Press release

Market Update

Atos updates its financial projections for 2024-2027 to reflect H1 2024 results, the current business environment in its key markets, and the expected impact on free cash flow[1]

No impact on the key terms of the financial restructuring plan agreed by a majority of the financial creditors and on 2024-2027 liquidity needs

- Lower cash interest expense reflecting the terms and conditions of the financial restructuring plan[2]
- Positive cash generation expected in 2026, while lower than previously planned[3]
- Leverage ratio expected to be below 2.0x during 2027 vs by end-2026 previously
- Target to recover a BB credit profile in the course of 2027, well ahead of end-2029 debt refinancing milestones

Expected timing to implement pre-arranged financial restructuring plan through the accelerated safeguard proceedings remains unchanged

- Meeting for the vote of classes of affected parties on the accelerated safeguard proceedings expected on September 27, 2024
- Court hearing for the approval of the accelerated safeguard plan expected on October 15, 2024
- Following Court approval, implementation of the plan through several capital increases and debt issuances from November 2024 until January 2025

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

1 Updated business plan is based on the current Group perimeter

2 Cash interest expense does not include payment in kind of some interests expenses

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Paris, France – September 2, 2024 – Atos SE ("**Atos**" or the "**Company**") announces today an update of the financial projections for the 2024-2027 period to reflect H1 2024 results, the current business environment and the expected impact on the Group free cash flow. Atos previously published its 2024-2027 business plan on April 29, 2024 as part of its financial restructuring process.

The updated business plan is based on the current Group perimeter.

2024[4]

Group 2024 revenue of €9.7 billion compares with €9.8 billion communicated previously and represents an organic revenue evolution of circa -4.0% compared with 2023, and circa -3.3% compared with the business plan communicated on April 29, 2024.

Group Operating margin of €0.2 billion, or 2.4% of revenue, compared with €0.3 billion, or 2.9% of revenue, communicated previously.

Change in cash before debt repayment of €-0.8 billion compared with €-0.6 billion communicated previously. It excludes the full unwind of the working capital actions of circa €1.8 billion as of December 31, 2023, which will be covered from cash on the balance sheet.

2027[5]

The Group's revenue of €10.6 billion in 2027 compares with €11.0 billion communicated previously and represents a revenue CAGR[6] of +1.2% over the 2023PF[7]-2027 period, compared with circa +2.3% communicated on April 29, 2024.

The Group Operating margin of €1.0 billion, or 9.4% of revenue, compared with €1.1 billion, or 9.9% of revenue, communicated previously.

Change in cash before debt repayment of €0.4 billion compares with €0.3 billion communicated previously.

On a like for like comparison basis[8], cumulated change in cash before debt repayment over the 2024 – 2027 period amounts to €-528 million compared with €-194 million in the business plan dated April 29, 2024.

4 Please refer to the disclaimer of this press release

5 Please refer to the disclaimer of this press release

6 CAGR: Compound annual growth rate

7 PF: Pro forma

8 Using the same cash interest expense as stated by the terms & conditions agreed upon in the lock-up agreement

Key revisions to business plan hypothesis

The updated business plan takes into account current business trends and softer market conditions in some of the Group's key regions, as evidenced as well across the industry. It also reflects the impact of some contract terminations and delays in award of new contracts and add-on work, as clients await the final implementation of the Group's financial restructuring plan, which is expected, following the vote of classes of affected parties and the Court approval on the plan, early 2025.

In particular:

- The updated business plan for Digital & Cloud reflects the return of positive organic revenue growth to July 2025 given the short commercial cycle and the termination of two large accounts.
- BDS' business plan was revised downwards to align with the current business momentum; the seasonality of change in working capital requirement was updated to reflect the planned delivery cycle of HPCs (*High-Performance Computers*).
- The updated business plan for Tech Foundations includes the impact of contract terminations or lower scope of work as well as future client activity expectations.
- Cash interest expense was decreased to reflect the financial terms & conditions of the financial restructuring[9].

The updated business plan is presented in Appendix 1 together with a reminder of the business plan dated April 29, 2024.

Consequence of the updated business plan adjustment on liquidity, cash flow generation and financial leverage

Liquidity needs

Liquidity needs for 2024 and 2025 (cumulative) is €1.1 billion and within the New Financings[10] of €1.75 billion committed by a group of banks and a group of bondholders as part of the financial restructuring of the Company.

Cash flow recovery

The Group is expected to turn free cash flow positive in 2026.

While 2026 Free Cash Flow is expected to be c.€215 million lower than previously planned, the Group still expects to turn free cash flow positive in 2026 with a change in cash position before debt repayment positive at €138 million[11].

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[9] Cash interest expense does not include payment in kind of some interests expenses

[10] As defined in June 30, 2024 press release: provision of secured new money debt in an amount from €1.5 billion to €1.675 billion in the form of new secured financings (the "**New Secured Financings**") as well as €75 million in the form of backstop in cash of the Rights Issue (the "**Equity Financings Backstop**", together with the New Secured Financings, the "**New Financings**").

[11] Updated business plan is based on the current Group perimeter

Financial leverage and credit rating

Assuming a full take up of the €233 million Rights Issue, as part of the implementation of the financial restructuring plan, the Group now expects its leverage ratio to be 2.95x at the end of 2026, versus circa 2.0x previously.

At the end of 2027, financial leverage would be below 2.0x, meaning that the 2.0x target originally planned for end-2026 would be reached in the course of 2027.

In view of the updated business plan, the targeted re-rating of the Company (targeting a BB credit profile) would still occur in the course of 2027, ahead of the first maturity date of the new money debt (maturing end-2029), which refinancing should take place during 2028.

Next steps

The update of the business plan has no impact on the financial restructuring calendar previously communicated:

- The voting of classes of affected parties is intended to take place on September 27, 2024.
- The hearing before the Specialized Commercial Court of Nanterre for the approval of the accelerated safeguard plan is intended to take place on October 15, 2024.
- Once approved by the Court, the plan is expected to be executed from November 2024 until January 2025, and to lead to the equitization of €2.8 billion of debt, the reception of the €1.5 to €1.675 billion new money debt and the €233 million rights issue already backstopped in cash by financial bondholders for €75 million and by the creditors participating in the new financings by set off against a portion of their debts for €100 million, as previously communicated.
- Following Court approval on the plan, the Group is confident on its ability to successfully close those transactions.

The Company will inform the market in due course of the next steps of its financial restructuring.

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Atos SE confirms that information that could be qualified as inside information within the meaning of Regulation No. 596/2014 of 16 April 2014 on market abuse and that may have been given on a confidential basis to its financial creditors has been published to the market, either in the past or in the context of this press release, with the aim of re-establishing equal access to information relating to the Atos Group between the investors.

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Appendix 1: Updated business plan dated September 2, 2024 and reminder of the Adjusted business plan dated April 29, 2024[12]

Digital & Cloud updated business plan (September 2, 2024)

Digital & Cloud, in € million	**2023PF**	**2024E**	**2025E**	**2026E**	**2027E**
Revenue	3,518	3,341	3,315	3,567	3,892
Growth (%)		*-5.0%*	*-0.8%*	*7.6%*	*9.1%*
Operating margin	237	62	224	311	415
OM%	*6.7%*	*1.9%*	*6.7%*	*8.7%*	*10.6%*
OMDA (pre-IFRS 16)		88	250	341	442
OMDA (pre-IFRS 16) %		*2.6%*	*7.5%*	*9.6%*	*11.4%*
Free cash flow before interest and taxes		-102	26	239	377

Digital & Cloud adjusted business plan (April 29, 2024)

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

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12 Please refer to the disclaimer of this press release

BDS updated business plan (September 2, 2024)

BDS, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	1,427	1,531	1,740	1,942	2,179
Growth (%)		*7.3%*	*13.7%*	*11.6%*	*12.2%*
Operating margin	33	87	157	212	259
OM%	*2.3%*	*5.7%*	*9.0%*	*10.9%*	*11.9%*
OMDA (pre-IFRS 16)		163	364	262	313
OMDA (pre-IFRS 16) %		*10.6%*	*20.9%*	*13.5%*	*14.4%*
Free cash flow before interest and taxes		-29	248	191	215

BDS adjusted business plan (April 29, 2024)

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

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Tech foundations updated business plan (September 2, 2024)

Tech Foundations, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	5,185	4,857	4,497	4,486	4,538
Growth (%)		*-6.3%*	*-7.4%*	*-0.2%*	*1.1%*
Operating margin	150	89	27	205	326
OM%	*2.9%*	*1.8%*	*0.6%*	*4.6%*	*7.2%*
OMDA (pre-IFRS 16)		282	232	384	504
OMDA (pre-IFRS 16) %		*5.8%*	*5.2%*	*8.6%*	*11.1%*
Free cash flow before interest and taxes		-203	-299	13	211

Tech Foundations adjusted business plan (April 29, 2024)

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

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Atos Group updated business plan (September 2, 2024)

Atos Group, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	10,130	9,729	9,552	9,996	10,609
Growth (%)		*-4.0%*	*-1.8%*	*4.6%*	*6.1%*
Operating margin	420	238	408	728	999
OM%	*4.1%*	*2.4%*	*4.3%*	*7.3%*	*9.4%*
OMDA pre-IFRS 16		533	846	988	1,260
OMDA %		*5.5%*	*8.9%*	*9.9%*	*11.9%*
Free cash flow before interest and taxes		-334	-25	444	802
Taxes		-61	-54	-82	-129
Separation costs & other		-169	-79	-42	-42
Interests		-219	-170	-182	-186
Change in cash before before debt repayment		-783	-328	138	445

Atos Group adjusted business plan (April 29, 2024)

Atos Group, in € million	2023PF	2024E	2025E	2026E	2027E
Revenue	10,093	9,757	9,915	10,453	11,046
Growth (%)		*-3.3%*	*1.6%*	*5.4%*	*5.7%*
Operating margin	417	282	531	828	1,095
OM%	*4.1%*	*2.9%*	*5.4%*	*7.9%*	*9.9%*
Free cash flow before interest and taxes		-185	5	659	770
Taxes		-61	-67	-92	-134
Separation costs & other		-169	-79	-42	-42
Interests[13]		-219	-170	-182	-186
Free cash flow before debt repayment		-634	-311	343	408

13 Using the same cash interest expense as stated by the terms & conditions agreed upon in the lock-up agreement

Appendix 2: FY23 actual – FY23 pro forma revenue and operating margin reconciliation

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

External revenue	**2023 FY Actuals**	**Scope and FX impacts**	**2023 FY PF (July 24 Rates)**
Digital	*3,630*	*-112*	*3,518*
BDS	*1,459*	*-32*	*1,427*
Sub-total Eviden	5,089	-144	4,945
Tech Foundations	5,604	-419	5,185
Total Group	**10,693**	**-563**	**10,130**

Operating margin	**2023 FY Actuals**	**Scope and FX impacts**	**2023 FY PF (July Rates)**
Digital	*257*	*-20*	*237*
BDS	*38*	*-5*	*33*
Sub-total Eviden	294	-25	270
Tech Foundations	172	-22	150
Total Group	**467**	**-47**	**420**

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

Appendix 3: Free cash flow reconciliations

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

2024E change in cash before the unwinding of working capital actions[14]	-0.8
Unwinding of the working capital actions	-1.8
2024E change in cash after the unwinding of working capital actions[15]	-2.6

[14] Before debt repayment

[15] Before debt repayment

Disclaimer

This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors' behaviors. Any forward-looking statements made in this document are statements about Atos's beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Atos's plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2023 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on May 24, 2024 under the registration number D.24-0429 and in the June 30, 2024 half-year financial report published by Atos SE on August 5, 2024. Atos does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law.

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About Atos

Atos is a global leader in digital transformation with c. 92,000 employees and annual revenue of c. € 10 billion. European number one in cybersecurity, cloud and high-performance computing, the Group provides tailored end-to-end solutions for all industries in 69 countries. A pioneer in decarbonization services and products, Atos is committed to a secure and decarbonized digital for its clients. Atos is a SE (Societas Europaea), and listed on Euronext Paris.

The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.

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