Half-Year Financial Report
June 30, 2023

This Half-Year Financial Report is a translation into English of the official version of the Rapport Financier Semestriel which has been prepared in French for the semester ended June 30, 2023 filled with the AMF on July 31, 2023 and available on the AMF's website (www.amf-france.org) and on the Company's website (www.atos.net).

Content

1. Person responsible

1.1. Responsibility statement for the Half-Year Financial Report

I hereby declare that, to the best of my knowledge, the half-year condensed financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the half-year management report here attached presents a fair picture of significant events occurred during the first six months of the year, their impact on the financial statements, the main transactions between related parties as well as a description of the main risks and uncertainties for the remaining six months of the year.

Bezons, July 31, 2023

Nourdine Bihmane
Chief Executive Officer

1.2. For the audit

Appointment and term of offices

Statutory auditors
Grant Thornton - Samuel Clochard
Appointed on: October 31, 1990, then renewed in October 24, 1995, on May 30, 2002, on June 12, 2008, on May 17, 2014, and on June 16, 2020
Term of office expires: at the end of the AGM voting on the 2025 financial statements
Deloitte & Associés – Jean-François Viat
Appointed on: December 16, 1993, renewed on February 24, 2000, on May 23, 2006, on May 30, 2012, and on May 23, 2018
Term of office expires: at the end of the AGM voting on the 2023 financial statements

2. Activity Report

2.1. Progress on the envisioned spin-off project

Completion of operational carve-out

Atos announces the completion of its internal operational carve-out within a 12-month timeframe. This is a decisive step in the execution of Atos' strategic transformation project.

Primary local carve-outs and underlying separation activities have been successfully executed in all countries1. These include legal entity operationalization, and the transfer of employees, contracts, assets and liabilities to new legal entities where legal and regulatory laws allow.

As a result, Tech Foundations and Eviden are now fully operational as separate entities within the Atos Group. Each entity has a distinct operating model, go-to-market strategy and a focused portfolio, enabling them to cater to specific customer needs. Atos has therefore completed the rollout of its new client-centric organization fostering innovation, performance and consistent value delivery to all of the Group's stakeholders.

€700 million divestment program fully secured and expanded by an additional €400 million

On July 3rd, 2023, Atos announced it had entered into exclusive negotiations with Schneider Electric for the sale of 100% of EcoAct. This proposed transaction, combined with the other divestments already successfully closed or secured, would allow Atos to complete its non-core businesses divestment program of €700 million set during the Group's Capital Markets Day on June 14, 2022. This achievement highlights Atos' determination to swiftly execute this program, which streamlines the Group's portfolio and contributes to the financing of its ongoing transformation.

When devising its divestment program and refining the scope of its two future entities, the Group identified additional opportunities to rationalize its portfolio, which have already garnered expressions of interests. As a result, the divestment program is expanded by an additional €400 million.

2.2. Tech Foundations Analyst Day (June 7, 2023)

On Wednesday June 7, 2023, at the occasion of the Analyst Day dedicated to Tech Foundations, the business highlighted its plan Refocus, Recover and Rebound and the progress made leading to the raising of its 2026 ambitions.

A redefined portfolio addressing larger and growing markets

Tech Foundations has redefined its core portfolio to better address key customer priorities and to strategically position itself to capitalize on market trends such as distributed workforce post-Covid, fast move to multi-cloud and hybrid configurations and heightened importance of sovereign cloud as well as artificial intelligence.

Through the strategic redirection on its core offerings, Tech Foundations is pivoting towards **a larger addressable market of approximately € 705 billion worldwide, which is 40% higher than what was considered at last year's Atos Capital Markets Day** on June 14, 2022. In particular, the redirection addresses an expanded technology advisory & customized services market, as well as new business areas in hybrid and multi-cloud infrastructure and digital business platforms. This larger total addressable market is **expected to grow 3-5% per annum over 2022-2026 (CAGR)**.

[1] Except for three countries representing 0.3% of Group revenue

Specifically, Tech Foundations' portfolio is evolving around four core businesses, totalling € 4.5 billion revenue in 2022:

- **Hybrid and cloud infrastructure** to manage, operate and modernize business-critical operations in the cloud continuum, seamlessly from edge to public and everywhere else in-between. This offering, with its new services, totalled €2.1 billion in revenue in 2022;
- **Digital workplace**, to provide end-to-end employee experience through digital collaboration and productivity tools, as well as intelligent customer care services. This offering totalled €1.2 billion in revenue in 2022;
- **Technology advisory & customized services**, which delivers tech advisory and technical professional services, including expanded solutions such as AI, data analytics, automation and IoT. This expanded offering totalled €0.9 billion in revenue in 2022;
- **Digital business platforms**, which encompass high-growth solutions such as generative AI, green IT, major events and more. This new offering totalled €0.3 billion in revenue in 2022.

In parallel, Tech Foundations is actively reducing its exposure to non-core activities (BPO, hardware & software resale and UCC), which represented revenue of € 0.9 billion in 2022.

Strong execution positioning Tech Foundations on a path for sustainable value creation

Tech Foundations is implementing a comprehensive margin expansion aiming to reduce costs and improve operational efficiency. This transformational effort, unprecedented in the Group's history, encompasses over 300 initiatives that have already yielded significant results, with a gross run-rate benefit of € 270 million delivered as of the end of Q1 2023. These achievements have been primarily driven by 900 headcount reductions in high-cost countries, pricing increases across more than 85 accounts, and addressing 66% of underperforming accounts revenue so far. As a result, **Tech Foundations is on track to realize targeted gross benefits of € 1.2 billion from its transformation plan by 2026.**

In parallel, on the commercial side, Tech Foundations has stabilized its performance by gradually rebuilding a robust and more selective commercial pipeline, which has led to new logos and large deals wins, and an improved book-to-bill ratio quarter-over-quarter. With its actions currently in place, **Tech Foundations aims to significantly accelerate its book-to-bill.**

Thanks to its strategic portfolio reshaping and the successful implementation of a comprehensive margin expansion plan, Tech Foundations has achieved notable milestones. **In 2022, Tech Foundations stabilized its core portfolio revenue with organic growth of +1.2%, and turned its operating margin positive, three years ahead of its original plan.**

Upgrading mid-term ambitions

In light of its recent outperformance and its long-term strategic vision, Tech Foundations is upgrading its 2026 ambitions:

- Revenue is expected to bottom out at c.€ 5 billion in 2024, as a combination of a 0-2% organic growth p.a. in core revenue and an ongoing managed decline in non-core activities. Tech Foundations' revenue is then expected to resume a growth trajectory in 2026.
- Operating margin is expected to reach 6% to 8% in 2026.
- Free cash flow before interest and tax is expected to turn positive in 2025 and reach over €250 million in 2026.

In comparison with the previous plan, presented at last year's Atos Capital Markets Day, and based on strong execution and financial performance so far, this upgraded plan aims to stabilize core revenue 2 years earlier, deliver 100 to 300 basis points higher operating margin in 2026 and a cumulative free cash flow before interest and tax higher by over € 300 million over the 2023-2026 period – this results from a higher operating margin as well as a total cost of the transformation plan being approximately 10% lower. Such costs are now estimated at € 780 million for the period 2022-2026 and ensure a payback period of less than two years.

2.3. Atos in the first half of 2023

January

Atos launched a new hybrid server, the BullSequana SH powered by 4th Gen Intel® Xeon® Scalable processors, and two new edge servers, the BullSequana EXR and the BullSequana EXD, to help businesses address AI and analytics challenges securely in the face of today's vast data growth. All three servers are manufactured in Atos' factory in Angers.

Atos entered into exclusive negotiations with Mitel for the sale of its Unified Communications & Collaboration business (Unify). This constitutes a new step in the implementation of the Atos divestment program as announced at the Group's Capital Markets Day in June 2022.

February

Atos signed a contract with Madrid City Council, for which it plays a key role in updating and expanding the new Territorial Municipal Emergency Plan (PEMAM 'Plan Territorial de Emergencia Municipal del Ayuntamiento de Madrid') of the city. With the help of Atos, the City Council will ensure effective anticipating, forecasting, monitoring and response of emergency activity across the city.

Atos won a contract with a total order value of over 20 million euros to build and install a new high-performance computer for the Max Planck Society, a world-leading science and technology research organization. Particularly demanding scientific projects, such as those in astrophysics, life science research, materials research, plasma physics, and AI will benefit from the high-performance capabilities of the new system.

Atos has, for the 10th consecutive year, been included in S&P's Global Sustainability Yearbook. For this 2023 edition Atos has received a Top 10% S&P Global ESG score in the IT Services industry. In the review of 7,800 companies globally, Atos is ranked as one of the most sustainable companies in the world and within the top 10% in its industry. The annual Sustainability Yearbook recognizes companies, grouped by industry, that have demonstrated strong corporate sustainability.

Atos has received an indicative offer from Airbus to enter into a long-term strategic and technological agreement and to acquire a minority stake of 29.9% in Eviden. This proposal is consistent with Atos' separation plan announced during the June 14, 2022, Capital Markets Day. Atos' Board of Directors has decided to further engage with Airbus, conduct a due-diligence process and negotiate on mutually satisfactory terms on both a long-term strategic and technological partnership and the disposal of the 29.9% stake in Eviden. Atos does not intend to grant any exclusivity to Airbus, and no assurances can be made that the parties will successfully negotiate and enter into a definitive set of agreements.

Atos published its 2022 annual results and announced that the Group returned to growth, at +1.3% at constant currency, and achieved all its financial objectives with a clear improvement in all KPIs in the second half of the year. In particular, Eviden started to accelerate its profitable growth and Tech Foundations delivered fast and tangible first results on its strategic roadmap, turning profitable three years ahead of plan.

March

Atos has been honored as a winner of a 2022 SEAL Business Sustainability Award, for its leadership, transparency, and commitment to sustainable business practices. The 2022 SEAL Organizational Impact Award recognizes overall corporate sustainability performance and represents the 50 most sustainable companies globally. Winners were selected by combining two premier ESG data sets - the CDP A-List ™ and the Corporate Sustainability Assessment (CSA, now part of S&P Global ESG Scores ™).

Atos has been recognized for the fourth year in a row on the CDP's prestigious Supplier Engagement Rating Leaderboard and has thus been recognized by CDP for its work to engage suppliers to reduce emissions, lower environmental risks and jointly tackle climate change. Only the top 8% of companies who disclosed information for the full climate questionnaire achieved a place on the CDP Supplier Engagement Leaderboard.

Atos has been positioned as a Leader by Gartner in its 2023 Magic Quadrant for Outsourced Digital Workplace Services (ODWS), based on its Completeness of Vision and Ability to Execute. This is the seventh consecutive year that Atos has been named a Leader in a Gartner Magic Quadrant report related to outsourced digital workplace services. Atos is the only European company to be listed in the Leaders' quadrant.

Atos has provided an update regarding the ongoing strategic discussions with Airbus. Atos has taken note of Airbus' decision to no longer pursue the discussions it initiated in February 2023, with respect to the potential acquisition of a minority stake of 29.9% in Eviden. Atos has confirmed it will, with Airbus, explore other options and pursue the work on the long term strategic and technological partnership between Airbus and Eviden which has the potential to create significant value for both companies, with a view of submitting these for consideration to its Board of Directors.

April

Atos announced that it has completed the sale of its Italian operations ("Atos Italia") to Lutech S.p.A., an Italian provider of IT services and solutions, on March 31, with a 100% cash consideration. The completion of this transaction is a new milestone in the successful execution of Atos' divestment plan, securing c.80% of the plan's €700 million expected proceeds and demonstrating the Group's ability to execute at pace.

Eviden announced the evolution of its digital identity management products so that they will be ready for the post-quantum era by the end of the year.

Eviden announced the opening of three cloud centers - in India (Bangalore and Pune) and Poland (Bydgoszcz) - to support customers worldwide at every stage of their cloud journey, from cloud migration and continuous optimization to accelerating innovation, all protected under the umbrella of cybersecurity.

Atos announced that it has launched a campaign to test more than 150 critical IT applications dedicated to managing and broadcasting the Olympic and Paralympic Games Paris 2024. These tests are conducted by the Atos Integration Testing Lab (ITL) in Madrid, partnering with the International Olympic Committee (IOC), the Paris 2024 Organizing Committee for the Olympic and Paralympic Games (OCOG), international sports federations and technology partners across the board. The campaign aims to validate operations for various systems that are key to a successful Olympic and Paralympic Games Paris 2024.

Atos announced its revenue for the first quarter of 2023. It recorded a robust +2.8% organic revenue growth in Q1 with both businesses delivering on their 2023 priorities. Eviden reported another solid quarter with high growth, well balanced between its synergetic Digital, Big Data and Cybersecurity activities. Tech Foundations continued to reshape its portfolio, confirming the earlier-than-anticipated stabilization of its core business while further reducing its exposure to non-strategic activities.

May

Eviden launched QaptivaTM its new Quantum Computing offering to enable real world application development and usage, using best-of-breed quantum computing technologies. With Qaptiva, Eviden enables its rich Software and Hardware partner ecosystem to use the Qaptiva Application development platform, offering corporate customers solutions to facilitate the development of tangible quantum applications, and run them in as-a-service or on premises modes.

The Atos Board of Directors, upon the recommendation of the Nomination and Governance Committee chaired by Elizabeth Tinkham, has approved the following changes to its composition, in line with the needs identified and the strategy pursued, in particular in the areas of corporate governance, digital transformation of companies, especially in the financial sector, and digital strategies in the fields of security and defense: the renewal of the mandate of Caroline Ruellan and the appointment of two new independent Directors, Jean-Pierre Mustier and Laurent Collet-Billon, to be submitted to a vote of the shareholders at the Annual General Meeting.

Eviden and the University of Edinburgh announced a three-year contract extension to increase the computing capacity of the BullSequana XH2000. This energy-efficient supercomputing system was delivered by Atos to facilitate the Extreme Scaling Service of DiRAC, allowing the UK science community to pursue cutting-edge research on a broad range of topics, from simulating the entire evolution of the universe to modelling the fundamental structure of matter.

On May 25, 2023, the United States Second Circuit Court of Appeals vacated a decision by the United States District Court for the Southern District of New York, as part of Syntel's ongoing litigation with Cognizant and its subsidiary TriZetto, finding Syntel, now part of Atos, liable for damages due to Syntel's alleged trade secret misappropriation and copyright infringement. The case began in 2015, before Syntel's acquisition by Atos in 2018.

June

Tech Foundations, the Atos business leading in managed services, focusing on hybrid cloud infrastructure, employee experience and technology services, held an Analyst Day to highlight its proven transformation plan, leading to a clear and accelerated path to value creation and upgraded 2026 ambitions. It announced:

- the redefining its portfolio around core activities and pivoting in industry-leading offerings with focus on higher growth segments and new go-to-market strategy;
- strong execution leading to improved outlook: revenue to bottom out in 2024 at c.€ 5 billion, with 0-2% core revenue growth and ongoing managed decline in non-core business;
- executing a comprehensive margin expansion plan, targeting €1.2 billion gross benefits by 2026 to bring operating margin to industry standard and
- over €300 million higher cumulative cash-flow for the next four years compared to original plan.

Eviden announced AIsaac Cyber Mesh, a next generation of cybersecurity detection and response, reinforced by Amazon Web Services (AWS) Security Data Lake and powered by generative AI technologies. AIsaac Cyber Mesh offers an advanced end-to-end detection, response, and recovery solution, built on a cybersecurity mesh-enabled architecture using generative AI and predictive analytics.

Eviden announced that GMV, leading provider of satellite control centers, has selected Eviden's SkyMon solution for the new center being set up by Hisdesat, the Spanish Government satellite operator. SkyMon will monitor next-generation satellites from the "Spainsat NG" program, the most advanced satellites in Europe for defense and secure communications.

Eviden announced that it was awarded a major $100M contract with NCMRWF, on behalf of the India Ministry of Earth Sciences, to build two new supercomputers dedicated to weather modelling and climate research for IITM and NCMRWF.

Atos SE's Combined Annual General Meeting of shareholders was held on 28 June at the Company's headquarters and chaired by Mr. Bertrand Meunier, Chairman of the Board of Directors. Atos' shareholders approved all of the resolutions submitted by the Board of Directors and rejected all of the resolutions proposed by certain minority shareholders.

July

Atos Group announced that it has entered into exclusive negotiations with Schneider Electric for the sale of 100% of EcoAct SAS and its subsidiaries ("EcoAct"). With this potential transaction, Atos would secure its divestment program of non-core assets while engaging in a strategic partnership with Schneider Electric on decarbonization. The proposed transaction does not include Atos' digital Net Zero Transformation practice (part of Eviden business), dedicated to supporting its customers in all industries to catalyze their decarbonization goals, which will be kept within the Atos Group.

2.4. Operational review

2.4.1. Statutory to constant scope and exchange rates reconciliation

Revenue was € 5,548 million in H1 2023, down -0.3% compared to H1 2022 on a reported basis and up 0.5% at constant currency. On an organic basis, revenue increased +2.3%.

Operating margin reached € 212 million, representing 3.8% of revenue, an increase by c.+290 basis points at constant currency.

In € million	H1 2023	H1 2022	% change
Statutory revenue	5,548	5,563	-0.3%
Exchange rates effect		-45	
Revenue at constant exchange rates	**5,548**	**5,518**	**+0.5%**
Scope effect		-92	
Exchange rates effect on acquired/disposed perimeters		-3	
Revenue at constant scope and exchange rates	**5,548**	**5,423**	**+2.3%**
Statutory operating margin	212	59	+258.6%
Exchange rates effect		-4	
Operating margin at constant exchange rates	**212**	**55**	**+285.8%**
Scope effect		-5	
Exchange rates effect on acquired/disposed perimeters		0	
Operating margin at constant scope and exchange rates	**212**	**50**	**+326.7%**
as % of revenue	*3.8%*	*0.9%*	

Scope effects (including exchange rates effect on acquired/disposed perimeters) amounted to €-95 million for revenue and €-5 million for operating margin. They mainly related to the exit of Russia in 2022, and in 2023 to the divesture of Italy, and to a lesser extent to the divestiture of EGSE and Sislog.

Currency exchange rates effects negatively contributed to revenue for €-45 million and Operating margin for €-4 million. They mostly came from the depreciation of the Pound Sterling, the Argentine peso and the Turkish libra not compensated by the appreciation of the American dollar.

The tables below present the effects on H1 2022 revenue and operating margin of acquisitions and disposals, internal transfers, reflecting the Group's new geographic organization, and change in exchange rates.

	Revenue H1 2022			
In € million	**H1 2022 Statutory**	**Internal transfers**	**Exchange rates effects ***	**H1 2022 at Constant Scope and Currency**
Americas	1,353	-8	1	1,346
Northern Europe and APAC	1,625	6	-45	1,587
Central Europe	1,258	0	8	1,266
Southern Europe	1,198	2	0	1,200
Others & Global Structures	129	0	-10	119
Total Group	**5,563**	**0**	**-45**	**5,518**
Scope effects				**-95**
Total Group				**5,423**

* *At average Jun YTD exchange rates*

	Operating Margin H1 2022			
In € million	**H1 2022 Statutory**	**Internal transfers**	**Exchange rates effects ***	**H1 2022 at Constant Scope and Currency**
Americas	73	-0	-2	71
Northern Europe and APAC	28	1	-1	28
Central Europe	-30	-0	-0	-30
Southern Europe	40	-0	0	40
Others & Global Structures	-52	-1	-1	-54
Total Group	**59**	**0**	**-4**	**55**
Scope effects				**-5**
Total Group				**50**

* *At average Jun YTD exchange rates*

2.4.2. Performance by Business

In € million	Revenue					Operating margin		Operating margin %	
	H1 2023	H1 2022	Variation	Var. at cst. curr.	Var. organic	H1 2023	H1 2022	H1 2023	H1 2022
Eviden Perimeter	2,625	2,539	+3.4%	+4.3%	+7.0%	138	89	5.3%	3.5%
Tech Foundations Perimeter	2,923	3,024	-3.3%	-2.6%	-1.6%	73	-30	2.5%	-1.0%
Total	**5,548**	**5,563**	**-0.3%**	**+0.5%**	**+2.3%**	**212**	**59**	**3.8%**	**1.1%**

Tech Foundations Perimeter:

Tech Foundations' core business revenue[2] was broadly stable in H1 (-0.1% organic). The decline of Hybrid Cloud & Infrastructure continued to soften, while other core business lines posted moderate growth. Simultaneously, Tech Foundations remained committed to reducing non-core activities (BPO, hardware & software resale) as part of its ongoing portfolio reshaping efforts. UCC, in the process of being divested, grew its revenue in H1. As a result, Tech Foundations recorded a slight organic decrease of -1.6% in total revenue in H1 2023. **Operating margin** amounted to €73 million, or 2.5% of revenue, compared to -1.0% in H1 2022. Tech Foundations is making steady progress on its comprehensive margin expansion plan targeting €1.2 billion in gross benefits by 2026. As of June 2023, 32% of this target has already been achieved, translating into a € 230 million gross increment in operating margin in H1 2023 alone, partly offset by cost inflation, backfills and revenue decrease. This achievement was primarily driven by 900 headcount reductions in high-cost countries during H1, bringing the total to c. 1,600 since the plan's inception.

Eviden Perimeter:

Eviden delivered +7.0% organic growth in H1 (+4.6% in Q2). Digital Security achieved strong growth, fueled by Eviden's leadership and innovation in cybersecurity. In June 2023, Eviden partnered with AWS to launch AIsaac Cyber Mesh, a cutting-edge cybersecurity detection and response solution powered by generative AI technologies. Advanced computing grew strongly, driven by HPC and high-end servers designed for artificial intelligence and machine learning. Despite some impacts from contract portfolio rationalization in H1 2023, Digital's organic growth improved significantly compared to the same period last year, driven by smart platforms and cloud transformation services, along with positive trends in the public sector in Europe. **Operating margin** was € 138 million, or 5.3% of revenue, a substantial increase compared to 3.5% in H1 2022. Despite continued cost inflation, Eviden demonstrated improvements across all activities, resulting from effective cost take-out actions, portfolio rationalization, and higher fixed costs absorption in Advanced Computing.

[2] *Excluding UCC, Italian operations, BPO and hardware and software resale*

2.4.3. Performance by Regional Business Units

In € million	Revenue					Operating margin		Operating margin %	
	H1 2023	H1 2022	Variation	Var. at cst. curr.	Var. organic	H1 2023	H1 2022	H1 2023	H1 2022
Americas	1,311	1,353	-3.1%	-2.6%	-2.6%	133	73	10.1%	5.4%
Northern Europe & APAC	1,584	1,625	-2.6%	-0.2%	-0.2%	63	28	4.0%	1.7%
Central Europe	1,297	1,258	+3.1%	+2.4%	+4.8%	16	-30	1.3%	-2.4%
Southern Europe	1,211	1,198	+1.1%	+0.9%	+6.8%	58	40	4.8%	3.4%
Others & Global Structures	145	129	+12.6%	+21.4%	+21.4%	-58	-52	NA	NA
Total	**5,548**	**5,563**	**-0.3%**	**+0.5%**	**+2.3%**	**212**	**59**	**3.8%**	**1.1%**

Americas revenue decreased by -2.6% organically, resulting from the low level of order entry recorded in FY22, a trend that largely reversed, with a 164% book-to-bill in Q2 2023. The decline in Tech Foundations activities narrowed and was primarily attributable to a proactive reduction in underperforming contacts. Eviden's activities remained robust despite an element of market slowdown, while numerous opportunities lie ahead in the cloud and security markets. Operating margin improved markedly to 10.1%, thanks to cost structure adaptation measures carried out in H2 2022.

Northern Europe & APAC revenue was broadly stable year-on-year. Tech Foundations activities were slightly down due to the exit of a large BPO contract at the end of 2022, while the core business showed good resilience with the ramp-up of new contracts. Eviden's activities were slightly up thanks to robust trends in Digital particularly in the public sector, while Advanced Computing contracted due to fluctuations in HPC and Lab-as-a-service revenue. Operating margin improved to 4.0% in H1 2023, thanks to management actions conducted in 2022 to improve delivery, reduce costs and increase pricing.

Central Europe recorded a robust +4.8% organic growth (+2.4% at constant currency, primarily reflecting the exit of Russian operations in 2022). Eviden's activities reported high growth across the board, partially offset by the decline of Tech Foundations' activities driven by the reduction in value-added resale and a difficult infrastructure market in Germany. Operating margin turned positive at 1.3%, resulting from strong execution of Tech Foundations margin expansion plan, as well as higher margin on new business at Eviden.

Southern Europe recorded a strong +6.8% organic growth. Growth was high at Eviden, driven by Advanced Computing with the delivery of a significant HPC contract in Spain, as well as Digital Security. Tech Foundations activities were flat as growth in Digital Workplace and Technology Advisory & Customized Services compensated for the deliberate reduction in value-added resale. Scope impacts represented -5.9%, primarily reflecting the divestment of Italian operations in Q2 2023. As a result, revenue growth at constant currency was +0.9%. Operating margin improved to 4.8% thanks to renegotiation of underperforming contracts.

Others and global structures encompass Middle East, Africa, Major Events as well as two cost centers: the Group's global delivery centers and global structures. Revenue grew +21.4% organically supported by by double-digit growth in Africa and Middle East and Turkey. Operating margin, structurally negative, was stable.

2.4.4. Portfolio

2.4.4.1. Order entry and book to bill

Order entry was €5.1 billion in H1 2023, representing a book-to-bill ratio of 93% (compared with 87% in H1 2022). Book-to-bill improved markedly in Q2, to 112%, compared to 73% in Q1.

	Order entry*			Book to bill		
In € million	Q1 2023	Q2 2023	H1 2023	Q1 2023	Q2 2023	H1 2023
Americas	428	1,069	1,497	65%	164%	114%
Northern Europe & APAC	474	706	1,180	60%	89%	74%
Central Europe	395	708	1,103	62%	107%	85%
Southern Europe	722	536	1,258	109%	97%	104%
Others & Global Structures	37	58	95	56%	74%	66%
Total	**2,056**	**3,077**	**5,133**	**73%**	**112%**	**93%**

* Order entry does not include debooking for the purpose of the computation of the Book-to-bill ratio

2.4.4.2. Full backlog and full qualified pipeline

At the end of June 2023, the **full backlog** was € 19.6 billion, down €-0.5 billion compared to December 2022 excluding the impact from divestments. It represented 1.8 years of revenue.

The **full qualified pipeline** amounted to €6.9 billion at the end of June 2023, up €0.3 billion compared to December 2022 excluding the impact from divestments. It represented 7.6 months of revenue.

2.4.5. Human ressources

	End of December 2022	Scope	Hiring	Leavers, dismissals, restructuring & transfers	End of June 2023
Americas	17,008	0	1,430	-1,996	16,442
Northern Europe & APAC	14,483	0	1,146	-1,310	14,319
Central Europe	11,211	0	401	-583	11,029
Southern Europe	15,779	-1,538	999	-1,271	13,969
Others & Global Structures	43,673	0	3,711	-4,752	42,632
Total Direct	**102,154**	**-1,538**	**7,687**	**-9,912**	**98,391**
Total Indirect	**8,643**	**-109**	**744**	**-656**	**8,622**
TOTAL GROUP	**110,797**	**-1,647**	**8,431**	**-10,568**	**107,013**

Total headcount was 107,013 at the end of June 2023, down -3.4% compared to 110,797 at the end of December 2022 (-1.9% organically).

In H1 2023, Atos hired 8,431 new employees (gross), effectively offsetting voluntary attrition, which stood at 18% at the end of June on a trailing twelve-month basis, and 15% in Q2 alone. The reduction in Group headcount was due to restructuring and performance-related terminations, resulting in 2,404 exits in H1. Additionally, the divestment of Atos Italia in Q2 2022 accounted for a reduction of 1,647 employees.

2.5. 2023 objectives

At the occasion of its half-year results announcement on July 28, 2023, Atos upgraded and precised its full-year objectives:

- In 2023, **Group revenue organic growth** is now expected between 0.0% and +2.0% (previously: -1.0% to +1.0%), with an acceleration of Eviden's organic growth compared to 2022 and a managed reduction of Tech Foundations' revenue resulting from portfolio reshaping.

- **Group operating margin[3]** outlook remains unchanged, at 4% to 5%. Eviden's operating margin is expected to increase compared to 2022, while Tech Foundations' operating margin is expected in positive territories.

- **Free cash flow** for the full year is expected to remain broadly similar to that of H1.

[3] *At current perimeter, including UCC and EcoAct (transactions expected to close in H2 2023)*

2.6. Risk Factors

Risk factor linked to the envisioned separation plan

On June 14th, 2022, the Group announced the study of a project to separate into two independent companies, namely on one side the Group's Digital and Big Data and Cybersecurity activities (designated as the Eviden perimeter), and on the other side its outsourcing and infrastructure activities (designated as the Tech Foundations scope), which should allow each of them to follow its own trajectory. The prior internal reorganization required by the separation project was initiated at the start of 2023 with a view to completing the planned separation before the end of 2023 (for more details on the progress of the separation project, see section 2.1). The decision on the finalization of the envisaged separation project remains conditional and will be subject to the necessary processes, in particular the approval of the governance bodies and the shareholders.

At this stage, many factors could have a negative impact on the timetable, the expected benefits, or the decision to ultimately proceed with all or part of the contemplated separation or even the terms of its completion, including, among others, the general economic and market conditions, changes in customer confidence, interactions with associates, creditors and other stakeholders, tax considerations, fluctuation in interest rates, specific market conditions in one or more of the business areas that should be separated and changes in the regulatory or legal environment.

Nor can there be any guarantee that the expected benefits of the proposed separation will be achieved. An inability to realize all of the expected benefits of the proposed separation, as well as a delay encountered in the process, could have a negative effect on the turnover, the level of expenses, the results of operations and the cash flows generated by Atos or the companies resulting from the contemplated separation. Similarly, Atos cannot give any assurance as to the future stock market value that will result from this operation or as to the appetite of the financial markets for it.

If, on the contrary, this separation project does not succeed or if its realization were to take significantly longer than expected, the legibility of the commercial positioning of the two parts of the Group could suffer, which could lead to deterioration of the relationship between the whole Group and its customers. On the other hand, part of the financing linked to this separation project could be called into question. This could lead to calling into question, at least partially, the transformation of the two parts of the Group to adapt them to their respective market environments while entailing the need to further rationalize the support functions and the organization of the Group to adapt them to the service of one Group rather than two, if applicable. The combination of all or some of these factors could have an adverse effect on the level of motivation of the Group's employees and lead to an overall decline in their performance as well as the departure of key personnel.

All other risk factors are included in section 7.2 of the 2022 Universal Registration Document, it being specified that those related to the retention and acquisition of key people (sections 7.2.1.1 and 7.2.1.2) have become even more relevant to the study and the potential implementation of the separation project. In addition, with regard to these latter risks, it is specified that the related mitigation measures are amplified accordingly, in particular by means of appropriate retention systems.

2.7. Claims and litigations

The Atos Group is a global business operating in 69 countries. In many of the countries where the Group operates there are no claims, and in others there is only a very small number of claims or actions involving the Group.

The current level of claims and litigation is attributable in part to self-insurance incentives and the vigorous promotion of the quality of the services performed by the Group as well as to the intervention of a fully dedicated Risk Management department, which effectively monitors contract management from offering through delivery and provides early warnings on potential issues. All potential and active claims and disputes are carefully monitored, reported and managed in an appropriate manner and are subject to legal reviews by the Group Legal Department.

During the first half-year of 2023 the Group has successfully put an end to several significant litigations through settlement agreements.

Group Management considers that sufficient provisions have been made.

The total amount of the provisions for litigation risks, in the consolidated accounts closed as of June 30, 2023 to cover for the identified major claims and litigations, added up to €57.7 million (including tax and commercial claims but excluding labor claims).

2.7.1. Tax claims

The Group is involved in a number of routine tax claims, audits and litigations. Such claims are usually solved through administrative non-contentious proceedings.

Certain tax claims are in Brazil, where Atos is a defendant in a number of cases and a plaintiff in others. Such claims are typical for companies operating in this region. Proceedings in this country usually take a long time to be processed. In other jurisdictions, such matters are normally resolved by simple non-contentious administrative procedures.

The total provision for tax claims, as set forth in the consolidated financial statements as at June 30, 2023, was €25.6 million. The increase in the amount of the provisions is mainly due to the accrual of interests and foreign exchange.

2.7.2. Commercial claims

There are a small number of commercial claims across the Group. Significant commercial cases have been closed this semester.

There is a number of significant on-going commercial cases in various jurisdictions that the Group has integrated as a result of several acquisitions, notably a litigation inherited from Syntel.

In October 2020, a jury found Syntel liable for trade secret misappropriation and copyright infringement and awarded Cognizant and TriZetto approximately $855 million in damages. Throughout the trial and in its post-trial motion, Syntel maintained that Cognizant and TriZetto had failed to meet their burden to show trade secret misappropriation and that their damages theories were improper as a matter of law.

In its decision, the Court held that sufficient evidence existed to support the jury's verdict of trade secret misappropriation and that the jury's award of $285 million in compensatory damages was not contrary to law. However, the Court found that the jury's $570 million punitive damages award was excessive and should be reduced to $285 million. TriZetto agreed to this reduction. The Court issued an injunction prohibiting future use by Syntel of the specific trade secrets at issue in the trial.

On 25 May 2023, the United States Second Circuit Court vacated a decision issued by the United States District Court for the Southern District of New York, as part of Syntel's ongoing litigation with Cognizant and its subsidiary TriZetto, which was finding Syntel, now part of Atos, liable for damages due to Syntel's alleged trade secret misappropriation and copyright infringement.

The Second Circuit Court remanded the case to the District Court for further consideration if any amount of damages are still appropriate.

This practically means that the legal opinion issued by the Second Circuit (the Court of Appeal) clearly stated that the use of the avoided development costs methodology, which led to the initial $570m damages, was contrary to the law.

The total provision for commercial claim risks, as set forth in the consolidated accounts closed as at June 30,2023, amounts to €32.1 million.

2.7.3. Labor claims

There are close to 107,000 employees in the Group and relatively few labor claims. In almost every jurisdiction there are no or very few claims. Latin America is the only area where there is a significant number of claims, but such claims are often of low value or inflated and typical for companies operating in this region.

The Group is respondent in a few labor claims of higher value, but in the Group’s opinion most of these claims have little or no merit and are provisioned appropriately.

All of the claims exceeding €300,000 have been provisioned for an overall amount of €5.6 million as set forth in the consolidated financial statements as at June 30, 2023.

2.7.4. Representation & Warranty claims

The Group is a party to a very small number of representation & warranty claims arising out of acquisitions/disposals.

2.7.5. Miscellaneous

To the knowledge of the Company, there are no other administrative, governmental, legal or arbitration proceedings, pending or potential, over the past 12 months, likely to have or having had significant consequences on the Company’s and the Group’s financial position or profitability.

2.8. Related parties

This paragraph is aimed at ensuring transparency in the relationship between the Group and its Shareholders (and their representatives), as well as in the links between the Group and related companies that the Group does not exclusively control (i.e. joint ventures or investments in associates).

The related-party transactions are described in the Note 17 – Related party transactions on page 375 of the 2022 Universal Registration Document.

3. Financial statements

3.1. Financial review

3.1.1. Income statement

The Group reported a net loss (attributable to owners of the parent) of € 600 million for the half year ended June 30, 2023.

The normalized net loss before unusual, abnormal and infrequent items (net of tax) for the period was € 113 million, representing -2.0% of Group revenue of the period.

(in € million)	**6 months ended June 30, 2023**	**% of revenue**	**6 months ended June 30, 2022**	**% of revenue**
Operating margin	**212**	**3.8%**	**59**	**1.1%**
Other operating income (expense)	-646		-357	
Operating income (loss)	**-434**	**-7.8%**	**-298**	**-5.4%**
Net financial income (expense)	-103		-129	
Tax charge	-65		-77	
Non-controlling interests	0		0	
Share of net profit (loss) of equity-accounted investments	2		-	
Net income (loss) – Attributable to owners of the parent	**-600**	**-10.8%**	**-503**	**-9.1%**
Normalized net income (loss)* – Attributable to owners of the parent	**-113**	**-2.0%**	**-119**	**-2.1%**

** The normalized net income (loss) is defined hereafter*

3.1.1.1. Operating margin

Operating margin represents the underlying operational performance of the on-going business and is analyzed in detail in the operational review.

3.1.1.2. Other operating income and expense

Other operating income and expense relate to income and expense that are unusual, abnormal and infrequent and represented a net expense of € 646 million in the first half of 2023.

The following table presents this amount by nature:

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Staff reorganization	-430	-73
Rationalization and associated costs	-30	-33
Integration and acquisition costs	-4	-18
Amortization of intangible assets (PPA from acquisitions)	-60	-67
Equity-based compensation	-14	-11
Impairment of goodwill and other non-current assets	-55	-91
Other items	-53	-64
TOTAL	**-646**	**-357**

Staff reorganization amounted to € 430 million and reflected intensified workforce adaptation measures, in particular the extension of the German restructuring plan launched in December 2022, as well as one-off separation costs as the Group executed the majority of the legal carve-out plan over the semester.

The € 30 million **rationalization and associated costs** primarily resulted from the closure and consolidation of data centers, mainly in North America.

Integration and acquisition costs of € 4 million mainly related to the cost of retention schemes, as well as the remaining integration activities on 2022 and 2021 acquisitions.

In the first half of 2023, the amount related to the amortization of intangible assets recognized in the **purchase price allocation** exercises amounted to € 60 million, compared to € 67 million in the first half of 2022, and was mainly composed of:

- € 31 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 8 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014;
- € 7 million related to the last year of SIS customer relationships amortization.

The **equity-based compensation** expense amounted to € 14 million in the first half of 2023 compared to € 11 million in the first half of 2022.

Impairment of goodwill and other non-current assets amounted to € 55 million and mostly related to the impairment of goodwill in North America as a result of the forthcoming exit from the joint arrangement with the State Street group.

In the first half of 2023, **other items** were a net expense of € 53 million compared to € 64 million in the first half of 2022. In 2023, those exceptional items mainly included the effects of a vendor contract renegotiation, the net cost of pension and early retirement programs in Germany, the UK and France, and legal costs on major litigations.

3.1.1.3. Net financial expense

Net financial expense amounted to € 103 million for the period (compared to € 129 million in the first half of 2022) and was composed of a net cost of financial debt of € 40 million and other financial costs of € 63 million.

Net cost of financial debt increased from € 13 million in the first half of 2022 to € 40 million in the first half of 2023. This variation mainly resulted from interests on the additional portion of the multi-currency revolving credit facility, Term Loan A and Term Loan B drawn in the first half of 2023. The average expense rate of the Group was 2.35% on the average gross borrowings, compared to 0.70% in the first half of 2022. The average income rate on the average gross cash was 2.05% compared to 0.58% in the first half of 2022.

Other financial items were a net loss of € 63 million compared to a net loss of € 116 million in the first half of 2022 and were mainly composed of:

- pension related financial expense of € 17 million compared to € 8 million for the first half of 2022. The increase is explained by the rise in the discount rates determined at the end of 2022;
- lease liability interest of € 12 million compared to € 9 million in the first half of 2022. This variation mainly resulted from the increase in discount rates;
- net foreign exchange loss (including hedges) of € 8 million compared to a loss of € 2 million in the first half of 2022, notably due to unhedged positions in South Africa.

3.1.1.4. Corporate tax

The tax charge for the first half of 2023 was € 65 million with a loss before tax of € 537 million. This charge included € 30 million of non-recurring items, mainly the tax cost of the carve-out operations executed in the first semester, and taxes withheld on internal dividend distributions.

Due to the loss before tax of the period, the Effective Tax Rate (ETR) of the period is not meaningful.

3.1.1.5. Normalized net income

The normalized net loss excluding unusual, abnormal and infrequent items (net of tax) was € 113 million, representing -2.0% of Group revenue for the period.

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Net income (loss) - Attributable to owners of the parent	**-600**	**-503**
Other operating income and expense, net of tax	-486	-294
Net gain (loss) on financial instruments related to Worldline shares, net of tax	-	-91
Normalized net income (loss) - Attributable to owners of the parent	**-113**	**-119**

3.1.1.6. Half year Earning Per Share

(in € million and shares)	**6 months ended June 30, 2023**	**% of revenue**	**6 months ended June 30, 2022**	**% of revenue**
Net income (loss) – Attributable to owners of the parent [a]	**-600**	**-10.8%**	**-503**	**-9.1%**
Impact of dilutive instruments	-		-	
Net income (loss) restated of dilutive instruments - Attributable to owners of the parent [b]	**-600**	**-10.8%**	**-503**	**-9.1%**
Normalized net income (loss) – Attributable to owners of the parent [c]	**-113**	**-2.0%**	**-119**	**-2.1%**
Impact of dilutive instruments	-		-	
Normalized net income (loss) restated of dilutive instruments - Attributable to owners of the parent [d]	**-113**	**-2.0%**	**-119**	**-2.1%**
Weighted average number of shares [e]	110,681,896		110,623,880	
Impact of dilutive instruments	-		-	
Diluted weighted average number of shares [f]	110,681,896		110,623,880	

(in €)		
Basic EPS (Earning Per Share) [a] / [e]	**-5.42**	**-4.55**
Diluted EPS [b] / [f]	**-5.42**	**-4.55**
Normalized basic EPS [c] / [e]	**-1.02**	**-1.07**
Normalized diluted EPS [d] / [f]	**-1.02**	**-1.07**

3.1.2. Free Cash Flow and net debt

The Group reported a net debt position of € 2,321 million at the end of June 2023 and a free cash flow of € -969 million for the first half of 2023.

(in € million)	6 months ended June 30, 2023	6 months ended June 30, 2022
Operating Margin before Depreciation and Amortization (OMDA)	**487**	**369**
Capital expenditures	-110	-123
Lease payments	-181	-207
Change in working capital requirement*	-645	-383
Cash from operation (CFO)	**-450**	**-344**
Tax paid	-40	-21
Net cost of financial debt paid	-40	-13
Reorganization in other operating income	-247	-63
Rationalization & associated costs in other operating income	-25	-34
Integration and acquisition costs in other operating income	-2	-16
Other changes**	-165	-64
Free Cash Flow (FCF)	**-969**	**-555**
Net (acquisitions) disposals	190	-92
Capital increase	-0	1
Share buy-back	-3	-2
Dividends paid	-31	-2
Change in net cash (debt)	**-812**	**-649**
Opening net cash (debt)	**-1,450**	**-1,226**
Change in net cash (debt)	-812	-649
Foreign exchange rate fluctuation on net cash (debt)	-59	98
Reclassification to assets held for sale	-	-15
Closing net cash (debt)	**-2,321**	**-1,792**

** 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 representing the change in net cash or net debt, excluding net (acquisitions) disposals, equity changes and dividends paid to shareholders, was € -969 million versus € -555 million in the first half of 2022.

Cash From Operations (CFO) amounted to € -450 million compared to € -344 million in the first half of 2022, the evolution coming from the following items:

- OMDA, net of lease payments (€ +144 million);
- Capital expenditures (€ +13 million);
- Change in working capital requirement (€ -262 million).

OMDA of € 487 million, representing an increase of € 118 million compared to June 2022, reached 8.8% of revenue compared to 6.6% of revenue in June 2022. The bridge from operating margin to OMDA was as follows:

(in € million)	6 months ended June 30, 2023	6 months ended June 30, 2022
Operating margin	**212**	**59**
+ Depreciation of fixed assets	136	135
+ Depreciation of right of use	157	192
+ Net book value of assets sold/written off	2	5
+/- Net charge (release) of pension provisions	-20	-19
+/- Net charge (release) of provisions	0	-2
OMDA	**487**	**369**

Capital expenditures totaled € 110 million, representing 2.0% of revenue, 20 bps less than the same period last year, reflecting the actions from the Group to optimize capital expenditure as well as to move to less capital-intensive activities.

The negative contribution from **change in working capital requirement** was € 645 million (compared to € -383 million in the first half of 2022). Besides the usual seasonality between semesters, the change in working capital requirement was affected by working capital normalization effects in the context of the separation process. The DSO increased by 3 days (from 41 days at the end of December 2022 to 44 days at the end of June 2023), while the DPO decreased by 9 days (from 85 days at the end of December 2022 to 76 days at the end of June 2023). The level of trade receivables sold with no recourse to banks with transfer of risks as defined by IFRS 9 decreased from € 862 million at the end of December 2022 to € 715 million at the end of June 2023.

Cash out related to **taxes paid** increased by € 19 million and amounted to € 40 million in the first half of 2023.

Cost of net debt increased to € 40 million as a result of the cost associated with the refinancing of the Group arising from the additional drawdown made on the term loans and the revolving credit facility over the semester.

Reorganization, rationalization and associated costs, and integration and acquisition costs reached € 274 million compared to € 113 million in the first half of 2022.

Cash paid for reorganization costs included € 236 million of restructuring and reskilling measures, as well as one-off separation costs as the Group executed the majority of the legal carve-out plan over the semester. Rationalization expense primarily resulted from the closure and consolidation of data centers, mainly in North America.

Other changes amounted to € -165 million compared to € -64 million in the first half of 2022. They included in particular € 76 million of payments arising from past settlements with customers and vendors, and € 42 million of costs incurred on those onerous contracts for which the provision was recorded at the end of December 2021.

As a result of the above impacts mainly driven by the change in the working capital requirement, the Group presented a **Free Cash Flow (FCF)** of € -969 million during the first half of 2023, compared to € -555 million in the first half of 2022.

The net cash impact resulting from **net (acquisitions) disposals** amounted to € 190 million and mainly originated from the disposal of the Group Italian operations to Lutech on March 31, 2023.

There was no **capital increase** in the first half of 2023 compared to a € 1 million capital increase in the first half of 2022.

Share buy-back amounted to € 3 million during the first half of 2023 compared to € 2 million in the first half of 2022. Share buy-back programs relate to the delivery of performance shares to managers and aim at avoiding a dilution effect for the shareholders.

No **dividends** were paid to Atos SE shareholders in the first half of 2023 and in the first half of 2022. The € 31 million cash out corresponded mainly to taxes withheld on internal dividend distributions.

Foreign exchange rate fluctuation determined on debt or cash exposure by country represented an increase in net debt of € 59 million mainly coming from the evolution of exchange rates of the US Dollar and British Pound against the Euro.

As a result, the Group **net debt position** as of June 30, 2023 was € 2,321 million, compared to € 1,450 million as of December 31, 2022.

3.1.3. Financial situation

Bank covenant

As at June 30, 2023, the multi-currency revolving credit facility was drawn for an amount of € 580 million, Term Loan A for € 1,500 million and Term Loan B for € 100 million and reimbursed for € 200 million.

Even if, according to the documentation applicable to the multi-currency revolving credit facility, Term loan A and Term loan B, the ratio is tested only once a year at 31 December of each fiscal year, the Group remained within its borrowing covenant with a leverage ratio (net debt divided by a 12-month rolling OMDA, excluding IFRS 16 impacts) of 3.06 at the end of June 2023. The leverage ratio applicable to the financing package put in place in July 2022 amounts to 3.75.

Liquidity

The continuity of operations relies in particular on the liquidity of the Group, which is secured by the financing structure currently in place, and by an action plan that will be implemented in the next twelve months and that encompasses mainly additional disposals of assets but also cost reduction measures.

The contemplated spin-off project remains conditional upon the implementation of a new financing for both Eviden and Tech Foundations.

3.2. Interim condensed consolidated financial statements

3.2.1. Interim condensed consolidated income statement

(in € million)	**Notes**	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Revenue	**Note 2**	**5,548**	**5,563**
Personnel expense	Note 4.1	-2,818	-2,892
Operating expense	Note 4.2	-2,518	-2,612
Operating margin		**212**	**59**
% of revenue		**3.8%**	**1.1%**
Other operating income and expense	Note 5	-646	-357
Operating income (loss)		**-434**	**-298**
% of revenue		**-7.8%**	**-5.4%**
Net cost of financial debt	Note 6.1	-40	-13
Other financial expense	Note 6.1	-82	-243
Other financial income	Note 6.1	19	127
Net financial income (expense)	**Note 6.1**	**-103**	**-129**
Net income (loss) before tax		**-537**	**-427**
Tax charge	Note 7	-65	-77
Share of net profit (loss) of equity-accounted investments		2	0
Net income (loss)		**-600**	**-504**
Of which:			
▪ attributable to owners of the parent		-600	-503
▪ non-controlling interests		-0	-0

(in € million and shares)	**Notes**	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Net income (loss) - Attributable to owners of the parent		**-600**	**-503**
Weighted average number of shares		110,681,896	110,623,880
Basic earnings per share	Note 11	**-5.42**	**-4.55**
Diluted weighted average number of shares		110,681,896	110,623,880
Diluted earnings per share	Note 11	**-5.42**	**-4.55**

3.2.2. Interim condensed consolidated statement of comprehensive income

(in € million)	6 months ended June 30, 2023	6 months ended June 30, 2022
Net income (loss)	**-600**	**-504**
Other comprehensive income		
To be reclassified subsequently to profit or loss (recyclable)	**-116**	**352**
Change in fair value of cash flow hedge instruments	13	6
Exchange differences on translation of foreign operations	-128	349
Deferred tax on items to be reclassified to profit or loss	-0	-2
Not reclassified to profit or loss (non recyclable)	**15**	**266**
Actuarial gains and losses on defined benefit plans	18	265
Deferred tax on items not reclassified to profit or loss	-3	1
Total other comprehensive income (loss)	**-101**	**618**
Total comprehensive income (loss) for the period	**-701**	**115**
Of which:		
▪ attributable to owners of the parent	-701	115
▪ non-controlling interests	-0	-0

3.2.3. Interim condensed consolidated statement of financial position

(in € million)	Notes	June 30, 2023	December 31, 2022
ASSETS			
Goodwill	Note 8	5,154	5,305
Intangible assets		760	919
Tangible assets		385	414
Right-of-use assets		786	892
Equity-accounted investments		10	8
Non-current financial assets	Note 6.3	138	171
Non-current financial instruments		1	13
Deferred tax assets		296	294
Total non-current assets		**7,530**	**8,017**
Trade accounts and notes receivable	Note 3.2	2,573	2,603
Current taxes		107	64
Other current assets	Note 4.4	1,701	1,485
Current financial instruments		29	18
Cash and cash equivalents	Note 6.2	2,620	3,331
Total current assets		**7,029**	**7,501**
Assets held for sale	Note 1	758	876
TOTAL ASSETS		**15,317**	**16,394**

(in € million)	Notes	June 30, 2023	December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock		111	111
Additional paid-in capital		1,499	1,499
Consolidated retained earnings		2,091	3,195
Net income (loss) attributable to the owners of the parent		-600	-1,012
Equity attributable to the owners of the parent		**3,101**	**3,793**
Non-controlling interests		4	7
Total shareholders' equity		**3,105**	**3,799**
Provisions for pensions and similar benefits	Note 9	618	639
Non-current provisions	Note 10	321	496
Borrowings	Note 6.4	2,450	2,450
Derivative liabilities		1	13
Deferred tax liabilities		136	148
Non-current lease liabilities	Note 6.4	630	704
Other non-current liabilities		3	1
Total non-current liabilities		**4,159**	**4,451**
Trade accounts and notes payable	Note 4.3	1,981	2,187
Current taxes		120	63
Current provisions	Note 10	376	245
Current financial instruments		7	11
Current portion of borrowings	Note 6.4	2,650	2,412
Current lease liabilities	Note 6.4	270	309
Other current liabilities	Note 4.5	2,203	2,260
Total current liabilities		**7,608**	**7,487**
Liabilities related to assets held for sale	Note 1	445	656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**15,317**	**16,394**

3.2.4. Interim condensed consolidated cash flow statement

(in € million)	Notes	6 months ended June 30, 2023	6 months ended June 30, 2022
Net income (loss) before tax		**-537**	**-427**
Depreciation of assets	Note 4.2	136	135
Depreciation of right-of-use	Note 4.2	157	192
Net addition (release) to operating provisions		-20	-21
Net addition (release) to financial provisions		20	6
Net addition (release) to other operating provisions		-11	-57
Amortization of intangible assets (PPA from acquisitions)	Note 5	60	67
Impairment of goodwill and other non current assets	Note 5	55	91
Losses (gains) on disposals of non current assets		9	112
Net charge for equity-based compensation		14	11
Unrealized losses (gains) on changes in fair value and other		-2	-24
Net cost of financial debt	Note 6.1	40	13
Interest on lease liability	Note 6.1	12	9
Net cash from (used in) operating activities before change in working capital requirement and taxes		**-67**	**107**
Tax paid		-40	-21
Change in working capital requirement		-512	-341
Net cash from (used in) operating activities		**-618**	**-255**
Payment for tangible and intangible assets		-110	-123
Proceeds from disposals of tangible and intangible assets		1	2
Net operating investments		**-110**	**-121**
Amounts paid for acquisitions and long-term investments		-21	-280
Cash and cash equivalents of companies purchased during the period		-	11
Net proceeds from disposals of financial investments		218	219
Cash and cash equivalents of companies sold during the period		-12	-
Net long-term financial investments		**186**	**-49**
Net cash from (used in) investing activities		**76**	**-170**
Common stock issued		0	1
Purchase and sale of treasury stock		-3	-2
Dividends paid*		-28	-
Dividends paid to non-controlling interests		-3	-2
Lease payments	Note 6.4	-181	-207
New borrowings	Note 6.4	1 700	2 297
Repayment of current and non-current borrowings	Note 6.4	-1 440	-1 642
Net cost of financial debt paid	Note 6.4	-40	-13
Other flows related to financing activities	Note 6.4	-81	1
Net cash from (used in) financing activities		**-75**	**434**
Increase (decrease) in net cash and cash equivalents		**-618**	**8**
Opening net cash and cash equivalents		**3 190**	**3 239**
Increase (decrease) in net cash and cash equivalents	Note 6.4	-618	8
Impact of exchange rate fluctuations on cash and cash equivalents	Note 6.4	-57	98
Reclassification to assets held for sale	Note 1	-	-15
Closing net cash and cash equivalents	Note 6.4	**2 515**	**3 330**

** corresponded to taxes withheld on internal dividend distributions*

3.2.5. Interim consolidated statement of changes in shareholders' equity

(in € million)	Number of shares at period end (thousands)	Common Stock	Additional paid-in capital	Consolidated retained earnings	Net income (loss)	Total attributable to the owners of the parent	Non controlling interests	Total shareholders' equity
At December 31, 2021	**110,730**	**111**	**1,498**	**5,790**	**-2,962**	**4,437**	**6**	**4,444**
• Common stock issued	33	0	1	-		1		1
• Appropriation of prior period net income (loss)				-2,962	2,962	-		-
• Dividends paid				-		-	-2	-2
• Equity-based compensation				9		9		9
• Changes in treasury stock				-2		-2		-2
• Other				0		0	-4	-3
Transactions with owners	**33**	**0**	**1**	**-2,954**	**2,962**	**8**	**-6**	**2**
• Net income (loss)				-	-503	-503	-0	-504
• Other comprehensive income (loss)				618		618	-0	618
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**618**	**-503**	**115**	**-0**	**115**
At June 30, 2022	**110,763**	**111**	**1,499**	**3,454**	**-503**	**4,560**	**0**	**4,561**
• Common stock issued	188					1		1
• Dividends paid				-0		-0		-0
• Equity-based compensation				14		14		14
• Other				1		1	7	8
Transactions with owners	**188**	**-**	**-**	**15**	**-**	**15**	**7**	**21**
• Net income (loss)				-	-509	-509	0	-508
• Other comprehensive income (loss)				-274		-274	-0	-274
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**-274**	**-509**	**-782**	**0**	**-782**
At December 31, 2022	**110,951**	**111**	**1,499**	**3,195**	**-1,012**	**3,793**	**7**	**3,799**
• Common stock issued	-	-	-	-		-		-
• Appropriation of prior period net income (loss)				-1,012	1,012	-		-
• Dividends paid				-		-	-3	-3
• Equity-based compensation				11		11		11
• Changes in treasury stock				-3		-3		-3
• Other				0		0	0	0
Transactions with owners	**-**	**-**	**-**	**-1,003**	**1,012**	**9**	**-3**	**6**
• Net income (loss)				-	-600	-600	-0	-600
• Other comprehensive income (loss)				-101		-101	0	-101
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**-101**	**-600**	**-701**	**-0**	**-701**
At June 30, 2023	**110,951**	**111**	**1,499**	**2,091**	**-600**	**3,101**	**4**	**3,105**

3.2.6. Notes to the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved by the Board of Directors on July 27, 2023.

3.2.6.1. Basis of preparation

All amounts are presented in millions of euros unless otherwise indicated. Certain totals may have rounding differences.

Accounting framework

The interim condensed consolidated financial statements of Atos ("the Group") for the six-month period ended June 30, 2023, have been prepared in accordance with the international accounting standards endorsed by the European Union and whose application was mandatory as at June 30, 2023.

The international standards comprise the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the IFRS Interpretations Committee (IFRS IC).

The Group interim condensed consolidated financial statements for the six-month period ended June 30, 2023, have been prepared in accordance with IAS 34 - Interim Financial Reporting.

This standard provides that interim condensed financial statements do not include all the information required under IFRS for the preparation of annual consolidated financial statements. These interim condensed consolidated financial statements must therefore be read in conjunction with the Group consolidated financial statements as at and for the year ended December 31, 2022. However selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group financial position and performance since the latest annual consolidated financial statements.

The accounting policies and measurement methods used to prepare these interim condensed consolidated financial statements are identical to those applied by the Group at December 31, 2022 and described in the notes to the consolidated financial statements for the year ended December 2022, except:

- new standards and interpretations mandatorily applicable presented in the paragraph below;
- the specific measurement methods of IAS 34 presented in the paragraph below.

New standards and interpretations applicable from January 1, 2023

The following new standards, interpretations or amendments whose application was mandatory for the Group for the fiscal year beginning January 1, 2023 had no material impact on the interim condensed consolidated financial statements:

- Narrow scope amendments to IAS 1;
- Narrow scope amendments to IAS 8;
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction.

Other standards

The Group does not apply IFRS standards and interpretations that have not yet been approved by the European Union at the closing date. In addition, none of the new standards effective for annual periods beginning after January 1, 2023 and for which an earlier application is permitted have been applied by the Group.

The potential impacts of these new pronouncements are currently being analyzed.

Regarding the amendments to IAS 12 - International Tax Reform –Pillar Two Model Rules:

In response to the "Pillar Two" international tax reform that aimed at introducing a minimum global tax rate of 15%, the IASB published amendments to IAS 12 on May 23, 2023, with immediate and retrospective effect.

Under these amendments, entities shall notably not report any deferred tax assets and liabilities related to Pillar Two and shall disclose information about their potential exposure to any top-up taxes.

As these amendments had not been adopted by the European Union as at June 30, 2023, the Group did not disclose any information regarding the impacts of Pillar Two.

As at June 30, 2023, in accordance with IAS 8, the Group did not accounted for deferred income taxes in connection with Pillar Two in the interim condensed consolidated financial statements, given the difficulties involved in making the necessary estimates as well as the issues and uncertainties relating to the application of IAS 12 pending adoption of the amendments. The Group is currently assessing its exposure to top-up taxes.

Use of estimates and judgments

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense in the financial statements and disclosures of contingent assets and liabilities at the closing date.

Material judgments made by the management on accounting principles applied, as well as the main sources of uncertainty related to the estimates used to elaborate the interim condensed consolidated financial statements remain identical to those described in the latest annual report, except the specific measurement methods of IAS 34 regarding estimate of income tax expense (as described in Note 7) and pension plans and other long-term benefits valuations (as described in Note 9).

Liquidity

The continuity of operations relies in particular on the liquidity of the Group, which is secured by the financing structure currently in place, and by an action plan that will be implemented in the next twelve months and that encompasses mainly additional disposals of assets but also cost reduction measures.

The contemplated spin-off project remains conditional upon the implementation of a new financing for both Eviden and Tech Foundations.

3.2.6.2. Notes to the interim condensed consolidated financial statements

Note 1 Changes in the scope of consolidation

Completed and contemplated disposals

Atos Italia S.p.A.

On April 3, 2023, Atos announced that it had completed the sale of its Italian operations ("Atos Italia") to Lutech S.p.A., an Italian provider of IT services and solutions, on March 31, with a 100% cash consideration.

The transaction perimeter does not include the Italian EuroHPC business which will be kept within Atos, nor the Unified Communications & Collaboration's Italian operations, part of a separate divestment project.

The disposal resulted in a € 17 million loss recorded as part of Other operating income and expense in the first half of 2023.

Unified Communications & Collaboration business

Atos announced in 2021 the contemplated disposal of the Unified Communications & Collaboration business and determined that this disposal group met the held for sale classification criteria at the end of September 2021.

In accordance with IFRS 5, Atos considered the held for sale classification remained appropriate as at June 30, 2023 considering the signing of the transaction with Mitel and the expected closing of the transaction during the second semester of 2023. Unified Communications & Collaboration business is mainly reported in the RBU Centrale Europe.

EcoAct

On July 3, 2023, Atos announced that it had entered into exclusive negotiations with Schneider Electric for the sale of 100% of EcoAct SAS and its subsidiaries.

The Group determined as at June 30, 2023 that this disposal group met the held for sale classification criteria considering the advanced stage of the negotiations and the expected closing of the transaction during the second semester of 2023. EcoAct is mainly reported in the RBU Southern Europe.

State Street

As a result of the forthcoming exit from the joint arrangement with the State Street group, the Group determined as at June 30, 2023 that the disposal group met the held for sale classification criteria considering the advanced stage of the discussions and the expected closing of the transaction during the second semester of 2023. State Street is reported in the RBU Americas.

Major classes of assets and liabilities related to the disposal groups classified as held for sale can be presented as follows:

(in € million)	**June 30, 2023**	**December 31, 2022**
ASSETS		
Goodwill	190	346
Intangible assets	218	156
Tangible assets	11	12
Right-of-use assets	17	29
Non-current financial assets	6	4
Deferred tax assets	44	43
Total non-current assets	**487**	**589**
Trade accounts and notes receivable	140	172
Current taxes	12	10
Other current assets	120	105
Total current assets	**271**	**286**
TOTAL ASSETS	**758**	**876**

(in € million)	**June 30, 2023**	**December 31, 2022**
LIABILITIES		
Provisions for pensions and similar benefits	117	129
Non-current provisions	20	28
Deferred tax liabilities	42	39
Non-current lease liabilities	6	14
Total non-current liabilities	**184**	**210**
Trade accounts and notes payable	112	215
Current taxes	2	4
Current provisions	10	15
Current lease liabilities	4	8
Other current liabilities	133	203
Total current liabilities	**260**	**446**
TOTAL LIABILITIES	**445**	**656**

Other comprehensive income represented a cumulated net gain of € 13 million as at June 30, 2023.

The measurement of those disposal groups at fair value less costs to sell resulted in a € 55 million impairment of goodwill and other non-current asset recorded as part of Other operating income and expense in the first half of 2023.

Note 2 Segment information

On June 14, 2022, Atos announced that it was studying a separation into two publicly listed companies:

- Eviden would bring together Atos Digital and Big Data and Security business lines;
- TFCo (Atos) would be composed of Atos Tech Foundations business line.

The project remains conditional on general market conditions and would be subject to customary processes, including governance bodies and shareholders' approval, but also to the financing of TFco and Eviden.

Considering the stage of the project, Atos deemed that at June 30, 2023, Eviden did not meet the IFRS 5 criteria to be classified as held for sale and discontinued operations.

The contemplated project does not have any consequence on the segment information for the consolidated financial statements at June 30, 2023.

For IFRS 8 requirements, Regional Business Units are the disclosed operating segments as they are the key components reviewed by the chief operating decision maker.

Regional Business Units are made of the following countries:

Operating segments	
Americas	Argentina, Brazil, Canada, Chile, Colombia, Guatemala, Mexico, Peru, the United States of America and Uruguay.
Northern Europe & APAC	Australia, Belgium, China, Denmark, Estonia, Finland, Hong Kong, India, Ireland, Japan, Lithuania, Luxembourg, Malaysia, New Zealand, Norway, Philippines, Singapore, Sweden, Taiwan, Thailand, the Netherlands, the United Kingdom and South Korea.
Central Europe	Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Greece, Hungary, Poland, Israel, Romania, Serbia, Slovakia and Switzerland.
Southern Europe	Andorra, France, Italy, Portugal and Spain.
Corporate and Other	AbuDhabi, Algeria, Benin, Burkina Faso, Egypt, Gabon, Ivory Coast, Kenya, Lebanon, Madagascar, Mali, Mauritius, Morocco, Namibia, Qatar, Saudi-Arabia, Senegal, South Africa, Tunisia, Turkey, UAE as well as Corporate functions and Global Delivery Centers (GDC).

Each Business Line is represented in each RBU.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. The revenue from each external contract amounted to less than 10% of the Group revenue.

The operating segment information was the following:

(in € million)	Americas	Northern Europe & APAC	Central Europe	Southern Europe	Corporate and Other	Elimination	Total Group
6 months ended June 30, 2023							
External revenue by segment	**1,311**	**1,584**	**1,297**	**1,211**	**145**		**5,548**
% of Group revenue	23.6%	28.6%	23.4%	21.8%	2.6%		100.0%
Inter-segment revenue	51	83	107	64	686	-991	0
Total revenue	1,363	1,667	1,404	1,275	831	-991	5,548
Segment operating margin	**133**	**63**	**16**	**58**	**-58**		**212**
% of margin	10.1%	4.0%	1.3%	4.8%	-40.3%		3.8%
Total segment assets as at June 30, 2023	**3,819**	**3,009**	**1,281**	**2,134**	**1,293**		**11,537**
6 months ended June 30, 2022							
External revenue by segment	**1,353**	**1,625**	**1,258**	**1,198**	**129**		**5,563**
% of Group revenue	24.3%	29.2%	22.6%	21.5%	2.3%		100.0%
Inter-segment revenue	55	92	104	61	670	-981	0
Total revenue	1,408	1,717	1,361	1,258	799	-981	5,563
Segment operating margin	**73**	**28**	**-30**	**40**	**-52**		**59**
% of margin	5.4%	1.7%	-2.4%	3.4%	-40.3%		1.1%
Total segment assets as at December 31, 2022	**4,134**	**2,982**	**1,267**	**2,125**	**1,321**		**11,829**

The assets detailed above by segment are reconciled to total assets as follows:

(in € million)	June 30, 2023	December 31, 2022
Total segment assets	**11,537**	**11,829**
Tax assets	402	358
Cash and cash equivalents	2,620	3,331
Assets held for sale	758	876
Total assets	**15,317**	**16,394**

The revenue associated with Tech Foundations and Eviden perimeters can be broken down as follows:

(in € million)	Tech Foundations perimeter	Eviden perimeter	Total Group
6 months ended June 30, 2023			
External revenue by perimeter	**2,923**	**2,625**	**5,548**
% of Group revenue	52.7%	47.3%	100.0%
6 months ended June 30, 2022			
External revenue by perimeter	**3,024**	**2,539**	**5,563**
% of Group revenue	54.4%	45.6%	100.0%

Note 3 Revenue, trade receivables, contract assets, contract liabilities and contract costs

3.1 – Disaggregation of revenue from contracts with customers

Most of the revenue generated by the Group is recognized over time. The Group applies the "cost-to-cost" method to measure progress to completion for fixed price contracts. Most of the Big Data and Security activities revenue is recognized at a point in time when solutions are delivered except for High Performance Computer solutions when Atos is building a dedicated asset with no alternative use and has a right to payment arising from the contract or local regulation for costs incurred including a reasonable margin. In this specific case, revenue is recognized over time.

Disaggregated revenue by Region and according to the Tech Foundations and Eviden perimeters is presented in Note 2.

3.2 – Trade accounts and notes receivable, and contract liabilities

(in € million)	June 30, 2023	December 31, 2022
Contract assets	1,160	1,168
Trade receivables	1,390	1,413
Contract costs	94	101
Expected credit loss allowance	-72	-79
Trade accounts and notes receivable	**2,573**	**2,603**
Contract liabilities	-853	-974
Net accounts receivable	**1,720**	**1,629**
Number of days' sales outstanding (DSO)	**44**	**41**

Contract assets, net of contract liabilities slightly increased compared to the positions at the end of December 2022, due to the consumption of advance payments received on the EuroHPC program, as well as major deferred revenues and advance payments reversing overtime, in Central Europe and Americas.

The DSO ratio increased from 41 days to 44 days at June 30, 2023.

As of June 30, 2023, € 715 million of trade receivables were transferred to third parties with conditions of the transfers meeting IFRS 9 requirements, meaning transfer of contractual cash flows and transfer of substantially all risks and rewards are achieved (€ 862 million at the end of December 31, 2022). Those trade receivables were therefore derecognized in the statement of financial position as of June 30, 2023. The € 715 million included € 77 million in the US where Atos only sold 95% of the right to cash flows and then derecognized 95% of the receivables.

Note 4 Operating items

4.1 – Personnel expense

(in € million)	6 months ended June 30, 2023	% Revenue	6 months ended June 30, 2022	% Revenue
Wages and salaries	-2,279	41.1%	-2,345	42.2%
Social security charges	-526	9.5%	-525	9.4%
Tax, training, profit-sharing	-32	0.6%	-41	0.7%
Net (charge) release to provisions for staff expense	-	0.0%	-	0.0%
Net (charge) release of pension provisions	20	-0.4%	19	-0.3%
TOTAL	**-2,818**	**50.8%**	**-2,892**	**52.0%**

4.2 – Non-personnel operating expense

(in € million)	6 months ended June 30, 2023	% Revenue	6 months ended June 30, 2022	% Revenue
Subcontracting costs direct	-1,002	18.1%	-1,064	19.1%
Hardware and software purchase	-522	9.4%	-555	10.0%
Maintenance costs	-261	4.7%	-286	5.1%
Rent expense	-5	0.1%	-6	0.1%
Telecom costs	-98	1.8%	-106	1.9%
Travelling expense	-33	0.6%	-32	0.6%
Professional fees	-116	2.1%	-108	1.9%
Other expense	-223	4.0%	-180	3.2%
Subtotal expense	**-2,258**	**40.7%**	**-2,337**	**42.0%**
Depreciation of assets	-136	2.4%	-135	2.4%
Depreciation of right-of-use	-157	2.8%	-192	3.5%
Net (charge)/release to provisions	4	-0.1%	6	-0.1%
Gains/(Losses) on disposal of assets	-2	0.0%	-4	0.1%
Trade receivables write-off	-4	0.1%	-2	0.0%
Capitalized production	35	-0.6%	52	-0.9%
Subtotal other expense	**-260**	**4.7%**	**-275**	**4.9%**
TOTAL	**-2,518**	**45.4%**	**-2,612**	**47.0%**

Rent expense corresponds to short-term lease contracts and low value assets.

4.3 – Trade accounts and notes payable

(in € million)	June 30, 2023	December 31, 2022
Trade accounts and notes payable	**1,981**	**2,187**
Net advance payments	-30	-28
Prepaid expense and advanced invoices	-604	-569
TOTAL	**1,348**	**1,590**
Number of days' payable outstanding (DPO)	**76**	**85**

4.4 – Other current assets

(in € million)	June 30, 2023	December 31, 2022
Inventories	170	157
State - VAT receivables	367	280
Prepaid expense and advanced invoices	604	569
Other receivables & current assets	530	452
Net advance payments	30	28
TOTAL	**1,701**	**1,485**

As of June 30, 2023, € 30 million of French R&D tax credit receivables (Crédit Impôt Recherche) were transferred to a bank with conditions of the transfer meeting IFRS 9 requirements for derecognition. Those receivables were therefore derecognized from the line item "Other current assets" in the statement of financial position as of June 30, 2023.

4.5 – Other current liabilities

(in € million)	**June 30, 2023**	**December 31, 2022**
Employee-related liabilities	536	445
Social security and other employee welfare liabilities	159	157
VAT payables	393	411
Contract liabilities	853	974
Other operating liabilities	261	273
TOTAL	**2,203**	**2,260**

Employee-related liabilities included € 121 million of signed settlements with employees in connection with the German restructuring plans, compared to € 72 million in December 21, 2022.

Note 5 Other operating income and expense

Other operating income and expense relate to income and expense that are unusual, abnormal and infrequent and represented a net expense of € 646 million in the first half of 2023.

The following table presents this amount by nature:

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Staff reorganization	-430	-73
Rationalization and associated costs	-30	-33
Integration and acquisition costs	-4	-18
Amortization of intangible assets (PPA from acquisitions)	-60	-67
Equity-based compensation	-14	-11
Impairment of goodwill and other non-current assets	-55	-91
Other items	-53	-64
TOTAL	**-646**	**-357**

Staff reorganization amounted to € 430 million and reflected intensified workforce adaptation measures, in particular the extension of the German restructuring plan launched in December 2022, as well as one-off separation costs as the Group executed the majority of the legal carve-out plan over the semester.

The € 30 million rationalization and associated costs primarily resulted from the closure and consolidation of data centers, mainly in North America.

Integration and acquisition costs of € 4 million mainly related to the cost of retention schemes, as well as the remaining integration activities on 2022 and 2021 acquisitions.

In the first half of 2023, the amount related to the amortization of intangible assets recognized in the purchase price allocation exercises amounted to € 60 million, compared to € 67 million in the first half of 2022, and was mainly composed of:

- € 31 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 8 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014;
- € 7 million related to the last year of SIS customer relationships amortization.

The equity-based compensation expense amounted to € 14 million in the first half of 2023 compared to € 11 million in the first half of 2022.

Impairment of goodwill and other non-current assets amounted to € 55 million and mostly related to the impairment of goodwill in North America as a result of the forthcoming exit from the joint arrangement with the State Street group.

In the first half of 2023, other items were a net expense of € 53 million compared to € 64 million in the first half of 2022. In 2023, those exceptional items mainly included the effects of a vendor contract renegotiation, the net cost of pension and early retirement programs in Germany, the UK and France, and legal costs on major litigations.

Equity-based compensation

The € 14 million expense recorded within other operating income and expense relating to equity-based compensation (€ 11 million in the first half of 2022) was mainly related to performance share plans granted from 2020 until 2022.

Equity-based compensation plans are detailed by year and by nature as follows:

By year

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Plans 2023	0	-
Plans 2022	8	5
Plans 2021	4	2
Plans 2020	2	4
Plans 2019	-	0
TOTAL	**14**	**11**

By category of plans

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Performance share plans	12	8
Stock option plans	-	-0
Employee share purchase plans	1	0
Cash-settled incentive plans	1	3
TOTAL	**14**	**11**

Performance share plans

In the first half of 2023, Atos implemented two new performance share plans, one of them having three vesting tranches:

Board of directors meeting date	**June 28, 2023**	**June 28, 2023**	**June 28, 2023**	**June 28, 2023**
Number of shares granted	581,750	375,266	375,285	750,549
Share price at grant date (€)	13.1	13.1	13.1	13.1
Vesting date	June 28, 2026	June 28, 2024	June 28, 2025	June 28, 2026
Expected life (years)	3	1	2	3
Expected dividend yield (%)	0.67	0.67	0.67	0.67
Fair value of the instrument (€)	**12.84**	**13.08**	**13.08**	**12.82**
2023 expense recognized (in € million)	**0**	**0**	**0**	**0**

Rules governing the performance share plans in the Group are as follows:

- To receive the shares, the grantee must generally be an employee or a corporate officer of the Group or a company employee related to Atos;
- Vesting is conditional upon both the continued employment and the achievement of performance criteria, financial and non-financial ones that vary according to the plan rules such as:
  - Internal financial performance criteria including Group revenue growth, Group Operating Margin and Group Free Cash Flow (FCF);
  - Internal and external social and environmental responsibility performance criteria;
  - An external stock market performance criterion;
- The vesting period varies according to the plan rules but never exceeds 3 years;
- The lock-up period varies according to the plan rules but never exceeds 2 years.

Previous plans impacting the consolidated income statement of the first semester of 2023 were the following:

Board of directors meeting date	**May 18, 2022**	**May 18, 2022**	**May 18, 2022**	**May 18, 2022**	**June 13, 2022**
Number of shares granted	309,560	309,703	619,352	264,000	39,000
Share price at grant date (€)	23.4	23.4	23.4	23.4	18.8
Vesting date	May, 18 2023	May, 18 2024	May, 18 2025	May, 18 2025	June, 18 2025
Expected life (years)	1	2	3	3	3
Expected dividend yield (%)	1.74	1.74	1.74	1.74	1.74
Fair value of the instrument (€)	**21.56**	**21.19**	**20.82**	**19.27**	**14.91**
2023 expense recognized (in € million)	**2**	**1**	**3**	**1**	**0**

Board of directors meeting date	**July 24, 2020**	**July 24, 2021**
Number of shares granted	870,630	862,100
Share price at grant date (€)	75.0	41.2
Vesting date	July 24, 2023	July 24, 2024
Expected life (years)	3	3
Expected dividend yield (%)	2.07	2.09
Fair value of the instrument (€)	**68.74**	**39.67**
2023 expense recognized (in € million)	**3**	**4**

Note 6 Financial assets, liabilities and financial result

6.1 – Financial result

Net financial expense amounted to € 103 million for the period (compared to € 129 million in the first half of 2022) and was composed of a net cost of financial debt of € 40 million and other financial expense of € 63 million.

Net cost of financial debt

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Interest income	84	21
Interest expense	-124	-34
Net cost of financial debt	**-40**	**-13**

In the first half of 2023, interests on cash pooling accounts represented an income of € 66 million and an expense of € 64 million (compared to € 10 million and € 12 million, respectively in the first half of 2022).

Net cost of financial debt increased from € 13 million in the first half of 2022 to € 40 million in the first half of 2023. This variation mainly resulted from interests on the additional portion of the multi-currency revolving credit facility, Term Loan A and Term Loan B drawn in the first half of 2023. The average expense rate of the Group was 2.35% on the average gross borrowings compared to 0.70% in the first half of 2022. The average income rate on the average gross cash was 2.05% compared to 0.58% in the first half of 2022.

Other financial income and expense

(in € million)	**6 months ended June 30, 2023**	**6 months ended June 30, 2022**
Foreign exchange income (expense)	-7	1
Fair value gain (loss) on forward exchange contracts	-1	-2
Net gain (loss) on financial instruments related to Worldline	0	-83
Interest on lease liability	-12	-9
Other income (expense)	-43	-22
Other financial income and expense	**-63**	**-116**
Of which:		
- other financial expense	-82	-243
- other financial income	19	127

Other financial items were a net loss of € 63 million compared to a net loss of € 116 million in the first half of 2022 and were mainly composed of:

- pension related financial expense of € 17 million compared to € 8 million for the first half of 2022. The increase is explained by the rise in the discount rates determined at the end of 2022;
- lease liability interest of € 12 million compared to € 9 million in the first half of 2022. This variation mainly resulted from the increase in discount rates;
- net foreign exchange loss (including hedges) of € 8 million compared to a loss of € 2 million in the first half of 2022, notably due to unhedged positions in South Africa.

6.2 – Cash and cash equivalents

(in € million)	**June 30, 2023**	**December 31, 2022**
Cash in hand and short-term bank deposit	2,572	3,256
Money market funds	47	75
TOTAL	**2,620**	**3,331**

Depending on market conditions and short-term cash flow expectations, Atos invests from time to time in Money Market Funds or bank deposits for a maturity period not exceeding three months.

6.3 – Non-current financial assets

(in € million)	**June 30, 2023**	**December 31, 2022**
Pension prepayments	24	28
Fair value of non-consolidated investments	8	5
Other*	106	138
TOTAL	**138**	**171**

** "Other" includes loans, deposits, guarantees and up-front and underwriting fees related to past acquisitions amortized over the duration of the debt instrument.*

Other also included the funding of the non-current portion of the 2021 German restructuring plan.

6.4 – Change in net debt over the period

Change in net cash (debt) reconciles to the cash flow statement as follows:

(In € million)	Bonds	Optional exchan-geable bond	Bank loans and commercial papers	Other	Total borrowings excl. overdraft	Cash & cash equiva lents	Over draft	Total net cash and cash equivalents	Short-term financial assets (liabilities)*	Net cash (debt)	Lease liabilities
At January 1, 2023	**2,200**	**500**	**1,980**	**41**	**4,722**	**3,331**	**-141**	**3,190**	**81**	**-1,450**	**1,013**
Lease payments	-	-	-	-	-	-181	-	-181	-	-181	-181
New borrowings	-	-	1,700		1,700	1,700	-	1,700	-	-	-
Repayment of borrowings	-	-	-1,440	-	-1,440	-1,440	-	-1,440	-	-	-
Net cost of financial debt paid	-	-	-	-	-	-40	-	-40	-	-40	-
Other flows related to financing activities	-	-	-	-	-	-81	-	-81	81	-	-
Other cash flow changes	-	-	-	14	14	-632	56	-576	-2	-592	-
Cash flows impacts	**-**	**-**	**260**	**14**	**274**	**-674**	**56**	**-618**	**80**	**-812**	**-181**
Change in lease liabilities	-	-	-	-	-	-	-	-	-	-	58
Interest on lease liability	-	-	-	-	-	-	-	-	-	-	12
Impact of exchange rate fluctuations	-	-	-	-0	-0	-37	-20	-57	-3	-59	-3
Other changes	**-**	**-**	**-**	**-0**	**-0**	**-37**	**-20**	**-57**	**-3**	**-59**	**68**
At June 30, 2023	**2,200**	**500**	**2,240**	**55**	**4,996**	**2,620**	**-104**	**2,515**	**158**	**-2,321**	**900**
Non-current portion	1,900	500	50	-	2,450	-	-	-	-	-2,450	630
Current portion	300	-	2,190	55	2,546	2,620	-104	2,515	158	129	270

**Short-term financial assets and liabilities bearing interests with maturity of less than 12 months.*

New borrowings corresponded to the additional drawdown made on the term loans and the revolving credit facility in the period.

Net cash and cash equivalents

(in € million)	**June 30, 2023**	**December 31, 2022**
Cash and cash equivalents	2,620	3,331
Overdrafts	-104	-141
Net cash and cash equivalents	**2,515**	**3,190**

Bank covenant

As at June 30, 2023, the multi-currency revolving credit facility was drawn for an amount of € 580 million, Term Loan A for € 1,500 million and Term Loan B for € 100 million and reimbursed for € 200 million.

Even if, according to the documentation applicable to the multi-currency revolving credit facility, Term loan A and Term loan B, the ratio is tested only once a year at 31 December of each fiscal year, the Group remained within its borrowing covenant with a leverage ratio (net debt divided by a 12-month rolling OMDA, excluding IFRS 16 impacts) of 3.06 at the end of June 2023. The leverage ratio applicable to the financing package put in place in July 2022 amounts to 3.75.

Note 7 Income tax

The income tax charge includes current and deferred tax expense.

For the purposes of the interim condensed consolidated financial statements, consolidated income tax is recognized based on management's estimate of the effective tax rate for the whole financial year applied to the "net income before tax" of the interim period. The estimated effective tax rate for the full-year is determined on the basis of forecasted current and deferred tax expense for the whole year in the light of full-year earnings projections.

The tax charge for the first half of 2023 was € 65 million with a loss before tax of € 537 million. This charge included € 30 million of non-recurring items, mainly the tax cost of the carve-out operations executed in the first semester, and taxes withheld on internal dividend distributions.

Due to the loss before tax of the period, the Effective Tax Rate (ETR) of the period is not meaningful.

Note 8 Goodwill

Goodwill is not amortized and is subject to an impairment test performed at least annually by comparing its carrying amount to its recoverable amount at the closing date based on the 5-year mid-term plan, or more often whenever events or circumstances indicate that the carrying amount could not be recovered. Such events and circumstances include but are not limited to:

- significant deviance of economic performance of the asset when compared with budget;
- significant worsening of the asset's economic environment;
- loss of a major client;
- significant increase in interest rates.

Goodwill is allocated to a Cash Generating Unit (CGU) or a group of CGUs for the purpose of impairment testing. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level at which management monitors goodwill. Goodwill is tested for impairment at the Regional Business Unit level as RBU are the lowest level at which the goodwill is monitored for internal management purposes.

For the purpose of preparing the interim condensed consolidated financial statements, an impairment test is performed only if the Group has determined that indicators of impairment exist.

Changes in carrying amounts can be presented as follows:

(in € million)	**December 31, 2022**	**Change**	**Exchange differences and other**	**Reclassification to assets held for sale**	**June 30, 2023**
Gross value	6,956	-0	-39	-98	6,819
Impairment loss	-1,652	-51	-14	52	-1,665
Carrying amount	**5,305**	**-51**	**-53**	**-47**	**5,154**

(in € million)	**December 31, 2021**	**Change**	**Exchange differences and other**	**Reclassification to assets held for sale**	**December 31, 2022**
Gross value	6,761	259	139	-202	6,956
Impairment loss	-1,656	-85	10	80	-1,652
Carrying amount	**5,105**	**174**	**148**	**-122**	**5,305**

As at June 30, 2023, the Group determined that no indicators of impairment existed. The impairment loss recorded over the first half of 2023 mainly related to the impairment of a portion of goodwill in Americas resulting from the forthcoming exit from the joint arrangement with the State Street group.

Note 9 Pensions plans and other long-term benefits

For the purpose of preparing the interim condensed consolidated financial statements, the liabilities and assets related to post-employment and other long-term employee defined benefits are calculated using the latest valuation at the previous financial year closing date. Adjustments of actuarial assumptions are performed on the largest pension plans of the Group only if significant fluctuations or one-time events have occurred during the six-month period.

After the reclassification to liabilities related to assets held for sale, the net total amount recognized on the balance sheet in respect of pension plans was € 558 million compared to € 579 million at December 31, 2022.

(in € million)	June 30, 2023	December 31, 2022
Prepaid pension asset	24	28
Accrued liability – pension plans [A]	-582	-607
Total Pension plan	**-558**	**-579**
Accrued liability – other long-term employee benefits [B]	-36	-32
Total accrued liability [a] + [b]	**-618**	**-639**

The French pension reform did not have any material impact on the interim condensed consolidated financial statement.

At the end of June 2023, market yields on AA-rated corporate bonds across the Eurozone and the US were similar to those observed at the end of December 2022. As a result, the discount rates determined at the end of December 2022 were maintained. In the UK, the market yields further increased over the semester while they slightly decreased in Switzerland. Those changes were reflected in the discount rates determined at the end of June 2023.

	United Kingdom		Eurozone		Switzerland		USA	
	6 months ended June 30, 2023	December 31, 2022	6 months ended June 30, 2023	December 31, 2022	6 months ended June 30, 2023	December 31, 2022	6 months ended June 30, 2023	December 31, 2022
Discount rate	5.35%	4.85%	3.8%~4.0%	3.8%~4.0%	2.00%	2.25%	5.00%	5.0%
Salary increase	2.9%	2.9%	2.5%~2.95%	2.5%~2.95%	2.25%	2.25%	na	na
Inflation assumption	RPI: 3.30% CPI: 2.65%	RPI: 3.20% CPI: 2.55%	2.2%	2.2%	na	na	na	na

The fair value of plan assets for major schemes was remeasured as at June 30, 2023.

The net impact of defined benefit plans on Group income statement could be summarized as follows:

(in € million)	6 months ended June 30, 2023	6 months ended June 30, 2022
Operating margin	-28	-29
Other operating income and expense	-4	-1
Financial result	-17	-8
Total (expense) profit	**-48**	**-38**

The increase in the financial expense recognized in the first half of 2023 (€ 17 million compared to € 8 million for the first half of 2022) is explained by significant rises in the discount rates used for the actuarial valuations between December 31, 2021 and December 31, 2022.

Note 10 Provisions

(in € million)	December 31, 2022	Addition	Release used	Release unused	Other*	Reclassification to liabilities related to assets held for sale	June 30, 2023	Current	Non-current
Reorganization	116	180	-99	-1	-0	2	197	195	2
Rationalization	7	3	-0	-0	0	-	10	4	7
Project commitments	563	68	-137	-60	3	11	447	165	282
Litigations and contingencies	55	11	-5	-16	-3	1	43	13	30
Total provisions	**741**	**262**	**-241**	**-78**	**1**	**13**	**698**	**376**	**321**

** Other movements mainly consist of currency translation adjustments*

Additions in reorganization included mainly the extension of the German restructuring plan launched in December 2022.

Additions to provisions for project commitments related to reassessments on onerous contracts, mainly in Northern Europe, while the release unused related to the favourable effects of a settlement with a customer in Germany and a reassessment on a vendor onerous contract.

Note 11 Shareholders' equity

As at June 30, 2023, Atos SE issued share capital amounted to € 111 million, divided into 110,681,896 fully paid-up common stock of € 1.00 par value each.

Earnings (loss) per share

(in € million and shares)	6 months ended June 30, 2023	6 months ended June 30, 2022
Net income (loss) – Attributable to owners of the parent [a]	**-600**	**-503**
Impact of dilutive instruments	-	-
Net income (loss) restated of dilutive instruments - Attributable to owners of the parent [b]	**-600**	**-503**
Weighted average number of shares outstanding [c]	110,681,896	110,623,880
Impact of dilutive instruments [d]	-	-
Diluted weighted average number of shares [e]=[c]+[d]	110,681,896	110,623,880

(in €)		
Basic Earning (loss) per Share [a] / [c]	**-5.42**	**-4.55**
Diluted Earning (loss) per Share [b] / [e]	**-5.42**	**-4.55**

There are no dilutive instruments for the six-month period ended June 30, 2023.

Note 12 Litigations

TriZetto

In 2015, Syntel initiated a lawsuit against the TriZetto Group and Cognizant Technology Solutions, stating claims for breach of contract, intentional interference with contractual relations and misappropriation of confidential information. In response to the complaint, TriZetto and Cognizant asserted various counterclaims, including claims against Syntel for copyright infringement and trade secret misappropriation.

On October 27, 2020, a jury in the U.S. District Court for the Southern District of New York found Syntel, which was acquired by Atos in 2018, liable for trade secret misappropriation and copyright infringement and specified approximately $ 855 million in damages in favor of Cognizant and TriZetto, of which $ 570 million of punitive damages.

On April 20, 2021, the United States District Court for the Southern District of New York granted in part the post-trial motion filed by Syntel. The Court reduced the jury's $ 855 million damages award to $ 570 million and denied Cognizant and TriZetto's request for an additional $ 75 million in pre-judgment interest.

In its decision, the Court held that sufficient evidence existed to support the jury's verdict of trade secret misappropriation and that the jury's award of $ 285 million in compensatory damages was not contrary to law. However, the Court found that the jury's $ 570 million punitive damages award was excessive and should be reduced to $ 285 million. Trizetto agreed to this reduction. The Court also issued an injunction prohibiting future use by Syntel of the specific trade secrets at issue in the trial.

The appeal was filed with the U.S. Court of Appeals for the Second Circuit on May 26, 2021 and briefing was completed on December 23, 2021. The oral argument in the Court of Appeals took place on September 19, 2022.

On May 25, 2023, the United States Second Circuit Court of Appeals vacated the decision issued by the United States District Court for the Southern District of New York. In its decision, the Second Circuit held that the use of the avoided development costs methodology, underlying the initial $570m damages, was contrary to the law. The Second Circuit remanded the case to the District Court for further consideration if any amount of damages are still appropriate.

Assuming the Second Circuit's decision stands, the District Court will decide whether TriZetto is entitled to compensatory damages under New York trade-secret law; compensatory damages under copyright law; and punitive damages under New York trade-secret law (punitive damages are unavailable under copyright law).

Consistent with the Second Circuit opinion, Atos maintains its assessment, as previously communicated, that the maximum amount of damages legally available to TriZetto is approximately $8.5m.

Note 13 Subsequent events

There is no significant subsequent event to report.

3.3. Statutory auditors’ Review Report on the half-yearly financial information for the period from January 1 to June 30, 2023

This is a free translation into English of the statutory auditors’ review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group’s half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Atos S.E., for the period from January 1 to June 30, 2023,
- the verification of the information presented in the interim management report.

These interim condensed consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II- Specific verification

We have also verified the information presented in the interim management report on the interim condensed consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the interim condensed consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, July 31, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés	Grant Thornton *Membre français de Grant Thornton International*
Jean-François Viat	Samuel Clochard

4. Appendices

4.1. Contacts

Institutional investors, financial analysts and individual shareholders may obtain information from:

Thomas Guillois
Head of Investor Relations

Tel +33 6 21 34 36 62
thomas.guillois@atos.net

Requests for information can also be sent by email to investors@atos.net

4.2. Financial calendar

October 26, 2023	(Before Market Opening)	Third quarter 2023 revenue

4.3. Full index