



2023 First-half results

H1 revenue: €1,087.1 million

Organic acceleration of activity and order book in the second quarter

Guidance confirmed

Paris, July 25, 2023 - Revenue for the 1st half-year stands at €1,087.1 million, down 3.1% on last year, including -1.1% organic growth, -1.8% currency effects linked to the appreciation of the euro against emerging currencies and the pound sterling, and -0.1% scope effect.

As expected, organic growth in the second quarter returned to positive territory at 0.5%, after -2.8% in the first quarter.

PERFORMANCE BY QUARTER

In millions of Euros	Revenue 2023	H1 2023 vs. H1 2022	
		Total growth	Organic growth
1 st quarter	532.0	-2.9%	-2.8%
2 nd quarter	555.1	-3.3%	0.5%
Half-year total	1,087.1	-3.1%	-1.1%

PERFORMANCE BY REGION

In millions of Euros	H1 2022	Contribution	Total growth H1 2023/H1 2022	Organic growth H1 2023/H1 2022	Reminder: Organic growth H1 2022 vs H1 2021
EMEA	475.7	44%	-4.6%	-1%	-1%
Americas	421.4	39%	-2.0%	-3%	16%
Asia-Pacific	190.1	17%	-1.7%	3%	10%
Revenue	1,087.1	100%	-3.1%	-1.1%	6.9%

Of which

<i>Developed countries</i>	71%	-5.8%	-5%
<i>Emerging countries</i>	29%	4.2%	9%

Performance by region in the first half shows a sharp contrast between solid growth momentum in emerging countries (close to 9%) and a decline in business of nearly 5% in developed countries.

Our **EMEA** business posted an organic decline of 1%, mainly due to the end of the major Covid contracts. Excluding the impact of these contracts, organic growth is close to 4%, and rebounded to 6% between the 1st and 2nd quarters on the back of good momentum in Continental, Western and Eastern Europe.

Revenue in the **Americas** fell organically by nearly 3%. This reflects contrasting realities, with very good momentum in Latin America (organic growth above 8%) and a decline in sales of around 4% in North America, penalized compared to an excellent first half 2022 (16% organic growth in the region) by (i) the drop in demand from major Tech customers and (ii) contract delays in our Public Affairs business in the United States, linked in part to the debate in the second quarter on the US government spending cap.

Finally, the **Asia-Pacific** region posted organic growth of 3%, with a clear upturn in the 2nd quarter (7% compared with -2% in the first quarter), driven by very good momentum in India and Southeast Asia. As expected, business activity in China picked up in the second quarter (6.5%) following the end of the zero-Covid policy at the start of the year, but the rebound of the Chinese economy after the pandemic



PRESS RELEASE

remains lower than that seen in the West after the lockdowns.

PERFORMANCE BY AUDIENCE

In millions of Euros	H1 2023	Contribution	Organic growth H1 2023/H1 2022	Reminder: Organic growth H1 2022 vs H1 2021
Consumers ¹	513.2	47%	3%	14%
Clients and employees ²	240.1	22%	0.5%	9%
Citizens ³	163.9	15%	-12.5%	-12%
Doctors and patients ⁴	169.9	16%	-3%	8%
Revenue	1,087.1	100%	-1.1%	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 (Mystery Shopping and Shopper), Media development, ERM, Capabilities

3- Public Affairs, Corporate Reputation

4- Pharma (quantitative and qualitative)

Our **Consumer** business rebounded in the 2nd quarter (+5%) and posted organic growth of 3% in the first half, on top of 14% last year. The excellent performance of our brand health monitoring, marketing spend optimization and market positioning activities reflects our clients' need to continue to understand consumer behavior in a complex, ever-changing world that is increasingly difficult to decipher.

Our business with **Clients and employees** is stable overall, following strong growth last year. Our service lines dedicated to customer experience and channel performance evaluation are showing very good momentum, as economies re-open fully and travel returns but this audience segment is penalized by the decline in demand from Big Tech clients.

Work among **Citizens** fell by over 12%, reflecting the end of Covid contracts. Underlying revenue excluding Covid public sector contracts grew organically by 3.5%. The need for governments and institutions to understand the dynamics of public opinion and the expectations of citizens is important in a context marked by multiple crises: geopolitical, democratic, economic and ecological.



PRESS RELEASE

Lastly, our business with **doctors and patients** stabilized in the second quarter and posted an organic decline of 3% for the first half as a whole. Business suffered from delays in decision-making by certain pharmaceutical industry customers, who have suffered extended delays in the approval of new drugs, and a wide range of restructuring post pandemic. That said, sales momentum is good, and the order book for our healthcare business line has grown organically close to 9% since January. We are also pleased to announce the appointment of Bonnie Bain as the new head of this service line, whose experience will enable us to accelerate our development with customers in the healthcare sector.

Overall growth in the 1st half should be assessed in the light of a number of factors:

- Firstly, the excellent performance achieved in the 1st half of 2022, which led to unfavorable base effects. As a result, revenue for the 1st half of 2023 is almost €100 million higher than for the first half of 2021, representing organic growth of 6% over 2 years.
- Secondly, the impact of the end of the major Covid pandemic monitoring contracts, mainly in the first quarter. Excluding the impact of these contracts, underlying business for the first half rose organically by 1.1%.
- Lastly, the decline in business from major Tech customers undergoing restructuring (down 18% in the first half compared with the same period last year). These customers experienced exceptional growth during the pandemic, before entering a period of uncertainty from last summer onwards. To date, the situation of these customers is varied: while demand for studies has rebounded in some cases, it remains low in others. We have a number of major contracts under discussion, both for traditional activities (product testing, brand health research, mystery shopping, etc.) and for numerous opportunities linked to generative artificial intelligence. We therefore expect a recovery in the coming months, but the timing remains uncertain.

FINANCIAL PERFORMANCE FOR THE FIRST HALF

Summary income statement

In millions of Euros	June 30, 2023	June 30, 2022	Change	Reminder Dec. 31, 2022
Revenue	1,087.1	1,121.7	-3.1%	2,405.3
Gross margin	736.1	739.7	-0.5%	1,594.1
Gross margin / revenue	67.7%	65.9%		66.3%
Operating margin	94.3	126.8	-25.6%	314.7
Operating margin / revenue	8.7%	11.3%		13.1%
Other non-recurring / recurring income and expenses	(0.9)	0.9		3.7
Finance costs	(6.6)	(6.2)		(13.2)
Tax	(20.9)	(29.5)		(72.8)
Net profit attributable to the owner of the parent	56.4	85.5		215.2
Adjusted net profit* attributable to the owner of the parent	70.1	97.5	-28.1%	232.3

*Adjusted net income is calculated before (i) non-cash items related to IFRS 2 (share-based payment), (ii) amortization of acquisition-related intangibles (customer relations), (iii) the impact net of tax of other non-recurring income and expenses, (iv) non-cash impacts on changes in puts in other financial income and expenses and (v) before deferred tax liabilities related to goodwill for which amortization is deductible in certain countries.

The gross margin (which is calculated by deducting external and variable costs associated with contract performance from revenue) is up 180 basis points to 67.7% compared to 65.9% for last year at this point. This increase in the gross margin ratio reflects change in the mix of data collection methods, and can be explained by (i) the end of major pandemic monitoring contracts (whose collection costs were higher than the average) (ii) the increase in the proportion of online surveys (even though the post-pandemic upturn in business has resulted in a resumption of *offline* surveys in less digitalized countries such as India) (iii), a mix



PRESS RELEASE

effect linked to the strong growth of our activity in marketing spend optimization and advisory work which does not require data collection and whose gross margin is significantly higher than that of the rest of the Group. Lastly, the increase in gross margin in the first half also reflects our ability to increase our prices in a world where inflation is still present.

In terms of operating costs, **payroll** rose by 2.7%, due to the full-year impact of (i) recruitments carried out in 2022 to cope with growth (ii) the salary increases granted last year. The ratio of payroll to gross margin rose to 70% from 68% last year, but remains significantly lower than the pre-pandemic situation (above 72% in 2019). Our cautious approach to operating costs in the first half is beginning to bear fruit and will produce its full effect on profitability in the second half.

Overheads rose by €7 million, i.e. an increase of 7.1% year-on-year, mainly due to (i) a catch-up in current IT and technology expenditure and (ii) an increase in travel expenses. The ratio of overheads to gross profit is down in the first half to 14.7% from 13.6% last year, but here again, this ratio remains significantly lower than in 2019 (18.3%).

"**Other operating income and expenses**", which mainly consists of severance costs, has a negative balance of €9.7 million, up €8 million on the previous year, reflecting the reorganization made necessary by the slowdown in certain businesses.

Overall, **the operating margin** for the first half of 2023 is 8.7%, down 260 basis points compared to the same period last year.

Net interest expense amounted to €6.6 million, compared to €6.2 million last year, reflecting the impact of the rise in benchmark rates on variable interest expense, offset by higher interest on the Group's cash investment. Note that at June 30, 2023, 80% of gross debt is at a fixed rate.

The effective tax rate is 25.8%, compared to 25.3% last year.

Net profit attributable to the owner of the parent is €56 million compared to €85 million in the first half of 2022.

Adjusted net profit attributable to the owner of the parent is also down at €70 million compared to €98 million last year.



PRESS RELEASE

Financial structure

Cash flow from operations stands at €137 million compared to €172 million in the first half of 2022, a drop of €35 million euros, in line with the fall in pre-tax net income.

Working capital requirements showed a negative variation of €28 million in the first half, consistent with the negative variation of €22 million in the first half of 2022.

Investments in property, plant and equipment and intangible assets consist mainly of investments in IT infrastructure and technology, and amounted to €27 million in the first half.

Overall, **free cash flow** from operating activities is €24 million, compared to €53 million last year.

In terms of **non-current investments**, Ipsos invested around €5.5 million in the first half, notably in the acquisition of the Xperiti platform in the United States to strengthen its B2B research capacity, and of Focus RX, a pharmaceutical research company in China.

Lastly, financing operations for the first half of 2023 include the following:

- the continuation of our **share buyback program** for cancellation purposes for €27 million and €36 million of share buy-backs under the usual bonus share plans
- repayment of a Schuldschein loan for €30 million

Shareholders' equity stood at €1,359 million at June 30, 2023 compared to €1,500 million at December 31, 2022.

Net financial debt amounted to €129 million, up compared to December 31, 2022 (€69 million) and down from June 30, 2022 (154 million euros). The leverage ratio (calculated excluding the IFRS 16 impact) was 0.4 times EBITDA (compared to 0.2 times at December 31, 2022 and 0.4 times at June 30, 2022).

Cash position. Cash at June 30, 2023 amounted to €301 million compared to €386 million at December 31, 2022.

The Group also has nearly €500 million in credit lines available for more than one year, enabling it to meet its €48 million debt repayments in 2023 and 2024.

Also, with a view to restituting value to shareholders, we are pursuing our share buy-back program for cancellation. We plan to buy back around €50 million euros this year.

OUTLOOK

As we are in the midst of a recovery and our business is returning to its usual cyclical pattern, first-half results will be less than half of full-year 2023 results.

The order book is a better forward-looking indicator. It continues to accelerate, with organic growth of 2.6% at the end of June (4.1% excluding the impact of Covid contracts), thanks to 5.3% growth in the 2nd quarter alone.

We are therefore seeing a lag between revenues and the order book, which can be explained by:

- The end of Covid contracts concentrated at the beginning of 2022
- The upturn in orders, which traditionally leads to a lag between the order book and revenues
- Mix effects linked to the good momentum of service lines whose average contract maturity is longer than that of the Group's other services (public affairs and brand health measurement).

This lag between revenue growth (-1.1%) against order book growth (+2.6%) will automatically be absorbed in the second half of the year, leading to revenue growth catching up by 3.7%. This does not take into account the expected further acceleration in orders over the coming months.

More fundamentally, we are now returning to a more usual annual pattern, both in terms of business and revenue. Historically, the first half of the year accounts for around 45% of full-year revenues and 26% of operating margin.

This confirms what we anticipated in February: the business profile for 2023 will be the opposite of that for 2022, with revenues, operating margin and cash generation weaker in the first half and then much stronger in the second half. First-half results are in line with historical pre-pandemic benchmarks, as shown in the table below, which helps confirm this view.



PRESS RELEASE

Acquisition rate of key financial aggregates at end-June (performance at end-June / annual performance)

	Average 2017 - 2022	2023 (*)
Order book	72%	73%
Revenue	45%	45%
Gross margin	46%	46%
Operating margin	29%	29%

(*) For 2023: results for the first half/annual objectives

The return to a degree of cyclicity in our business, the expected acceleration in revenues on the back of a buoyant order book, and the full impact of our cautious approach to operating costs in the first half will lead to a significant improvement in our operating margin, net profit and cash generation in the second half of the year.

All these factors mean that, against a backdrop of global uncertainty, we are maintaining our guidance for 2023, with organic growth of around 5% and an operating margin of around 13%. This is based in particular on our belief that business will rebound in the United States in the second half of the year.

Against that, the euro's currency appreciation against many other currencies, if it continues as it did at the start of the year, could have a downward effect on the Group's consolidated revenues.

* * *

Presentation of the 2023 half-year results:

Wednesday July 26 at 8:30 am at Ipsos headquarters, then **at 4 pm** a conference call in English. For invitation requests, please contact IpsosCommunications@Ipsos.com

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



PRESS RELEASE

ABOUT IPSOS

Ipsos is one of the largest market research companies in the world, present in 90 markets and employing nearly than 20,000 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.

"Game Changers" – our tagline – summarizes our ambition to help our 5,000 clients navigate with confidence our world of rapid change.

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

Notes

Consolidated income statement, Interim financial statements at June 30, 2023

In thousands of Euros	30/06/2023	30/06/2022	31/12/2022
Revenue	1,087,127	1,121,724	2,405,310
Direct costs	(351,004)	(382,060)	(811,236)
Gross margin	736,124	739,664	1,594,074
Employee benefit expenses – excluding share-based payments	(515,526)	(503,320)	(1,041,565)
Employee benefit expenses - share-based payments *	(8,521)	(6,874)	(14,355)
General operating expenses	(108,097)	(100,963)	(214,875)
Other operating income and expenses	(9,718)	(1,747)	(8,582)
Operating margin	94,262	126,759	314,697
Amortization of intangible assets identified on acquisitions *	(3,173)	(4,018)	(7,414)
Other non-operating income and expenses*	(923)	856	3,723
Share of profit/(loss) of associates	(274)	99	(862)
Operating profit	89,892	123,697	310,145
Finance costs	(6,588)	(6,195)	(13,214)
Other financial income and expenses *	(2,357)	(959)	(3,545)
Net profit before tax	80,948	116,542	293,386
Income tax – excluding deferred tax on goodwill amortization	(19,476)	(27,265)	(70,556)
Deferred tax on goodwill amortization*	(1,392)	(2,197)	(2,249)
Income tax	(20,868)	(29,462)	(72,805)
Net profit	60,080	87,080	220,581
Attributable to the owners of the parent	56,351	85,489	215,160
Attributable to non-controlling interests	3,729	1,590	5,421
Basic net profit per share attributable to the owners of the parent (in euros)	1,29	1.93	4,87
Diluted net profit per share attributable to the owners of the parent (in euros)	1,26	1.88	4,74
Adjusted earnings *	73,823	99,077	240 341
Attributable to the owners of the parent	70,089	97,518	232 394
Attributable to non-controlling interests	3,734	1,558	7 946
Adjusted basic earnings per share, attributable to the owners of the parent	1,60	2.20	5,26
Adjusted diluted earnings per share, attributable to the owners of the parent	1,57	2.15	5,12

* Adjusted for non-cash items related to IFRS 2 (share-based compensation), amortization of intangible assets identified on acquisitions (customer relations), 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, Interim financial statements at June 30, 2023

In thousands of Euros	30/06/2023	30/06/2022	31/12/2022
ASSETS			
Goodwill	1,356,185	1,420,712	1,370,637
Right-of-use assets	108,995	134,702	118,383
Other intangible assets	110,037	113,145	110,083
Property, plant and equipment	32,765	34,211	33,512
Investments in associates	6,509	7,732	6,048
Other non-current financial assets	55,820	54,857	59,703
Deferred tax assets	6,721	24,100	24,788
Non-current assets	1,677,032	1,789,460	1,723,155
Trade receivables	381,283	402,949	547,167
Contract assets	174,107	195,388	115,872
Current tax	30,601	36,618	12,736
Other current assets	73,500	66,736	66,522
Financial derivatives	-	-	-
Cash and cash equivalents	300,781	338,289	385,670
Current assets	960,270	1,039,980	1,127,967
TOTAL ASSETS	2,637,303	2,829,440	2,851,122

in thousands of Euros	30/06/2023	June 30, 2022	31/12/2022
EQUITY AND LIABILITIES			
Share capital	11,063	11,109	11,063
Share paid-in capital	495,628	507,588	495,628
Treasury shares	(28,468)	(794)	(548)
Translation adjustments	(148,212)	(43,895)	(107,392)
Other reserves	972,387	862,517	867,211
Net profit attributable to the owners of the parent	56,351	85,393	215,160
Equity, attributable to the owners of the parent	1,358,749	1,421,918	1,481,121
Non-controlling interests	(248)	18,515	18,808
Equity	1,358,501	1,440,433	1,499,929
Borrowings and other non-current financial liabilities	375,104	454,784	375,256
Non-current liabilities on leases	86,726	112,472	95,625
Non-current provisions	4,506	8,430	4,726
Provisions for post-employment benefit obligations	36,065	34,394	35,938
Deferred tax liabilities	70,891	94,858	72,831
Other non-current liabilities	73,560	52,574	38,011
Non-current liabilities	646,851	757,512	622,387
Trade payables	278,976	295,921	349,970
Borrowings and other current financial liabilities	54,497	37,051	79,541
Current liabilities on leases	35,660	36,098	36,574
Current tax	14,054	7,626	23,855
Current provisions	6,224	10,049	9,617
Contract liabilities	42,358	45,817	51,716
Other current liabilities	200,181	198,932	177,533
Current liabilities	631,950	631,495	728,806
TOTAL LIABILITIES	2,637,303	2,829,440	2,851,122



PRESS RELEASE

Consolidated statement of cash flows, Interim financial statements at June 30, 2023

In thousands of Euros	30/06/2023	30/06/2022	31/12/2022
OPERATING ACTIVITIES			
NET PROFIT	60,080	87,080	220,581
Items with no impact on cash flow from operations			
Amortization and depreciation of property, plant and equipment and intangible assets	43,067	43,121	88,192
Net profit of equity-accounted companies, net of dividends received	274	(99)	862
Losses/(gains) on asset disposals	11	45	187
Net change in provisions	(1,593)	(1,796)	(6,623)
Share-based payment expense	7,336	6,018	13,116
Other non-cash income/(expenses)	(2,039)	(687)	(4,989)
Acquisition costs of consolidated companies	510	227	498
Finance costs	8,449	8,178	17,293
Tax expense	20,868	29,462	72,805
CASH FLOW FROM OPERATIONS BEFORE TAX AND FINANCE COSTS	136,963	171,549	401,923
Change in working capital requirement	(28,347)	(22,419)	(14,364)
Income tax paid	(34,123)	(44,961)	(62,511)
NET CASH FROM OPERATING ACTIVITIES	74,493	104,168	325,047
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets	(26,533)	(27,420)	(54,824)
Proceeds from disposals of property, plant and equipment and intangible assets	29	35	594
(Increase)/decrease in financial assets	(2,270)	(1,658)	(3,114)
Acquisitions of consolidated activities and companies, net of acquired cash	(5,467)	(2,271)	(7,284)
CASH FLOW FROM INVESTING ACTIVITIES	(34,241)	(31,314)	(64,627)
FINANCING ACTIVITIES			
Share capital increases/(reductions)	-	-	(46)
Net (purchases)/ sales of treasury shares	(63,637)	(16,847)	(29,898)
Increase in long-term borrowings	22	4	(985)
Decrease in long-term borrowings	(29,635)	(41)	(30,086)
Decrease in long-term loans from associates	-	-	-
Increase/(decrease) in bank overdrafts	50	302	(763)
Net repayment of lease liabilities	(18,471)	(18,649)	(37,480)
Net interest paid	(1,684)	(1,199)	(12,606)
Net interest paid on lease liabilities	(1,901)	(1,958)	(4,081)
Acquisitions of non-controlling interests	(622)	(723)	(2,222)
Dividends paid to the owners of the parent	-	-	(51,066)
Dividends paid to non-controlling interests in consolidated companies	-	-	(1,409)
Dividends received from non-consolidated companies	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES	(115,879)	(39,113)	(170,642)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(75,627)	33,742	89,778
Impact of foreign exchange rate movements	(9,262)	6,098	(2,562)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	385,670	298,454	298,454
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	300,781	338,289	385,670