2023 also provided a higher prior year comparison basis for BDS.
- Tech Foundations revenue declined low-single digit due to contract completions and scope reductions with select customers.

Operating margin was €99 million or **8.9%** of revenue, down -60 basis points organically. Eviden's margin declined, impacted by revenue decrease. Tech Foundations margin improved reflecting stronger productivity and costs improvements.

Northern Europe & Asia-Pacific revenue was €1,542 million, down **-1.3%** organically.

- Eviden revenue declined low-single digit. The revenue increase at BDS due to new business in advanced computing with an innovation center in Denmark was offset by the decline of Digital revenue, reflecting a lower demand from Public Sector, Healthcare and Insurance customers.
- Revenue in Tech Foundations was down low-single digit, with volume decline in the healthcare, in Insurance and Public sector.

Operating margin was €66 million, or **4.3%** of revenue, up +40 basis points organically thanks to margin expansion at Tech Foundation, particularly in Asia with Banking customers and in the UK with BPO contracts.

Central Europe revenue was €1,077 million, down **-4.5%** organically.

- Eviden revenue declined mid-single digit, impacted by a project delay in Mission Critical Systems and contract ramp downs in Manufacturing and in Defense
- Tech Foundations revenue declined mid-single digit, reflecting volume reduction in Manufacturing and in Banking sectors, and delays in public sector spending.

Operating Margin was €-4 million or **-0.3%** of revenue, down -130 basis points organically. Profitability was impacted by revenue decrease and lower utilization of Eviden employees.

Southern Europe revenue was €1,084 million, stable organically.

- Eviden revenue grew low-single digit. Digital activities grew, benefitting from the ramp-up of large contracts in Spain and with a major European utility company in France. Revenue in BDS grew thanks to HPC deliveries in France.
- Tech Foundations revenue declined low single-digit due to contract completions with select customers.

Operating margin was €46 million or **4.3%** of revenue**,** slightly up by +40 basis points organically thanks to strong improvement of BDS profitability following ongoing contracts deliveries.

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

- **Revenue of Middle East, Africa, Major Events** was €154 million, up +9.2% organically, reflecting stronger contributions related to the Paris Olympic & Paralympic Games and the UEFA contract.
- **Operating margin of Middle East, Africa, Major Events** was €-7 million and decreased by €17 million reflecting higher marketing expenses for Major Events as planned.

- **Global delivery centers net costs** were €-42 million, an improvement of €+6 million compared with H1 2023.
- **Global Structures net costs** were €-44 million and increased by €22 million, impacted by higher SG&A costs allocated to Operating Margin (rather than allocated to Other expenses).

Order entry and backlog

H1 2024 commercial activity

Order entry reached €3.6 billion in H1 2024. Eviden order entry was €2.0 billion and Tech Foundations order entry was €1.6 billion.

Book-to-bill ratio for the Group was **73%** in H1 2024, down from 93% in H1 2023, reflecting delays in contract awards as clients await the final resolution of the Group's refinancing plan.

Eviden reported a book-to-bill ratio of 85% for the first half, decreasing by -14 points compared with H1 2023. Book-to-bill slightly improved in Q2 2024 at 86% vs 83% in Q1 2024 Main contract signatures in the second quarter included a project to deliver a control room for a major European utility provider, the renewal of an application management contract with a German telecommunication provider and a new contract with a Spanish bank for application management services,

Tech Foundations reported a book-to-bill ratio of 63% for the first half, down from 87% in H1 2023 with a strong recovery in Q2 2024 at 79% vs 47% in Q1 2024. Main contract signatures in the second quarter included several renewals, notably a 4-year renewal to provide mission critical systems as well as hybrid cloud & security services to the European Organisation for the Safety of Air Navigation (Eurocontrol).

Backlog & commercial pipeline

At the end of June 2024, the **full backlog** reached €15.7 billion representing 1.6 years of revenue. The **full qualified pipeline** amounted to €5.4 billion at the end of June 2023, representing 6.4 months of revenue.

Human resources

The **total headcount** was **91,611** at the end of June 2024, decreasing by -3.7% compared with the end of December 2023. During the first half, the Group hired 5,819 staff (of which 94.1% were Direct employees), while attrition rate in the first half of 2024 was at 14.3% vs 15.0% in 2023.

Net income

Net loss group share was €-1,941 million, primarily reflecting a €-1,570 million impairment charge.

Normalized net loss[1] stood at €-124 million compared with a loss of €-113 million in H1 2023.

Free cash flow

Free cash flow was €-1,914 million for the half year reflecting the planned reduction by €1,320 million of working capital optimization compared to December 31, 2023. Also, decision has been made to prioritize clients capital expenditures and R&D, which will translate into future earnings and conversely to save on restructuring costs in order to manage our cash position. This translated in €+168 million higher capital expenditures in H1 2024 compared to H1 2023 and to €-103 million lower reorganization, rationalization and integration costs.

Finalisation of the process protecting the sovereign interests of the French State by end of October

On June 26, 2024, Atos announced, further to the agreement announced on April 9, 2024, that it has finalized negotiations with the French State of an agreement aimed at protecting the sovereign interests of the French State with respect to certain activities carried out by the Atos group. This agreement, approved on June 25 by the Atos Board of Directors, was signed on June 26, 2024.

The rights granted to the French State will initially result from the agreement and will be supplemented by the issuance by Bull SA of a preferred share (action de preference) for the benefit of the French State.

The French State will benefit from governance rights at the level of Bull SA, in particular rights of representation on corporate bodies (without voting rights at this stage) and prior authorization and approval rights (droits d'autorisation préalable et d'agrément) designed to protect sovereign sensitive activities.

The agreement also provides for a right for the French State to purchase sovereign sensitive activities if a third-party has acquired 10% or a multiple of 10% of Atos' or Bull SA's share capital or voting rights and that the parties have not reached a reasonable agreement on how to protect national interests in relation to these sovereign sensitive activities (without prejudice to the application of the French FDI regime).

The issuance of this preferred share is expected in the course of the second semester of 2024.

[1] The normalized net loss is defined as the net loss before unusual, abnormal and infrequent items (net of tax). Reconciliation between the net loss and the normalized net loss is presented in Appendix.

Contemplated disposal of BDS' Advanced Computing, Mission-Critical Systems and Cybersecurity Products businesses to the French State

On June 14, 2024, Atos SE announced that it had received a non-binding confirmatory offer letter from the French State regarding the potential acquisition of 100% of the Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities of its Big Data & Cybersecurity ("BDS") division.

This non-binding confirmatory offer is for a total enterprise value of €700 million.

Atos' Board of Directors, under the aegis of the Conciliator Maître Hélène Bourbouloux, and the Company's management are discussing this proposal with the French State, noting that no assurances can be made that the parties will successfully negotiate and enter into a definitive agreement.

Binding offer received from ALTEN for Worldgrid

On June 11, 2024, Atos announced it has entered into exclusive negotiations with ALTEN SA ("ALTEN") for the sale of its Worldgrid business unit for a binding enterprise value of €270 million.

The Group confirms that the transaction is expected to close before the end of 2024 and is subject to the consultation of the relevant employee representative bodies and other customary regulatory approvals.

Liquidity, financial restructuring and continuity of operations

The Group's half-year interim condensed consolidated financial statements for the six months ended June 30, 2024 have been prepared on a going concern basis. The Group's cash flow forecasts for the twelve months following the approval of the 2024 half-year interim condensed consolidated financial statements by the Board of Directors result in a cash situation that meets its liquidity needs over that period.

The cash forecasts, which take into account the latest business forecasts, have been prepared in particular based on the following assumptions:

- The interim financing of €800 million has been secured, thus providing the liquidity necessary to fund the business until the close of the financial restructuring plan;
- The short-term interim financing to be refinanced with the €1,750 million new money debt in an amount from €1.5 billion to €1.675 billion, as well as €75 million in the form of backstop in cash of rights issue;
- The proceeds from the sale of the Worldgrid business unit to ALTEN for an enterprise value of €270 million.

At June 30, 2024, cash, cash equivalents, and short term financial assets of the Group amounted to €881 million, including the benefits of working capital optimization at June end. Borrowings amounted to €5,098 million, of which €2,400 million of bonds and €2,600 million of bank financing. As a result, the total net debt for the Group amounted to €4,218 million at June 30, 2024. In addition, the Atos SE's leverage ratio applicable to the multi-currency revolving credit facility and the Term Loan A amounted to 7.32x at June 30, 2024.

Atos SE wishes to draw attention to the maturity of Atos SE's borrowings and the risks associated with its refinancing. The coming maturities of its borrowings are as follows:

- the €1.5 billion Term Loan A, which expired on July 29, 2024, since the extension request shall be considered as being without effect because of the opening of the accelerated safeguard procedure on July 23, 2024;
- the €500 million bond (Optional Exchangeable Bond) maturing in November 2024;
- the €750 million bond maturing in May 2025;
- the €900 million revolving credit facility maturing in November 2025;
- the €50 million NEU MTN maturing in April 2026;
- the €350 million bond maturing in November 2028; and
- the €800 million bond (Sustainability-Linked Bond) maturing in November 2029.

It should be noted that in the context of the opening of the accelerated safeguard procedure announced on July 24, 2024, a debt freeze is now in effect, prohibiting the payment of assigned receivables arising prior to the opening of the accelerated safeguard and of certain debts arising after the opening relating to assigned receivables that are not useful for the restructuring – this rule does not apply to creditors who are not affected by the accelerated safeguard procedure.

As stated in its press release of February 5, 2024, Atos SE has entered into discussions with its banks and bondholders with a view to reaching a global agreement on the restructuring of its financial debt. These discussions, that were held under the aegis of the CIRI ("Comité Interministériel de Restructuration Industrielle") and the mandataire ad hoc appointed since the beginning of February 2024, continued under an amicable conciliation procedure in order to frame these discussions and facilitate the emergence of a global agreement within a short and well-defined timetable. These discussions led to an agreement on the terms of the financial restructuring between the Company and a group of banks and bondholders, as announced on June 30, 2024 by the Company, and to the conclusion of a Lock-Up Agreement with a majority of the Company's financial creditors, as announced on July 15, 2024 by the Company.

In this context, on July 24, 2024, the Company announced the opening of an accelerated safeguard proceedings in order to implement and obtain the approval of the Nanterre Specialized Commercial Court on the terms of the financial restructuring plan agreed in the Lock-Up Agreement. The main features of the financial restructuring plan agreed in the Lock-Up Agreement consist of €1,750 million of new funding, a debt reduction of €3.1 billion and no debt maturing before year-end 2029.

The plan should be implemented through several capital increases and debt issuances from November 2024 until January 2025, as well as the provision of €800 million short-term interim financing available to the Company secured until closing and to be refinanced with the €1,750 million New Financings to be put in place before year-end 2024.

Considering the interim financing, the Group has sufficient liquidity to operate business until the financial restructuring plan is implemented.

As indicated in its previous communications, the Company reminds that the implementation of the contemplated financial restructuring plan will result in massive dilution for existing Atos shareholders, who should, if they do not participate in the envisaged share capital increases, hold less than 0.1% of the share capital.

The implementation of the financial restructuring remains subject to the fulfilment of several conditions precedent, including in particular:

- Finalization and conclusion of the long form financial restructuring documentation, including the accelerated safeguard plan;
- Approval by the AMF of the securities notes (note d'opérations) relating to the contemplated capital increases;
- Receipt of a report from an independent expert confirming that the terms of the proposed financial restructuring (including in relation to the capital increases) are fair from a financial perspective in accordance with the AMF General Regulation, as customary for transactions of this nature;
- Judgment of the specialized Commercial Court of Nanterre (Tribunal de Commerce spécialisé de Nanterre) approving the accelerated safeguard plan implementing the definitive financial restructuring agreement; and
- Obtaining regulatory approvals, if applicable.

However there remains an uncertainty upon the ability of the Group to continue as a going concern in the event that the Group is unable to implement the envisaged financial restructuring plan. In that case, Atos SE may not be able to realize its assets or settle its liabilities within the ordinary course of its operations, and the application of IFRS accounting standards in the ordinary context of going concern, in particular with regards to the measurement of assets and liabilities, may not be appropriate.

Appointment by the Board of Directors of Sorgem Evaluation as Indepent expert for the purpose of providing an opinion on the financial restructuring

As announced in the Company's press release dated June 30, 2024, the Board of Directors of the Company has appointed, on a voluntary basis pursuant to Article 261-3 of the AMF's General Regulation, and on the proposal of the Company's ad hoc Committee, the firm Sorgem Evaluation, represented by Mr. Maurice Nussenbaum and Mr. Florent Myara, as independent expert, for the purpose of providing an opinion on the financial restructuring. The independent expert will assess the financial conditions of the financial restructuring for shareholders and issue a report containing a fairness opinion, which will be made available to shareholders prior to the consultation of the shareholders class and in accordance with applicable legal and regulatory provisions.

Operating Margin to Operating income

In € million	H1 2024	H1 2023
Operating margin	**115**	**212**
Reorganization	-60	-430
Rationalization and associated costs	-5	-30
Integration and acquisition costs	-2	-4
Amortization of intangible assets (PPA from acquisitions)	-29	-60
Equity based compensation	-3	-14
Impairment of goodwill and other non-current assets	-1,570	-55
Other items	-150	-53
Operating loss	**-1,704**	**-434**

Non recurring items were a net expense of €1,819 million.

Reorganization costs amounted to €60 million, of which €34 million of restructuring measures and €26 million of costs related to the outstanding activities on the separation and transformation of the Group.

Rationalization and associated costs were €5 million compared with €30 million in H1 2023, as the consolidation plan of data centers in North America reached completion at the end of 2023.

Integration and acquisition costs of €2 million mainly related to the cost of retention schemes, as well as residual integration activities on past acquisitions.

Amortization of intangible assets recognized in the **purchase price allocation** exercises amounted to €29 million and was mainly composed of Syntel customer relationships and technologies.

Non-cash goodwill and other non-current assets impairment amounted to €1,570 million, mostly related to the impairment of goodwill for €1,452 million in both Eviden (Americas and Northern Europe & APAC) and Tech Foundations (Northern Europe & APAC), and to the impairment of customer relationships for €109 million in Americas as a result of customer contract terminations.

In H1 2024, **Other items** were a net expense of €150 million compared with €53 million in the first half 2023 and included:

- An additional loss on past asset disposals for €55 million;
- Advisors fees on the financial restructuring of the Group and on the asset disposals for €51 million;
- The reassessment on an onerous contract in Northern Europe that was accounted for under Other items in 2021 for €11 million.

As a result, operating loss was at €-1,704 million, compared with a loss of €-433 million in H1 2023.

Operating Income to Net income Group Share

In € million	H1 2024	H1 2023
Operating loss	**-1,704**	**-434**
Net financial expense	-175	-103
Tax charge	-62	-65
Non-Controlling interests	0	0
Share of net profit of equity-accounted investments	0	2
Net loss Group Share	**-1,941**	**-600**
Normalized net loss (Group share)[2]	**-124**	**-113**
Basic earning per share (in euros)	-17.48	-5.42
Diluted earning per share (in euros)	-17.48	-5.42

Net financial expense was €175 million and was composed of:

- The net cost of financial debt of €73 million, compared with €40 million in H1 2023. This variation mainly resulted from higher interest costs on the multi-currency revolving credit facility and Term loan A for which additional portions were drawn in the second half of 2023 and in January 2024, combined with a lower interest income as a result of a lower level of deposits; and

- Other financial items a net loss of €102 million, compared with a net loss of €63 million in H1 2023. These costs were mainly composed of:
    - €19 million lease liability interests;
    - €16 million pension related financial expense;
    - €15 million amortization charges for transaction costs directly attributable to financial debts and capitalized in prior years which were fully amortized in the first half of 2024 in the context of the current financial restructuring of the Group;
    - €12 million of transaction costs incurred in the first half of 2024 and directly attributable to the ongoing financial restructuring of the Group;
    - €10 million of factoring costs;
    - €8 million of net foreign exchange loss.

The **tax charge** for H1 2024 was €62 million.

Net loss group share was €-1,941 million, mainly impacted by the goodwill and other non-current assets impairment charges of €-1,570 million.

The normalized net loss Group share excluding unusual, abnormal and infrequent items (net of tax) was €-124 million, compared of €-113 million in H1 2023. Reconciliation between the net loss group share and the normalized net profit group share is presented in appendix.

[2] See note 1

Earnings per share

Basic and diluted earnings per share and normalized and diluted earnings per share were €-17.48 per share in H1 2024.

Free cash flow and net cash

(in € million)	6 months ended June 30, 2024	6 months ended June 30, 2023
Operating Margin before Depreciation and Amortization (OMDA)	**373**	**487**
Capital expenditures	-278	-110
Lease payments	-159	-181
Change in working capital requirement*	-1,393	-645
Cash from operations (CFO)	**-1,457**	**-450**
Tax paid	-45	-40
Net cost of financial debt	-73	-40
Reorganization in other operating income	-162	-247
Rationalization & associated costs in other operating income	-7	-25
Integration and acquisition costs in other operating income	-2	-2
Other changes**	-167	-165
Free Cash Flow (FCF)	**-1,914**	**-969**
Net (acquisitions) disposals	-63	190
Capital increase	0	0
Share buy-back	-1	-3
Dividends paid	-14	-31
Change in net cash (debt)	**-1,992**	**-812**
Opening net cash (debt)	**-2,230**	**-1,450**
Change in net cash (debt)	-1,992	-812
Foreign exchange rate fluctuation on net cash (debt)	5	-59
Closing net cash (debt)	**-4,218**	**-2,321**

** Change in working capital requirement excluding the working capital requirement change related to items reported in other operating income and expense.*

*** "Other changes" include other operating income and expense with cash impact (excluding staff reorganization, rationalization and associated costs, integration and acquisition costs) and other financial items with cash impact, net long term financial investments excluding acquisitions and disposals, and profit sharing amounts payable transferred to debt*

Free cash flow was €-1,914 million for the half year reflecting the planned reduction by €1,320 million of working capital optimization compared to December 31, 2023. Also, decision has been made to prioritize client capital expenditures and R&D, which will translate into future earnings and conversely to save on restructuring costs in order to manage our cash position. This translated in €+168 million higher capital expenditures in H1 2024 compared to H1 2023 and to €-103 million lower reorganization, rationalisation and integration costs.

Capital expenditures and lease payments totaled €278 million, up €168 million from the prior year reflecting increased investments in client projects, particularly for a significant HPC project in Germany, as well as specific capital expenditures on two projects in Americas and APAC.

Change in working capital requirement was €-1,393 million, primarily from €1,320 million lower working capital optimization compared with end of fiscal 2023. In first half, total specific optimization carried out by the Group to optimize its working capital amounted to € 496 million, compared with €1,816 million at the end of June 2023. They comprised:

- Non-recourse transfer of trade receivables for €33 million (€712 million at December 31, 2023);
- Other specific optimization on trade receivables for €254 million (€455 million at December 31, 2023), consisting mainly in the reduction of the level of trade receivables sold with no recourse to banks;
- Specific optimization on trade payables for €208 million (€650 million at December 31, 2023), resulting mainly from the decrease of the supplier average payment term (DPO) by 53 days as suppliers asked for shorter payment terms due to the financial situation of the Group. It is specified that those specific optimization did not comprise any reverse factoring measure.

Cash out related to **taxes paid** increased by €+5 million and amounted to €45 million in the first half 2024, including € 6 million of taxes paid in connection with carve-out transactions completed in 2024.

Net cost of financial debt was €73 million as explained above.

The total of reorganization, **rationalization & associated costs** and **integration & acquisition costs** reached €171 million compared with €274 million in H1 2023 and included:

- €103 million of for reorganization costs in connection with restructuring measures as well as the continuation of the German restructuring plans;
- €59 million of costs related to the outstanding activities on the separation of the Group mostly over the first quarter of the year;
- €7m of rationalization cost resulting from the closure and consolidation of data centers, mainly in North America.

Cash out related to **Other changes** was €-167 million compared to € -165 million in the first half of 2023, and included:

- €96 million of costs incurred on onerous contracts for which the provision was recorded in Other operating items at the end of December 2021,
- €34 million of payments for advisors fees on the financial restructuring of the Group and on the asset disposals, and
- €13 million of legal costs.

As a result of the above impacts mainly driven by the change in the working capital requirement, the Group presented a negative **Free Cash Flow** of €-1,914 million in 2023, compared with €-969 million in the first half of 2023.

The net cash impact resulting from net disposals amounted to €-63 million reflecting the revaluation of short-term financial asset no longer expected to be collected considering the probable price adjustment on a past disposal.

No **dividends** were paid to Atos SE shareholders in the first half of 2024. The €14 million cash out (€31 million for the first semester of 2023) corresponded to taxes withheld on internal dividend distributions.

Foreign exchange rate fluctuation determined on debt or cash exposure by country represented a decrease in net debt of €5 million.

As a result, the Group **net debt position** as of June 30, 2024 was €4,218 million, compared to €2,230 million as of December 31, 2023.

Interim condensed consolidated financial statements

Atos Board of Directors in its meeting held on July 31, 2024, has reviewed the Group interim condensed consolidated financial statements closed at June 30, 2024. The Statutory Auditors have completed their usual limited review of the half-year condensed consolidated financial statements and an unqualified Auditors' report is in process to be issued.

Conference call

Atos' Management invites you to an international conference call on the first half 2024 results, on **Thursday, August 1st, 2024 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/zhqvn6mm**

- 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/BI5cd807d79f3647af929cb468aa6e0026

  Upon registration, you will be provided with Participant Dial In Numbers, a Direct Event Passcode and a unique Registrant ID. Call reminders will also be sent via email the day prior to the event.
  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.

The press release will be issued on **Thursday, August 1st, 2024 at 07:30 am (CET – Paris).**

Forthcoming events

September 27, 2024	General assembly for the vote of classes of affected parties on the accelerated safeguard proceedings project
October 24, 2024 (Before Market Opening)	Third quarter 2024 revenue

APPENDIX

Q2 2024 revenue

In € million	Q2 2024 Revenue	Q2 2023 Revenue*	Organic variation*
Eviden	1,222	1,278	-4.4%
Tech Foundations	1,264	1,280	-1.2%
Total	**2,486**	**2,558**	**-2.8%**

In € million	Q2 2024 Revenue	Q2 2023 Revenue*	Organic variation*
Americas	561	599	-6.3%
Northern Europe & APAC	788	784	+0.6%
Central Europe	544	573	-5.1%
Southern Europe	519	522	-0.7%
Others & Global Structures	74	79	-7.0%
Total	**2,486**	**2,558**	**-2.8%**

*: at constant scope and June 2024 average exchange rates

Net loss Group share to normalized net income Group share

In € million	H1 2024	H1 2023
Net (loss) attributable to owners of the parent	**-1,941**	**-600**
Other operating income and expense, net of tax	-1,817	-486
Normalized net income (loss) - Attributable to owners of the parent	**-124**	**-113**

H1 2023 Revenue and operating margin at constant scope and exchange rates reconciliation

For the analysis of the Group's performance, revenue and OM for H1 2024 is compared with H1 2023 revenue and OM at constant scope and foreign exchange rates. Reconciliation between the H1 2023 reported revenue and OM, and the H1 2023 revenue and OM at constant scope and foreign exchange rates is presented below, by Business Lines and Regional Business Units.

In 2023, the Group reviewed the accounting treatment of certain third-party standard software resale transactions following the decision published by ESMA in October 2023 that illustrated the IFRS IC decision and enacted a restrictive position on the assessment of Principal vs. agent under IFRS 15 for such transactions. The H1 2023 revenue is therefore restated by € 33 million. The impact affected Eviden in the Americas RBU without impacting the operating margin.

H1 2023 revenue In € million	**H1 2023 published**	**Restatement**	**H1 2023 restated**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**H1 2023***
Eviden	2,625	-33	2,592	37	-139	0	2,490
Tech Foundations	2,923	0.0	2,923	-37	-277	4	2,614
Total	**5,548**	**-33**	**5,515**	**0**	**-416**	**4**	**5,104**

H1 2023 revenue In € million	**H1 2023 published**	**Restatement**	**H1 2023 restated**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**H1 2023***
Americas	1,311	-33	1,279	0	-77	-11	1,190
Norther Europe & APAC	1,584	0	1,584	0	-39	18	1,563
Central Europe	1,297	0	1,297	0	-171	2	1,127
Southern Europe	1,211	0	1,211	0	-128	0	1,083
Others & Global structures	145	0	145	0	0	-4	141
Total	**5,548**	**-33**	**5,515**	**0**	**-416**	**4**	**5,104**

H1 2023 Operating Margin In € million	**H1 2023 published**	**Restatement**	**H1 2023 restated**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**H1 2023***
Eviden	138	0	138	1	-22	0	117
Tech Foundations	73	0	73	-1	-21	-1	51
Total	**212**	**0**	**212**	**0**	**-43**	**-1**	**168**

H1 2023 Operating Margin In € million	**H1 2023 published**	**Restatement**	**H1 2023 restated**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**H1 2023***
Americas	133	0	133	0	-19	-1	113
Norther Europe & APAC	63	0	63	0	-3	0	60
Central Europe	16	0	16	0	-5	0	11
Southern Europe	58	0	58	0	-16	0	42
Others & Global structures	-58	0	-58	0	0	0	-59
Total	**212**	**0**	**212**	**0**	**-43**	**-1**	**168**

*: at constant scope and June 2024 average exchange rates

Scope effects on revenue amounted to €-416 million and €-43 million on operating margin. They mainly related to the divesture of Italy in Southern Europe, of UCC across all regions, of EcoAct in Americas, Southern Europe and Northern Europe & Asia-Pacific, of State Street JV in Americas and of Elexo in Southern Europe.

Currency effects contributed to revenue for €+4 million and €-1 million on operating margin. They mostly came from the appreciation of the British pound, and by the depreciation of the Argentinian peso and the Turkish lira.

Q2 2023 Revenue and operating margin at constant scope and exchange rates reconciliation

For the analysis of the Group's performance, revenue for Q2 2024 is compared with 2023 revenue at constant scope and foreign exchange rates.

Reconciliation between the 2023 reported second quarter revenue and the 2023 second quarter revenue at constant scope and foreign exchange rates is presented below, by Business Lines and Regional Business Units:

Q2 2023 revenue In € million	Q2 2023 published	Restatement	Q2 2023 restated	Internal transfers	Scope effects	Exchange rates effects	Q2 2023*
Eviden	1,291	-16	1,275	37	-37	3	1,278
Tech Foundations	1,450	0	1,450	-37	-139	6	1,280
Total	**2,741**	**-16**	**2,725**	**0**	**-176**	**9**	**2,558**

Q2 2023 revenue In € million	Q2 2023 published	Restatement	Q2 2023 restated	Internal transfers	Scope effects	Exchange rates effects	Q2 2023*
Americas	653	-16	636	0	-39	2	599
Norther Europe & APAC	796	0	796	0	-20	8	784
Central Europe	663	0	663	0	-90	-1	573
Southern Europe	550	0	550	0	-28	0	522
Others & Global structures	79	0	79	0	0	0	79
Total	**2,741**	**-16**	**2,725**	**0**	**-176**	**9**	**2,558**

*: at constant scope and June 2024 average exchange rates

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 competitors’ 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 2023 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on May 24, 2024 under the registration number D.24-0429. 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.

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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 .

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