2020 Annual Financial Report

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1. GROUP OVERVIEW

1.1. Atos profile

Atos profile

Atos is a global leader in secure and decarbonized digital with 105,000 employees in 71 countries and annual revenue of €11.2 billion.

We offer our clients a range of market-leading digital solutions and products alongside consultancy services, flawless digital security and decarbonization offerings: an end-to-end partnership approach.

This year, we have changed our organization and further developed our people's skills and competencies to ensure we are fully aligned to our customers. We have pivoted our business to streamline across the industries we serve. This ensures our clients benefit from digital solutions that meet their business challenges. It gives our customers a unified and simplified way of working with us.

We are focused on how we can use data to develop and improve services creating value for our clients and theirs, focusing on the questions that they want to be answered, in terms of:

- Delivering an outcome-based service;
- Enabling the best customer and employee experience;
- Providing safety and sustainability – beyond cybersecurity through long-term digital security and decarbonization.

We believe we can deliver on these through seven digital breakthroughs underpinned by eight strategic technologies.

We are the Worldwide Information Technology Partner for the Olympic & Paralympic Games and we are on track to deliver Tokyo 2020 in 2021 – providing full cloud orchestration, digital security, digital testing as well as additional health and safety procedures and technology – whilst also preparing for the Beijing Winter Olympics in 2022.

We have a broader purpose also, which is to help design the future of the information space. Through our scientists, experts and R&D, we contribute to the development of scientific and technological excellence and released this year our vision of the upcoming technology trends "Journey 2024". We focus on being an inclusive employer that lives diversity.

We operate under the brands Atos and Atos|Syntel. Atos is a SE (Societas Europaea), listed on the CAC40 Paris stock index.

Maintaining our leadership in sustainability

SAM Sustainability Award Gold Class 2020: Ranked for the third time in a row as the most sustainable company in the IT and software services sector by the Dow Jones Sustainability Indexes (DJSI) World and Europe.

ISS-oekom: Atos is ranked in the top 10% of its sector by ISS Oekom.

CDP: In the CDP's 'A List' in 2020 for our leading efforts to tackle climate change.

MSCI ESG Ratings AAA: Triple A score for Atos in the Environmental, Social, Governance rating by Morgan Stanley Capital International, which ranks Atos among the top 5 companies in the IT and software services sector.

ecovadis: Platinum level from EcoVadis for corporate social responsibility assessment.

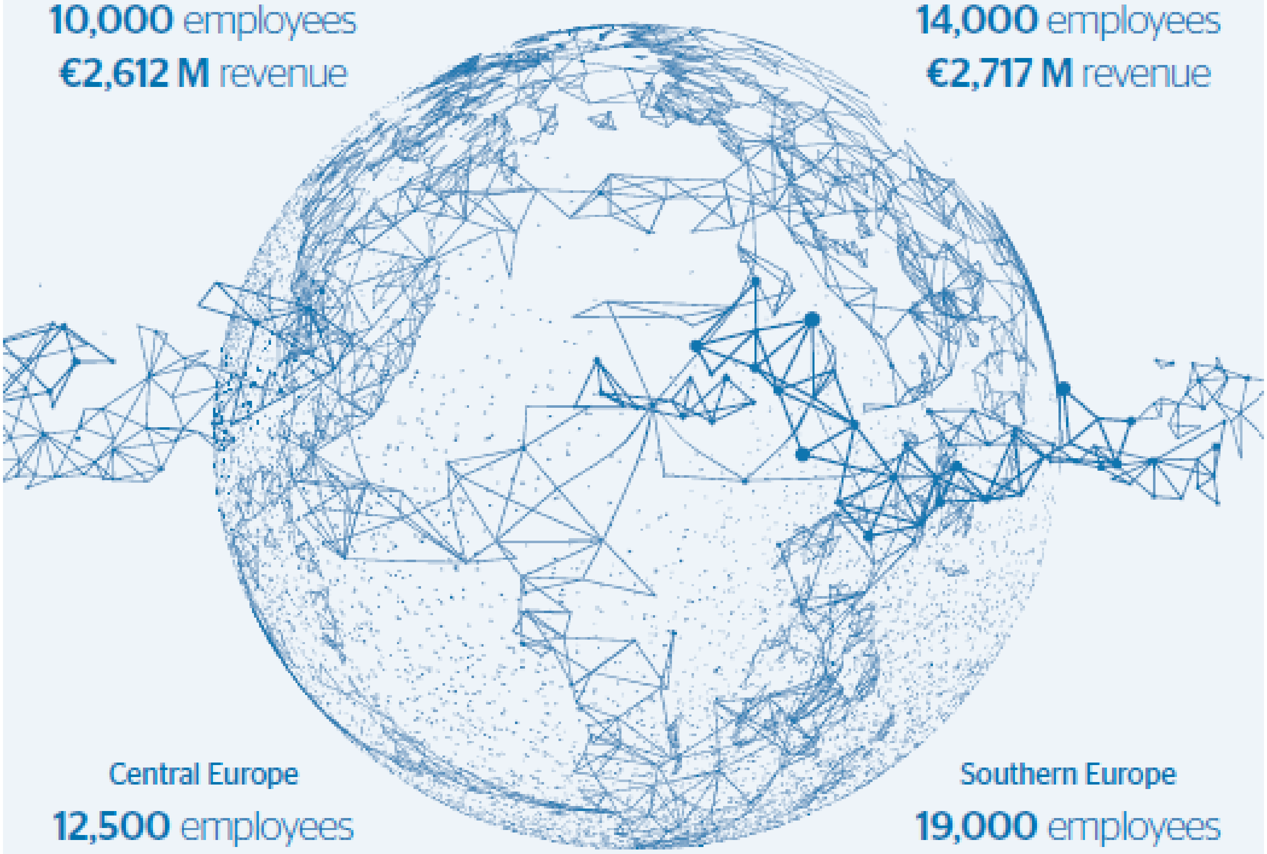
SASB: The 2020 Corporate Social Responsibility report included into the *Universal Registration Document* is aligned with the "Software & IT Services" industry standard of the Sustainability Accounting Standards Board (SASB).

105,000 Business Technologists worldwide	45% offshore	Global Leader in Cloud and in Digital Workplace	€11.2 bn 2020 Revenue	65% Great Place to Work First quartile of the industry	Digital, Cloud, Security & Decarbonization 46% of Group revenue (40% in 2019)
Global balanced profile Across Industries, Geographies & Businesses	#3 in Cybersecurity Services worldwide		€1.0 bn 2020 operating margin	85,216 new digital certifications in 2020 +40% vs. 2019	
2/3 multi year contracts	Active in 71 countries	Debt free BBB+ rating	€0.5 bn 2020 free cash flow	€235 M R&D spending per year	3,000 Active patents

105,000 employees working in **71** countries representing **139** nationalities

North America
10,000 employees
€2,612 M revenue

Northern Europe
14,000 employees
€2,717 M revenue

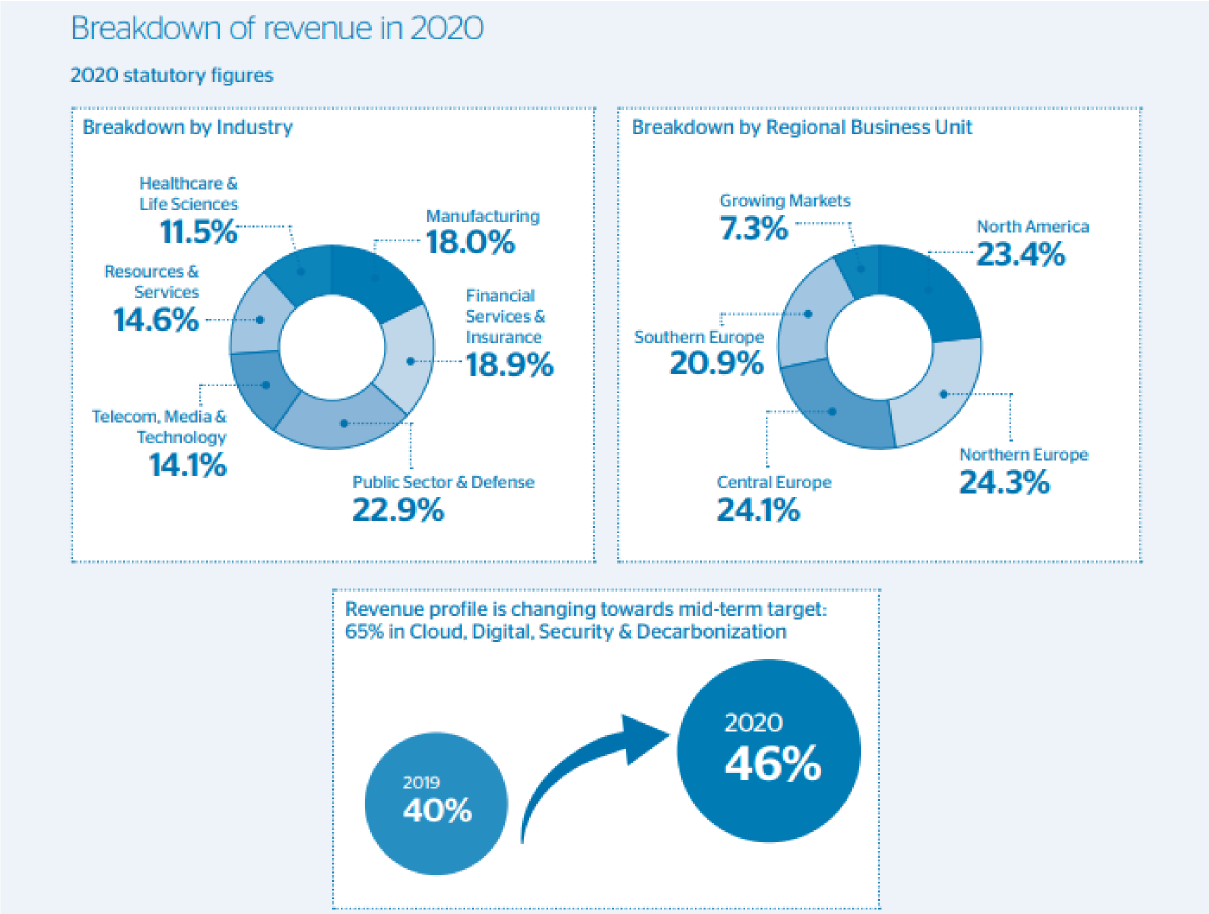


Central Europe
12,500 employees
€2,699 M revenue

Southern Europe
19,000 employees
€2,339 M revenue

Growing Markets
49,500 employees
€814 M revenue

1.2. Revenue profile



2. BUSINESS PERFORMANCE & FINANCIAL REVIEW

2.1. Operational review

2.1.1. Statutory to constant scope and exchange rates reconciliation

Revenue in Full Year 2020 reached € 11,181 million, -2.3% at constant exchange rates and -3.0% organically. Operating margin reached € 1,002 million, representing 9.0% of revenue, a decrease by -112 basis points at constant scope and exchange rates.

In € million	2020	2019	% change
Statutory revenue	11,181	11,588	-3.5%
Exchange rates effect		-145	
Revenue at constant exchange rates	**11,181**	**11,443**	**-2.3%**
Scope effect		86	
Exchange rates effect on acquired/disposed perimeters		-0	
Revenue at constant scope and exchange rates	**11,181**	**11,529**	**-3.0%**
Statutory operating margin	1,002	1,190	-15.8%
Scope effect		-7	
Exchange rates effect		-20	
Operating margin at constant scope and exchange rates	**1,002**	**1,163**	**-13.8%**
as % of revenue	*9.0%*	*10.1%*	

The tables below present the effects on Full Year 2019 revenue of acquisitions and disposals, internal transfers, reflecting the Group's new organization, and change in exchange rates.

	FY 2019 revenue				
In € million	FY 2019 statutory	Scope effects	Internal transfers	Exchange rates effects*	FY2019 at constant scope and exchange rates
Manufacturing	2,241	7		-25	2,224
Financial Services & Insurance	2,207	27		-38	2,196
Public Sector & Defense	2,400	2		-14	2,387
Telecom, Media & Technology	1,661	26		-25	1,662
Resources & Services	1,792	15		-25	1,782
Healthcare & Life Sciences	1,288	8		-18	1,278
TOTAL GROUP	**11,588**	**86**		**-145**	**11,529**
North America	2,725	112	1	-57	2,781
Northern Europe	2,715	-20	30	-28	2,697
Central Europe	2,784	-30	6	3	2,763
Southern Europe	2,447	25	6	0	2,478
Growing Markets	917	-2	-42	-63	810
TOTAL GROUP	**11,588**	**86**		**-145**	**11,529**
Infrastructure & Data Management	6,321	57	4	-81	6,301
Business & Platform Solutions	4,216	13	-14	-56	4,159
Big Data & Cybersecurity	1,050	15	10	-7	1,068
TOTAL GROUP	**11,588**	**86**		**-145**	**11,529**

* *At FY 2020 exchange rates*

In € million	FY 2019 Operating margin				
	FY 2019 statutory	Scope effects	Internal transfers	Exchange rates effects*	FY 2019 at constant scope and exchange rates
Manufacturing	126	-0		-2	124
Financial Services & Insurance	307	1		-10	299
Public Sector & Defense	244	-0		-2	242
Telecom, Media & Technology	142	-8		-2	132
Resources & Services	205	1		-2	203
Healthcare & Life Sciences	166	0		-2	164
TOTAL GROUP	**1,190**	**-7**		**-20**	**1,163**
North America	343	9	71	-11	412
Northern Europe	253	-5	22	-4	266
Central Europe	209	-8	-1	0	200
Southern Europe	228	-0	-19	0	209
Growing Markets	200	-3	-73	-5	118
Global Structures	-42		0		-42
TOTAL GROUP	**1,190**	**-7**		**-20**	**1,163**
Infrastructure & Data Management	614	-6		-9	599
Business & Platform Solutions	492	1	-2	-11	481
Big Data & Cybersecurity	149	-2	2	-0	149
Corporate costs	-65				-65
TOTAL GROUP	**1,190**	**-7**		**-20**	**1,163**

* *At FY 2020 exchange rates*

Scope effects amounted to €+86 million for revenue and €-7 million for operating margin. They are mainly related to:

- the acquisitions consolidated either in Q4 2019 (IDnomic, X-PERION) or in the course of 2020 (Maven Wave, Miner & Kasch, Alia Consulting, Paladion, digital.security, EcoAct, and Edifixio) for a total amount of €+149 million for revenue and €+9 million for operating margin;

- the disposal of some specific Unified Communication & Collaboration activities as well as former ITO activities in the UK at the beginning of H2 2019, and the disposal and decommissioning of non-strategic activities within CVC, for a total amount of €-63 million for revenue and €-16 million for operating margin.

NB:

- Atos announced on December 15th, 2020 that it has completed the acquisition of Eagle Creek. The firm will be consolidated into the Group financial statements in Q1 2021. Therefore, no restatement is necessary for FY 2019 revenue and operating margin;

- Atos announced on December 18th, 2020 that it has completed the acquisition of SEC Consult. The firm will be consolidated into the Group financial statements in Q1 2021. Therefore, no restatement is necessary for FY 2019 revenue and operating margin;

- The closing of the acquisition of Motiv is expected to take place in 2021. Therefore, no restatement is necessary for FY 2019 revenue and operating margin.

Internal transfers mostly referred to Cybersecurity consulting services formerly reported in Business & Platform Solutions and now integrated under Big Data & Cybersecurity since H2 2019, the revenue of a contract previously signed between Worldline and Growing Markets and now signed between Worldline and France (part of Southern Europe) since January 1, 2020, and finally the transfer of contracts realized by Syntel India in Europe and previously reported under Growing market.

Currency exchange rate effects negatively contributed to revenue for €-145 million and to operating margin for €-20 million. They mostly came from the depreciation of the US Dollar, the Brazilian Real and the Pound Sterling against the Euro over the period.

2.1.2. Performance by Industry

In € million	Revenue				Operating margin		Operating margin %	
	2020	2019*	Organic evolution	Constant Currency evolution	2020	2019*	2020	2019*
Manufacturing	2,010	2,224	-9.6%	-9.3%	67	124	3.3%	5.6%
Financial Services & Insurance	2,116	2,196	-3.6%	-2.5%	261	299	12.3%	13.6%
Public Sector & Defense	2,565	2,387	+7.5%	+7.5%	259	242	10.1%	10.1%
Telecom, Media & Technology	1,574	1,662	-5.3%	-3.7%	134	132	8.5%	7.9%
Resources & Services	1,627	1,782	-8.7%	-7.9%	121	203	7.4%	11.4%
Healthcare & Life Sciences	1,288	1,278	+0.7%	+1.4%	160	164	12.4%	12.8%
Total	**11,181**	**11,529**	**-3.0%**	**-2.3%**	**1,002**	**1,163**	**9.0%**	**10.1%**

** At constant scope and exchange rates*

2.1.2.1. Manufacturing

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,010	2,224	-9.6%	-9.3%
Operating margin	67	124		
Operating margin rate	3.3%	5.6%		

** At constant scope and exchange rates*

With 18% of the Group revenue, Manufacturing reported a **revenue** of € 2,010 million, representing a decrease by -9.6% organically year-on-year, of which -8.1% in Q4.

The Industry was impacted by a significant decrease of its activity mainly due to Covid-19 in the Automotive, Aerospace and Industrial Services sectors, especially in Southern Europe, in North America, and in Central Europe.

The Industry was also impacted by lower volumes with Siemens, mainly in North America, the base effect of some contracts which ended in 2019 in Northern Europe, and in Southern Europe with some contract terminations.

New business started with a large German automotive manufacturer in the first quarter and increasing activity with some Food & Beverage customers allowed to limit the impact, as well as new Digital Workplace projects in North America.

The share of business realized with the top 10 customers represents 52% of the Manufacturing Industry.

Although strong actions were performed all over the year, the volume reductions led to an **operating margin** at € 67 million, representing 3.3% of revenue, decreasing by 225 basis points.

2.1.2.2. Financial Services & Insurance

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,116	2,196	-3.6%	-2.5%
Operating margin	261	299		
Operating margin rate	12.3%	13.6%		

** At constant scope and exchange rates*

Financial Services & Insurance **revenue** was € 2,116 million during the Full Year of 2020, representing 19% of total revenue of the Group. The industry was down by -3.6% organically compared to 2019 at constant scope and exchange rates. This decrease was driven by a combination of challenges in the Banking customer landscape, as well as in Insurance, accelerated by the effects from the Covid-19 pandemic, while Business Transformation Services were growing.

In North America, several banking institutions decided to continue to reduce project volumes to adjust to the economic context. The industry was also impacted by the base effect of sales achieved last year and not repeated in 2020.

In Europe, the Industry had to face different strategies from their customers. Several banking institutions in Southern and Central Europe decided to postpone new projects. This trend could not be compensated by the ramp-up of large insurance contract in the United Kingdom.

Growing Markets was impacted by non-repeated product sales performed last year notably in Asia, and also by a ramp-down in Africa.

The top 10 customers of the Industry segment Financial Services & Insurance represented 51% of the Full Year total revenue of the Industry.

Operating margin was € 261 million, representing 12.3% of revenue. Despite lower revenue generation, the Industry benefitted from the strong contribution of Syntel activities and cost synergies, as well as from cost saving actions.

2.1.2.3. Public Sector & Defense

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,565	2,387	+7.5%	+7.5%
Operating margin	259	242		
Operating margin rate	10.1%	10.1%		

** At constant scope and exchange rates*

Public Sector & Defense was the largest Industry of the Group with a **revenue** at € 2,565 million representing 23% of the Group revenue, and was up +7.5% at constant scope and exchange rates.

This performance was driven by Northern Europe, led by the continuation of a large High-Performance Computing project with a weather forecast institution, higher volumes with European Union Institutions in Cloud solutions, and a strong activity with various governmental agencies.

Central Europe also contributed to this growth, thanks to various projects in High-Performance Computing and to the ramp-up of a new project in Germany.

In North America, the Industry grew thanks to the ramp-up of the NG911 project in the State of California, and the development of new projects with the State of Oklahoma.

Despite the impact of the postponement of Tokyo Olympic Games and the end of the Panamerican Games, Growing Markets also grew with deals signed with an African Ministry of Interior and the development of High-Performance Computing activities in India.

Revenue in Southern Europe decreased due to the ramp-down of projects and lower level of product sales with several French Ministries and a weather forecast institution. A new High-Performance Computing project with an Italian research consortium was launched.

39% of the revenue in this Industry was realized with the top 10 clients.

Operating margin reached € 259 million, representing 10.1% of revenue, stable compare to last year on a like for like basis. The growth of the activity, a better business mix and costs reduction initiatives compensated some commercial and technical investments made to sustain revenue growth.

2.1.2.4. Telecom, Media & Technology

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	1,574	1,662	-5.3%	-3.7%
Operating margin	134	132		
Operating margin rate	8.5%	7.9%		

** At constant scope and exchange rates*

Telecom, Media & Technology **revenue** represented 14% of the Group revenue and reached € 1,574 million, decreasing by -5.3% compared to 2019 at constant scope and exchange rates.

High Tech & Engineering declined in Central Europe and in Growing Markets mainly due to volume reductions in Unified Communication & Collaboration, as well as the ramp-down of a multinational telecommunications company. Positive results were recorded in Northern Europe thanks to new logo deals and ramp-ups. In North America, the increase came from Digital Workplace offerings, organic growth of newly acquired Maven Wave and contract ramp-ups.

Media recorded an increase across all the Regional Business Units, with more prominent amounts in North America, Growing Markets and Northern Europe thanks to new business with a US multinational technology company, as well as in Central Europe with a media holding.

Telecom activity was impacted by less product sales, notably with two large German operators and by some volume reductions in Southern Europe. Conversely, smaller positive developments were recorded in Growing Markets and in Southern Europe.

The top 10 clients represented 44% of the total Telecom, Media & Technology Industry revenue.

Operating margin was € 134 million or +8.5% of revenue, an increase by +60 basis points compared to last year at constant scope and exchange rates. Project improvement programs combined to cost reduction measures allowed to compensate the volume reduction impacts.

2.1.2.5. Resources & Services

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	1,627	1,782	-8.7%	-7.9%
Operating margin	121	203		
Operating margin rate	7.4%	11.4%		

** At constant scope and exchange rates*

Revenue generated by Resources & Services in the Full Year 2020 reached € 1,627 million representing 15% of the total revenue of the Group. The Industry decreased by -8.7% compared to 2019 with very different trends across its components together with the impact of the Covid-19 Pandemic.

Business with clients in Energy and Utilities sectors fueled the growth. In particular, the sectors increased in North America with a ramp-up of National Grid in Digital Workplace, and in Growing Markets which successfully delivered new High-Performance Computing projects in Brazil. In Central Europe, Application projects activity was supported by ramp-ups in mission-critical communications for offshore wind farms and RheinEnergie for the transformation and operation of its digital workplace. In Southern Europe, new volume activity in Italy with new offerings, while some projects with other major European Utilities companies were delayed.

The situation with customers operating in Retail, Transportation and Hospitality sectors was more challenging due to Covid-19. A new large IoT deal was signed with Goli Nutrition in the last quarter in North America.

In Northern Europe, ramp-up of projects with Network Rail to migrate data centers into a new digital private cloud partly mitigated the reduction of volumes with a large UK mail company. In Southern Europe, the increase in volume with SNCF in France compensated for some volume reductions with other customers.

Finally, in Central Europe, additional volumes with several clients partly mitigated the impact of activities stopped with Thomas Cook (insolvency situation) and a more challenging Unified Communication & Collaboration activity.

The top 10 clients represented 40% of the total Resources & Services revenue.

Operating margin reached € 121 million, representing 7.4% of revenue, -395 basis points at constant scope and exchange rates, Despite the drastic cost savings plan initiated as soon as Q2, the margin was strongly impacted by the revenue effect in the sub-Industries that are the most impacted by the pandemic such as Transportation, Hospitality and non-food Retail.

2.1.2.6. Healthcare & Life Sciences

In € million	2020	2019*	Organic evolution	Constant Currency evolution
In € million	1,288	1,278	+0.7%	+1.4%
Revenue	160	164		
Operating margin	12.4%	12.8%		

** At constant scope and exchange rates*

Representing 12% of total revenue of the Group, Healthcare & Life Sciences **revenue** was € 1,288 million, growing by +0.7% compared to 2019 at constant scope and exchange rates.

North America performance was fueled by a significant ramp-up of the Advanced Computing project as well as a ramp-up in the US, although product sales performed last year were not repeated in 2020.

Northern Europe faced a challenging situation and was impacted by volume reductions with some customers and the ramp-down in the United Kingdom.

In Central Europe, the Industry was fueled by the ramp-up of two Digital Workplace contracts with Bayer and a biopharmaceutical company based in Switzerland.

Similarly, the Industry benefited in Southern Europe from a strong activity in Digital projects and High-Performance Computing, and the launch of a new contract with a very large European Pharma company, combined with the ramp-up of an Australian Public Agency contract in Growing Markets.

The top 10 main clients represented 61% of the total Healthcare & Life Sciences revenue.

Operating margin was € 160 million, representing 12.4% of revenue and almost at the level of last year on a like for like basis.

2.1.3. Performance by Regional Business Unit

	Revenue				Operating margin		Operating margin %	
In € million	2020	2019*	Organic evolution	Constant Currency evolution	2020	2019*	2020	2019*
North America	2,612	2,781	-6.1%	-2.2%	393	412	15.1%	14.8%
Northern Europe	2,717	2,697	+0.7%	+1.1%	226	266	8.3%	9.8%
Central Europe	2,699	2,763	-2.3%	-3.2%	123	200	4.6%	7.2%
Southern Europe	2,339	2,478	-5.6%	-4.4%	182	209	7.8%	8.4%
Growing Markets	814	810	+0.5%	-4.3%	119	118	14.6%	14.6%
Global structures	-	-	-	-	-42	-42	-0.4%	-0.4%
Total	**11,181**	**11,529**	**-3.0%**	**-2.3%**	**1,002**	**1,163**	**9.0%**	**10.1%**

** At constant scope and exchange rates*

2.1.3.1. North America

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,612	2,781	-6.1%	-2.2%
Operating margin	393	412		
Operating margin rate	15.1%	14.8%		

** At constant scope and exchange rates*

Revenue reached € 2,612 million, decreasing by -6.1% organically. Revenue organic evolution did not improve in Q4 due to non-repeatable sales last year. The geography faced contrasted situations between its different Industries. The steep economical contraction started in the second quarter with Covid-19 led to lower volumes on time and material activities on some of the Industries compensated by favorable demand, new solutions and new logos on others as the Public Sector and the Telecom, Media & Technology.

Manufacturing declined by -21.8% organically. This was notably coming from scope reduction and volume decrease due to Covid-19 impact as well as both Siemens and a chemical company lower volumes on digital workplace services. The decline is also coming from non-repeated product sales performed at the end of last year. Digital workplace projects launched with a new logo partially compensates the reduction.

Financial Services & Insurance closed the year with a -5.4% decrease. The Industry was impacted by the base effect from an important legacy contract terminated in 2019. The Industry also faced decisions from customers in the banking sector to reduce expenses to external IT partners. First sign of rebound was reported with a growth in Q4, the unit managed to increase volumes and develop new projects with Wells Fargo, Willis Towers Watson and with new logo as an American Financial Company and a Canadian insurance company.

Public Sector & Defense achieved a double-digit growth of +13.5%. This performance was due to ramp-up of the NG911 project in California and other US states as well as new digital workplace projects with new logo. The Industry also benefited from increased volumes on sales of Atos developed hardware equipment, which compensated reductions.

Telecom, Media & Technology recorded a solid growth of +4.6% benefitting from additional volumes in digital workplace for various clients and from the ramp-up of projects with new logo in the US. The industry was also fueled by positive contribution from the Cloud services of the new acquisition Maven Wave, and Big data & Cybersecurity strong performance.

Resources & Services was -20.7% down, mainly due to non-repeated product sales performed last year and to volume reductions in the context of Covid-19

Healthcare & Life Sciences decreased by -3.0% organically. It was mainly attributable to the non-repeated product sales performed last year and reduced volumes in Healthcare. This was partially compensated by significant ramp-up on advanced computing project developed for an American Insurance company, as well as good performance with Bayer.

Operating margin reached € 393 million, representing 15.1% of revenue. It increased its profitability by +25 basis points compared to last year despite revenue decrease. The profitability improvement was generated by workforce optimization initiatives, strong actions on the cost base, and a positive contribution from Maven Wave acquisition.

2.1.3.2. Northern Europe

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,717	2,697	+0.7%	+1.1%
Operating margin	226	266		
Operating margin rate	8.3%	9.8%		

** At constant scope and exchange rates*

Revenue reached € 2,717 million in FY 2020 in Northern Europe, reporting a slight organic growth of +0.7%, compared to the same period last year at constant scope and exchange rates. This performance resulted from very different situations in the different Industries.

Manufacturing declined organically, essentially impacted by contracts ended in 2019. This was partially offset by new projects in H2 2020, mainly in Edge & Internet of Things.

Financial Services & Insurance faced a challenging situation mainly due to the decrease in project volume in Benelux.

Public Sector & Defense recorded a double-digit growth mainly led by successful deliveries to European Union Institutions, the delivery of High-Performance Computing solutions, as well as increased volumes with several governmental institutions across the region. The ramp-up was driven mainly by Cloud solutions, Digital Workplace, Advanced Computing and Infrastructure & Foundation Services.

Telecom, Media & Technology recorded growth in 2020 compared to last year. The strong recovery in H2 2020 was fueled by Cloud services.

Resources & Services decreased organically, mainly due to ramp-down projects with a UK mail company and an airline Company in the United Kingdom. This was partially compensated by increased project volumes and a new contract with a US multinational delivery services company, as well as positive ramp-ups in Infrastructure & Foundation Services in the United Kingdom.

Revenue in Healthcare & Life Sciences also decreased organically, mainly driven by ramp-down of Customer Experience projects, Cloud Solutions projects and Vertical Solutions in the United Kingdom. This was to some extent mitigated by new contracts and some ramp-ups of existing contracts.

Operating margin reached € 226 million or +8.3% of revenue, a decrease of -154 basis points compared to last year at constant scope and exchange rates, mainly resulting from decreased volumes in Manufacturing and Healthcare contracts.

2.1.3.3. Central Europe

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,699	2,763	-2.3%	-3.2%
Operating margin	123	200		
Operating margin rate	4.6%	7.2%		

** At constant scope and exchange rates*

Revenue was € 2,699 million, decreasing by -2.3% organically compared to last year at constant scope and exchange rates. A strong performance from Public Sector & Defense and Health & Life Sciences was offset by more challenging situations in other Industries.

Revenue in Manufacturing declined, mainly driven by volume reductions in the German Aerospace sector. The German Automotive sector recorded a recovery due to a ramp-up with Rheinmetall which was enough to offset the volume reductions with large manufacturers. The Food & Beverage sector also recorded growth thanks to Philip Morris and Japan Tobacco.

Financial Services & Insurance was down due to lower sales of products in H1 2020 and Covid-19.

Public Sector & Defense recorded a strong growth mainly led by High-Performance Computing sales with a research center in Germany and a new deal with a governmental institution which fully ramped up in H2 2020.

Telecom, Media & Technology decreased compared to last year, coming primarily from volume reductions in most lines of service from large telecom operators and from ramp-down of application management activities with a Nordic telecommunication provider. Volumes were also reduced on legacy Unified Communication & Collaboration mainly due to reduction in stocking orders in the context of Covid-19 Pandemic. The ramp-up of new contracts with a US multinational technology company, a leading software partner and a media holding mitigated this challenging situation.

Resources & Services grew thanks to a strong H2 2020 performance due to High-Performance Computing new deals with a global leader in offshore wind energy, a leader in the distribution of electrical equipment, and a German public railway company which remained strong and consistent throughout the year. This was negatively influenced by Thomas Cook's bankruptcy.

Healthcare & Life Sciences also grew with a double-digit growth. This was fueled by the launch of new Digital Workplace contract with Bayer, as well as the ramp-up of the new contracts with a biopharmaceutical company based in Switzerland.

Operating margin reached € 123 million or +4.6% of revenue, -268 basis points compared to last year. The decline came from volume reduction with some large customers not fully compensated in the cost base.

2.1.3.4. Southern Europe

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	2,339	2,478	-5.6%	-4.4%
Operating margin	182	209		
Operating margin rate	7.8%	8.4%		

** At constant scope and exchange rates*

Revenue reached € 2,339 million, decreasing by -5.6% organically. While business grew in Healthcare & Life Sciences, the situation was more challenging in Manufacturing and Public Sector & Defense, and Resource and Services.

Manufacturing went down mainly in Automotive, due to the significant impact from the ramp down of a High-Performance Computing contract in 2019, the end of the software solution contract with a French multinational tyre manufacturer, and the ramp-down of a large French automotive manufacturer contract. Industrial Services was impacted by non-repeatable product sales, while Aerospace Business remained flat, thanks to Italy with HPC additional Sales mitigating the reduction of business in France.

Financial Services & Insurance decreased slightly organically due to Insurance, despite the ramp up of a new contract in Italy with an insurance company on Digital Workplace. In Banking and financial services, the activity remained flat, the increase of volume with Worldline in France, with Syntel and a new contract in cloud solution with a bank mitigating the decrease of business with other clients in Iberia.

Public Sector & Defense faced an organic decrease by 8.1% in 2020. This challenging situation came primarily from the termination of a large HPC project with a weather forecast institution, as well as reduction in volumes in international deals in Big Data and Cybersecurity in France. In the second half, these negative trends were partially mitigated with the ramp-up of a new HPC contract in Italy.

Telecom, Media & Technology was impacted by a significant business reduction in the Telecom area, with the decision of a customer to reinsource activities, and the impact from non-repeatable Product sales realized in 2019. The activity in High Tech & Engineering and Media remained flat, despite some Growth in Big Data & Cybersecurity with Big Data sales.

Resources & Services was mainly impacted by Retail and Transportation, with less volumes with a French airline company despite a ramp-up in Spain with an Airport Authority company, as well as in Retail, while it maintained dynamism with SNCF through the development of new offerings. Energy & Utilities declined due to less volumes with the main European Utilities.

Healthcare & Life Sciences posted a strong growth in Healthcare with the development of new projects developed with a Pharma leader, as well as high level of activity with several hospitals, and mainly APHP in the frame of the Covid-19 crisis.

Operating margin reached € 182 million, representing 7.8% of revenue, -62 basis points at constant scope and exchange rates. Manufacturing and Telecom, Media & Technology increased their operating margin thanks to cost reduction actions in a context of less activity volumes. The volume reduction in Banking and financial services impacted mainly France and could not be compensated by the increased activity with Worldline. Resource and Services was impacted by Retail and Transportation, with less volumes with a French airline company, and by volume reduction with European Utilities.

2.1.3.5. Growing Markets

In € million	2020	2019*	Organic evolution	Constant Currency evolution
Revenue	814	810	+0.5%	-4.3%
Operating margin	119	118		
Operating margin rate	14.6%	14.6%		

** At constant scope and exchange rates*

Revenue reached € 814 million in this Business Unit, stable compared to 2019.

Manufacturing reached a single-digit growth, driven by Asia with a ramp-up in Automotive, additional Product Sales, a new SAP Implementation in Process Industries partially offset by the completion of Swire SAP implementation project, and also new business in Product Sales. The volume growth and price increase in Automotive also contributed to the higher activity in South America.

Financial Services & Insurance faced a challenging situation due to volume reductions and non-repeatable Product sales realized in 2019 in Africa and India.

Public Sector & Defense increased, notably in Africa, due to a new contract with Ministries, and another new contract with an Algerian mail operator. India also increased with the development of High-Performance Computing activities. This compensated the postponement of the Tokyo Olympic Games to the next year, and also the end of the Panamerican Games last year.

Telecom, Media & Technology went down in High Tech & Engineering in South America in Unified Communication and Collaboration, and with Syntel in India with less Product sales, partly compensated by new projects in the cloud area, and additional volume with MTN.

Revenue in Resources & Services also grew compared to previous year, fueled by the development of Energy and Utilities with High-Performance Computing projects in Brazil with a multinational corporation in the Petroleum Industry, as well as a volume increase through fertilization in ENEL. This more than compensated one ramp-down in India. The business declined in Retail and Transportation and Hospitality, in particular in Asia.

Healthcare & Life Sciences achieved a double-digit growth, with the ramp-up of the new customer Western Australia Department of Health in Asia, and also a new project in Pharmaceutical in South America (Bayer).

Operating margin was € 119 million, representing 14.6% of revenue, +4 basis points compared to 2019. The increase in South America coming from cost reductions in Telecom, Media & Technology and India with High-Performance Computing activities compensated the impact of the Tokyo Olympic Games postponement.

2.1.3.6. Global Structures

Global structures costs remained stable compared to the full year of 2019, the negative impacts from the Covid-19 Pandemic were offset by the continued internal costs optimization in most of the support functions.

2.1.4. Performance by Division

Continued strong performance recorded in Big Data & Cybersecurity could not compensate for the decrease in Business & Platform Solutions strongly impacted by the Covid-19 pandemic and, to a lesser extent, in Infrastructure & Data Management.

	Revenue			
In € million	2020	2019*	Organic evolution	Constant Currency evolution
Infrastructure & Data Management	6,112	6,301	-3.0%	-2.1%
Business & Platform Solutions	3,832	4,159	-7.9%	-7.9%
Big Data & Cybersecurity	1,237	1,068	+15.8%	+18.6%
Total	**11,181**	**11,529**	**-3.0%**	**-2.3%**

* *At constant scope and exchange rates*

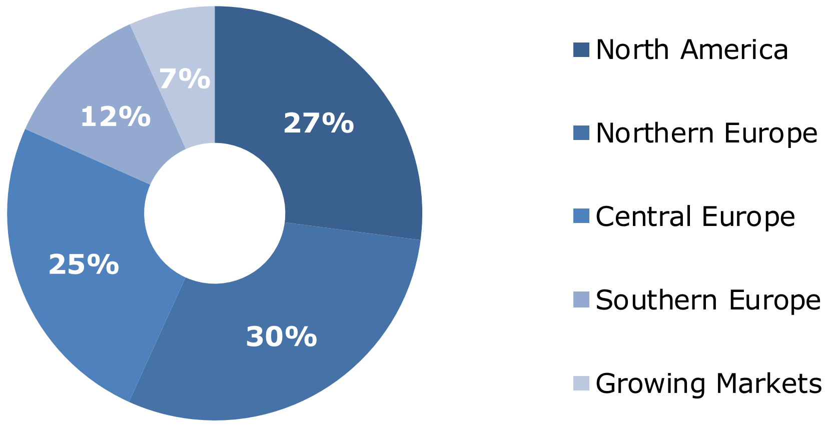
2.1.4.1. Infrastructure & Data Management

Infrastructure & Data Management **revenue** was € 6,112 million in 2020, with -3.0% organic decline at constant scope and exchange rates.

Growth was recorded in Northern Europe due to a large Cloud Solutions contract and the ramp-up of projects with European Institutions and new logo Bell, in North America and a Healthcare company ramp-up among others, in Growing Markets with new services delivered to a Healthcare provider in Australia. The partnership with a US multinational technology company also materialized with the delivery of projects in multiple geographies. Digital Workplace grew in all regions except in Northern Europe where it remained close to last year's level, and Internet of Things also grew mainly and strongly in Northern Europe.

This, however, was not enough to offset the consequences of some volume reductions with Siemens, the Unified Communication & Collaboration Partner channels, as well as one-off sales realized in 2019 and not reproduced in 2020. The results were heavily impacted by large accounts reduction especially in Financial Services & Insurance, Resources & Services and Manufacturing due to the Covid-19 Pandemic.

Infrastructure & Data Management revenue profile by geographies



2.1.4.2. Business & Platform Solutions

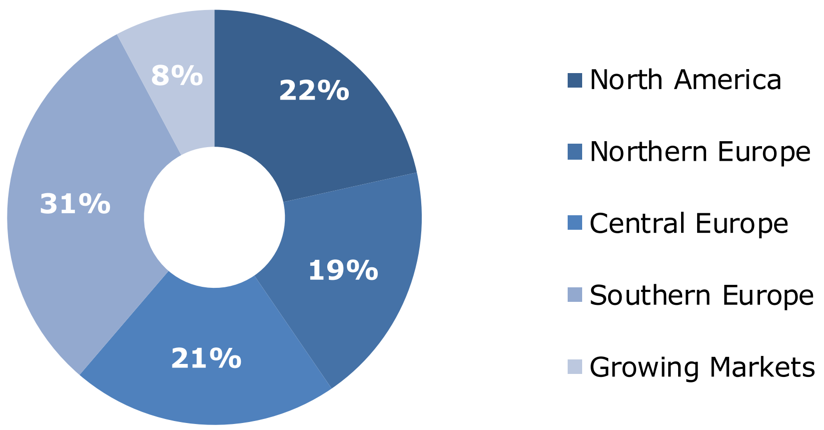
In Business & Platform Solutions, **revenue** was € 3,832 million, down -7.9% organically, with a better performance in Q4. The Division was strongly impacted by the consequences of Covid-19, the increased adoption of subscription models instead of one-time purchases by the customers, the reduction of time and material based activities and the postponement of projects from our customers; the Division managed to start some new projects and to limit its decline in the fourth quarter compared to the third quarter of 2020.

In North America, activities were based on decisions from our customers to postone projects.

In Europe, the Division faced challenges in Manufacturing, Telecom, Media & Technology industries and in Resource and Services. In Manufacturing, the activity was impacted by terminated contracts and ramp-downs notably due to negative impacts from the Covid-19. Within Telecom, Media & Technology, the Division was impacted by the base effect of non-repeated activities achieved last year notably in Benelux & the Nordics and in France, combined with the decision by several Telecom operators to internalize activities in Spain, and the ramp-down with a major Telecom operator. Resources & Services was mainly impacted by Retail and Transportation, with less volumes with a French airline company despite a ramp-up in Spain with an Airport Authority company. Finally, the performance in Growing Markets was largely impacted by the postponement of Tokyo 2020 Olympics, and the end of the Panamerican Games last year.

These negative impacts were not compensated by the launch of new projects in several geographies and Industries. In particular, the Division contributed to the new SAP HANA project with Autobahn in Central Europe, and increased volumes with Worldline in Southern Europe.

Business & Platform Solutions revenue profile by geographies



2.1.4.3. Big Data & Cybersecurity

Revenue in Big Data & Cybersecurity reached € 1,237 million, maintaining a strong growth at +15.8% compared to last year. This performance was fueled on the one hand by the development and delivery of High-Performance Computing projects, and on the other hand by the double-digit growth in Cybersecurity Services and Products.

In North America, the organic growth was driven by the ramp-up of new services and sales of products.

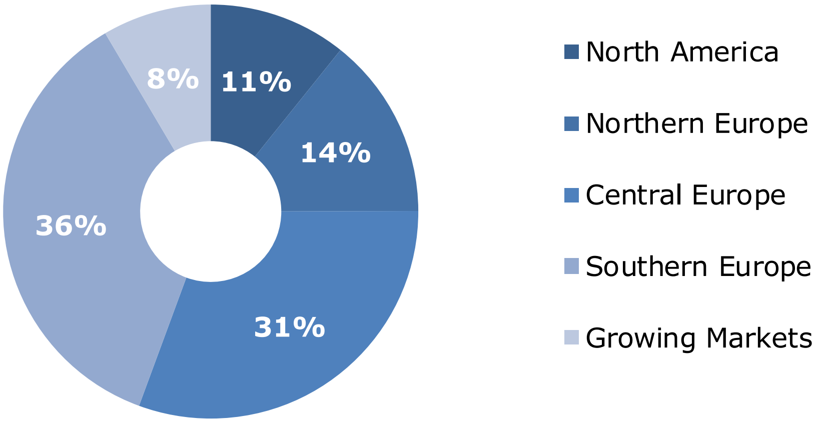
Growth in Northern Europe was fueled by two major High-Performance Computing projects.

The Growth in Central Europe was fueled by the by High-Performance Computing sales in Germany with a Research center.

Southern Europe declined organically, the good performance of Italy with new contracts in the High-Performance Computer area not fully offseting the ramp-down of HPC projects in France and Advanced computing project with Meteo France, and a new HPC Delivery in Italy.

Growing Markets benefited from the ramp-up of a High-Performance Computing contract in India, and another new contract with an Algerian mail operator.

Big Data & Cybersecurity revenue profile by geographies



2.1.5. Portfolio

2.1.5.1. Order entry and book to bill

During the full year of 2020, the **Group order entry** reached **€ 13,330 million**, representing a **book to bill ratio of 119%**, of which 127% in the second half.

Order entry and book to bill by Industry was as follows:

	Order entry			Book to bill		
In € million	H1 2020	H2 2020	FY 2020	H1 2020	H2 2020	FY 2020
Manufacturing	786	735	1,521	77%	74%	76%
Financial Services & Insurance	1,289	2,089	3,378	120%	201%	160%
Public Sector & Defense	1,799	1,609	3,408	145%	121%	133%
Telecom, Media & Technology	1,057	607	1,664	129%	81%	106%
Resources & Services	886	888	1,774	107%	111%	109%
Healthcare & Life Sciences	463	1,123	1,586	73%	173%	123%
Total	**6,280**	**7,050**	**13,330**	**112%**	**127%**	**119%**

Book to Bill ratio was particularly high in Financial Services & Insurance at 160%, in Public Sector & Defense at 133%, and in Healthcare & Life Sciences at 123%.

The main new deals signed in 2020 included large contracts with a German specialized manufacturer (Manufacturing), with Willis Administrative Services Corp (Financial Services & Insurance), with a Ministry of Industry (Public Sector & Defense), and with Goli (Resources & Services).

Main contract renewals were concluded with Siemens for € 3 billion over 5 years, with a large Application Management contract in the Automotive sector (Manufacturing), with the European Commission and the Texas Department of Information Resources (Public Sector & Defense), and with Conduent (Telecom, Media & Technology).

Order entry and book to bill by Regional Business Units were as follows:

	Order entry			Book to bill		
In € million	H1 2020	H2 2020	FY 2020	H1 2020	H2 2020	FY 2020
North America	1,893	1,932	3,826	140%	154%	146%
Northern Europe	1,239	2,038	3,276	91%	150%	121%
Central Europe	1,322	1,246	2,569	96%	94%	95%
Southern Europe	1,482	1,425	2,907	130%	119%	124%
Growing Markets	345	408	753	86%	98%	92%
Total	**6,280**	**7,050**	**13,330**	**112%**	**127%**	**119%**

2.1.5.2. Full backlog

In line with the commercial activity, the **full backlog** at the end of December 2020 amounted to **€ 23.7 billion**, compared to € 21.7 billion at the end of December 2019, representing **2.1 year of revenue**.

2.1.5.3. Full qualified pipeline

The **full qualified pipeline** was **€ 9.0 billion**, a very strong increase compared to € 7.3 billion at the end of December 2019 showing the commercial dynamism of the Group with the Industries and representing **9.6 months of revenue**.

2.1.6. Human Resources

The total headcount was 104,430 at the end of December 2020, down by -2.4% compared to 106,980 at the end of June 2020 and by -3.6% compared to December 2019. During the year, the Group welcomed 1,837 new employees from Maven Wave, Miner & Kasch, Alia, Paladion, Econocom, EcoAct and Edifixio acquisitions.

Excluding this scope effect, the staff decreased by -5.4% taking into account Covid-19 crisis and accompanying and anticipating the effect of automation and robotization. During the full year of 2020, the Group hired 11,802 staff, compared to 18,516 in 2019. Hiring has been mainly achieved in offshore/nearshore countries such as India and Poland. Attrition rate was **10.9%** at Group level (15.1% in full year 2019) with a reduction in H2, of which 14.9% in offshore/nearshore countries.

Headcount evolution in full year 2020 by Regional Business Unit and by Division was as follows:

	End of December 2019	Scope	Hiring	Leavers, dismissals, restructuring & transfers	End of December 2020
Infrastructure & Data Management	43,638	166	5,007	-6,235	42,576
Business & Platform Solutions	50,619	542	5,154	-10,002	46,313
Big Data & Cybersecurity	5,489	916	728	-349	6,784
Functions	160	0	163	220	543
Total Direct	**99,906**	**1,624**	**11,052**	**-16,366**	**96,216**
North America	9,953	285	1,054	-2,089	9,203
Northern Europe	13,707	-15	1,445	-2,207	12,930
Central Europe	11,512	-1	431	-619	11,323
Southern Europe	16,399	696	1,118	-1,991	16,222
Growing Markets	47,759	659	6,957	-9,471	45,904
Global structures	577	0	47	10	634
Total Direct	**99,906**	**1,624**	**11,052**	**-16,366**	**96,216**
Total Indirect	**8,411**	**213**	**750**	**-1,160**	**8,214**
TOTAL GROUP	**108,317**	**1,837**	**11,802**	**-17,526**	**104,430**

2.2. 2021 Objectives

In 2021, the Group targets the following objectives for its 3 key financial criteria, based on the current macroeconomic scenario of a progressive recovery over the year:

- **Revenue growth at constant currency:** +3.5% to +4.0%;
- **Operating margin rate:** +40 to 80bps versus 2020;
- **Free cash flow:** €550m to €600m.

2.3. Financial review

Worldline operations in 2019 and 2020

Following the decision made on January 29, 2019 by Atos Board of Directors to submit to the Annual General Meeting the project to distribute 23.5% of Worldline total shares to Atos shareholders and the approval of the transaction by Atos shareholders at the Annual General Meeting on April 30, 2019, this distribution of Worldline shares took effect on May 7, 2019, the payment date for the stock dividend. Thus, in accordance with IFRS 5, Worldline's results up to April 30, 2019 (instead of May 7, 2019 for practical reasons) were reclassified to "Net income from discontinued operation". The gain resulting from this transaction was recognized in the consolidated income statement in "Net income from discontinued operations". After the distribution in kind, the Group considered it had significant influence over Worldline. As a result, Worldline was accounted for under the equity method from May 2019.

In November 2019, Atos disposed part of its remaining Worldline shares and issued an exchangeable bond as follows:

- Sale of 14.7 million of Worldline shares through an Accelerated Bookbuilding Offering (ABO);
- Transfer of £ 198 million (€ 230 million) of Worldline shares to Atos UK Pension Scheme in exchange for no additional funding in cash into this scheme for the next 15 years, and
- Issuance of a 5-year € 500 million bond which will be exchangeable into Worldline shares (Optional Exchangeable Bond, "OEB").

On February 4, 2020, Atos disposed part of its retained interest by selling ca. 23.9 million Worldline shares through an Accelerated Bookbuilding Offering on the market for € 1,402 million, net of disposal costs and tax. The gain on disposal was recognized in the consolidated income statement in "Other operating income and expenses", as elected by the Group in their accounting policies.

After the latest ABO, the Group considered that it no longer had a significant influence over Worldline. Therefore, on the disposal date, the retained interest in Worldline has been classified as a financial asset measured at fair value through profit and loss in accordance with IFRS 9. The Worldline operations are detailed in Note 1.

Impact of the pandemic crisis on the consolidated financial statements

Since the outbreak of the Covid-19 health crisis, Atos has implemented a set of measures to ensure both the health of its employees and the continuity of its customers' strategic businesses, in compliance with the directives of national and international health authorities.

As of the date of issue of the consolidated financial statements, unforeseen events related to the pandemic have not led to any contract termination, dispute with customers or suppliers, or material concessions made by Atos.

The events linked to Covid-19 led the Group to take into consideration the global economic downturn and recent market conditions in the judgments made and assumptions taken when preparing these consolidated financial statements.

Estimates on long-term contracts have been reviewed taking into consideration potential loss-making situations or risks of recoverability on contract assets and contract costs. The expected credit loss valuation has also been reviewed to consider potential increased bankruptcy risk of customers.

In accordance with recommendations from European and French regulators, the Group has elected to maintain effects of the pandemic crisis as part of the operating margin and to not present them as part of Other operating income and expense.

2.3.1. Income statement

The Group reported a net income from continuing operations (attributable to owners of the parent) of € 550 million for 2020, which represented 4.9% of Group revenue. Net income from continuing operations was impacted by several one-off items such as the Worldline shares transaction in February 2020, adaptation restructuring plan in Germany, and implementation costs to generate Syntel synergies.

The normalized net income before unusual, abnormal and infrequent items (net of tax) for the period was € 725 million, representing 6.5% of 2020 Group revenue.

(in € million)	**12 months ended December 31, 2020**	**%**	**12 months ended December 31, 2019**	**%**
Continuing operations				
Operating margin	**1,002**	**9.0%**	**1,190**	**10.3%**
Other operating income/(expenses)	-352		-530	
Operating income	**650**	**5.8%**	**660**	**5.7%**
Net financial income/(expenses)	-51		-208	
Tax charge	-51		-82	
Non-controlling interests	-3		-3	
Share of net profit/(loss) of associates	5		47	
Net income from continuing operations – Attributable to owners of the parent	**550**	**4.9%**	**414**	**3.6%**
Normalized net income from continuing operations – Attributable to owners of the parent *	**725**	**6.5%**	**834**	**7.2%**
Discontinued operations				
Net income from discontinued operation – Attributable to owners of the parent	**-**		**2,986**	

** The normalized net income is defined hereafter*

2.3.1.1. Operating margin

Income and expenses are presented in the consolidated income statement by nature to reflect the specificities of the Group’s business more accurately. Ordinary operating expenses, which are broken down into staff expenses and other operating expenses, are deducted from revenues to obtain operating margin, one of the main Group business performance indicators.

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

2.3.1.2. Other operating income and expenses

Other operating income and expenses related to income and expenses that are unusual, abnormal and infrequent and represented a net expense of € 352 million in 2020. The following table presents this amount by nature:

(in € million)	**12 months ended December 31,2020**	**12 months ended December 31,2019**
Staff reorganization	-127	-100
Rationalization and associated costs	-36	-34
Integration and acquisition costs	-42	-41
Amortization of intangible assets (PPA from acquisitions)	-153	-157
Equity based compensation	-74	-73
Other items	80	-125
Total	**-352**	**-530**

The € 127 million **staff reorganization** expense was mainly the consequence of the adaptation of the Group workforce in several countries, in particular Germany. The increase in 2020 came mostly from specific measures in Germany and other European countries.

The € 36 million **rationalization and associated costs** primarily resulted from the closure of office premises and data centers consolidation, mainly in France.

Integration and acquisition costs at € 42 million mainly related to the integration costs of Syntel to generate synergies while the other costs related to the migration and standardization of internal IT platforms from earlier acquisitions.

In 2020, the € 153 million amortization charge of intangible assets in connection with **Purchase Price Allocation** (PPA) was mainly composed of:

- € 65 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 19 million of SIS customer relationships amortized over 12 years starting July 1, 2011;
- € 19 million of Xerox ITO customer relationships amortized over 6 to 12 years starting July 1, 2015;
- € 16 million of Unify customer relationships and technologies amortized over 2 to 10 years starting February 1, 2016;
- € 16 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014.

In 2020, the amount of amortization of intangible assets recognized in the **Purchase Price Allocation** (PPA) decreased from € 157 million to € 153 million, mainly reflecting the limited amount of amortization charge arising from 2020 acquisitions while intangible assets related to certain past acquisitions ceased to be amortized in 2020.

The **equity-based compensation** expense amounted to € 74 million compared to € 73 million in 2019.

In 2020, **other items** decreased significantly from an expense of € 125 million to a net income of € 80 million including the following exceptional expenses:

- The transaction made in February 2020 on Worldline shares as follows:
  - The Accelerated Bookbuilding Offering of Worldline shares on the market at a share price of € 61.5 led to a net gain on disposal, before tax, of € 120 million, including the derecognition of the intangible assets generated by the Worldline purchase price allocation in May 2019 upon the loss of control over Worldline and while Wordline was accounted for under the equity method;
  - The retained interest of Atos in Worldline group (c. 3.8%) was valued at the fair value at the disposal date, resulting in an additional profit of € 54 million presented as part of the net gain on disposal.
- Excluding the transaction described above totaling € 171 million (including transaction costs), other expenses amounted to € 91 million. Other items mainly included other long-term employee benefits in Germany, France and the UK, unusual impacts from settlements and a limited number of bankruptcies. They also included costs to implement transformation programs.

2.3.1.3. Net financial expense

Net financial expense amounted to € 51 million for the period (compared to € 208 million prior year) and was composed of a net cost of financial debt of € 33 million and non-operational financial costs of € 18 million.

Net cost of financial debt was € 33 million (compared to € 64 million in 2019) and resulted from the following elements:

- Excluding the OEB, the average gross borrowing of € 3,585 million compared to € 5,371 million in 2019 bearing an average expense rate of 1.17% compared to 1.56% last year. The average gross borrowing expenses were mainly explained by:
    - the used portion of the syndicated loan combined with the Negotiable European Commercial Papers (NEU CP) and the Negotiable European Medium-Term Note program (NEU MTN) for an average of € 1,318 million (compared to an average of € 1,478 million in 2019) bearing an effective interest rate of 0.33%, benefiting from the attractive remuneration applied to the NEU CP;
    - a € 600 million bond issued in July 2015 bearing a coupon rate of 2.375% and reimbursed in April 2020.
    - a € 300 million bond issued in October 2016 bearing a coupon rate of 1.444%;
    - a € 700 million bond issued in November 2018 bearing a coupon rate of 0.750%;
    - a € 750 million bond issued in November 2018 bearing a coupon rate of 1.750%;
    - a € 350 million bond issued in November 2018 bearing a coupon rate of 2.500%;
    - other sources of financing, including securitization, for an average of € 51 million, bearing an effective interest rate of 1.03%.
- the average gross cash varied from € 1,441 million in 2019 to € 2,090 million in 2020 bearing an average income rate of 0.61% compared to 1.58% in 2019.

The decrease in the net cost of financial debt compared to 2019 can mainly be explained by the reimbursement of the € 600m bond in April 2020, and the full reimbursement in November 2019 of the $ 1,900 million term loan to fund the Syntel acquisition.

Non-operational financial costs amounted to € 18 million compared to € 144 million in 2019 and were mainly composed of:

- a net gain of € 56 million related to the net values of the OEB derivative and the underlying Worldline shares, both measured at fair value;
- lease liability interest of € 27 million (stable compared to 2019);
- pension related interest of € 12 million compared to € 31 million in 2019. This variation arose from the decrease in discount rates in all countries/zones, and a higher value of the surplus since the end of 2019 as a consequence of the distribution of the Worldline shares to the "UK 2019" scheme for £198m;
- net foreign exchange loss (including hedges) of € 6 million compared to a loss of € 4 million in 2019.

2.3.1.4. Corporate tax

The tax charge for 2020 was € 51 million with a profit before tax from continuing operations of € 599 million. The Effective Tax Rate (ETR) was 8.6% benefitting from one-time items, mainly Worldline transactions and Syntel tax liability release.

2.3.1.5. Non-controlling interests

Non-controlling interests amount to € 3 million in continuing operations compared to the same amount the previous year.

2.3.1.6. Share of net profit/(loss) of associates

Associates accounted for under equity method amounted to € 5 million in 2020 compared to € 47 million in 2019. This decrease reflects the change in accounting for Worldline shares pursuant to the ABO in February 2020.

2.3.1.7. Normalized net income

The normalized net income attributable to owners of the parent is defined as net income attributable to owners of the parent excluding unusual, abnormal, and infrequent items (attributable to owners of the parent) net of tax based on effective tax rate by country. In 2020, the normalized net income attributable to owners of the parent was € 725 million, representing 6.5% of Group revenue for the period.

(in € million)	**12 months ended December 31, 2020**	**12 months ended December 31,2019**
Net income from continuing operations - Attributable to owners of the parent	**550**	**414**
Other operating income and expenses net of tax from continuing operations	-213	-380
Net gain (loss) at fair value measurement on derivative liability and underlying Worldline shares, net of tax	38	-40
Normalized net income from continuing operations - Attributable to owners of the parent	**725**	**834**

2.3.1.8. Earnings per share

(in € million and shares)	12 months ended December 31, 2020	% Margin	12 months ended December 31, 2019	% Margin
Continuing operations				
Net income from continuing operations – Attributable to owners of the parent [a]	**550**	**4.9%**	**414**	**3.6%**
Impact of dilutive instruments	-		-	
Net income from continuing operations restated of dilutive instruments - Attributable to owners of the parent [b]	**550**	**4.9%**	**414**	**3.6%**
Normalized net income from continuing operations – Attributable to owners of the parent [c]	**725**	**6.5%**	**834**	**7.2%**
Impact of dilutive instruments	-		-	
Normalized net income from continuing operations restated of dilutive instruments - Attributable to owners of the parent [d]	**725**	**6.5%**	**834**	**7.2%**
Average number of shares [e]	109,003,866		107,669,930	
Impact of dilutive instruments	-		4,659	
Diluted average number of shares [f]	109,003,866		107,674,589	
(In €)				
Basic EPS from continuing operations [a] / [e]	**5.05**		**3.84**	
Diluted EPS from continuing operations [b] / [f]	**5.05**		**3.84**	
Normalized basic EPS from continuing operations [c] / [e]	**6.65**		**7.74**	
Normalized diluted EPS from continuing operations [d] / [f]	**6.65**		**7.74**	
Discontinued operations				
Net income from discontinued operations – Attributable to owners of the parent [a]	**0**	**0.0%**	**2,986**	**25.8%**
Impact of dilutive instruments	-		-	
Net income from discontinued operations restated of dilutive instruments - Attributable to owners of the parent [b]	**0**	**0.0%**	**2,986**	**25.8%**
Average number of shares [e]	109,003,866		107,669,930	
Impact of dilutive instruments	-		4,659	
Diluted average number of shares [f]	109,003,866		107,674,589	
(In €)				
Basic EPS from discontinued operations [a] / [e]	**0.00**		**27.74**	
Diluted EPS from discontinued operations [b] / [f]	**0.00**		**27.73**	

Potential dilutive instruments in 2019 comprised vested stock options (equivalent to 4,659 options).

2.3.2. Cash Flow

Free cash flow representing the change in net cash or net debt, excluding net acquisitions/disposals, equity changes, and dividends paid to shareholders, reached € 513 million versus € 605 million achieved in 2019 (i.e. € 642 million excluding the positive one-off of € 37 million related to the OEB).

(in € million)	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
Operating Margin before Depreciation and Amortization (OMDA)	**1,661**	**1,802**
Capital expenditures	-320	-324
Lease payments	-361	-345
Change in working capital requirement	-63	-130
Cash from operation (CFO)	**916**	**1,004**
Tax paid	-113	-99
Net cost of financial debt paid	-33	-64
Reorganization in other operating income	-124	-92
Rationalization & associated costs in other operating income	-35	-40
Integration and acquisition costs	-32	-40
Other changes*	-66	-25
Free Cash Flow (FCF)**	**513**	**642**
Net (acquisitions) / disposals	932	625
Capital increase / (decrease)	36	18
Share buy-back	-45	-113
Dividends paid	-5	-58
Change in net cash/(debt)	**1,431**	**1,114**
Opening net cash/(debt)	**-1,736**	**-2,872**
Change in net cash/(debt)	1,431	1,114
Foreign exchange rate fluctuation on net cash/(debt)	-162	-14
Closing net cash/(debt)	**-467**	**-1,736**

** "Other changes" include other operating income with cash impact (excluding 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.*

*** In 2019, Free Cash Flow includes a positive one-off effect of €37 million related to the OEB.*

Cash from Operations (CFO) amounted to € 916 million, down by € 88 million compared to the previous year. This resulted from the change of the following components:

- OMDA net of lease (€ -157 million);
- Capital expenditures (€ +4million);
- Change in working capital requirement (€ +67 million).

OMDA of € 1,661 million represented 14.9% of revenue, compared to 15.5% last year:

(in € million)	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
Operating margin	**1,002**	**1,190**
+ Depreciation of fixed assets	332	334
+ Depreciation of right of use	352	336
+ Net book value of assets sold/written off	15	24
+/- Net charge/(release) of pension provisions	-41	-60
+/- Net charge/(release) of provisions	1	-23
OMDA	**1,661**	**1,802**

Capital expenditures amounted to € 320 million or 2.9% of the revenue, down € 4 million compared to 2019.

The **change in working capital requirement** improved by € 67 million. The DSO ratio reached 46 days compared to 47 days at the end of December 2019. The level of trade receivables sold with no recourse to banks with transfer of risks as defined by IFRS 9 remains at the same level than at the end of December 31, 2019.

Cash out related to **tax paid** reached € 113 million.

The **cost of net debt** decreased to € 33 million (compared to € 64 million in 2019) mainly explained by the reimbursement of the € 600m bond in April 2020, and the full reimbursement in November 2019 of the $ 1,900 million term loan to fund the Syntel acquisition.

Reorganization, rationalization and associated costs, and integration and acquisition costs reached € 191 million compared to € 173 million in 2019. The Group objective for the full year was reached at 1% of revenue plus Syntel costs synergies implementation and German transformation plan.

They mainly included reorganization costs in connection with the adaptation of the Group workforce in several countries, and more specifically in Germany and other European countries; rationalization costs primarily resulted from the closure of office premises and data centers consolidation, mainly in France. Integration and acquisition costs mainly comprised the integration costs of Syntel to generate synergies while the other costs related to the migration and standardization of internal IT platforms from earlier acquisitions.

Other changes amounted to € -66 million, compared to € -25 million in 2019. Adjusted from the positive one-off item of € 37 million related to the issuance of the OEB (derivative instrument, net of fees) in 2019, Other changes are stable compared to 2019. In 2020, they included in particular the cash effect of pension and early retirement programs in France and in Germany, global transformation programs and foreign exchange impacts.

As a result, the Group **Free Cash Flow (FCF)** generated during the year 2020 was € 513 million.

The net cash impact resulting from **net (acquisitions)/disposals** amounted to € 932 million and originated mainly from the Accelerated Bookbuilding Offering of Worldline shares on the market for € 1,402 million, net of costs of disposal and tax, reduced by the consideration paid on the acquisitions of the year, mainly Maven Wave, EcoAct, Paladion and Digital Security.

Capital increase totaled € 36 million in 2020 compared to € 18 million in 2019. This is mainly explained by the relative volumes of shares issued in connection with the Group shareholding programs for employees SHARE 2020 in 2020, compared to SHARE 2018 in 2019.

Share buy-back reached € 45 million during 2020 compared to € 113 million in 2019. These share buy-back programs are related to the delivery of managers performance shares and aim at avoiding dilution effect for the shareholders. The decrease is due to the fact that, in 2019, Atos had to acquire shares for two plans instead of the usual one (performance share plan 2016 with 3-year vesting and performance share plan 2015 with 4.5-year vesting)

In the context of the COVID 19 crisis, the Board of directors decided not to distribute any **dividend** to the owners of the parent in 2020. In 2019, the distribution amounted to € 55 million (€ 1.70 per share).

Foreign exchange rate fluctuation determined on debt or cash exposure by country represented a decrease in net cash of €-162 million, mainly coming from the exchange rate of the US dollar and Indian Rupi against the Euro.

As a result, the **Group net debt position** was € 467 million at the end of December 2020, compared to € 1,736 million at the end of December 2019. This includes the optional exchangeable bond ("OEB") for € 500 million while the Group still owns 3.8% of Worldline shares which are exchangeable at maturity of the OEB.

2.3.3. Financing policy

Atos has implemented a strict financing policy which is reviewed by the Group Audit Committee, with the objective to secure and optimize the Group's liquidity management. Each decision regarding external financing is approved by the Board of Directors. Under this policy, all Group treasury activities, including cash management, short-term investments, hedging and foreign exchange transactions, as well as financial position financing through lease contracts, are managed centrally through the Group Treasury department. Following a cautious short-term financial policy, the Group did not make any short-term cash investment in risky assets.

2.3.3.1. Financing structure

Atos' policy is to fully cover its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

On April 2, 2020, Atos fully repaid by anticipation the 5-year € 600 million bond maturing on July 2, 2020. The coupon rate was 2.375%.

On February 4, 2020, Atos disposed part of its retained interest by selling ca. 23.9 million Worldline shares through an Accelerated Bookbuilding Offering on the market for € 1,402 million, net of disposal costs and tax.

On October 30, 2019 Atos announced the disposal of Worldline share capital (€ 780 million through a private placement by way of Accelerated Book building Offering (ABO)) and the issuance of € 500 million zero coupon bonds exchangeable into Worldline shares with a maturity of 5 years and an exchange premium of 35%. Total gross proceeds for Atos was € 1,280 million for the combined transactions.

On November 5, 2018, Atos announced the successful placement of its € 1.8 billion bond issue. The € 1.8 billion triple tranche-bond issue consists of three tranches:

- € 700 million notes with a 3.5-year maturity and 0.75% coupon;
- € 750 million notes with a 6.5-year maturity and 1.75% coupon;
- € 350 million notes with a 10-year maturity and 2.50% coupon.

There are no financial covenants attached to this bond. The rating agency Standard and Poor's assigned a rating of BBB+ to the three tranches, subsequently to the rating of Atos described here below. On December 17, 2020, Standard and Poor's reaffirmed BBB+ / Stable rating for Atos.

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion revolving credit facility (the Facility) maturing in November 2023 with an option for Atos to request the extension until 6 November 2025 in two times. Atos exercised the second option in 2020 to extend the maturity of the Facility until 6 November 2025. The Facility is available for general corporate purposes and replaces the existing € 1.8 billion facility signed in November 2014. The Facility includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

On May 4, 2018 Atos implemented a Negotiable European Medium-Term Note program (NEU MTN) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 600 million.

On June 2, 2017, Atos implemented a Negotiable European Commercial Paper program (NEU CP) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 900 million raised to € 1.8 billion in October 2018. On December 10, 2019 the maximum amount of € 1.8 billion was increased to € 2.4 billion.

On September 29, 2016, Atos issued a Euro private placement bond of € 300 million with a seven-year maturity and with a 1.444% fixed interest rate (unrated). There are no financial covenants attached to this bond.

On July 2, 2015 Atos issued a bond of € 600 million with a five-year maturity. The coupon rate is 2.375% (unrated). This bond was reimbursed in April 2020.

Atos securitization program of trade receivables had been renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The program was restricted to two French participant entities. This program was terminated in October 2020.

2.3.3.2. Bank covenants

The Group was well within its borrowing covenant (leverage ratio) applicable to the multi-currency revolving credit facility, with a leverage ratio (net debt divided by OMDA) of 0.36 at the end of December 2020.

According to the credit documentation of the multi-currency revolving credit facility, the leverage ratio is calculated excluding IFRS 16 impacts since 2019. The calculation of the ratio at December 31, 2020 includes an adjustment of € 369 million for IFRS 16 lease expense reversal.

The leverage ratio must not be greater than 2.5 times under the terms of the multi-currency revolving credit facility.

2.3.3.3. Investment policy

Atos has a policy to lease its office space and data processing centers. Some fixed assets such as IT equipment and company cars may be financed through leases. The Group Treasury department evaluates and approves the type of financing for each new investment.

2.3.3.4. Hedging policy

Atos' objective is also to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the existing floating-rate financial debt. Authorized derivative instruments used to hedge the debt are swap contracts, entered into with leading financial institutions and centrally managed by the Group Treasury department. The Group has entered into interest rate swaps in 2018.

3. FINANCIAL STATEMENTS

3.1. Consolidated financial statements

Atos consolidated and statutory financial statements for the year ended December 31, 2020, were approved by the Board of Directors on February 17, 2021. Audit procedures are in progress.

3.1.1. Consolidated income statement

(in € million)	**Notes**	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
Revenue	**Note 3.1**	**11,181**	**11,588**
Personnel expenses	Note 4.1	-5,063	-5,277
Operating expenses	Note 4.2	-5,117	-5,121
Operating margin		**1,002**	**1,190**
% of revenue		**9.0%**	**10.3%**
Other operating income and expenses	Note 5	-352	-530
Operating income		**650**	**660**
% of revenue		**5.8%**	**5.7%**
Net cost of financial debt		-33	-64
Other financial expense		-157	-162
Other financial income		139	18
Net financial expense	Note 6.1	-51	-208
Net income before tax		**599**	**452**
Tax charge	Note 7	-51	-82
Share of net profit/(loss) of associates	Note 10	5	47
Continuing operations			
Net income from continuing operations		**553**	**417**
Of which:		-	
- attributable to owners of the parent		550	414
- non-controlling interests		3	3
Discontinued operations			
Net income from discontinued operations		**-**	**3,075**
Of which:		-	
- attributable to owners of the parent		-	2,986
- non-controlling interests		-	89
Total Group			
Net income of consolidated companies		**553**	**3,491**
Of which:		-	
- attributable to owners of the parent		550	3,399
- non-controlling interests		3	92

(in € million and shares)	Notes	12 months ended December 31, 2020	12 months ended December 31, 2019
Net income from continuing operations - Attributable to owners of the parent	**Note 14**	**550**	**414**
Weighted average number of shares		109,003,866	107,669,930
Basic earnings per share from continuing operations		**5.05**	**3.84**
Diluted weighted average number of shares		109,003,866	107,674,589
Diluted earnings per share from continuing operations		**5.05**	**3.84**
Net income from discontinued operation - Attributable to owners of the parent	**Note 14**	**-**	**2,986**
Weighted average number of shares		109,003,866	107,669,930
Basic earnings per share from discontinued operations		**0.00**	**27.74**
Diluted weighted average number of shares		109,003,866	107,674,589
Diluted earnings per share from discontinued operations		**0.00**	**27.73**
Net income of consolidated companies - Attributable to owners of the parent	**Note 14**	**550**	**3,399**
Weighted average number of shares		109,003,866	107,669,930
Basic earnings per share of consolidated companies		**5.05**	**31.56**
Diluted weighted average number of shares		109,003,866	107,674,589
Diluted earnings per share of consolidated companies		**5.05**	**31.56**

3.1.2. Consolidated statement of comprehensive income

(in € million)	12 months ended December 31, 2020	12 months ended December 31, 2019
Net income of consolidated companies	**553**	**3,491**
Other comprehensive income		
- to be reclassified subsequently to profit or loss (recyclable):	**-580**	**132**
Change in value of cash flow hedges	-1	-3
Exchange differences on translation of foreign operations	-579	134
Deferred tax on items recyclable recognized directly on equity	-	1
- not reclassified to profit or loss (non-recyclable):	**-235**	**-98**
Actuarial gains and losses generated in the period on defined benefit plan	-262	-134
Deferred tax on items non-recyclable recognized directly in equity	27	37
Total other comprehensive income	**-815**	**34**
Total comprehensive income for the period	**-262**	**3,525**
Of which:		
- attributable to owners of the parent	-265	3,433
- non-controlling interests	3	92

3.1.3. Consolidated statement of financial position

(in € million)	Notes	December 31, 2020	December 31, 2019
ASSETS			
Goodwill	Note 8.1	6,140	6,037
Intangible assets	Note 8.2	1,391	1,675
Tangible assets	Note 8.3	514	552
Right-of-use assets	Note 9	1,135	1,084
Investments in associates accounted for under the equity method	Note 10	7	1,727
Non-current financial assets	Note 6.3	772	351
Deferred tax assets	Note 7.4	351	325
Total non-current assets		**10,310**	**11,751**
Trade accounts and notes receivable	Note 3.2	2,847	2,858
Current taxes		43	53
Other current assets	Note 4.4	1,631	1,568
Current financial instruments	Note 13	13	7
Cash and cash equivalents	Note 6.2	3,282	2,413
Total current assets		**7,816**	**6,898**
TOTAL ASSETS		**18,127**	**18,649**

(in € million)	Notes	December 31, 2020	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock		110	109
Additional paid-in capital		1,476	1,441
Consolidated retained earnings		5,457	2,278
Translation adjustments		-732	-152
Net income of consolidated companies attributable to the owners of the parent	Note 14.1	550	3,399
Equity attributable to the owners of the parent	Note 14.2	6,861	7,075
Non-controlling interests	Note 14.3	10	12
Total shareholders' equity		**6,871**	**7,087**
Provisions for pensions and similar benefits	Note 11	1,359	1,252
Non-current provisions	Note 12	47	69
Borrowings	Note 6.4	2,669	2,651
Derivative liabilities	Note 6.4	168	107
Deferred tax liabilities	Note 7.4	164	238
Non-current financial instruments	Note 13	0	2
Non-current lease liabilities		975	927
Other non-current liabilities		2	3
Total non-current liabilities		**5,385**	**5,249**
Trade accounts and notes payable	Note 4.3	2,230	2,278
Current taxes		86	182
Current provisions	Note 12	118	119
Current financial instruments	Note 13	13	1
Current portion of borrowings	Note 6.4	1,083	1,498
Current lease liabilities		360	346
Other current liabilities	Note 4.5	1,981	1,888
Total current liabilities		**5,871**	**6,313**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**18,127**	**18,649**

3.1.4. Consolidated cash flow statement

(in € million)	Notes	12 months ended December 31, 2020	12 months ended December 31, 2019
Profit before tax from continuing operations		**599**	**452**
Depreciation of assets	Note 4.2	332	334
Depreciation of right-of-use	Note 4.2	352	336
Net charge / (release) to operating provisions		-40	-82
Net charge / (release) to financial provisions		25	31
Net charge / (release) to other operating provisions		52	19
Amortization of intangible assets (PPA from acquisitions)	Note 5	153	157
Losses / (gains) on disposals of fixed assets		-159	76
Net charge for equity-based compensation		64	67
Unrealized losses / (gains) on changes in fair value and other	Note 6.1	-44	107
Net cost of financial debt	Note 6.1	33	64
Interest on lease liability	Note 6.1	27	27
Cash from operating activities before change in working capital requirement, financial interest and taxes		**1,394**	**1,588**
Tax paid		-113	-99
Change in working capital requirement		-63	-130
Net cash from / (used in) operating activities		**1,219**	**1,360**
Payment for tangible and intangible assets		-320	-324
Proceeds from disposals of tangible and intangible assets		5	15
Net operating investments		**-315**	**-309**
Amounts paid for acquisitions and long-term investments		-470	-54
Cash and cash equivalents of companies purchased during the period		14	5
Proceeds from disposals of financial investments		1,404	670
Cash and cash equivalents of companies sold during the period		-15	-1
Dividend received from entities consolidated by equity method		2	-
Net long-term investments		**934**	**619**
Net cash from / (used in) investing activities		**619**	**310**
Common stock issues on the exercise of equity-based compensation		36	14
Capital increase subscribed by non-controlling interests		-	4
Purchase and sale of treasury stock		-45	-113
Dividends paid		-	-55
Dividends paid to non-controlling interests		-5	-3
Lease payments		-361	-345
New borrowings	Note 6.5	846	591
Repayment of current and non-current borrowings	Note 6.5	-1,296	-1,657
Net cost of financial debt paid		-33	-64
Other flows related to financing activities		-10	4
Net cash from / (used in) financing activities		**-868**	**-1,624**
Increase / (decrease) in net cash and cash equivalents		**971**	**46**
Opening net cash and cash equivalents		**2,334**	**2,378**
Net cash from (used in) discontinued operation		-	-95
Increase / (decrease) in net cash and cash equivalents	Note 6.5	971	46
Impact of exchange rate fluctuations on cash and cash equivalents		-163	5
Closing net cash and cash equivalents	Note 6.5	**3,142**	**2,334**

3.1.5. 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	Translation adjustments	Items recognized directly in equity	Net income	Total	Non controlling interests	Total shareholders' equity
At December 31, 2018, adjusted*	**106,886**	**107**	**2,862**	**2,748**	**-285**	**11**	**630**	**6,074**	**2,027**	**8,101**
▪ Common stock issued	2,329	2	140					142		142
▪ Appropriation of prior period net income				630			-630	-0		-0
▪ Dividends paid				-182				-182	-3	-185
▪ Distribution in kind of Worldline shares			-1,561	-783				-2,344		-2,344
▪ Equity-based compensation				67				67		67
▪ Changes in treasury stock				-113				-113		-113
▪ Non controlling interests Worldline								-	-2,107	-2,107
▪ Other					-1			-1	3	2
Transactions with owners	**2,329**	**2**	**-1,421**	**-381**	**-1**	**-**	**-630**	**-2,431**	**-2,107**	**-4,538**
▪ Net income of consolidated companies							3,399	3,399	92	3,491
▪ Other comprehensive income				-98	134	-2		34		34
Total comprehensive income for the period				**-98**	**134**	**-2**	**3,399**	**3,433**	**92**	**3,525**
At December 31, 2019	**109,215**	**109**	**1,441**	**2,269**	**-152**	**9**	**3,399**	**7,075**	**12**	**7,087**
▪ Common stock issued	778	1	35					36		36
▪ Appropriation of prior period net income				3,399			-3,399	-		-
▪ Dividends paid								-	-4	-4
▪ Distribution in kind of Worldline shares								-		-
▪ Equity-based compensation				64				64		64
▪ Changes in treasury stock				-45				-45		-45
▪ Non controlling interests Worldline								-		-
▪ Other				-3				-3	-1	-4
Transactions with owners	**778**	**1**	**35**	**3,414**	**-**		**-3,399**	**52**	**-5**	**47**
▪ Net income of consolidated companies							550	550	3	553
▪ Other comprehensive income				-235	-579	-1		-815	-0	-815
Total comprehensive income for the period				**-235**	**-579**	**-1**	**550**	**-265**	**3**	**-262**
At December 31, 2020	**109,993**	**110**	**1,476**	**5,448**	**-732**	**8**	**550**	**6,861**	**10**	**6,871**

** Adjustment of December 31, 2018 shareholders' equity resulting from the initial application of IFRS 16*

3.1.6. Notes to the consolidated financial statements

3.1.6.1. General information

Atos SE, the Group's parent company, is a société européenne (public limited company) incorporated under French law, whose registered office is located at 80, Quai Voltaire, 95870 Bezons, France. It is registered with the Registry of Commerce and Companies of Pontoise under the reference 323623603. Atos SE shares are traded on the NYSE Euronext Paris market under ISIN code FR0000051732. The shares are not listed on any other stock exchange. The Company is administrated by a Board of Directors.

Atos is a global leader in digital transformation and is the European number one in cloud, cybersecurity and high-performance computing. Atos provides end-to-end vertical solutions, smart data platforms and infrastructure solutions, working closely with global technology partners and leveraging innovations in business platforms, customer experience and digital workplace, artificial intelligence and hybrid cloud.

The consolidated financial statements of the Group for the twelve months ended December 31, 2020 comprise the Group and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The Atos Group did not change its corporate name compared to the previous period.

These consolidated financial statements were approved by the Board of Directors on February 17, 2021. The consolidated financial statements will be submitted to the approval of the Annual General Meeting scheduled to take place on May 12, 2021.

3.1.6.2. Basis of preparation, estimates and judgments, and significant accounting policies

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

Basis of preparation

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements for the twelve months ended December 31, 2020 have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as at December 31, 2020. 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 International Financial Reporting Interpretations Committee (IFRIC). Accounting policies applied by the Group comply with those standards and interpretations.

As of December 31, 2020, the accounting standards and interpretations endorsed by the European Union are similar to the compulsory standards and interpretations published by the International Accounting Standards Board (IASB). Consequently, the Group's consolidated financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB.

Standards and interpretations applicable from January 1, 2020

The new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning January 1, 2020 had no material impact on the consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Amendments to IAS 1 and IAS 8 - Definition of Material;
- Amendments to IFRS 3 – Definition of a business;
- Amendment to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (Phase 1);
- Amendments to IFRS 16 – COVID-19-related rent concessions.

The 2019 IFRIC decision regarding the definition of the enforceable contractual period of a lease under IFRS 16 had no material impact on the Group

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. None of the new standards effective for annual periods beginning after January 1, 2021 and for which an earlier application is permitted have been approved by the European Union.

Accounting estimates and judgments

The preparation of 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. As a function of changes in these assumptions or in circumstances that may arise, particularly in the context of the current health and economic crisis, the amounts appearing in the future financial statements of the Group may differ from current estimates, particularly in the following areas:

- Revenue recognition: estimates of percentage of completion, potential loss at completion (Note 3 – Revenue, trade receivables, contract assets and contract costs);
- Business combinations: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed (Note 1 – Changes in the scope of consolidation)
- Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts (Note 8 – Goodwill and fixed assets);
- Recognition and measurement of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilized (Note 7 – Income tax)
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources with no counterpart (Note 12 – Provisions)
- Measurement of Defined Benefit Obligations: key actuarial assumptions (Note 11 - Pension plans and other long-term benefits).
- Lease liabilities and right-of-use assets: assessment of the lease term and incremental borrowing rates used (Note 9 – Leases).
- Financial assets: estimate and judgment relating to the recoverability of accounts receivable (Note 3 – Revenue, trade receivables, contract assets and contract costs) and other financial assets.
- Estimates and judgments regarding the outcome of disputes in progress and, more generally, estimates regarding all provisions and contingent liabilities (Notes 12 and 16).

Consolidation methods

Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Group. Control by the Group over its subsidiaries is based on its exposure or entitlement to variable income resulting from its investment in those entities, as well as its ability to exercise power over the entity in such a way as to influence the amount of the returns it receives. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. In the event of a change in the percentage of the Group's interest in a subsidiary without loss of control, the change is recognized as a transaction between shareholders.

Non-controlling interests in the net assets of consolidated subsidiaries are presented on a separate line of equity under "non-controlling interests." Non-controlling interests include the amount of minority interests as of the acquisition date and the amount represented by minority interests in the change in equity since that date.

Joint ventures and associates

An associate is an entity over which the Group exercises significant influence. Significant influence is the power to influence the making of key financial and operational decisions within the entity, without this demonstrating control or joint control of the Group.

A joint venture is a joint arrangement in which the parties, who exercise joint control, are entitled to a share of the net assets of the joint venture. Joint control is demonstrated when, on the basis of the rights granted by the agreement, decisions on the relevant activities of the entity require the unanimous agreement of the parties.

The factors taken into account to demonstrate significant influence or joint control are similar to those used for analyzing the Group's control over its subsidiaries. Joint ventures and associates are accounted for using the equity method.

Joint operations

A joint operation is a partnership in which the partners (joint owners), who exercise joint control over the entity, have direct rights over the assets of the entity, and obligations in respect of its liabilities. As a co-investor, the Group recognizes the relevant assets and liabilities line by line, as well as the income and expenses related to its interests in the joint operations.

Financial assets classification and business model

IFRS 9 defines three approaches to classify and measure financial assets based on their initial recognition.

- Amortized cost;
- Fair value though other components of comprehensive income;
- Fair value through income statement.

Financial assets are classified according to these three categories by reference to the business model the Group uses to manage them, and the contractual cash flows they generate.

Loans, receivables and other debt instruments considered "basic lending arrangements" as defined by IFRS 9 (contractual cash flows that are solely payments of principal and interest) are carried at amortized cost when they are managed with the purpose of collecting contractual cash flows, or at fair value through other components of comprehensive income when they are managed with the purpose of collecting contractual cash flows and selling the asset, while debt instruments that are not "basic lending arrangements" or do not correspond to these business models are carried at fair value through income statement. Equity instruments are carried at fair value through income statement or, under an irrevocable option, at fair value through Other components of comprehensive income.

The business model of the Group is to collect its contractual cash flows for its trade receivables.

Trade receivables can be transferred to third parties (banks) 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. Those trade receivables are in that case derecognized, further to the analysis of the actual transfer of risks, the non-materiality of any dilution risk based on experience, and the absence of continuing involvement.

Presentation rules

Current and non-current assets and liabilities

Assets and liabilities classified as current are expected to be realized, used or settled during the normal cycle of operations. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group's working capital requirement.

Assets and liabilities held for sale/distribution and discontinued operations

Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the assets and liabilities are available for immediate sale in their present condition at the reporting date.

When these assets and liabilities represent either a complete line of business or a business unit, the profit or loss from these activities are presented on a separate line of the income statement and the related cash flows are presented distinctly in the cash flow statement.

Assets and liabilities held for sale/distribution are presented on separate lines in the Group's consolidated statement of financial position, without restatements for previous periods. They are measured at the lower of their carrying amount and fair value less costs to sell/distribute.

Translation of financial statements denominated in foreign currencies

Statements of financial positions of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rates for the period. Statement of financial position and income statement translation adjustments arising from a change in exchange rates are recognized as a separate component of equity under "Translation adjustments". In the event of the disposal of a foreign entity, the proportionate share of accumulated foreign currency translation adjustments recognized in equity relating to this entity is reclassified in the statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of that foreign entity and translated into euro at the closing date.

The Group does not consolidate any entity operating in a hyperinflationary economy except Argentina. Argentina is a hyperinflationary economy since July 1, 2018. As such, all income statement items from Argentinian entities have been restated from inflation in accordance with IAS 29.

Translation of transactions denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Other financial income and expenses", except where hedge accounting is applied as explained in Note 13 – Fair value and characteristics of financial instruments.

Impact of the pandemic crisis on the consolidated financial statements

Since the outbreak of the Covid-19 health crisis, Atos has implemented a set of measures to ensure both the health of its employees and the continuity of its customers' strategic businesses, in compliance with the directives of national and international health authorities.

As of the date of issue of the consolidated financial statements, unforeseen events related to the pandemic have not led to any contract termination, dispute with customers or suppliers, or material concessions made by Atos.

The events linked to Covid-19 led the Group to take into consideration the global economic downturn and recent market conditions in the judgments made and assumptions taken when preparing these consolidated financial statements.

Estimates on long-term contract have been reviewed taking into consideration potential loss-making situations or risks of recoverability on contract assets and contract costs. The expected credit loss valuation has also been reviewed to consider potential increased bankruptcy risk of customers.

In accordance with recommendations from European and French regulators, the Group has elected to maintain effects of the pandemic crisis as part of the operating margin and to not present them as part of Other operating income and expense.

There was no adverse effect on the liquidity position of the Group arising from the pandemic crisis, nor is there any expected effect on the cost of the debt. As such, the Group did not resort to borrowings from the French State ("Prêt Garanti par l'Etat"). In addition, the Group has only one financial covenant, which is associated with the revolving credit facility. The criterion of this covenant is met at December 31, 2020.

The liquidity situation of the Group is further described in Note 13.

3.1.6.3. Financial risk management

The Group's activities are exposed to a variety of financial risks including liquidity risk, interest rate risk, credit risk and currency risk. Financial risk is managed by the Group Treasury department and involves minimizing potential adverse effects on the Group's financial performance.

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit facilities.

Atos' policy is to cover in full its expected liquidity requirements by long-term committed loans or other appropriate long-term financial instruments. Terms and conditions of these loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

Credit facilities are subject to financial covenants that are carefully followed by the Group Treasury department.

An analysis of the maturity of financial liabilities is disclosed in Note 6.4.

Interest rate risk

Interest rate risk arises mainly on borrowings. The management of exposure to interest rate risk encompasses two types:

- a price risk on fixed-rate financial assets and liabilities. For example, by contracting a fixed-rate liability, the Group is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the consolidated income statement and, as such, future net income of the Group up to maturity of these assets;

- a risk on floating-rate financial assets and liabilities should interest rates increase.

The main objective of managing overall interest rate risk on the Group's debt is to minimize the cost of debt and to protect the Group against fluctuations in interest rates by swapping to fixed rate a portion of the floating-rate financial debt. Derivative instruments used to hedge the debt are swap contracts entered with leading financial institutions.

Credit risk

The Group has no significant concentrations of credit risk. The client selection process and related credit risk analysis is fully integrated within the global risk assessment conducted throughout the life cycle of a project.

Derivative counterparties and cash transactions are limited to high-credit quality financial institutions.

Currency risk

Atos Group policy promotes natural hedge positions in which costs and revenues are denominated in the same currency.

Nevertheless, the Group's financial performance can be influenced by fluctuations in exchange rates considering the growing portion of the external business involving offshore cost centers based mostly in India and Central Europe.

The Group has established a policy for managing foreign exchange positions resulting from commercial and financial transactions denominated in currencies different from the local currency of the relevant entity. According to this policy, any material exposure must be hedged as soon as it is known. In order to hedge its foreign exchange rate exposure, the Group uses a variety of financial instruments, mainly forward contracts and foreign currency swaps.

Price risk

The Group is not exposed to commodity price risks.

Considering its retained interest in Worldline accounted for at fair value through P&L at December 31, 2020, Atos is exposed to the fluctuations of Worldline share price.

In addition, the convertible bond issued in November 2019 contains an optional component indexed on Worldline share price. The redemption and/or exchange price of these bonds is linked to the evolution of Worldline share price. At December 31, 2020, the reference exchange price is set at 71.55 €.

At December 31, 2020, an increase in Worldline share price of 1 € would have a € 7 million positive impact on Atos financial result, and a negative impact of 4.6 million for the embedded derivative related to the OEB. A decrease in Worldline share price of 1 € would have a € 7 million negative impact on Atos financial result, and a positive impact of 4.4 million for the embedded derivative related to the OEB.

3.1.6.4. Alternative Performance Measures

Operating margin

Operating margin is equal to Revenue less personnel and operating expenses. It is calculated before Other Operating Income and Expenses as defined below.

Other Operating Income and Expenses

Other operating income and expenses include:

- The amortization and impairment of intangible assets recognized as part of business combinations such as customer relationships, technologies and goodwill;

- When accounting for business combinations, the Group may record provisions in the opening statement of financial position for a period of 12 months beyond the business combination date. After the 12-month period, unused provisions arising from changes in circumstances are released through the income statement under "Other operating income and expenses";

- The cost of acquiring and integrating newly controlled entities, including earn out with or without presence conditions;

- The net gain or losses on disposals of consolidated companies or businesses;
- The fair value of shares granted to employees including social contributions;
- The restructuring and rationalization expenses relating to business combinations or qualified as unusual, infrequent and abnormal. When a restructuring plan qualifies for Other Operating Income and Expenses, the related real estate rationalization & associated costs regarding premises are presented on the same line;
- The curtailment effects on restructuring costs and the effects of plan amendments on defined benefit plans resulting from triggering events that are not under control of Atos management;
- The net gain or loss on tangible and intangible assets that are not part of Atos core-business such as real estate;
- Other unusual, abnormal and infrequent income or expenses such as major disputes or litigation.

Normalized net income

The normalized net income is the net income (Group Share – excluding net result attributable to Non-Controlling Interests) before Other Operating Income and Expenses and changes in derivative liabilities, net of taxes.

Normalized earnings per share

Normalized earnings per share are calculated by dividing the normalized net income (Group share) by the weighted-average number of common shares outstanding during the period, excluding treasury shares.

Net debt

The net debt comprises total borrowings (bonds, short term and long-term loans, securitization and other borrowings), short-term financial assets and liabilities bearing interest with maturity of less than 12 months, less net cash and cash equivalents. Liabilities associated with lease contracts and derivatives are excluded from the net debt.

Free Cash Flow

The Free Cash Flow represents the change in net cash or net debt, excluding equity changes, share buyback, dividends paid to shareholders and non-controlling interests, net acquisition or disposal of companies or businesses.

3.1.6.5. Notes to the consolidated financial statements

Note 1 Changes in the scope of consolidation

Business combination and goodwill

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or significantly improve its competitive position within a business or a geographical sector are accounted for as business combinations when fulfilling the definition of a business under IFRS 3.

Valuation of assets acquired, and liabilities assumed of newly acquired subsidiaries

Business combinations are accounted for according to the acquisition method. The consideration transferred in exchange for control of the acquired entity is measured at fair value. It is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquiree.

Direct transaction costs related to a business combination are charged to the income statement when incurred and presented as part of the Other Operating Income and Expenses.

Non-controlling interests may, on the acquisition date, be measured either at fair value or based on their stake in the fair value of the identifiable assets and liabilities of the acquired entity. The choice of measurement methodology is made on a transaction-by-transaction basis.

All the assets, liabilities and contingent liabilities of the acquired subsidiary are measured at their fair value in the opening statement of financial position at acquisition date. The opening statement of financial position is adjusted, when necessary, during the 12 months following the acquisition date.

In step acquisitions, any equity interest held previously by the Group is remeasured at fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss is recognized in Other Operating Income and Expenses.

If control in a subsidiary is lost, any gain or loss is recognized in Other Operating Income and Expenses. Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in Other Operating Income and Expenses.

Purchase of non-controlling interests and sale of interests in a controlled subsidiary

Transactions with non-controlling interests, without impact on control, are treated as transactions with group shareholders and are recorded in equity.

1.1 Acquisitions in 2019

IDnomic

The Group acquired IDnomic, European leader in digital identity management infrastructure to reinforce its global leadership in cybersecurity and expands its offering in the field of digital identity management and PKI (Public Key Infrastructure) solutions. The consideration transferred was € 37 million leading to the recognition of a goodwill of € 18 million.

1.2 Transactions on Worldline shares

Discontinued operations up to April 30, 2019

Following the decision made on January 29, 2019 by Atos Board of Directors to submit to the Annual General Meeting the project to distribute 23.5% of Worldline total shares to Atos shareholders and the approval of the transaction by Atos shareholders at the Annual General Meeting on April 30, 2019, this distribution took effect on May 7, 2019, the payment date for the stock dividend. Thus, in accordance with IFRS 5, Worldline's results up to April 30, 2019 (instead of May 7, 2019 for practical reasons) was reclassified to "Net income from discontinued operations".

The distribution to Atos shareholders was made based on a ratio of 2 Worldline shares for 5 Atos shares held, in accordance with the terms of the transaction announced by Atos on March 22, 2019 and valued at the opening price on May 7, 2019 of the Worldline share (€ 54.70).

Under IFRS, the distribution in kind of Worldline shares took place in two steps: (i) the first step is the sale of the 50.8% of Worldline shares held by Atos, and (ii) the second step is the acquisition of the 27.3% of Worldline shares retained by Atos.

The net gain resulting from the loss of control of all Worldline shares held by the Group following the distribution was recognized in the consolidated income statement in "Net income from discontinued operations". This gain was presented net of current and deferred taxes and costs to distribute the Worldline shares (after tax). Cash flows relating to Worldline operations up to April 30, 2019 were reclassified in the consolidated statement of cash flows to "Net cash from (used in) discontinued operation".

Impact on the consolidated income statement

Worldline was not previously classified as held-for-distribution or as discontinued operations. The comparative condensed consolidated income statement has been restated to show discontinued operations separately from continuing operations.

The flows relating to the services rendered by the continuing operations to Worldline were eliminated at the Worldline level. As a result, the revenue of the Group includes revenues related to such flows.

Detailed income statement of the discontinued operations

(in € million)	**From January 1, 2019 to April 30, 2019***
Revenue	**705**
Personnel expenses	-289
Operating expenses	-263
Operating margin	**153**
% of revenue	**21.7%**
Other operating income and expenses	-22
Operating income	**131**
% of revenue	**18.6%**
Net financial income	71
Net income before tax	**201**
Tax charge	-48
Net gain (loss) on disposal of discontinued operation	2,931
Other costs related to the distribution of Worldline shares	-8
Net income	**3,075**
Of which:	
- attributable to owners of the parent	2,986
- non-controlling interests	89

** Income and expense items relating to Worldline have been reclassified until April 30, 2019 to "Net income from discontinued operation", in accordance with IFRS 5. See note 1.*

The deconsolidation of Worldline following the distribution in kind generated a net gain of € 2,931 million in 2019. This amount was net of € 29 million of cost to distribute (after tax).

Investment in associates from May 1, 2019

Following the distribution, Atos held 27.3% of Worldline's share capital and 35% of voting rights, subject to a six-month lock-up period. Starting May 1, 2019, the Group has no more control on Worldline, but a significant influence on Worldline. As such, the Group investment in Worldline was from that date presented as part of "Investments in associates accounted for under the equity method" in the 2019 consolidated financial statements. A purchase price allocation has been performed for the part of the business which is still held by the Group.

The Group share of Worldline net contributive result since May 1, 2019 is presented in the Group 2019 consolidated income statement in "Share of net profit/(loss) of associates". The new intangible assets generated by the purchase price allocation exercise are amortized on the same line.

Disposal of part of Worldline shares in November 2019

After having distributed 23.5% of Worldline shares to its Shareholders on May 7, 2019, Atos completed in November 2019:

- the sale of 14.7 million of Worldline shares through an Accelerated Bookbuilding Offering (ABO);
- the issuance of € 500 million bond which will be exchangeable into Worldline shares;

- the transfer of £ 198 million (€ 230 million) of Worldline shares to Atos UK Pension Scheme in exchange of no additional funding in cash of the scheme for the next 15 years.

After completion of November transactions, Atos voting rights over Worldline amounted to 25.6%. The review of the governance led to the conclusion that Atos still has significant influence over Worldline. As such, the Group continued to consolidate Worldline under equity method.

Disposal of part of Worldline shares in 2020

In February 2020, Atos disposed of a part of its retained interest by selling ca. 23.9 million of Worldline shares through an Accelerated Bookbuiling Offering (ABO).

The gain on disposal was recognized in the consolidated income statement in "Other operating income and expenses".

Following this transaction, the Group's retained interest in Worldline was c. 3.8%. The Group considered it no longer had a significant influence over Worldline. Hence, at the disposal date, the retained interest in Worldline was classified as a financial asset measured at fair value through the income statement under IFRS 9.

1.3 Acquisitions in 2020

Maven Wave

On January 31, 2020, Atos acquired Maven Wave, a U.S.-based business and technology consulting firm specialized in delivering digital transformation solutions for large enterprises. The company is a leading Google Cloud Premier Partner with eight Cloud Partner Specializations and recognized as the Google Cloud North America Services Partner of the year in both 2018 and 2019. Maven Wave is reported in the RBU North America.

The consideration transferred was € 172 million leading to the recognition of a € 131 million goodwill.

Had the acquisition of Maven Wave occurred on January 1, 2020, the twelve-month revenue and operating margin for 2020 would have been € 138 million and € 18 million, respectively.

Other acquisitions in 2020 included:

EcoAct

On September 29, 2020, Atos completed the acquisition of EcoAct, an internationally recognized carbon reduction strategy consulting firm. This acquisition will support Atos' decarbonization ambition by enriching its portfolio of carbon reduction digital solutions, services and strategies to further support its clients at every stage of their journeys towards carbon neutrality. EcoAct is mainly reported in the RBU Southern Europe.

Paladion

On October 8, 2020, Atos completed the acquisition of Paladion, a US-based global provider of Managed Security Services. Completing Atos' existing proficiency to anticipate, manage and respond to cyber threats, this acquisition will bring key Managed Detection & Response (MDR) capabilities – which customers need as they are adopting hybrid and multi-cloud transformation strategies for their businesses – to the Atos portfolio, with multiple MDR centers. It will also expand global coverage for cybersecurity monitoring and response with four additional Security Operations Centers (SOC) in the US, the Middle East and India.

Paladion is reported in the RBUs North America and Growing Markets.

Miner & Kasch: On April 10, 2020, Atos acquired Miner & Kasch, an artificial intelligence (AI) and data science consulting firm headquartered in Elkridge, Maryland, U.S., that specializes in building intelligent end-to-end, data-driven solutions.

ALIA Consulting: On July 31, 2020, Atos acquired ALIA Consulting in France to create a leading provider for energy and utility companies delivering state-of-the-art expertise in billing and CRM implementations and solutions.

Digital Security: On September 30, 2020, Atos completed the acquisition of Digital Security, a subsidiary of the Econocom group and a leading independent player in cybersecurity in France and BeLux. Digital Security is mainly reported in the RBU Southern Europe.

Edifixio: On November 30, 2020, Atos acquired Edifixio, a French cloud and Salesforce consulting and integration company.

Eagle Creek: On December 15, 2020, Atos acquired Eagle Creek, a U.S. based technology and management consulting company specialized in Salesforce enterprise implementations for its customers across North America.

SEC Consult: On December 17, 2020, Atos acquired SEC Consult, a leading consulting company with a strong and innovative cybersecurity portfolio.

Total consideration transferred for these acquisitions was € 294 million leading to the recognition of a € 279 million goodwill.

Had those acquisitions occurred on January 1, 2020, the twelve-month revenue and operating margin for 2020 would have been € 179 million and € 16 million, respectively.

Note 2 Segment information

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEOs who makes strategic decisions.

The internal management reporting is built on two axes: Regional Business Units (North America, Northern Europe, Central Europe, Southern Europe and Growing Markets) and Industries (Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, and Healthcare & Life Sciences). Regional Business Units have been determined by the Group as key indicators by the chief operating decision maker. As a result, and for IFRS 8 requirements, the Group discloses Regional Business Units as operating segments.

A Business Unit is defined as an aggregation of several geographical areas which contain several countries, without taking into consideration the activities exercised within each country. Each Business Unit is managed by a dedicated member of the General Management Committee.

The measurement policies that the Group uses for segmental reporting under IFRS 8 are the same as those used in its financial statements. Corporate entities are not presented as an operating segment. Therefore, their financial statements are used as a reconciling item. Corporate assets which are not directly attributable to the business activities of any operating segments are not allocated to a segment, which primarily applies to the Group's headquarters. Shared assets such as the European mainframe are allocated to the Business Unit where they are physically located even though they are used by several Business Units.

In 2020, the Group initiated a transformation, called "SPRING", aiming at reshaping its portfolio of offerings, reinforcing its go-to-market approach, and setting-up an Industry-led organization. In this context, six Industries have been created: Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, and Healthcare & Life Sciences.

At the same time, the Group gathered the former Global Business Units into five Regional Business Units ("RBU"), each of them under a single leadership: North America, Northern Europe, Central Europe, Southern Europe and Growing Markets. The Global delivery centers have been isolated in the Growing Markets segment.

The regional management axe (now the RBUs) remains the main operating segment.

In 2020, in order to facilitate the transition from the previous organization to SPRING, the Group also reports revenue by Division, including the comparative period.

All Industries are represented in each RBU. Regional segments are made of the following countries:

Operating segments	Industries
North America	Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, in addition to Healthcare & Life Sciences in Canada, Guatemala, Mexico and the United States of America.
Northern Europe	Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, in addition to Healthcare & Life Sciences in Belarus, Belgium, Denmark, Estonia, Finland, Ireland, Lithuania, Luxembourg, Poland, Russia, Sweden, The Netherlands and the United Kingdom.
Central Europe	Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, in addition to Healthcare & Life Sciences in Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Greece, Hungary, Israel, Romania, Serbia, Slovakia, Slovenia, Switzerland.
Southern Europe	Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, in addition to Healthcare & Life Sciences in Andorra, France, Italy, Morocco offshore delivery Center, Portugal and Spain.
Growing markets	Manufacturing, Financial Services & Insurance, Public Sector & Defense, Telecom, Media & Technology, Resources & Services, in addition to Healthcare & Life Sciences in AbuDhabi, Algeria, Andorra, Argentina, Australia, Brazil, Chile, China, Colombia, Egypt, Gabon, Hong-Kong, India, Ivory Coast, Japan, Lebanon, Malaysia, Madagascar, Mauritius, Morocco, Namibia, New-Zealand, Peru, Philippines, Qatar, Saudi-Arabia, Senegal, Singapore, South-Africa, South Korea, Taiwan, Thailand, Tunisia, Turkey, UAE, Uruguay and also Major Events activities, Global Delivery Centers.

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 revenues from each external contract amounted to less than 10% of the Group's revenue.

The operating segment information for the periods was the following:

(in € million)	North America	Northern Europe	Central Europe	Southern Europe	Growing markets	Total operating segments	Global structures	Elimination	Total Group
12 months ended December 31, 2020									
External revenue by segment	**2,612**	**2,717**	**2,699**	**2,339**	**814**	**11,181**	**-**	**-**	**11,181**
% of Group revenue	23.4%	24.3%	24.1%	20.9%	7.3%	100.0%			100.0%
Inter-segment revenue	63	166	196	104	1,178	1,707	158	-1,865	-
Total revenue	2,675	2,882	2,895	2,443	1,992	12,888	158	-1,865	11,181
Segment operating margin	**393**	**226**	**123**	**182**	**119**	**1,043**	**-42**		**1,002**
% of margin	15.1%	8.3%	4.6%	7.8%	14.6%	9.3%			9.0%
Total segment assets	**4,517**	**2,314**	**2,304**	**2,590**	**1,538**	**13,262**	**1,190**		**14,452**
Other information on income statement									
Depreciation of assets	-71	-61	-87	-47	-43	-310	-22		-332
Depreciation of right of use	-74	-86	-70	-41	-67	-338	-14		-352
Other information									**-**
Capital expenditure	63	46	91	47	43	290	30		320
Net (debt) / cash	754	249	618	23	893	2,536	-3,003		-467
Year end headcount	9,968	14,091	12,522	17,295	49,213	103,089	1,341		104,430
12 months ended December 31, 2019 *									
External revenue by segment	**2,725**	**2,715**	**2,784**	**2,447**	**917**	**11,588**	**-**	**-**	**11,588**
% of Group revenue	23.5%	23.4%	24.0%	21.1%	7.9%	100.0%			100.0%
Inter-segment revenue	57	210	190	325	877	1,658	326	-1,984	-0
Total revenue	2,782	2,925	2,974	2,772	1,793	13,246	326	-1,984	11,588
Segment operating margin	**343**	**253**	**209**	**228**	**200**	**1,232**	**-42**		**1,190**
% of margin	12.6%	9.3%	7.5%	9.3%	21.8%	10.6%			10.3%
Total segment assets	**4,817**	**2,390**	**2,264**	**2,440**	**1,599**	**13,510**	**2,348**		**15,858**
Other information on income statement									
Depreciation of assets	-67	-68	-84	-47	-46	-312	-22		-334
Depreciation of right of use	-76	-70	-73	-42	-62	-322	-14		-336
Other information						**-**			
Capital expenditure	49	43	98	61	39	289	35		324
Net (debt) / cash	1,370	-385	735	127	722	2,571	-4,307		-1,736
Year end headcount	10,698	14,936	12,762	17,485	51,075	106,955	1,362		108,317

** Figures presented are restated by Regional Business Units, in accordance with IFRS 8.*

External revenue and inter-segment revenue for France amounted to € 1,656 million and € 2,138 million in 2020, respectively.

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

(in € million)	December 31, 2020	December 31, 2019
Total segment assets	**14,452**	**15,858**
Tax assets	394	378
Cash & Cash Equivalents	3,282	2,413
Total Assets	**18,127**	**18,649**

The Group revenue from external customers by Industry can be broken down as follows:

(in € million)	Manufac-turing	Financial Services & Insurance	Public Sector & Defense	Telecom, Media & Technology	Ressources & Services	Healthcare & Life Sciences	Total Group
12 months ended December 31, 2020							
External revenue by market	**2,010**	**2,116**	**2,565**	**1,574**	**1,627**	**1,288**	**11,181**
% of Group revenue	18.0%	18.9%	22.9%	14.1%	14.6%	11.5%	100.0%
12 months ended December 31, 2019							
External revenue by market	**2,241**	**2,207**	**2,400**	**1,661**	**1,792**	**1,288**	**11,588**
% of Group revenue	19.3%	19.0%	20.7%	14.3%	15.5%	11.1%	100.0%

As described above, the Group also presents revenue from external customers by Division in 2020:

(in € million)	Infrastructure and data management	Business & Platform solutions	Big Data & cybersecurity	Total Group
12 months ended 31 December, 2020				
External revenue by segment	**6,112**	**3,832**	**1,237**	**11,181**
% of Group revenue	54.7%	34.3%	11.1%	100.0%
12 months ended December 31, 2019				
External revenue by segment	**6,321**	**4,216**	**1,050**	**11,588**
% of Group revenue	54.6%	36.4%	9.1%	100.0%

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

Revenue is recognized if a contract exists between Atos and its customer. A contract exists if collection of consideration is probable, rights to goods or services and payment terms can be identified, and parties are committed to their obligations. Revenue from contracts with customers is recognized either against a contract asset or receivable, before effective payment occurs.

Multiple arrangements services contracts

The Group may enter into multiple-element arrangements, which may include combinations of different goods or services. Revenue is recognized for each distinct good or service which is separately identifiable from other items in the arrangement and if the customer can benefit from it.

Contracts related to the management of IT infrastructure often embed transition and transformation prior to the delivery of recurring services, such as IT support and maintenance.

When transition or transformation activities represent knowledge transfer to set up the recurring service and provide no incremental benefit to the customer and cannot be considered as a separate performance obligation (set up activities), no revenue is recognized in connection with these activities. The costs incurred during these activities are capitalized as contract costs if they create a resource that will be used in satisfying future performance obligations related to the contract and if they are recoverable. They are amortized on a systematic basis over the contractual period. The cash collected for such activities is considered as advance payment, presented as contract liability, and recognized as revenue over the recurring service period. When these activities transfer to the customer the control of a distinct good or service and the customer can benefit from this good or service independently from the recurring services, they are accounted for separately as separate performance obligations and revenues relating to these activities are recognized.

When a single contract contains multiple distinct goods or services, the consideration is allocated between the goods and services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices including usual discounts granted at which the Group sells the goods or services separately. Otherwise, the Group estimates stand-alone selling prices using a cost-plus margin approach.

Principal versus agent

When the Group resells hardware, software and IT services purchased from third-party suppliers, it performs an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as agent in the delivery of the good or service. The Group is a principal if it controls the specified good or service before it is transferred to the customer. In such case, revenue is recognized on a gross basis. If the Group is an agent, revenue is recognized on a net basis (net of supplier’s costs), corresponding to any fee or commission to which the Group is entitled. When the Group is providing a significant service of integrating and/or designing the specified good or service, it is acting as a principal in the process of resale. If the specified good or service is distinct from the other services promised to its customer, the Group is acting as a principal notably if it is primarily responsible for the good or service meeting the customer specifications or assumes inventory or delivery risks.

At a point in time versus over time recognition

Revenue is recognized when the Group transfers the control of a good or service to the customer, either at a point in time or over time.

For recurring services, the revenue is recognized over time as the customer simultaneously receives and consumes the benefit provided by the Group’s performance as the Group performs. If the Group has a right to invoice a customer at an amount that corresponds directly with its performance to date, the revenue is recognized at that amount. Otherwise, revenue is recognized based on the costs incurred if the entity’s efforts are not expensed evenly throughout the period covered by the service.

When the Group builds an asset or provides specific developments, revenue is recognized over time, generally based on costs incurred.

When the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced or when the performance does not create an asset with an alternative, use and the Group has an enforceable right to payment for the performance completed to date by the contract and local regulations, revenue is recognized over time, generally based on costs incurred.

Otherwise, revenue is recognized at a point in time.

Customer contracts in the form of a lease

Part of certain service arrangements may qualify as a lease under IFRS 16 if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered as manufacturer or dealer-lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the assets to its customers (finance lease), the Group recognizes revenue representing the selling price of assets held under lease and presents those as contract assets.

Contract costs - Costs to obtain and fulfill a contract

Incremental costs to acquire a multi-year service contracts are capitalized and amortized over the life of the contract.

Transition & Transformation costs that do not represent a separate performance obligation of a contract are capitalized as contract costs if they create a resource that will be used to perform other performance obligations embedded in the contract, are recoverable. Other costs incurred to obtain or fulfill a contract are expensed when incurred.

Statement of financial position presentation

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Invoiced to be issued are presented as part of contract assets. When the rights to consideration are unconditional, they are classified as trade receivables.

Contract liabilities relate to payments received from customers in excess of the amounts recognized in revenue in connection with the satisfaction of the related performance obligations. Contract costs are presented separately from contract assets. Contract assets and contract liabilities are netted on a contract by contract basis.

Revenue recognition and associated costs on long-term contracts

Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs that have a direct influence on the level of revenue and possible forecast losses on completion that are recognized. A provision for onerous contract is booked if the future costs to fulfill a contract are higher than its related benefits.

Financing component

When Atos expects the period between the transfer of goods and services and customer payment to be greater than 12 months, it assesses whether the contract is embedding a financing component granted or received. When significant, interests generated by this financing component are booked separately from revenue.

Impairment of trade receivables and contract assets

Trade receivables and contract assets are recognized using the amortized cost method.

Impairment is calculated on the basis of the expected credit loss model. Under this model, 12-month expected credit losses (resulting from the risk of defaults in the next 12 months) are recorded at their initiation, when the corresponding financial asset is recognized.

3.1. Disaggregation of revenue from contracts with customers

Most of the revenue generated by the Group is recognized over time for fixed price contracts and at a point of time for time & material-based contracts. 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 of time when solutions are delivered except for High Performance Computer solutions when Atos is building a dedicated asset with no alternative use and has 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, Industry and Division is presented in Note 2.

3.2. Trade accounts and notes receivable, and contract liabilities

(in € million)	**December 31, 2020**	**December 31, 2019**
Contract assets	1,686	1,517
Trade receivables	1,140	1,301
Contract costs	130	106
Expected credit loss allowance	-109	-66
Trade accounts and notes receivable	**2,847**	**2,858**
Contract liabilities	-773	-680
Net accounts receivable	**2,074**	**2,178**
Number of days' sales outstanding (DSO)	**46**	**47**

Changes in the contract asset and liability balances over 2020 were a result of increased High-Performance Computing projects. The € 169 million increase reflects in particular the progress on certain contracts where revenue is recognized based on cost incurred. At the same time, contract liabilities have increased by € 93 million based on more favorable invoicing terms and advance payments received.

The average credit period on sale of services is between 30 and 60 days depending on the countries. Main part of the contract assets should be converted in trade receivables in the 12 coming months except for contract assets corresponding to the transfer of IT equipment under lease model and the grant of multi-years right to use licenses. Most of the contract liabilities should be converted in revenue in the coming months. The DSO ratio decreased from 47 days to 46 days at December 31, 2020.

Transfer of trade receivables

Atos used to hold a securitization program of trade receivables with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. At December 31, 2019, the Group sold with recourse trade receivables for € 108 million on which €10 million were received in cash. These trade receivables were not derecognized from the statement of financial position because the Group retained substantially all risks and rewards. The amount received on transfer was recognized as a secured bank loan.

In October 2020, the securitization program, including "On" and "Off" compartments, was terminated.

As of December 31, 2020, € 878 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. Those trade receivables were therefore derecognized in the statement of financial position as of December 31, 2020. The € 878 million included $ 46 million in the US where Atos only sold 95% of the right to cash flows and then derecognizes 95% of the receivables.

The level of trade receivables sold with no recourse to banks with transfer of risks as defined by IFRS 9 remained at the same level than the end of December 31, 2019. DSO has been positively impacted by the sale of receivables on large customer contracts by 25 days, stable compared to December 2019.

Ageing of trade receivables past due

(in € million)	**December 31, 2020**	**December 31, 2019**
Current	982	1,072
1-30 days overdue	63	90
31-60 days overdue	16	43
Beyond 60 days overdue	80	96
Total	**1,140**	**1,301**

Movement in expected credit loss allowance

(in € million)	December 31, 2020	December 31, 2019
Balance at beginning of the year	-66	-84
Impairment losses recognized	-53	-28
Amounts written off as uncollectible	17	12
Impairment losses reversed	0	-2
Impact of business combinations	-3	-1
Reclassification and exchange differences	-4	37
Balance at end of the year	**-109**	**-66**

Note 4 Operating items

4.1. Personnel expenses

(in € million)	12 months ended December 31, 2020	% Revenue	12 months ended December 31, 2019	% Revenue	12 months ended December 31,2018*	% Revenue
Wages and salaries	-4,099	36.7%	-4,280	36.9%	-3,919	36.8%
Social security charges	-942	8.4%	-980	8.5%	-981	9.2%
Tax, training, profit-sharing	-61	0.5%	-77	0.7%	-36	0.3%
Net (charge)/release to provisions for staff expenses	-1	0.0%	0	0.0%	1	0.0%
Net (charge)/release of pension provisions	41	-0.4%	60	-0.5%	73	-0.7%
Total	**-5,063**	**-45.3%**	**-5,277**	**45.5%**	**-4,862**	**45.7%**

4.2. Non-personnel operating expenses

(in € million)	12 months ended December 31, 2020	% Revenue	12 months ended December 31, 2019	% Revenue
Subcontracting costs direct	-1,883	-16.8%	-1,892	16.3%
Hardware and software purchase	-1,239	-11.1%	-1,154	10.0%
Maintenance costs	-624	-5.6%	-626	5.4%
Rent expenses	-11	-0.1%	-29	0.3%
Telecom costs	-293	-2.6%	-288	2.5%
Travelling expenses	-48	-0.4%	-154	1.3%
Professional fees	-193	-1.7%	-202	1.7%
Others expenses	-254	-2.3%	-247	2.1%
Subtotal expenses	**-4,545**	**-40.6%**	**-4,590**	**39.6%**
Depreciation of assets	-332	-3.0%	-334	2.9%
Depreciation of right-of-use	-352	-3.1%	-336	2.9%
Net (charge)/release to provisions	0	0.0%	23	-0.2%
Gains/(Losses) on disposal of assets	-10	-0.1%	-17	0.1%
Trade receivables write-off	-16	-0.1%	-12	0.1%
Capitalized production	138	1.2%	145	-1.3%
Subtotal other expenses	**-572**	**-5.1%**	**-531**	**4.6%**
Total	**-5,117**	**-45.8%**	**-5,121**	**44.2%**

Hardware and software purchase increased vs. 2019 mainly due to higher business activity in Big data and High-Performance Computing and the first time consolidation of acquisitions with software purchases.

Rent expense corresponds to short-term lease contracts and low value assets (see Note 9).

4.3. Trade accounts and notes payable

(in € million)	**December 31, 2020**	**December 31, 2019**
Trade accounts and notes payable	**2,230**	**2,278**
Net advance payments	-55	-31
Prepaid expenses and advanced invoices	-732	-691
Net accounts payable	**1,444**	**1,556**
Number of days' payable outstanding (DPO)	**80**	**79**

4.4. Other current assets

(in € million)	**December 31, 2020**	**December 31, 2019**
Inventories	141	104
State - VAT receivables	271	212
Prepaid expenses and advanced invoices	732	691
Other receivables & current assets	432	529
Net advance payments	55	31
Total	**1,631**	**1,568**

4.5. Other current liabilities

(in € million)	**December 31, 2020**	**December 31, 2019**
Employee-related liabilities	312	355
Social security and other employee welfare liabilities	169	172
VAT payables	466	371
Contract liabilities	773	680
Other operating liabilities	261	310
Total	**1,981**	**1,888**

Note 5 Other operating income and expenses

Other Operating Income and Expenses is an Alternative Performance Measure and is defined in section 6.1.7.4

Equity-based compensation

Performance shares and stock options are granted to management and certain employees at regular intervals. Those equity-based compensation schemes are measured at fair value at the grant date using the Black-Scholes model; the fair value of these plans also considers employee turnover during the vesting period as well as the value of the lock-up period restriction when applicable. Changes in the fair value of options after the grant date have no impact on the initial valuation. The fair value of instruments is recognized in "other operating income and expense" on a straight-line basis over the period during which those rights vest, with the offsetting credit recognized directly in equity.

In some tax jurisdictions, Group entities receive a tax deduction when stock options are exercised, based on the Group share price at the date of exercise.

In those instances, a deferred tax asset is recorded for the difference between the tax base of the employee services received to date (being the future tax deduction allowed by local tax authorities) and the current carrying amount of this deduction, being nil by definition. Deferred tax assets are estimated based on the Group's share price at each closing date and are recorded in income tax provided that the amount of tax deduction does not exceed the amount of the related cumulative stock option expenses to date. The excess, if any, is recorded directly in equity.

Employee share purchase plans offer employees the opportunity to invest in Group shares at a discounted price. Shares are subject to a five-year lock-up period. Fair values of such plans are measured considering:

- the exercise price based on the average opening share prices quoted over the 20 trading days preceding the date of grant;
- the percentage of discount granted to employees;
- the attribution of performance shares for the first subscribed shares according to the matching share plan;
- the consideration of the five-year lock-up restriction to the extent it affects the price that a knowledgeable, willing market participant would pay for that share; and
- the grant date: the date on which the plan and its terms and conditions, including the exercise price, is announced to employees.

Fair value of such plans is fully recognized in "Other operating income and expenses" at the end of the subscription period.

Social contributions linked to equity-based compensation schemes are also presented as "Other operating income and expenses".

The following table presents "Other operating income and expenses "by nature:

(in € million)	**12 months ended December 31,2020**	**12 months ended December 31, 2019**
Staff reorganization	-127	-100
Rationalization and associated costs	-36	-34
Integration and acquisition costs	-42	-41
Amortization of intangible assets (PPA from acquisitions)	-153	-157
Equity based compensation	-74	-73
Other items	80	-125
Total	**-352**	**-530**

The € 127 million **staff reorganization** expense was mainly the consequence of the adaptation of the Group workforce in several countries, in particular Germany. The increase in 2020 came mostly from specific measures in Germany and other European countries.

The € 36 million **rationalization and associated costs** primarily resulted from the closure of office premises and data centers consolidation, mainly in France.

Integration and acquisition costs at € 42 million mainly related to the integration costs of Syntel to generate synergies while the other costs relate to the migration and standardization of internal IT platforms from earlier acquisitions.

In 2020, the € 153 million amortization charge in connection with **Purchase Price Allocation** (PPA) intangible assets was mainly composed of:

- € 65 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 19 million of SIS customer relationships amortized over 12 years starting July 1, 2011;
- € 19 million of Xerox ITO customer relationships amortized over 6 to 12 years starting July 1, 2015;
- € 16 million of Unify customer relationships and technologies amortized over 2 to 10 years starting February 1, 2016;
- € 16 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014.

In 2020, the amount of amortization of intangible assets recognized in the **Purchase Price Allocation** (PPA) decreased from € 157 million to € 153 million, mainly reflecting the limited amount of amortization charge arising from 2020 acquisitions while intangible assets related to certain past acquisitions ceased to be amortized in 2020.

The **equity-based compensation** expense amounted to € 74 million compared to € 73 million in 2019.

In 2020, **other items** decreased significantly from an expense of € 125 million to a net income of € 80 million including the following exceptional expenses:

- The transaction made in February 2020 on Worldline shares as follows:
  - The Accelerated Bookbuilding Offering of Worldline shares on the market at a share price of € 61.5 led to a net gain on disposal, before tax, of € 120 million, including the derecognition of the intangible assets generated by the Worldline purchase price allocation in May 2019 upon the loss of control over Worldline and while Worldline was accounted for under the equity method;
  - The retained interest of Atos in Worldline group (c. 3.8%) was valued at the fair value at the disposal date, resulting in an additional profit of € 54 million presented as part of the net gain on disposal.
- Excluding the transaction described above totaling € 171 million (including transaction costs), other expenses amounted to € 91 million. Other items mainly included other long-term employee benefits in Germany, France and the UK, unusual impacts from settlements and a limited number of bankruptcies. They also included costs to implement transformation programs.

Equity-based compensation

The € 74 million expense recorded within Other Operating Income and Expense relating to equity-based compensation (€ 73 million in 2019) is mainly made up of:

- € 71 million related to performance share plans granted from 2015 until 2020 of which € 6 million related to the 2020 performance share plan;
- € 2 million related to the employee share purchase plan SHARE 2020.

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

(in € million)	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
By years :		
Plans 2020	21	-
Plans 2019	15	6
Plans 2018	21	21
Plans 2017	14	29
Plans 2016	1	10
Plans 2015	1	6
Total	**74**	**73**
By category of plans :		
Performance share plans	71	72
Stock option plan	0	0
Employee share purchase plan	2	1
Total	**74**	**73**

Performance share plans

In 2020, Atos implemented a new performance share plan detailed as follows:

Grant Date	**Atos** **July 24, 2020**
Number of shares granted	870,630
Share price at grant date (€)	75.0
Vesting date	July 24, 2023
Expected life (years)	3
Expected dividend yield (%)	2.1
Fair value of the instrument (€)	**68.74**
2020 expense recognized *(in € million)*	**6**

Atos performance share plans

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

- To receive the share, the grantee must generally be an employee or a corporate officer of the Group or a company employee related to Atos;
- Vesting is conditional on both the continued employment and the achievement of performance criteria, financial and non-financial ones;
- The financial performance criteria are the following:
  - Group revenue;
  - Group Operating Margin (OM); and
  - Group Free Cash Flow (FCF).
- The vesting period varies according to the plan rules but never exceeds 4.5 years;
- The lock-up period is 0 to 2 years;
- Atos performance share plans are equity-settled.

Following the announcement of the acquisition of Syntel, the Board of Directors replaced the performance criterion on FCF by a criterion based on earnings per share (EPS) in respect of the July 25, 2017 performance share plans.

For 2018 performance share plans, rules described above are the same except for the FCF criterion replaced by earnings per share (EPS).

The performance criteria for 75% of performance shares granted as part of July 25, 2017, March 27, 2018 and July 22, 2018 performance share plans have further been modified by the Board of Directors on October 22, 2018 to align with the revised guidance provided to the market. Based on 2018 Group results, the remaining 25% of performance shares of the above plans will not be vested.

Main previous plans impacting 2020 consolidated income statement are detailed as follows:

Grant Date	**October 23, 2019**	**July 24, 2019**
Number of shares granted	12,000	857,743
Share price at grant date (€)	63.6	69.8
Vesting date	October 23, 2022	July 24, 2022
Expected life (years)	3	3
Expected dividend yield (%)	2.1	2.1
Fair value of the instrument (€)	**59.77**	**65.55**
2020 expense recognized *(in € million)*	**0**	**14**

Grant Date	**July 26, 2016**	**July 25, 2017**	**March 27, 2018**	**July 22, 2018**
Number of shares granted	947,884	777,910	8,550	891,175
Share price at grant date (€)	86.05	90.00	90.0	90.0
Vesting date	July 26, 2019	July 25, 2020	March 26, 2021	July 21, 2021
Expected life (years)	3	3	3	3
Expected dividend yield (%)	1.2	1.2	1.2	1.2
Fair value of the instrument (€)	**83.00**	**88.12**	**87.08**	**87.08**
2020 expense recognized *(in € million)*	**1**	**14**	**0**	**20**

Stock option plans

In 2019, Atos implemented a stock option plan detailed as follows:

Number of shares issued	209,200
Share price at grant date (€)	77.9
Strike price (€)	80.1
Vesting date	July 24, 2022
Expected maturity of the plan (years)	3 years
Expected dividend yield (%)	2.07%
Fair value of the instrument (€)	**6.67**
Expense recognized in 2019 (in € million)	**0**

The change in outstanding share options for **Atos SE** during the period was the following:

	12 months ended December 31, 2020		**12 months ended December 31, 2019**	
(in € million)	**Number of shares**	**Weighted average strike price** (in €)	**Number of shares**	**Weighted average strike price** (in €)
Outstanding at the beginning of the year	**168,900**	**78**	**25,467**	**52**
Granted during the year	-	-	209,200	78
Forfeited during the year	-6,000	78	-40,300	78
Exercised during the year	-	-	-25,467	52
Expired during the year	-	-	-	-
Outstanding at the end of the year	**162,900**	**78**	**168,900**	**78**
Exercisable at the end of the year, below year-end stock price	**-**	**-**	**-**	**-**

(*) Year-end stock price : € 74.78 at December 31, 2020 and € 74.32 at December 31, 2019.

Employee share purchase plans

SHARE 2018 and SHARE 2020

In December 2018 and June 2020, the Group implemented employee share option plans called SHARE 2018 and SHARE 2020, respectively.

Those plans were open to employees throughout the Group. This new plan offered eligible employees the purchase of shares with a discount, a five-year lock-up period and the attribution of performance shares for the first 2 subscribed shares.

As a consequence of those plans, the Group issued 263,518 shares in 2019 and 778,252 shares in 2020 at a reference share price of € 74.4 (before the 20% discount application) and € 64.6 (before the 25% discount application), respectively.

The cost related to SHARE 2018 and SHARE 2020 takes into account the effect of the five-year lock-up period calculated based on the following parameters:

	SHARE 2018	SHARE 2020
Number of shares issued	263,518	778,252
Share price at grant date (€)	68.8	67.82
Percentage of discount	20%	25%
Lock-up period	5 years	5 years
Risk free interest rate (%)	-0.003%	-0.490%
Expense recognized in 2020 (in € million)	**0**	**2**

Note 6 Financial assets, liabilities and financial result

6.1. Financial result

Net financial expense amounted to € 51 million for the period (compared to € 208 million prior year) and was composed of a net cost of financial debt of € 33 million and other financial costs of € 18 million.

Net cost of financial debt

(in € million)	12 months ended December 31, 2020	12 months ended December 31, 2019
Net interest expenses	**-31**	**-64**
Gain/(loss) on disposal of cash equivalents	0	2
Gain/(loss) on interest rate hedges of financial debt	-2	-2
Net cost of financial debt	**-33**	**-64**

Net cost of financial debt was € 33 million (compared to € 64 million in 2019) and resulted from the following elements:

- Excluding the OEB, the average gross borrowing of € 3,585 million compared to € 5,371 million in 2019 bearing an average expense rate of 1.17% compared to 1.56% last year. The average gross borrowing expenses were mainly explained by:
  - the used portion of the syndicated loan combined with the Negotiable European Commercial Papers (NEU CP) and the Negotiable European Medium-Term Note program (NEU MTN) for an average of € 1,318 million (compared to an average of € 1,478 million in 2019) bearing an effective interest rate of 0.33%, benefiting from the attractive remuneration applied to the NEU CP;
  - a € 600 million bond issued in July 2015 bearing a coupon rate of 2.375% and reimbursed in April 2020.
  - a € 300 million bond issued in October 2016 bearing a coupon rate of 1.444%;
  - a € 700 million bond issued in November 2018 bearing a coupon rate of 0.750%;
  - a € 750 million bond issued in November 2018 bearing a coupon rate of 1.750%;
  - a € 350 million bond issued in November 2018 bearing a coupon rate of 2.500%;
  - other sources of financing, including securitization, for an average of € 51 million, bearing an effective interest rate of 1.03%.
- the average gross cash varied from € 1,441 million in 2019 to € 2,090 million in 2020 bearing an average income rate of 0.61% compared to 1.58% in 2019.

The decrease in the net cost of financial debt compared to 2019 can mainly be explained by the reimbursement of the € 600m bond in April 2020, and the full reimbursement in November 2019 of the $ 1,900 million term loan to fund the Syntel acquisition.

Other financial income and expenses

(in € million)	12 months ended December 31, 2020	12 months ended December 31, 2019
Foreign exchange income/(expenses)	-6	-3
Fair value gain/(loss) on forward exchange contracts	0	-1
Change gain/(loss) on financial instruments related to Worldline	56	-54
Interest on lease liability	-27	-27
Other income/(expenses)	-41	-59
Other financial income and expenses	**-18**	**-144**
Of which:		
- other financial expenses	-157	-162
- other financial income	139	18

Non-operational financial costs amounted to € 18 million compared to € 144 million in 2019, and were mainly composed of:

- a net gain of € 56 million related to the net values of the OEB derivative and the underlying Worldline shares, both measured at fair value;
- lease liability interest of € 27 million (stable compared to 2019);
- pension related interest of € 12 million compared to € 31 million in 2019. This variation arose from the decrease in discount rates in all countries/zones, and a higher value of the surplus since the end of 2019 as a consequence of the distribution of the Worldline shares to the "UK 2019" scheme for £198m;
- net foreign exchange loss (including hedges) of € 6 million compared to a loss of € 4 million in 2019.

6.2. Cash and cash equivalents

Cash and cash equivalents include cash at bank and financial instruments such as money market securities. Such financial instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments and have a short maturity, in general three months or less from the date of acquisition. Some instruments, such as term deposits, that have at inception a longer maturity but provide for early withdrawal and a capital guarantee may also be classified as cash equivalents under certain circumstances. Money market securities are recognized at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

For entities having subscribed to the Group cash pooling agreement, the cash/debt positions which are linked to this agreement are mutualized and only the net position is presented in the consolidated statement of financial position.

The cash and cash equivalents are held with bank and financial institutions counterparts, the majority of which are rated A- to AA-. Impairment on cash and cash equivalents is calculated based on S&P default probability.

(in € million)	**December 31, 2020**	**December 31, 2019**
Cash in hand and short-term bank deposit	3,235	2,363
Money market funds	47	50
Total	**3,282**	**2,413**

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

6.3. Non-current financial assets

Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are recognized at their fair value. For listed shares, fair value corresponds to the share price at the closing date.

(in € million)		**December 31, 2020**	**December 31, 2019**
Pension prepayments	Note 11	112	231
Fair value of non-consolidated investments, net of impairment		556	4
Other*		103	116
Total		**772**	**351**

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

Changes in the fair value of non-consolidated investments included € 553 million related to the fair value of the retained interest in Worldline (see Note 1).

6.4. Financial liabilities

Borrowings

Borrowings are initially recognized at fair value, net of debt issuance costs. Borrowings are subsequently measured at amortized cost. The calculation of the effective interest rate considers interest payments and the amortization of debt issuance costs.

Debt issuance costs are amortized in financial expenses over the life of the loan though the use of the amortized cost method. The residual value of issuance costs for loans derecognized is fully expensed on the date of derecognition.

Bank overdrafts are recorded in the current portion of borrowings.

Derivatives

Derivative instruments are recognized as financial assets or liabilities at their fair value. Any change in the fair value of these derivatives is recorded in the income statement as a financial income or expense, except when they are eligible for hedge accounting.

The market value of derivative financial instruments was provided by the financial institutions involved in the transactions or calculated using standard valuation methods that factor market conditions as of the end of the reporting period.

The Group has identified three financial instrument categories based on the two valuation methods used (listed prices and valuation techniques). In accordance with IFRS, this classification is used as a basis for presenting the characteristics of financial instruments recognized in the statement of financial position at fair value through income as of the end of the reporting period:

- Level 1 category: financial instruments quoted on an active market;
- Level 2 category: financial instruments whose fair value is determined using valuation techniques drawing on observable market inputs;
- Level 3 category: financial instruments whose fair value is determined using valuation techniques drawing on non - observable inputs (inputs whose value does not result from the price of observable market transactions for the same instrument or from observable market data available as of the end of the reporting period) or inputs which are only partly observable.

Issuance of a € 500 million bond exchangeable in Worldline shares

Atos issued on November 2019 bonds due in 2024 for an aggregate nominal amount of € 500 million. The bonds will be exchangeable in Worldline shares, at a premium of 35% above the placing price of the Equity placement. The bonds will not bear interest and have a maturity of 5 years (except in case of early redemption). The bonds have been offered at a price of 108.875% of the principal amount and will be redeemed at their principal amount of maturity, corresponding to an annual yield to maturity of -1.7%.

In accordance with IFRS 9, a derivative liability was initially booked corresponding to the value of a call option on Worldline shares (Level 2 category) at the issuance of the bond. The net change in the fair value of the derivative liability between December 31, 2019 and December 31, 2020 of € 52 million was recorded in income statement as part of the financial result leading to a total value in the consolidated statement of financial position of € 168 million at December 31, 2020.

The call option derivative component value is indexed to Worldline shares price and other criteria. At issue date, the reference exchange price of Worldline shares was € 71.55. At December 31, 2020, the Worldline share price was € 79.10.

(in € million)	December 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	-	2,100	2,100	600	2,100	2,700
Optional exchangeable bond	-	500	500	-	500	500
Banks loans and commercial papers	915	50	965	755	50	805
Securitization	-	-	-	10	-	10
Other borrowings	168	19	187	133	1	134
Total borrowings	**1,083**	**2,669**	**3,752**	**1,498**	**2,651**	**4,149**

In October 2020, Atos discontinued the securitization program (see Note 13).

Borrowings in currencies

The carrying amounts of the Group borrowings were denominated in the following currencies:

(in € million)	EUR	Other currencies	Total
December 31, 2020	**3,565**	**187**	**3,752**
December 31, 2019	4,015	134	4,149

Value and effective interest rate of financial debt

The fair value of bank loans, which are primarily composed of variable interest rate loans, is considered to be equal to carrying value. For other elements of borrowings, carrying value is considered the best estimate of fair value, the difference between the fair value and the carrying value being not material.

Non-current borrowings maturity

(in € million)	2022	2023	2024	2025	>2025	Total
Bonds	700	300	-	750	350	2,100
Optional exchangeable bond	-	-	500	0	-	500
Banks loans and NEU CP	-	-	-	-	50	50
Other borrowings	12	7	0	0	0	19
December 31, 2020	**712**	**307**	**500**	**750**	**400**	**2,669**

(in € million)	2021	2022	2023	2024	>2024	Total
Bonds	-	700	300	-	1,100	2,100
Banks loans and commercial papers	-	-	-	500	-	500
Banks loans and NEU CP	-	-	-	-	50	50
Other borrowings	0	0	0	0	0	1
December 31, 2019	**0**	**700**	**300**	**500**	**1,150**	**2,651**

Assumptions retained regarding the presentation of the maturity of non-current borrowings

The valuation of financial liabilities has been conducted based on:

- exchange rates prevailing as of December 31, 2020; and
- interest rates presented hereafter.

The effective interest rates in 2020 were as follows:

(in € million)	Carrying value	Fair value	Effective interest rate
Bonds	2,100	2,100	1.67%
Optional exchangeable bond	500	500	0.95%
Banks loans and commercial papers	965	965	0.33%
Other borrowings	187	187	-
Total borrowings	**3,752**	**3,752**	**-**
Derivative liabilities	**168**	**168**	**-**

	Liabilities						Equity				Net Cash & cash equivalents		Change in Net debt/ (cash)
(in € million)	**Bonds**	**Optional exchan-geable bond**	**Bank loans and com-mercial papers**	**Securiti-zation**	**Other borrow-ings excl. over-draft**	**Lease liability**	**Common stock**	**Addi-tional paid-in-capital**	**Consoli-dated retained earnings**	**Non control-ling interests**	**Cash & cash equiva-lents**	**Over-draft**	**Total**
At January 1, 2020	**2,700**	**500**	**805**	**10**	**55**	**1,273**	**109**	**1,441**	**2,269**	**12**	**2,413**	**-79**	**1,736**
Capital Increase	-	-	-	-	-	-	1	35	-	-	-	-	-
Common stock issues on the exercise of equity-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase and sale of treasury stock	-	-	-	-	-	-	-	-	-45	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-4	-	-	-
Lease payments	-	-	-	-	-	-361	-	-	-	-	-	-	-
New borrowings	-	-	835	-	11	-	-	-	-	-	-	-	846
Repayment of current and non-current borrowings	-600		-675	-	-21	-	-	-	-	-	-	-	-1,296
Net cost of financial debt paid	-	-	-	-	-33	-	-	-	-	-	-	-	-33
Other flows related to financing activities	-	-	-	-10	-	-	-	-	-	-	-	-	-10
Net cash from / (used in) financing activities excluding lease payments and equity related flows	**-600**	**-**	**160**	**-10**	**-43**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-493**
Net cash from / (used in) financing activities	**-600**	**-**	**160**	**-10**	**-43**	**-361**	**1**	**35**	**-45**	**-4**	**-**	**-**	**-**
Net cost of financial debt accrual	-	-	-	-	33	-	-	-	-	-	-	-	33
New leases including business combinations	-	-	-	-	-	449	-	-	-	-	-	-	-
Interest on lease liability	-	-	-	-	-	27	-	-	-	-	-	-	-
Impact of exchange rate fluctuations	-	-	-	-	-1	-52	-	-	-	-	-200	37	162
Other changes	**-**	**-**	**-**	**-**	**32**	**423**	**-**	**-**	**-**	**-**	**-200**	**37**	**195**
Variance in net cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,069**	**-98**	**-971**
Other Equity non-related changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,225**	**2**	**-**	**-**	**-**
At December 31, 2020	**2,100**	**500**	**965**	**-**	**47**	**1,335**	**110**	**1,477**	**5,448**	**10**	**3,282**	**-140**	**467**

(in €million)	December 31, 2020	December 31, 2019
Cash and cash equivalents	3,282	2,413
Overdrafts	-140	-79
Total net cash and cash equivalents	**3,142**	**2,334**

6.6. Breakdown of assets and liabilities by financial categories

The book value of financial assets corresponds to their fair value.

As at December 31, 2020 the breakdown of assets was the following:

(in € million)	Loans and receivables at amortized cost	Fair value through other comprehensive income	Fair value through profit and loss	Derivative related assets
Non-current financial instruments	-	-	-	-
Trade accounts and notes receivables	2,847	-	-	-
Other current assets	1,631	-	-	-
Current financial instruments	-	-	4	9
Cash and cash equivalents	3,235	-	47	-
Total	**7,713**	**-**	**51**	**9**

As at December 31, 2019, the breakdown of assets was the following:

(in € million)	Loans and receivables at amortized cost	Fair value through other comprehensive income	Fair value through profit and loss	Derivative related assets
Non-current financial instruments	-	-	-	-
Trade accounts and notes receivables	2,858	-	-	-
Other current assets	1,568	-	-	-
Current financial instruments	-	-	1	6
Cash and cash equivalents	2,363	-	50	-
Total	**6,789**	**-**	**51**	**6**

As at December 31, 2020 the breakdown of liabilities was the following:

(in € million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortized cost	Derivative related liabilities	Other
Borrowings	-	2,669	-	-
Derivative liabilities	-	-	168	-
Non-current financial instruments	-	-	0	-
Trade accounts and notes payables	-	2,230	-	-
Current portion of borrowings	-	1,083	-	-
Current financial instruments	-	-	13	-
Total	**-**	**5,982**	**181**	**-**

As at December 31, 2019 the breakdown of liabilities was the following:

(in € million)	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities – Measurement at amortized cost	Derivative related liabilities	Other
Borrowings	-	2,651	-	-
Derivative liabilities		-	107	-
Non-current financial instruments	-	-	2	-
Trade accounts and notes payables	-	2,278	-	-
Current portion of borrowings	-	1,498	-	-
Current financial instruments	-	-	1	-
Total	**-**	**6,427**	**110**	**-**

Note 7 Income tax

The income tax charge includes current and deferred tax expenses. Deferred tax is calculated whenever temporary differences occur between the tax base and the consolidated base of assets and liabilities. Deferred tax assets and liabilities are valued using the enacted tax rate at the closing date that will be in force when temporary differences reverse. They are not discounted.

In case of a change in tax rate, the deferred tax assets and liabilities are adjusted through the income statement except if those changes relate to items recognized in other comprehensive income or in equity.

Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognized when they are considered to be recoverable during their validity period, i.e. when it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Estimates of taxable profits and utilizations of tax loss carry forward are prepared on the basis of profit and loss forecasts arising from the Group mid-term plan (other durations may apply due to local specificities)

Deferred tax liabilities are recorded for all taxable temporary differences of subsidiaries, associates and partnerships, unless Atos is in a position to control the timing of reversal of the temporary differences and it is probable that such reversal will not take place in the foreseeable future.

Deferred tax assets and liabilities are netted off at the taxable entity level, when there is a legal right to offset.

7.1. Current and deferred taxes expense

(in € million)	**12 months ended 31 December 2020**	**12 months ended 31 December 2019**
Current tax	-120	-122
Deferred tax	68	40
Total	**-51**	**-82**

7.2. Effective tax rate

The difference between the French standard tax rate and the Effective Tax Rate (ETR) is explained as follows:

(in € million)	**12 months ended 31 December 2020**	**12 months ended 31 December 2019**
Profit before tax	599	452
French standard tax rate	32.0%	34.4%
Theoretical tax charge at French standard rate	**-192**	**-156**
Impact of permanent differences	91	7
Differences in foreign tax rates	28	39
Movement on recognition of deferred tax assets	7	36
Equity-based compensation	-22	-24
Change in deferred tax rates	1	2
Taxes not based on taxable income	0	-1
Withholding taxes	0	-2
French Tax credit	12	12
Other	23	3
Group tax expense	**-51**	**-82**
Effective tax rate	**8.6%**	**18.2%**

The tax charge for 2020 was € 51 million with a profit before tax from continuing operations of € 599 million. The Effective Tax Rate (ETR) was 8.6% compared to 18.2% in 2019. In 2020, it benefitted from one-time items, mainly Worldline transactions and Syntel tax liability release.

7.3. Restated effective tax rate

After restating the unusual items, the restated profit before tax was € 895 million, restated tax charge of € 172 million and the restated effective tax rate was 19.2%.

(in € million)	12 months ended 31 December 2020	12 months ended 31 December 2019
Profit before tax	**599**	**452**
Other operating income and expenses	-352	-530
Net gain (loss) at fair value measurement on derivative liability and underlying Worldline shares	56	-54
Profit before tax excluding unusual items	**895**	**1,036**
Tax impact on unusual items	120	164
Group tax expense	-51	-82
Total of tax excluding unusual items	**-172**	**-246**
Restated effective tax rate	**19.2%**	**23.7%**

7.4. Deferred taxes assets and liabilities

(In € million)	December 31, 2020	December 31, 2019
Deferred tax assets	351	325
Deferred tax liabilities	164	238
Net deferred tax	**187**	**87**

7.5. Breakdown of deferred tax assets and liabilities by nature

(in € million)	Tax losses carry forward	Intangible assets recognized as part of PPA	Fixed assets	Pensions	Other	Total
December 31, 2018	**376**	**-486**	**-31**	**273**	**-94**	**38**
Assets held for distribution	-34	185	49	-39	-21	141
Charge to profit or loss for the year	-48	38	-2	-42	94	40
Change of scope	-0	-9	-1	-2	-157	-169
Charge to equity	-	-	-	37	2	40
Reclassification	-	9	-5	-3	-	0
Exchange differences	0	-6	3	-0	1	-2
December 31, 2019	**294**	**-269**	**13**	**225**	**-175**	**87**
Charge to profit or loss for the year	-46	49	-8	-9	82	68
Change of scope	1	0	0	0	-4	- 3
Charge to equity	0	-	-0	27	1	29
Reclassification	-2	-1	2	-2	2	0
Exchange differences	-6	19	-2	-3	-4	6
December 31, 2020	**242**	**-202**	**6**	**239**	**-98**	**187**

7.6. Tax losses carry forward schedule (basis)

(in € million)	December 31, 2020			December 31, 2019		
	Recog-nized	Unrecog-nized	Total	Recog-nized	Unrecog-nized	Total
2020	-	-	-	2	47	49
2021	7	54	61	3	49	52
2022	1	100	102	1	99	100
2023	2	14	16	2	11	13
2024	12	71	83			
Tax losses available for carry forward for 5 years and more	21	43	63	15	112	127
Ordinary tax losses carry forward	**44**	**282**	**326**	**23**	**318**	**341**
Evergreen tax losses carry forward	**813**	**2,433**	**3,246**	**1,053**	**2,196**	**3,249**
Total tax losses carry forward	**857**	**2,715**	**3,572**	**1,076**	**2,514**	**3,590**

In 2020, the countries with the largest tax losses available for carry forward were France (€ 1,516 million, compared to € 1,550 million in 2019), Germany (€ 1,050 million, compared to € 992 million), the Netherlands (€ 271 million, compared to € 280 million), the United Kingdom (€ 237 million, compared to € 238 million), Austria (€ 104 million, compared € 60 million), the United States (€ 88 million, compared to € 107 million), Brazil (€ 84 million, compared to € 117 million) and Spain (€ 54 million, compared to € 58 million).

7.7. Deferred tax assets not recognized by the Group

(in € million)	December 31, 2020	December 31, 2019
Tax losses carry forward	686	665
Temporary differences	189	181
Total	**875**	**846**

Note 8 Goodwill and fixed assets

8.1. Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date. If, after reassessment, the resulting difference is negative, the excess is recognized immediately in profit or loss as a bargain purchase gain. The amount of goodwill is definitively set within 12 months of the date of acquisition.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to geographical areas, generally countries, where the Group has operations.

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. Changes in internal management reporting are applied retrospectively and comparative figures are restated.

Goodwill is not amortized and is subject to an impairment test performed at least annually 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.

The impairment test is performed by comparing the carrying value of the CGU or group of CGUs to its recoverable amount. The recoverable value of a CGU is based on the higher of its fair value less cost to sell and its value in use. The value in use is determined using the discounted cash-flows method at the closing date based on the mid-term plan of the Group.

When the recoverable value is less than its carrying amount, an impairment loss is recognized in "Other operating income and expenses". The impairment loss is first recorded as an adjustment to the carrying amount of the goodwill allocated to the CGU, and the remainder of the loss, if any, is allocated pro rata the other assets of the CGU.

Impairment losses recognized on goodwill cannot subsequently be reversed.

When a CGU or part of a CGU is sold, the share of goodwill corresponding to the transferred entity is taken into account in the carrying amount of its net assets used to determine the gain or loss realized. The share of goodwill is measured based on the relative value of the scope transferred within the CGU or group of CGUs.

(in € million)	December 31, 2019	Assets held for distribution	Impact of business combination	Exchange differences and other	December 31, 2020
Gross value	6,617	-	410	-322	6,705
Impairment loss	-580	-	-	15	-565
Carrying amount	**6,037**	**-**	**410**	**-307**	**6,140**

Over 2020, goodwill increased from € 6,037 million to € 6,140 million mainly due to the acquisitions of the year as detailed in Note 1.

(in € million)	December 31, 2018	Assets held for distribution	Impact of business combination	Exchange differences and other	December 31, 2019
Gross value	9,431	-3,050	115	122	6,617
Impairment loss	-567	1	-	-13	-580
Carrying amount	**8,863**	**-3,049**	**115**	**109**	**6,037**

In 2019, impact on goodwill of assets held for distribution arose from certain transactions on Worldline shares as described in Note 1.

The impact of business combination in 2019 was related to the acquisition of IDnomic and X-Perion, as well as adjustments on the opening statement of financial position on Syntel acquisition, mainly related to tax items.

A summary of the carrying values of goodwill allocated by RBU is presented hereafter.

(in € million)	December 31, 2020	December 31, 2019
North America	3,034	3,092
Northern Europe	942	970
Central Europe	993	957
Southern Europe	791	657
Growing Markets	380	361
Total	**6,140**	**6,037**

Value-in-use calculations are in particular based on the following assumptions:

- terminal value is calculated beyond the horizon of the mid-term plan, using an estimated perpetual growth rate of 2.0% (aligned with 2019). Although sometimes exceeding the long-term average growth rate for the countries in which the Group operates, this rate reflects specific perspectives of the IT sector; and
- discount rates are applied by RBU based on the Group's weighted average cost of capital and adjusted to consider specific tax rates and country risks relating to each geographical area.

The discount rates used by RBU are presented below:

	2020 discount rates	2019 discount rates
North America	7.5%	8.0%
Northern Europe	8.3%	8.0%
Central Europe	7.8%	8.0%
Southern Europe	8.4%	8.0%
Growing Markets	10.3%	between 8.0% and 9.8%

In addition, potential effects of the pandemic crisis have been considered when determining the values in use at December 31, 2020.

Based on the impairment tests carried out at year-end, no impairment loss was recognized as at December 31, 2020.

An analysis of sensitivity to a combined change in key parameters (operating margin, discount rate and perpetuity growth rate) based on reasonably probable assumptions of variations of +/-75 bp for each of those parameters was performed and did not result in any probable scenario where the RBU recoverable amount would fall below its carrying amount.

8.2. Intangible assets

Intangible assets other than goodwill

An intangible asset is recognized when it is probable that future economic benefits therefrom will accrue to the company and if the cost of this asset can be reliably estimated based on reasonable and documented assumptions.

Intangible assets are recorded at their acquisition or production cost.

Intangible assets other than goodwill consist primarily of software and user rights acquired directly by the Group, software, customer relationships and technologies acquired as part of business combinations, as well as internally developed IT solutions.

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group distinguishes the research phase and the development phase.

Under IAS 38, no intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Such expenditure is therefore recognized as an expense when it is incurred.

Expenses resulting from a development project (or from the development phase of an internal project) are recognized as intangible assets if the project meets the following criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and to use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditure refers to IT solutions developed for the group's own use, to specific implementation projects for specific customers or innovative technical solutions made available to a group of customers. Development projects are analyzed on a case-by-case basis and the only costs which are capitalized are those attributable to the creation, production and preparation of the asset to be capable of operating in the manner intended by management. It is accounted for at cost less accumulated depreciation and any impairment losses. It is amortized on a straight-line basis over a useful life between 3 and 15 years, the standard scenario being set at 5 years.

An intangible asset related to customer relationships and backlog acquired during a business combination is recognized as customer relationships. The value of this asset is based on certain assumptions of renewal of the underlying contracts and on the discounted flows of these contracts. This asset is amortized on an estimate of its average life.

The value of the developed technology acquired is derived from an income approach based on the relief from royalty method. This method relies on (i) assumptions of the technological obsolescence curve and (ii) the theoretical royalty rate applicable to similar technologies, to determine the discounted cash flows expected to be generated by this technology over their expected remaining useful life. The developed technology is amortized on an estimate of its average life. The cost approach may also be implemented as a secondary approach to derive an indicative value for consistency purposes. This method relies on an assumption of the costs that should be engaged to reproduce a similar new item having the nearest equivalent utility as the asset being valued. On the contrary, if technology is believed to be the most important driver for the business, an Excess Earning method could also be implemented.

Intangible assets are amortized in operating margin on a straight-line basis over their expected useful life. Customer relationships, patents, technologies and trademarks acquired as part of a business combination are amortized in "Other operating income and expenses" on a straight-line basis over their expected useful life, generally not exceeding 19 years.

Impairment of intangible assets other than goodwill

Impairment tests are performed on intangible assets with finite useful lives whenever there is an indication of impairment. Impairment losses on intangible assets may be reversed later if there has been a change in the estimates used to determine the recoverable value of the asset and if that amount again comes to be greater than the net carrying amount. The value of the asset after reversal of the impairment loss is capped at the carrying amount net of amortization, as if no impairment loss had been recognized in prior years.

(in € million)	**Customer relationships**	**Trademarks, Software and licences**	**Other intangible assets**	**Total**
Gross value				
December 31, 2019	**1,358**	**796**	**534**	**2,689**
Assets held for distribution				-
Additions	0	78	14	92
Impact of business combinations		1	5	6
Intangible assets recognized as part of a Purchase Price Allocation	38			38
Capitalized costs			72	72
Disposals	-5	-44	-23	-72
Exchange differences and others	-61	-142	-76	-279
December 31, 2020	**1,330**	**688**	**526**	**2,545**
Accumulated depreciation				
December 31, 2019	**-568**	**-299**	**-146**	**-1,013**
Assets held for distribution				-
Amortization charge for the year		-22	-38	-59
Amortization of intangible assets recognized as part of a Purchase Price Allocation	-119	-33	-1	-153
Amortization of capitalized costs			-58	-58
Disposals	5	42	23	70
Exchange differences and others	17	30	12	60
December 31, 2020	**-665**	**-281**	**-207**	**-1,153**
Net value				
December 31, 2019	**790**	**497**	**388**	**1,675**
December 31, 2020	**665**	**407**	**319**	**1,391**

(in € million)	**Customer relationships**	**Trademarks, Software and licences**	**Other intangible assets**	**Total**
Gross value				
December 31, 2018	**1,898**	**854**	**1,309**	**4,061**
Assets held for distribution	-585	-177	-827	-1,590
Additions	-	110	8	118
Impact of business combinations	-	-	11	11
Intangible assets recognized as part of a Purchase Price Allocation	10	-	-	10
Capitalized costs	-	-	84	84
Disposals	-3	-28	-21	-52
Exchange differences and others	39	37	-30	46
December 31, 2019	**1,358**	**796**	**534**	**2,689**
Accumulated depreciation				
December 31, 2018	**-475**	**-396**	**-377**	**-1,248**
Assets held for distribution	40	153	304	496
Amortization charge for the year	-	-12	-36	-47
Amortization of intangible assets recognized as part of a Purchase Price Allocation	-120	-34	-2	-157
Amortization of capitalized costs	-	-	-56	-56
Disposals	1	18	14	34
Exchange differences and others	-15	-28	6	-36
December 31, 2019	**-568**	**-299**	**-146**	**-1,013**
Net value				
December 31, 2018	**1,422**	**458**	**933**	**2,813**
December 31, 2019	**790**	**497**	**388**	**1,675**

In 2019, following the loss of control over Worldline in May 2019, a purchase price allocation was performed for the part of the business which was still held by the Group and presented as part of "Investments in associates accounted for under the equity method". Therefore the former purchase price allocation was reversed from intangible assets in "Assets held for distribution" in the above table.

In 2020, the € 153 million amortization charge in connection with **Purchase Price Allocation** (PPA) intangible assets was mainly composed of:

- € 65 million of Syntel customer relationships and technologies amortized over 12 years starting November 1, 2018;
- € 19 million of SIS customer relationships amortized over 12 years starting July 1, 2011;
- € 19 million of Xerox ITO customer relationships amortized over 6 to 12 years starting July 1, 2015;
- € 16 million of Unify customer relationships and technologies amortized over 2 to 10 years starting February 1, 2016;
- € 16 million of Bull customer relationships and patents amortized over respectively 9 years and 7 to 10 years starting September 1, 2014.

In 2020, the amount of amortization of intangible assets recognized in the **Purchase Price Allocation** (PPA) decreased from € 157 million to € 153 million, mainly reflecting the limited amount of amortization charge arising from 2020 acquisitions while intangible assets related to certain past acquisitions ceased to be amortized in 2020.

The gross book value of customer relationship for € 1,330 million as at December 31, 2020 presented above, included mainly:

- € 510 million relative to the Syntel acquisition in 2018;
- € 348 million relative to the Siemens IT Solutions and Services acquisition in 2011;
- € 144 million relative to the Xerox ITO acquisition in 2015;
- € 81 million relative to the Anthelio acquisition in 2016;
- € 142 million relative to the Unify acquisition in 2016;
- € 34 million in connection with the Maven Wave acquisition in 2020.

8.3. Tangible assets

Tangible assets are recorded at acquisition cost. They are depreciated on a straight-line basis over the following expected useful lives:

- buildings 20 years;
- fixtures and fittings 5 to 10 years;
- computer hardware 3 to 5 years;
- office furniture and equipment 5 to 10 years.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the income statement.

Impairment of tangible assets

Impairment tests are performed on tangible assets whenever there is an indication of impairment. Impairment losses on tangible assets may be reversed later if there has been a change in the estimates used to determine the recoverable value of the asset and if that amount again comes to be greater than the net carrying amount. The value of the asset after reversal of the impairment loss is capped at the carrying amount net of depreciation, as if no impairment loss had been recognized in prior years.

(in € million)	Land and buildings	IT equipments	Other tangible assets	Total
Gross value				
December 31, 2019	**332**	**499**	**149**	**980**
Assets held for distribution				0
Additions	22	111	39	172
Impact of business combination	2	3	3	8
Disposals	-30	-274	-42	-346
Exchange differences and others	-10	-83	-39	-132
December 31, 2020	**316**	**258**	**110**	**682**
Accumulated depreciation				
December 31, 2019	**-171**	**-217**	**-40**	**-428**
Assets held for distribution				0
Depreciation charge for the year	-26	-135	-13	-175
Disposals	23	268	39	330
Exchange differences and others	10	83	12	105
December 31, 2020	**-164**	**-1**	**-4**	**-168**
Net value				
December 31, 2019	**162**	**282**	**108**	**552**
December 31, 2020	**153**	**257**	**105**	**514**

(in € million)	Land and buildings	IT equipments	Other tangible assets	Total
Gross value				
December 31, 2018	**465**	**970**	**205**	**1,639**
Assets held for distribution	-68	-411	-52	-531
Additions	32	149	65	246
Impact of business combination	1	1	2	4
Disposals	-113	-173	-30	-316
Exchange differences and others	16	-38	-41	-63
December 31, 2019	**332**	**499**	**149**	**980**
Accumulated depreciation				
December 31, 2018	**-286**	**-548**	**-80**	**-914**
Assets held for distribution	**51**	**306**	**30**	**387**
Depreciation charge for the year	-29	-146	-14	-190
Disposals	98	169	25	291
Exchange differences and others	-5	2	0	-3
December 31, 2019	**-171**	**-217**	**-40**	**-428**
Net value				
December 31, 2018	**179**	**422**	**125**	**725**
December 31, 2019	**162**	**282**	**108**	**552**

The tangible assets of the Group include mainly IT equipment used in production centers, in particular datacenters and software factories. Moreover, Atos policy is to rent its premises. Therefore, the land and building assets include mainly the technical infrastructure of Group datacenters.

Note 9 Leases

Existence of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange of consideration. Lease liabilities and right-of-use assets are recognized at the lease commencement date.

The Group does not recognize short term leases (less than 12 months) and leases for which the underlying asset is of a low value except when those assets are subleased to end customers. Such leases are expensed directly and future commitments to pay rents are presented as off-balance sheet commitments.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using incremental borrowing rates since implicit rates are not readily available. Those rates have been determined for all currencies of the Group by geography and by maturity. The incremental borrowing rates are calculated by taking for each currency a reference market index quotation and adding up a spread corresponding to the cost of financing that would be applied by a lender to any subsidiary of the Atos Group.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised, resulting from a decision of the Group.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentive received.

Real estate leases

The Group leases most of its offices and strategic production sites such as data centers. Terms and conditions of those lease contracts can be very heterogeneous depending on the nature of the sites and local regulations. Those leases have terms between 2 to 20 years.

The Group is applying judgment to determine the lease term for some real estate lease contracts in which it is a lessee and that include renewal or early termination options analyzing whether those sites, mainly offices and data centers, are strategic or not. In most cases, the Group retains the earliest date when the Group can exit its lease commitment without paying any significant penalty.

IT equipment and company cars

The Group leases IT equipment for its own use or to deliver its services to end customers (computers, servers). Those leases are entered for terms between 3 to 5 years.

Deferred tax treatment

Deferred tax is applied to IFRS 16 entries based on local applicable tax rates.

Right-of-use assets

(in € million)	Land and buildings	IT equipments	Cars and others	Total
Gross value				
December 31, 2019	**943**	**349**	**89**	**1,381**
Additions	249	201	17	467
Disposals	-37	-53	-17	-106
Exchange differences and others	-36	-35	-8	-78
December 31, 2020	**1,119**	**463**	**81**	**1,663**
Accumulated depreciation				
December 31, 2019	**-174**	**-94**	**-29**	**-297**
Depreciation charge for the year	-189	-136	-29	-355
Disposals	39	49	16	104
Exchange differences and others	10	8	2	20
December 31, 2020	**-314**	**-174**	**-40**	**-528**
Net value				
December 31, 2019	**768**	**256**	**60**	**1,084**
December 31, 2020	**805**	**289**	**41**	**1,135**

(in € million)	Land and buildings	IT equipments	Cars and others	Total
Gross value				
January 1, 2019	**912**	**223**	**71**	**1,206**
Additions	66	167	20	253
Disposals	-15	-44	-2	-61
Exchange differences and others	-20	3	-	-17
December 31, 2019	**943**	**349**	**89**	**1,381**
Accumulated depreciation				
January 1, 2019				
Depreciation charge for the year	-189	-115	-32	-336
Disposals	16	24	3	42
Exchange differences and others	-1	-2	0	-3
December 31, 2019	**-174**	**-94**	**-29**	**-297**
Net value				
January 1, 2019	**912**	**223**	**71**	**1,206**
December 31, 2019	**768**	**256**	**60**	**1,084**

Lease liabilities

(in € million)	December 31, 2020
Maturing in one year or less	360
Maturing in 1-2 years	276
Maturing in 2-3 years	218
Maturing in 3-4 years	146
Maturing in 4-5 years	89
Maturing in more than 5 years	247
Total	**1,336**

The amounts represent future disbursements expressed before discounting.

Note 10 Investments in associates accounted for under the equity method

Investments in associates over which the parent company directly or indirectly exercises significant influence, without however exercising full or joint control, are accounted for under the equity method. This method consists in recording the Group's share in profit for the year of the associate in the consolidated income statement as part of "Share of net profit/(loss) of associates".

The Group's share in the net assets of the associate is recorded under "Investments in associates accounted for under the equity method" in the consolidated statement of financial position. Goodwill arising on the acquisition of associates is included in the carrying amount of the investment.

The Group decided to classify all gains or losses on the disposal of investments in associates in "Other operating income and expenses".

(In € million)	December 31, 2019	Disposal	Net results	Exchange differences and other	December 31, 2020
Worldline	1,724	-1,281	2	-445	0
Other	3		3	1	7
Total	**1,727**	**-1,281**	**5**	**-444**	**7**

In 2019, following the distribution in kind of Worldline's shares, Atos held 27.3% of Worldline's share capital and 35% of voting rights. As such, the Group investment in Worldline was from that date presented as part of "Investments in associates accounted for under the equity method" in the 2019 consolidated financial statements.

Following the transaction in February 2020 (see Note 1), the Group considered it no longer had a significant influence over Worldline. Hence, at the disposal date, the retained interest in Worldline was classified as a financial asset measured at fair value through the income statement under IFRS 9.

Note 11 Pension plans and other long-term benefits

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Costs relating to defined contribution plans are recognized in the income statement based on contributions paid or due in respect of the accounting period when the related services have been provided by beneficiaries.

The valuation of Group defined benefit obligations is based on a single actuarial method known as the "projected unit credit method". Under this method, the amount of future benefit payments to employees is determined on the basis of actuarial assumptions (change in wages, retirement age, probability of payment, turnover rate and mortality rate). These future payments are reduced to their present value using a discount rate determined according to the rates of investment-grade corporate bonds of a maturity equivalent to that of the company's corporate liabilities. The actuarial assumptions are periodically updated, with the support of the external actuaries used by the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing.

The value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate.

From one accounting period to the other, any difference between the projected and actual pension obligation and their related assets is combined at each benefit plan's level to form actuarial differences. Those differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period. All actuarial gains and losses on post-employment benefit plans generated in the period are recognized in "other comprehensive income".

Benefit plan costs are recognized in the Group's operating income, except for interest costs on obligations, net of expected returns on plans assets, which are recognized in "other financial income and expenses".

The total amount recognized in the Group statement of financial position in respect of pension plans was € 1,204 million at December 31, 2020 compared to € 972 million at December 31, 2019. The total amount recognized for other longer-term employee benefits was € 42 million compared to € 50 million at December 31, 2019.

(in € million)	December 31, 2020	December 31, 2019
Amounts recognized in financial statements consist of :		
Prepaid pension asset	112	231
Accrued liability – pension plans [a]	-1,317	-1,203
Total Pension plan	**-1,204**	**-972**
Accrued liability – other long-term employee benefits [b]	-42	-50
Total accrued liability [a] + [b]	**-1,359**	**-1,252**

Pension plans

The Group's pension obligations are located predominantly in the United Kingdom (53% of Group total obligations), Germany (30%), US (5%), Switzerland (5%) and France (4%).

Characteristics of significant plans and associated risks

In the United Kingdom, these obligations are generated by legacy defined benefit plans, the majority of which have been closed to further accrual or new entrants. The plans are final pay plans and are subject to the UK regulatory framework where funding requirements are determined by an independent actuary based on a discount rate reflecting the plan's expected return on investments. Recovery periods are agreed between the plans' trustees and the sponsoring companies and may run up to 20 years if appropriate securities are provided by sponsors. The majority of plans are governed by a sole independent trustee.

The current asset allocation across United Kingdom plans is 79% fixed income, 21% equities and other assets and may vary depending on the particular profile of each plan. The interest rate and inflation exposures are cautiously managed through investment in Gilts, Indexed-Linked and interest rate swaps. The fixed income allocation comprises a significant exposure to investment grade credits and the equity allocation is well diversified geographically.

The plans do not expose the Group to any specific risks that are unusual for these types of benefit plans. Typical risks include, increase in inflation, longevity and a decrease in discount rates and adverse investment returns.

In Germany the majority of the liabilities relate to pension entitlements that transferred to the Group with the acquisition of SIS in 2011 and Unify in 2016. The plans cover multiple legal entities in Germany and are subject to the German regulatory framework, which has no funding requirements, but does include compulsory insolvency insurance (PSV). The plans are partially funded however, using a Contractual Trust Agreement (CTA). The CTA is governed by a professional independent third party. The investment strategy is set by the Investment Committee composed of employer representatives. The asset allocation related to the largest German schemes is 66% fixed income, 22% return seeking assets and other assets and 12% property. The asset allocation related to the other scheme is more in line with the lower interest rate sensitivities of the schemes and are predominantly invested in investment grade credits and, to a lesser extent, in balanced funds and European high yield.

In Switzerland, the obligations are generated by legacy defined benefit plans, exceeding the minimum benefit requirements under Swiss law (BVG). Pension contributions are paid by both the employees and the employer and are calculated as a percentage of the covered salary. The rate of contribution depends on the age of the employee. At retirement, the employees' individual savings capital is multiplied by the conversion rate, as defined by the pension fund regulations, and can be paid out as either a lifetime annuity or a lump-sum payment. In the event of disability, the pension plan pays a disability pension until ordinary retirement age.

The Group obligations are also generated by Qualified and Unqualified Pension plans in the USA and, to a lesser extent, by legal or collectively bargained end of service or end of career benefit plans. The Group obligations with respect to post-employment healthcare benefits are not significant.

Atos recognized all actuarial gains and losses and asset ceiling effects generated in the period in "Other comprehensive income".

Events in 2019

Since the distribution of Worldline shares by Atos in 2019, Worldline has been accounted for in Atos consolidated financial statement first under the equity method, then, since the ABO in February 2020 (see Note 1), as a financial asset measured at fair value through the income statement. That led to a decrease in the net pension liabilities of € 110 million as at January 1, 2019 (a decrease in the pension obligations of € 536 million and a decrease in plan assets of € 426 million).

In November 2019, Atos merged three Defined Benefit pension schemes together, with transfer of assets and liabilities into a newly Scheme (the Atos UK 2019 Pension Scheme). Members of those plans are either deferred or pensioner members. The deficit at the date of the merger was expected to be around £ 265 million. An agreement has been reached with the Trustee of the new Scheme to arrange a one-off contribution of £ 198 million (€ 230 million) through the distribution of Worldline share. This non-cash transaction would prevent Atos from any additional funding in cash for the next 15 years, subject to ensuring compliance with UK pension funding regulations.

Twice this year, Atos UK Ltd offered to some of the current active members of the Atos 2011 Pension Scheme, a Bridging Pension Option (BPO). This option gives members the opportunity to give up some of their pension rights to be received after State Pension Age (SPA) as a counterpart of temporary pension uplift when retiring from the scheme up to their SPA. This led to a reduction in obligation and operating expenses of € 10 million, including actuarial, legal and other project costs.

In France, the Occupational Pension plan offered to General Management Committee members has been frozen as a result of the PACTE law, implementing in the French regulation parts of the EU directive related to pension accrual portability. The French government clarified via the Ordinance of July 3, 2019 how those new rules apply. Defined Benefit Pension plans were closed to new entrants starting July 4, and no additional benefit accruals were allowed from January 1, 2020 onwards. As a consequence of this new legal framework, upon recommendation of the Nomination and Remuneration Committee, the Board of Directors decided on December 16, 2019 that the new CEO will no longer be eligible to the Occupational Pension plan offered to General Management Committee members. Besides, former Chairman and CEO Thierry Breton, who left Atos on October 31, 2019 and settled his Defined Benefit pension accrued rights, waived his pension supplement that he could be entitled to, during his mandate period at the European Commission. All these impacts were treated as a plan amendment under IAS19. The positive impact of it has been recognized as part of operating margin in the second half of the year for € 12 million.

Events in 2020

In July 2020, Atos sold the Unify business in Belgium. This led to a reduction of the obligation of € 18 million corresponding to accrued benefits for the transferred active employees and accrued benefits of deferred plan members, and a reduction of the associated pension assets of € 15 million.

Atos UK Ltd offered to some of the current active members of the Atos 2019 Pension Scheme a Bridging Pension Option (BPO). This option gives members the opportunity to give up some of their pension rights to be received after State Pension Age (SPA) as a counterpart of temporary pension uplift when retiring from the scheme up to their SPA. This led to a reduction in obligation and operating expenses of € 20 million, including actuarial, legal and other project costs.

The Corporate bond interest rate markets for all major zone/countries were particularly volatile this year due to the COVID19 crisis, with a peak at the end of March 2020. The discount rate curves have been sloping downwards since then as a consequence of the drop in the sovereign bond rates combined with the reduction in the credit spread. The discount rates at December 31, 2020 have decreased since December 31, 2019 for the Eurozone, the UK and to a lower extent for Switzerland. This led to a large increase in the obligation of about €426 million, partially compensated by the actuarial gains of € 202 million on the pension assets due to the Liability Driven Investment (LDI) strategy and the unexpected good performance of the stock market over the second half of the year. The net amount led to an increase in the pension liability recognized through other comprehensive income.

(in € million)	**December 31, 2020**	**December 31, 2019**
Amounts recognized in financial statements consist of :		
Prepaid pension asset	112	231
Accrued liability – pension plans	-1,317	-1,203
Net amounts recognized – Total	**-1,204**	**-972**
Components of net periodic cost		
Service cost (net of employees contributions)	51	51
Past service cost, Settlements	-29	-46
Administration costs	2	2
Operating expense	**25**	**8**
Interest cost	74	104
Interest income	-58	-74
Financial expense	**16**	**30**
Net periodic pension cost – Total expense/(profit)	**41**	**37**
Change in defined benefit obligation		
Total Defined Benefit Obligation at January 1	**4,855**	**4,901**
Scope adjustment (Worldline)	-	-536
Exchange rate impact	-176	138
Service cost (net of employees contributions)	51	51
Interest cost	74	104
Past service cost, Settlements	-29	-51
Business combinations/(disposals)	-15	-
Employees contributions	5	7
Benefits paid	-188	-183
Actuarial (gain)/loss - change in financial assumptions	426	454
Actuarial (gain)/loss - change in demographic assumptions	17	-45
Actuarial (gain)/loss - experience results	81	16
Reclassification	1	-
Defined benefit obligation at December 31	**5,102**	**4,855**

The weighted average duration of the liability is about 15 years.

(in € million)	**December 31, 2020**	**December 31, 2019**
Change in plan assets		
Fair value of plan assets at January 1	**3,883**	**3,704**
Scope adjustment (Worldline)	-	-426
Exchange rate impact	-174	131
Actual return on plan assets	319	364
Employer contributions	16	33
Benefits paid by the funds	-134	-151
Settlements	-	-5
Business combinations/(disposals)	-16	-
Employees contributions	5	7
Administration costs	-3	-3
Reclassification (Worldline shares distributions by Atos SE)	-	230
Fair value of plan assets at December 31	**3,898**	**3,883**
Reconciliation of prepaid/(accrued) Benefit cost		
Funded status	-1,204	-972
Any other amount not recognized (asset ceiling limitation)	-	-
Prepaid/(accrued) pension cost	**-1,204**	**-972**
Reconciliation of net amount recognized (all plans)		
Net amount recognized at beginning of year	**-972**	**-1,197**
Scope adjustment (Worldline)	-	110
Net periodic pension cost	-41	-37
Benefits paid by employer	54	32
Employer contributions	16	33
Business combinations/(disposals)	-1	-
Amounts recognized in Other Comprehensive Income	-262	-134
Other (exchange rate)	3	-7
Transfer of Worldline shares to Atos UK Pension Scheme	-	230
Reclassification	-1	-1
Net amount recognized at end of year	**-1,204**	**-972**

The development in the main countries was as follows:

(in € million)	UK schemes	German schemes	Other schemes
Reconciliation of net amount recognized in main plans:			
Net amount recognized at beginning of year	**150**	**-730**	**-393**
Net periodic pension cost	9	-24	-26
Benefits paid by employer & employer contributions	6	15	49
Business combinations / disposals	0	0	-1
Amounts recognized in Other Comprehensive Income	-163	-100	1
Other (exchange rate and reclassification)	-5	-1	8
Net amount recognized at end of year	**-3**	**-839**	**-362**
Defined benefit obligation at December 31st	-2,679	-1,531	-892
Fair value of plan assets at December 31st	2,676	692	530
Asset ceiling limitation at December 31st	-	-	-
Net amount recognized at end of year	**-3**	**-839**	**-362**

Actuarial assumptions

Group obligations are valued by independent actuaries, based on assumptions that are periodically updated.

These assumptions are set out in the table below:

	United Kingdom		Eurozone		Switzerland		USA	
	12 months ended December 31, 2020	**December 31, 2019**	**12 months ended December 31, 2020**	**December 31, 2019**	**12 months ended December 31, 2020**	**December 31, 2019**	**12 months ended December 31, 2020**	**December 31, 2019**
Discount rate	1.50%	2.10%	0,5% ~ 0,9%	0,8% ~ 1,3%	0.15%	0.25%	2.25%	3.00%
Salary increase	2.50%	2.55%	2,0% ~ 2,2%	2,0% ~ 2,2%	1.00%	1.00%	na	na
Inflation assumption	RPI: 2.90% CPI: 2.20%	RPI: 2.95% CPI: 1.95%	1.45%	1.45%	na	na	na	na

The inflation assumption is used for estimating the impact of indexation of pensions in payment or salary inflation based on the various rules of each plan.

Sensitivity of the defined benefit obligations of the significant plans to the discount rate and inflation rate assumptions is as follows:

	Discount rate +25bp	Inflation rate +25bp
United Kingdom main pension plans	-3.9%	+4.0%
German main pension plans	-3.7%	+2.5%

These sensitivities are based on calculations made by independent actuaries and do not include cross effects of the various assumptions, they do however include effects that the inflation assumption would have on salary increase assumptions for the United Kingdom.

Plan assets

Plan assets were invested as follows:

	December 31, 2020	December 31, 2019
Equity	14%	15%
Bonds/Interest Rate Swaps	68%	66%
Real Estate	7%	7%
Cash and Cash equivalent	2%	2%
Other	9%	10%

Of these assets, 89% are valued on market value, 9% relates to property, private equity and infrastructure investments where valuations are based on the information provided by the investment managers and 2% relate to insurance contracts.

A significant part of the Bonds and Interest Rate Swaps are part of the interest rate hedging program operated by the Atos United Kingdom pension plans, which aims to hedge a significant portion of funding liabilities. None of the plans are hedged for longevity risks.

Atos securities or assets used by the Group are not material.

Prepaid pension situations on statement of financial position

The net asset of € 112 million mostly relates to two schemes in the United Kingdom and is supported by appropriate refund expectations according to IFRIC 14. Those two schemes are still in surplus despite the market turmoil of 2020.

Summary net pension impacts on income statement

The net impact of defined benefit pension plans on Group financial statements can be summarized as follows:

(in € million)	12 months ended 31 December 2020	12 months ended 31 December 2019
Operating margin	-28	-9
Other operating income and expenses	3	1
Financial result	-16	-30
Total (expense)/profit	**-41**	**-37**

Other long-term employee benefits

The net liabilities related to other long-term employee benefits were € 50 million at December 31, 2019. They decreased to € 42 million at December 31, 2020 via benefit payments and employer contributions (€ 25 million), net of expenses recorded in the income statement (€ 18 million).

Note 12 Provisions

Provisions are determined by discounting the excepted future cash flows to extinguish the liability. Provisions are recognized when:

- the Group has a present legal, regulatory, contractual or constructive obligation as a result of past events and;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and;
- the amount has been reliably quantified.

(in € million)	December 31, 2019	Business combinations	Charge	Release used	Release unused	Other (*)	December 31, 2020	Current	Non-current
Reorganization	74.4	-	35	-28	-2	-1	79	74	5
Rationalization	9.5	-	4	-1	-1	-2	9	4	6
Project commitments	30.4	-	8	-9	-3	-4	23	20	3
Litigations and contingencies	74.9	3	5	-1	-16	-12	54	20	34
Total provisions	**188**	**3**	**52**	**-39**	**-21**	**-18**	**165**	**118**	**47**

(*) Other movements mainly consist of currency translation adjustments

(in € million)	December 31, 2018	Assets held for distribution	Charge	Release used	Release unused	Other (*)	December 31, 2019	Current	Non-current
Reorganization	70	-5	50	-36	-6	1	74	69	5
Rationalization	18	-0	1	-6	-7	3	9	7	2
Project commitments	37	-3	14	-12	-5	-1	30	26	4
Litigations and contingencies	121	-31	17	-4	-12	-17	75	17	58
Total provisions	**247**	**-38**	**82**	**-58**	**-30**	**-14**	**188**	**119**	**69**

(*) Other movements mainly consist of currency translation adjustments

Reorganization

New reorganization provisions were posted for € 35 million over the year mainly in Germany, France and the UK, driven by new plans or specific measures aimed at improving Group efficiency and productivity.

The € 28 million consumptions primarily corresponded to workforce optimization in Germany.

Rationalization

The new provisions of € 4 million mainly related to office premises rationalization in Germany and France.

Project commitments

The € 8 million charge was mainly incurred in Central and Southern Europe.

Project commitments provisions release for € 9 million primarily related to cost overruns incurred on some projects in Central Europe.

Litigation and contingencies

Contingency provisions decreased to € 54 million over 2020. They were composed of a number of long-term litigation issues, such as non-income tax contingencies and social disputes, guarantees given on disposals and other disputes with clients and suppliers, notably in South America.

Note 13 Fair value and characteristics of financial instruments

Derivative financial instruments

Derivative instruments are recognized as financial assets or liabilities at their fair value. Any change in the fair value of these derivatives is recorded in the income statement as a financial income or expense, except when they are eligible for hedge accounting, whereupon:

- for fair value hedge of existing assets or liabilities, the hedged portion of an instrument is reported at fair value on the statement of financial position. Any change in fair value is recorded as an expense or an income in the income statement, where it is offset simultaneously by changes in the fair value of the designated hedged elements except for any ineffectiveness;
- for cash flow hedge, the effective portion of the change in fair value of the hedging instrument is directly recognized in shareholders' equity as "items recognized directly in equity". The change in value of the ineffective portion is recognized in "Other financial income and expenses". Amounts deferred in equity are taken to the income statement at the same time as the related hedged cash flow.

The Group uses forward foreign exchange contracts to hedge the variability of cash flows arising from changes in foreign exchanges rates sales and purchases in foreign currencies. The Group designates only the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships for highly probable transactions. Under IFRS 9, the Group has elected to separately account for the forward points as a cost of hedging. Consequently, the changes in forward points will be recognized in other comprehensive income and accumulated in a cost of hedging reserve as a separate component within equity and accounted for subsequently as gain and losses accumulated in the cash flow hedge reserve as part of the underlying covered transaction.

(in € million)	December 31, 2020		December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	13	-13	7	-1
Forward interest rate contracts	-	0	-	-2
Analysed as :				
. Non-current	-	-	-	-2
. Current	13	-13	7	-1

The fair value of financial instruments is provided by independent counterparties.

Interest rate risk

Bank loans and commercial papers of € 755 million in 2019 and € 915 million in 2020 were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The Group may mitigate its interest rate exposure using interest rates swap contracts with financial institutions in order to fix the rate of a portion of the floating-rate financial debt. The fair value of the financial instruments used to hedge the floating-rate financial qualifies for cash flow hedge accounting.

Exposure to interest rate risk

The table below presents the interest rate risk exposure of the Group based on future debt commitments. The exposure at floating rate after hedging risk management is approximately € 2,679 million as at December 31, 2020. A 1.0% decrease in short-term reference rates in Euro would reduce income from interest by € 26.8 million in theory assuming the structure (cash/floating debt/hedges) remains stable for the full period of the year.

(in € million)	Notes	Exposure Less than 1 year	Exposure More than 1 year	Total
Bank loans & NEU CP		-915	-	-915
Securitization	Note 6.4.1	-	-	-
Other		-28	-19	-47
Total liabilities		**-943**	**-19**	**-962**
Cash and cash equivalents	Note 6.5	3,282	-	3,282
Overdrafts	Note 6.5	-140	-	-140
Total net cash and cash equivalents (*)		**3,142**	**-**	**3,142**
Net position before risk management		2,198	-19	2,179
Hedging instruments		500	-	500
Net position after risk management		**2,698**	**-19**	**2,679**
Bonds	Note 6.4	-	-2,100	-2,100
Optional exchangeable bond	Note 6.4	-	-500	-500
NEU MTN at fixed rate		-	-50	-50
Total net debt/cash after risk management		**2,698**	**-2,669**	**29**

(*) Overnight deposits (deposit certificate) and money market securities and overdrafts

Liquidity risk

On April 2, 2020, Atos fully repaid by anticipation the 5-year € 600 million bond maturing on July 2, 2020. The coupon rate was 2.375%.

On February 4, 2020, Atos disposed part of its retained interest by selling ca. 23.9 million Worldline shares through an Accelerated Bookbuilding Offering on the market for € 1,402 million, net of disposal costs and tax.

On October 30, 2019 Atos announced the disposal of Worldline share capital (€ 780 million through a private placement by way of Accelerated Book building Offering (ABO)) and the issuance of € 500 million zero coupon bonds exchangeable into Worldline shares with a maturity of 5 years and an exchange premium of 35%. Total gross proceeds for Atos was € 1,280 million for the combined transactions.

On November 5, 2018, Atos announced the successful placement of its € 1.8 billion bond issue. The € 1.8 billion triple tranche-bond issue consists of three tranches:

- € 700 million notes with a 3.5-year maturity and 0.75% coupon;
- € 750 million notes with a 6.5-year maturity and 1.75% coupon;
- € 350 million notes with a 10-year maturity and 2.50% coupon.

There are no financial covenants attached to this bond. The rating agency Standard and Poor's assigned a rating of BBB+ to the three tranches, subsequently to the rating of Atos described here below. On December 17, 2020, Standard and Poor's reaffirmed BBB+ / Stable rating for Atos.

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion revolving credit facility (the Facility) maturing in November 2023 with an option for Atos to request the extension until 6 November 2025 in two times. Atos exercised the second option on 2020 to extend the maturity of the Facility until 6 November 2025. The Facility is available for general corporate purposes and replaces the existing € 1.8 billion facility signed in November 2014.

The Facility includes one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times. The calculation at December 31, 2020 presented here below excludes IFRS 16 impacts for an amount of € 369 million.

Nature of ratios subject to covenant	Covenant	12 months ended December 31, 2020	12 months ended December 31, 2019
Leverage ratio (net debt/OMDA)*	not greater than 2.5	0.36	1.19

(*) OMDA : Operating margin before non cash items

On May 4, 2018 Atos implemented a Negotiable European Medium-Term Note program (NEU MTN) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 600 million.

On June 2, 2017, Atos implemented a Negotiable European Commercial Paper program (NEU CP) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 900 million raised to € 1.8 billion in October 2018. On December 10, 2019 the maximum amount of € 1.8 billion was increased to € 2.4 billion.

On September 29, 2016, Atos issued a Euro private placement bond of € 300 million with a seven-year maturity and with a 1.444% fixed interest rate (unrated). There are no financial covenants attached to this bond.

On July 2, 2015 Atos issued a bond of € 600 million with a five-year maturity. The coupon rate is 2.375% (unrated). This bond was reimbursed in April 2020.

Atos securitization program of trade receivables had been renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The program was restricted to two French participant entities. In October 2020, this program was terminated.

Currency exchange risk

Atos operates in 71 countries. However, in most cases, Atos invoices in the country where the Group renders the service, thus limiting the foreign exchange risk. Where this is not the case, the Group generally uses hedging instruments such as forward contracts or foreign currency swaps to minimize the risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(in € million)	2020	2019	2020	2019	2020	2019
	EUR		GBP		USD	
Assets	188	189	50	38	207	214
Liabilities	63	44	33	3	158	145
Foreign exchange exposure before hedging	125	145	18	35	50	70
Hedged amounts	-490	-328	-80	-80	-99	-119
Foreign exchange impact after hedging	**-365**	**-183**	**-62**	**-45**	**-50**	**-49**

Foreign currency sensitivity analysis

The entities with functional currencies in EUR, GBP and USD are mainly exposed to foreign exchange risk.

The following table details the Group sensitivity to a 5% increase and decrease of the sensitive currency against the relevant functional currency of each subsidiary. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% increase in foreign currency rates.

(in € million)	2020	2019	2020	2019	2020	2019
	EUR		GBP		USD	
Income Statement	-18	-9	-3	-2	-2	-2

Hedge accounting

There is no material deviation between the maturity of the financial instruments and the period in which the cash flows are expected to occur.

As at December 2020, derivatives were all allocated to the hedging of transactional risks (foreign exchange currency risks). From an accounting perspective, most of the derivatives were considered as cash flow hedge instruments.

The breakdown of the designation of the instruments by currency is as follows:

(in € million) *Instruments*	December 31, 2020		December 31, 2019	
	Fair value	**Notional**	**Fair value**	**Notional**
Cash flow hedge				
Interest rate				
SWAP	0	500	-2	545
Foreign exchange				
Forward contracts CHF	0	6	0	10
Forward contracts CNY	0	2	0	2
Forward contracts GBP	0	-7	-	-
Forward contracts INR	-1	134	2	161
Forward contracts MAD	0	16	0	13
Forward contracts MXN	2	27	1	26
Forward contracts PHP	0	26	0	27
Forward contracts PLN	3	114	1	108
Forward contracts RON	1	48	0	43
Forward contracts RUB	0	7	0	9
Forward contracts SEK	0	-4	-	-
Forward contracts USD	-4	184	0	31
Trading and fair value hedge				
Foreign exchange				
Forward contracts CHF	0	-17	-	-
Forward contracts CNY	0	0	-0	1
Forward contracts GBP	0	-10	-0	-14
Forward contracts INR	0	9	0	12
Forward contracts MAD	0	7	0	7
Forward contracts MXN	-	-	0	3
Forward contracts PHP	0	1	0	3
Forward contracts PLN	0	22	-0	18
Forward contracts RON	0	8	0	5
Forward contracts USD	-3	68	0	61

The net amount of cash flow hedge reserve at December 31, 2020 was €+1 million (net of tax), with a variation of €-3 million (net of tax) over the year.

Note 14 Shareholders' equity

14.1. Earnings per share

Basic earnings per share is calculated by dividing the net income (attributable to owners of the parent) by the weighted average number of ordinary shares outstanding during the period. Treasury shares deducted from consolidated equity are not considered in the calculation of basic or diluted earnings per share.

Diluted earnings per share is calculated by dividing the net income attributable to owners of the parent, adjusted for the financial cost net of tax of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted (stock options and convertible debt).

The dilutive impact of each convertible instrument is determined in order to maximize the dilution of basic earnings per share. The dilutive impact of stock options is assessed based on the average price of Atos shares over the period.

In 2019, potential dilutive instruments comprised stock options (4.659 employee stock options).

(in € million and shares)	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
Net income from continuing operations– Attributable to owners of the parent [a]	**550**	**414**
Impact of dilutive instruments		-
Net income from continuing operations restated of dilutive instruments - Attributable to owners of the parent [b]	**550**	**414**
Average number of shares outstanding [c]	109,003,866	107,669,930
Impact of dilutive instruments [d]	-	4,659
Diluted average number of shares [e]=[c]+[d]	109,003,866	107,674,589
(In €)		
Basic EPS from continuing operations [a] / [c]	**5.05**	**3.84**
Diluted EPS from continuing operations [b] / [e]	**5.05**	**3.84**

(in € million and shares)	**12 months ended December 31, 2020**	**12 months ended December 31, 2019**
Net income from discontinued operation - Attributable to owners of the parent [a]	**-**	**2,986**
Impact of dilutive instruments		-
Net income from discontinued operations restated of dilutive instruments - Attributable to owners of the parent [b]	**-**	**2,986**
Average number of shares outstanding [c]	109,003,866	107,669,930
Impact of dilutive instruments [d]	-	4,659
Diluted average number of shares [e]=[c]+[d]	109,003,866	107,674,589
(In €)		
Basic EPS from discontinued operations [a] / [c]	**0.00**	**27.74**
Diluted EPS from discontinued operations [b] / [e]	**0.00**	**27.73**

No significant share transactions occurred subsequently to the 2020 closing that could have a dilutive impact on earnings per share calculation.

14.2. Equity attributable to the owners of the parent

Treasury shares

Atos shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

Capital increase

In 2020, Atos SE increased its share capital by incorporating additional paid-in-capital and common stock for € 36 million related to the issuance of 778,252 new shares.

As at December 31, 2020, Atos SE issued share capital amounted to € 110 million, divided into 109,993,166 fully paid-up common stock of € 1.00 par value each.

Distribution in kind – Worldline in 2019

Following the decision made on January 29, 2019 by Atos Board of Directors to submit to the Annual General Meeting the project to distribute 23.5% of Worldline total shares to Atos shareholders and the approval of the transaction by Atos shareholders at the Annual General Meeting on April 30, 2019, this distribution of Worldline shares took effect on May 7, 2019, the payment date for the stock dividend, for a total amount of € 2,344 million, corresponding to a distribution of 42,852,724 Worldline shares valued at € 54.7 per share.

14.3. Non-controlling Interests

Non-controlling interests purchase commitments

The Group can take commitments to repurchase the non-controlling interests of shareholders of certain subsidiaries. The strike price of these put options may be set or determined according to a predefined calculation formula, and the options may be exercised at any time or on a specific date.

The Group records a financial liability at the present value of the strike price in respect of the put options granted to holders of non-controlling interests in the entities concerned. The offsetting entry for this financial liability differs depending on whether the non-controlling shareholders have maintained present access to the economic benefits of the entity. In the case of present access to the entity's economic benefits, non-controlling interests are maintained in the statement of financial position and the liability is recognized against equity attributable to owners of the parent. Where access to the entity's economic benefits is no longer available by virtue of the put option, the corresponding non-controlling interests are derecognized.

The difference between the liability representing the commitment to repurchase the non-controlling interests and the carrying amount of derecognized non-controlling interests is recorded as a deduction from equity attributable to owners of the parent. Subsequent changes in the value of the commitment are recorded by an adjustment to equity attributable to owners of the parent.

(in € million)	**December 31, 2019**	**2020 Income**	**Assets Held for distribution**	**Dividends**	**Scope changes**	**Other**	**December 31, 2020**
Worldline	-						-
Other	12	3	-	-4	-0	-1	10
Total	**12**	**3**	**-**	**-4**	**-0**	**-1**	**10**

(in € million)	**December 31, 2018**	**2019 Income**	**Assets Held for distribution**	**Dividends**	**Scope changes**	**Capital Increase**	**December 31, 2019**
Worldline	2,019	89	-2,107	-	-	-	-
Other	9	3	-	-3	-	3	12
Total	**2,027**	**92**	**-2,107**	**-3**	**-**	**3**	**12**

In 2019, the significant decrease of the non-controlling interest was due to the loss of control of Worldline, following the distribution in kind of Worldline shares on May 2019, from now accounted for under equity method.

Non-controlling interests are no longer significant for the Group.

Note 15 Off-balance sheet commitments

Contractual commitments

The table below illustrates the minimum future payments under firm obligations and commitments over the coming years:

(in € million)	**December 31, 2020**	**Maturing**			**December 31, 2019**
		Up to 1 year	**1 to 5 years**	**Over 5 years**	
Leases of low value and short term leases	37	14	23	-	19
Non-cancellable purchase obligations (> 5 years)	268	8	173	87	101
Total commitments given	**305**	**22**	**196**	**87**	**120**
Financial commitments received (Syndicated Loan)	2,320	-	2,320	-	2,320
Total commitments received	**2,320**	**-**	**2,320**	**-**	**2,320**

The financial commitment received refers exclusively to the non-utilized part of the € 2.4 billion credit revolving facility.

Commercial commitments

(in € million)	December 31, 2020	December 31, 2019
Bank guarantees	**366**	**347**
- Operational - Performance	226	253
- Operational - Bid	14	14
- Operational - Advance Payment	101	68
- Financial or Other	25	12
Parental guarantees	**4,343**	**3,343**
- Operational - Performance	4,264	3,168
- Financial or Other	79	175
Pledges	**6**	**7**
Total	**4,714**	**3,697**

For various large long-term contracts performed by its subsidiaries, the Group provides performance guarantees to its clients. These guarantees amounted to € 4,264 million as of December 31, 2020, compared with € 3,168 million at the end of December 2019. This variation of € 1,096 million compared to last year is mainly due to the issuance of some guarantees provided to the benefit of the customers in the United States of America and the United Kingdom.

In addition, in relation to the multi-currency revolving facility extended until October 2025, Atos SE issued a parental guarantee for the benefit of the consortium of banks represented by BNP Paribas, in order to guarantee up to € 660 million (unchanged amount) the obligations of its two subsidiaries: Atos Telco Services B.V. and Atos International B.V.

In the framework of the Atos pension schemes rationalization plan in the UK aiming to a more efficient structure, the Board of Directors of Atos SE, on July 22, 2018 meeting, gave consent to the grant of a parental guarantee to the Atos Pension Schemes Limited as trustee of the new Atos UK 2019 Pension Scheme set up on November 1, 2019. Under this guarantee, Atos SE guarantees the obligations of the sponsoring employers vis-à-vis the pension scheme. On December 22, 2020, the guarantee has been confirmed and extended to take into consideration the merger of the Atos 2011 Pension Trust into the Atos UK 2019 Pension Scheme and the transfer of the related liabilities. The new total estimated amount of the guarantee was £ 860 million (€ 948 million).

Note 16 Litigations

The Group is regularly involved in various claims and legal proceedings arising in the ordinary course of business. While the Group does not expect that the ultimate resolution of any existing claims and proceedings (other than the specific matters described below, if decided adversely), individually or in the aggregate, will have a material adverse effect on its financial position, an unfavorable outcome in some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on the current understanding of relevant facts and circumstances. As such, the Group’s view of these matters is subject to inherent uncertainties and may change in the future.

Moreover, since the Group includes a great many entities located in other countries, it is regularly audited by tax authorities. Several audits and tax-related proceedings or disputes have been initiated or are currently being conducted by those authorities or in the courts, but none are expected to give rise to or has given rise to material tax expense that could have a significant impact on the financial statements as the Group considers that it has sound means of defense and that it employs the legal procedures available to it to prevent any unfavorable outcome.

TriZetto

The case, dated 2015, is about the use by Syntel of tools (software platform and other materials) from TriZetto to provide a project to certain customers. Syntel made a case against TriZetto considering unlawful termination of subcontracting. In response, Cognizant suited Syntel for violating IP rights on IP for the software and commercial secret.

On October 27, 2020, a jury in the United States District Court of New York found Syntel, now part of Atos, liable for trade secret misappropriation and copyright infringement and specified approximately $855 million in damages, of which $ 570 million defined as "punitive" damages, due to Cognizant and its subsidiary TriZetto, now part of Cognizant.

Atos has already filed a motion challenging the validity of TriZetto's claims and will immediately seek to file a further motion to overturn the verdict. These motions will be decided by the Judge presiding over the case. If these motions were denied, Atos would have the right to appeal. Atos considers that the jury's verdict is not supported by the evidence presented during the trial or the applicable law.

The position of Atos and Atos|Syntel is that this claim has no merit and the amount of damages is grossly out of proportion. As Atos argued at trial, as well as stated in a press release dated October 28, 2020, the maximum amount of damages legally available to TriZetto in this case would be approximately $8.5 million.

Note 17 Related party transactions

Related parties are defined as follows:

- entities which are controlled directly by the Group, either solely or jointly, or indirectly through one or more intermediary controls. Entities which offer post-employment benefits in favor of employees of the Group, or entities which are controlled or jointly owned by a member of the key management personnel of the Group as defined hereafter; and
- key management personnel of the Group defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, namely members of the Board of Directors, as well as members of the General Management Committee.

Transactions between Atos and its subsidiaries, which are related parties of the Group, have been eliminated in consolidation and are not disclosed in this note.

Transactions between the related parties

The main transactions between the related entities are composed of:

- The reinvoicing of the premises;
- The invoicing of delivery services such as personnel costs or use of delivery infrastructure;
- The invoicing of administrative services; and
- The interest expenses related to the financial items.

These transactions are entered into at market conditions.

Related party transactions are detailed as follows:

(in € million)	**1 month ended January 31, 2020**
Continuing operations	
Revenue	6
Operating income/expenses	-2
Discontinued operations	
Cost to distribute	0

There were no receivables and liabilities included in the statement of financial position linked to related parties.

Compensation of members of the Board of Directors as well as members of the General Management Committee

The remuneration of the key members of Management during the year is set out below:

(In € million)	**12 months ended 31 December 2020**	**12 months ended 31 December 2019**
Short-term benefits	13	6
Employer contributions & other taxes	5	3
Post-employment benefits	1	1
Equity-based compensation: stock options & free share plans	12	7
Total	**30**	**18**

Following the Board's decision to separate the offices of Chairman of the Board and Chief Executive Officer, the General Management Committee has been extended to include the Chief Executive Officer, Elie Girard, and the Heads of Group Industries, Operations, Regional Business Units and Functions, while the former General Management Committee was composed of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and three Senior Executive Vice-Presidents. As a result, the figures stated in the table above for the 2020 financial year are not comparable to those stated for the previous year.

Short-term benefits include salaries, bonuses and fringe benefits. Bonuses correspond to the total charge reflected in the income statement including the bonuses actually paid during the year, the accruals relating to current year and the release of accruals relating to prior year.

Note 18 Main operating entities part of scope of consolidation as of December 31, 2020

	% of Interest	Consolidation method	% of Control	Adress
HOLDING				
Atos SE	Consolidation Parent Company			80, quai Voltaire - 95870 Bezons, FRANCE
Atos International B.V.	100	FC	100	Burgemeester Rijnderslaan 30, 1185 MC Amstelveen, THE NETHERLANDS
Saint Louis Ré	100	FC	100	74, rue de Merl - L2146 Luxembourg, FRANCE
Atos International SAS	100	FC	100	80, quai Voltaire - 95870 Bezons, FRANCE
Bull SA	100	FC	100	Rue Jean Jaurès - 78340 Les Clayes-sous-Bois, FRANCE
FRANCE				
Atos Integration SAS	95	FC	100	80, quai Voltaire - 95870 Bezons
Atos Infogérance SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Atos Consulting SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Atos Worldgrid SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Yunano	100	FC	100	80, quai Voltaire - 95870 Bezons
Bull SAS	100	FC	100	Rue Jean Jaurès - 78340 Les Clayes-sous-Bois
Agarik SAS	100	FC	100	20, rue Dieumegard 93400 Saint-Ouen
Avantix SAS	100	FC	100	655, avenue Galilée - 13794 Aix en Provence
Evidian SA	100	FC	100	Rue Jean Jaurès - 78340 Les Clayes-sous-Bois
Air Lynx	100	FC	100	1, avenue de l'Atlantique, Immeuble Everest - 91940 Les Ulis
Keynetics SA	100	FC	100	175, rue Jean Jacques Rousseau - 92130 Issy les Moulineaux
Alia Consulting SAS	100	FC	100	3, rue de Liège - 75009 Paris
Econocom Digital Security SAS	100	FC	100	50, avenue Daumesnil - 75012 Paris
EcoAct SAS FR	100	FC	100	35, rue de Miromesnil - 75008 Paris
Edifixio SAS	100	FC	100	123, Rue Jules Guesde - 92300 Levalois Perret
GERMANY				
X PERION Consulting AG	100	FC	100	Nikolaus-Otto-Strasse, 1 - 22946 Trittau
Atos Information Technology GmbH	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
CHG Communications Holding GmbH	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Unify Funding GmbH	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Atos IT Dienstleistung und Beratung Gmbh	100	FC	100	Bruchstrasse, 5 - 45883 Gelsenkirchen
Atos International Germany Gmbh	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Applied International Informatics GmbH	100	FC	100	Torstraße, 49 - 10119 Berlin
Bull GmbH	100	FC	100	Von-der-wettern-straße, 27 - 51149 Cologne
Science + computing AG	100	FC	100	Hagellocher Weg, 73 - 72070 Tübingen
Energy4u GmbH	100	FC	100	Albert-Nestler Straße, 17 - 76131 Karlsruhe
Atos Support GmbH	100	FC	100	The Squaire, Am Flughafen 14 - 60549 Frankfurt am Main
Atos IT Services GmbH	100	FC	100	Stinnes-Platz, 1 - 45 472 Mülheim an der Ruhr
Unify Communications and Collaboration GmbH & Co. KG (*)	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Atos Systems Business Services GmbH	100	FC	100	Am seestern, 1 - 40547 Dusseldorf
Cycos AG	95.1	FC	100	Joseph-von-Frauenhofer-Straße, 5 - 52477 Alsdorf
Unify Software and Solutions GmbH & Co. KG (*)	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Unify GmbH & Co. KG (*)	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Unify Beteiligungsverwaltung GmbH & Co. KG (*)	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Unify Deutschland Holding GmbH	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
Unify Patente GmbH & Co. KG (*)	100	FC	100	Otto-Hahn-Ring, 6 - 81739 Munich
THE NETHERLANDS				
Atos Nederland B.V.	100	FC	100	Burgemeester Rijnderslaan, 30 - 1185 MC Amstelveen
Atos Telco Services B.V.	100	FC	100	Burgemeester Rijnderslaan, 30 - 1185 MC Amstelveen
OTHER EUROPE - MIDDLE EAST - AFRICA				
Algeria				
Bull Algerie	100	FC	100	Rue Yehia El-Mazouni, 16, El Biar - Algiers
Austria				
Atos IT GmbH	100	FC	100	Siemensstraße, 92 - 1210 Vienna
Atos IT Solutions and Services GmbH	100	FC	100	Siemensstraße, 92 - 1210 Vienna
TSG EDV-Terminal Service GmbH	99	FC	100	Modecenterstraße, 1 - 1030 Vienna
SEC Consult Austria	100	FC	100	14, 1. Stock Komarigasse - 2700 Wiener Neustadt
Belgium				
Atos Belgium SA/NV	100	FC	100	Da Vincilaan, 5 - 1930 Zaventem
Bielorussia				
LLC ATOS IT Solutions and Services	100	FC	100	Ul Leonid BEDI, 11, Building 1 - 220040 Minsk
Bulgaria				
Atos IT Solutions and Services EOOD	100	FC	100	Mladost 4 Region, Business Park Sofia Str, 4 - 1766 Sofia

	% of Interest	Consolidation method	% of Control	Adress
Ivory Coast				
Bull Cote d'Ivoire	100	FC	100	31, avenue Noguès - 01 BP 1580 Abidjan 01
Denmark				
Atos IT Solutions and Services A/S	100	FC	100	Dybendalsvaenget, 3 - 2630 Taastrup
Croatia				
Atos IT Solutions and Services d.o.o	100	FC	100	Heinzelova, 69 - 10000 Zagreb
Czech Republic				
Atos IT Solutions and Services s.r.o.	100	FC	100	Doudlebská, 1699/5 - 14000 Praha 4
Gabon				
Bull Gabon	100	FC	100	Immeuble Abiali, ZI d'Oloumi - BP 2260 Libreville
Greece				
Atos Greece SA	100	FC	100	Irakleio Avenue, 455, N. Iraklio - 14122 Athens
Finland				
Atos IT Solutions and Services oy	100	FC	100	Kalkkipellontie, 6 - 026050 Espoo
Hungary				
Atos Magyarország Kft	100	FC	100	1138 Budapest, Vaci ut 121-127. Vaci greens D Building, 4th floor
Ireland				
Atos IT Solutions and Services Limited	100	FC	100	Level 5, Block 4, Dundrum Town Centre, Sandyford Road - Dublin 16
Italy				
Atos Italia S.p.A.	100	FC	100	Via Caldera, no. 21 - 20158 Milan
Lebanon				
Bull SAL	100	FC	100	Rue Jal el Dib, 69 - Secteur 1 - BP 60208 Beyrouth
Lithuania				
UAB "Bull Baltija"	100	FC	100	Gostauto Street, 40 - 01112 Vilnius
Luxembourg				
Atos Luxembourg PSF SA	100	FC	100	1, rue Edmond Reuter Contern - 5326 Luxembourg
Madagascar				
Bull Madagascar SA	100	FC	100	12, rue Indira Gandhi, Tsaralalana, BP 252 Antananarivo
Morocco				
Atos IT Services SARL	100	FC	100	Espace les Palmiers, angle avenues Mehdi Benbaraka et Annakhil - Hayryad Rabat
Atos ITS Nearshore Center Maroc SARL	100	FC	100	Boulevard Al Qods, Quartier Sidi Maarouf, Casanearshore - 1100 Casablanca
Bull Maroc	100	FC	100	Boulevard Al Qods, Quartier Sidi Maarouf, Casanearshore - 1100 Casablanca
Namibia				
Bull Information Technology Namibia Pty. Ltd.	100	FC	100	C/o Deloitte & Touche, Namdeb Center, Bulow street, 10 - PO Box 47 Windhoek
Poland				
Atos Polska SA	100	FC	100	Krolewska, 16 - 00-103 Warsaw
Atos Poland Global Services Sp Zoo	100	FC	100	Ul. Krolewska 16 - 00-103 Warszawa
Portugal				
Atos Soluções e Serviços para Tecnologias de Informação, Unipessoal, Ltda	100	FC	100	Avenida José Malhoa 16 - Piso sétimo B2 - Edificio Europa. Distrito: Lisboa, Concelho: Lisboa, freguesia: Campolide - 1070 159 Lisbon
Romania				
Atos IT Solutions and Services s.r.l.	100	FC	100	Calea Floreasca, 169A, Sector 1 - 014459 Bucharest
Atos IT Solutions Romania SRL	100	FC	100	Calea Floreasca, 169A, Sector 1 - 014459 Bucharest
Atos Convergence Creators GmbH S.R.L	100	FC	100	Municipiul Braşov, Strada MIHAIL KOGĂLNICEANU, Nr. 21, Bloc C6, Judet Braşov
Russia				
Atos IT Solutions and Services LLC	100	FC	100	1st Kozhevnicheski per. 6, bld. 1 - 115114 Moscow
Senegal				
Bull Senegal	100	FC	100	Cité Keur Gorgui, Immeuble Khadimou Rassoul - BP 3183 Dakarl
Serbia				
Atos IT Solutions and Services d.o.o.	100	FC	100	Danila Lekica Spanca 31 - 11070 Beograd
South Africa				
Atos (PTY) Ltd	74	FC	100	Woodlands Office Park, Ground Floor Building 32 - 2144 Woodlands
Spain				
Atos Consulting Canarias SA	100	FC	100	Calle Subida al Mayorazgo, 24b - 38110 Santa Cruz de Tenerife
Atos Spain SA	100	FC	100	Albarracin, 25 - 28037 Madrid
Atos IT Solutions and Services Iberia SL	100	FC	100	Ronda de Europa, 5 - 28760 Madrid
Atos Worldgrid SL	100	FC	100	Calle Isabel Torres, 19 Edificio Cisga - 39011 Santander
MSL Technology SL	100	FC	100	C/ Marques de Ahumada, 7 - 28028 Madrid
Slovakia				
Atos IT Solutions and Services s.r.o.	100	FC	100	Pribinova 19/7828 - 811 09 Bratislava
Sweden				
Atos IT Solutions and Services AB	100	FC	100	Johanneslundsvägen, 12-14 - 194 87 Upplands Väsby

	% of Interest	Consolidation method	% of Control	Adress
Switzerland				
Atos AG	100	FC	100	Freilagerstrasse, 28 - 8047 Zürich
Turkey				
Atos Bilisim Danismanlik ve Musteri Hizmetleri Sanayi ve Ticaret A/S	99.92	FC	100	Yakacık Caddesi, No 111 - 18 - 34870, Kartal, Istanbul
United Arab Emirats - Dubai				
Atos Origin FZ LLC	100	FC	100	Office G20, Building DIC-9 Dubai Internet City - PO Box.500437
ATOS FZ LLC Dubai Branch	100	FC	100	The Galleries Building, No2 Level 2 - 500437 Downtown Jebel
Paladion Sharjah (Branch)	100	FC	100	Saif Suite X4 - 03 and SAIF Office P8-05-58, Sharjah Airport International Free Zone, Sharjah, Sharjah, 120398
Qatar				
Atos Qatar Llc	100	FC	100	Sheikh Suhaim bin Hamad Street - No.89858 Doha
Egypt				
Atos IT SAE	100	FC	100	50, Rue Abbass El Akkad, Nasr city - Cairo
THE UNITED KINGDOM				
Atos Consulting Limited	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos IT Services Limited	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos IT Services UK Limited	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos UK IT Holdings Limited	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Shere Limited	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos BPS Ltd	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos UK Holdings Ltd	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos International IT Holdings Ltd	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Atos Restaurant Technology Services UK Limited	100	FC	100	Triton Square, 4, Regent's Place - NW1 3HG London
Unify Enterprise Communications Limited	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Engage ESM holding LTD	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Engage ESM LTD	100	FC	100	High holborn, 71, Mid City Place Second Floor - WC1V6EA London
Carbon Clear LTD	100	FC	100	70-78, York Way,Unit A N1 9AG - London
ASIA PACIFIC				
Australia				
Atos (Australia) Pty. Ltd	100	FC	100	Mountain Highway, 885 - 3153 Bayswater Victoria
China				
Atos Information Technology (Nanjing) Co., Ltd	100	FC	100	Floor 12, Building 1B Powerise accelerator, High Tech zone Software park - Nanjing Jiangsu Province
Atos Information Technology (China) Co. Ltd	100	FC	100	Room 05.161, Floor 5, Building E No.7, Zhonghuan Nanlu Wangjing - Chaoyang District Beijing
Atos Worldgrid Information Technology (Beijing) Co. Ltd	100	FC	100	Room 05.162, Floor 5, Building E No.7, Zhonghuan Nanlu Wangjing - Chaoyang District Beijing
RTS Information Consulting (Chengdu) Co. Ltd	100	FC	100	Room 108-109, 1st floor, Building B2, Tianfu Software Park, High Tech Zone - Chengdu Sichuan Province
Hong Kong				
Atos Information Technology HK Ltd	100	FC	100	8/F Octa Tower - 8 Lam Chak Street - Kowloon Bay
Bull Information Systems (Hong Kong) Limited	100	FC	100	RM 1401 - Hutchison House - 10, Harcourt Road
India				
Atos India Private Limited	100	FC	100	Godrej & Boyce Complex - Plant 5 - Pirojshanagar - LBS Marg Vikhroli(W) - Mumbai - 400079
Atos IT Services Private Limited	99.99	FC	100	Innovator Building - International Tech Park - Whitefield Road - 560066 Bangalore - Karnataka
Anthelio Business Technologies Private Limited	99.99	FC	100	Level 1, Part A of Tower1,Phase 2, SY.NO 115 (Part) Waverock, APIIC IT\ITES SEZ, Nanakramguda Serilingampally Mandal Hyderabad Telangana 500008
Syntel Pvt Ltd.	100	FC	100	Unit No,112, SDF IV, SEEPZ Andheri (East) Mumbai 400 096 Maharashtra
State street Syntel Services Pvt Ltd (**)	100	FC	100	4/5th floor, Building No.4, Mindspace -Navi Mumbai, Thane-Belapur road, Airoli-400708
Syntel Global Pvt Ltd	100	FC	100	Ground floor, E-Tech Software Technology Park, Dhokali Naka,Kolshet road, Thane(West)-400607
Paladion Networks Pvt. Ltd. India	100	FC	100	Level 6, 10/11 Dr. Radhakrishnan Salai Mylapore - Chennai 600004
Japan				
Atos KK	100	FC	100	6 F, Daisan Toranomon Denki Building - 1-2-20 Minato-ku Tokyo
Evidian-Bull Japan KK	100	FC	100	6 F, Daisan Toranomon Denki Building - 1-2-20 Minato-ku Tokyo
Malaysia				
Atos Services (Malaysia) SDN BHD	100	FC	100	16-A (1st Floor) Jalan Tun Sambanthan - 3 Brickfields - 50470 Kuala Lumpur
Mauritius				
State street Syntel Services Mauritus Ltd (**)	100	FC	100	C/o SGG Corporate Services (Mauritius) Ltd 33, Edith Cavell Street - Port Louis, 11324
Philippines				
Atos Information Technology Inc.	99.94	FC	100	23/F Cyber One Building - Eastwood City - Cyberpark - 1110 Libis, Quezon City
Atos Global Delivery Center Philippines, Inc.	100	FC	100	8th Floor, Two E-Com Center, Palm Coast Ave., Mall of Asia Complex, 1110 Pasay City
Singapore				
Atos Information Technology (Singapore) Ptd Ltd	100	FC	100	Blk 988 Toa Payoh North #08-01 - 319002

	% of Interest	Consolidation method	% of Control	Adress
Taïwan				
Atos (Taiwan) Ltd	100	FC	100	5F, No 100 Sec 3, Min Sheng E. Road - Taipei
Thaïland				
Atos IT Solutions and Services Ltd	100	FC	100	2922/339 Charn Issara Tower II - 36th Floor - New Petchburi Road - Bangkapi - Huay Kwang - 10310 Bangkok
AMERICAS				
Argentina				
Atos Argentina SA	100	FC	100	Cnel. Manuel Arias 3751, piso 18, PB, C.A.B.A.- C1430DAL, Buenos aires
Bull Argentina SA	100	FC	100	Manuela Saenz 323 5to. Piso Of. 506 - C 1107 bpa, Buenos aires
Brazil				
Atos Brasil Ltda	100	FC	100	Avenida das Nacoes Unidas, 12901 - Torre Norte, 19 Andar, PARTE B - Brooklin, CEP 04578-910, na Cidade de Sao Pauolo
Atos Serviços de Tecnologia da Informação do Brasil Ltda	100	FC	100	Avenida das Nacoes Unidas, 12901 - Torre Norte, 19 Andar, PARTE B - Brooklin, CEP 04578-910, na Cidade de Sao Pauolo
Bull Ltda.	100	FC	100	Avenida das Nacoes Unidas, 12901 - Torre Norte, 19 Andar, PARTE B - Brooklin, CEP 04578-910, na Cidade de Sao Pauolo
Canada				
Atos Inc.	100	FC	100	6375 Shawson Drive - L5T 1S7 Mississauga - Ontario
Colombia				
Atos IT Solutions and Services S.A.S	100	FC	100	Autopista Norte Carrera 45 N° 108-27 Torre 2 oficina 1505 - Bogotá
Mexico				
Atos Global Delivery Center México, S. de R.L. de C.V.	99.9	FC	100	Sevilla No. 40 Piso 3 - Colonia Juarez delgation Cuauhtemoc - 06600 Ciudad de Mexico
The United States of America				
Atos IT Solutions and Services Inc.	100	FC	100	4851 Regent Boulevard - Irving, TX 75063
Atos IT Outsourcing Services, LLC	100	FC	100	4851 Regent Boulevard - Irving, TX 75063
Atos Governmental IT Outsourcing Services, LLC	100	FC	100	4851 Regent Boulevard - Irving, TX 75063
Atos Healthcare Services, LLC	100	FC	100	4851 Regent Boulevard - Irving, TX 75063
Atos Syntel Inc.	100	FC	100	525 E. Big Beaver Road,Suite 300, Troy, MI 48083
Anthelio Global Inc.	100	FC	100	One Lincoln Centre, Suite 200 - 5400 LBJ Freeway TX 75240 Dallas
Atos Digital Health Solutions	100	FC	100	2500 Weschester Ave - 3rd Floor - Purchase New York 10577
Pyramid Healthcare Solutions Inc.	100	FC	100	One Lincoln Centre, Suite 200 - 5400 LBJ Freeway TX 75240 Dallas
Evidian Systems Inc.	100	FC	100	285 Billerica Road, Suite 200 - Chelmsford, MA 01824-4174
Unify Inc	100	FC	100	1630 Corporate Court - Irving - Texas 75038
Engage ESM Inc.	100	FC	100	4851, Regent Boulevard - Floors 1, 3 & 4 Irving - TX 75063
Maven Wave Partners LLC	100	FC	100	71 S. Wacker Drive, Suite 2040, Chicago, IL 60606
Paladion Technologies Inc.	100	FC	100	Delaware corporation with its office at 11480 Commerce Park drive, Suite 210, Reston Virginia 20191
Eagle Creek Software Services	100	FC	100	10050 Crosstown Circle, Suite 360, Eden Prairie, Minnesota 55344
Uruguay				
Bull Uruguay SA	100	FC	100	Av. Dr Luis A. de Herrera, 2802 - 1160 Montevideo

(*) The Group has an interest in five German companies, which are fully consolidated into these Group financial statements. The companies have made use of the stipulations available under § 264b of the German Commercial Code (HGB). It exempts these legal entities from the requirement to disclose separate audited financial statements as of 31 December 2020, since they are included in the Consolidated Financial Statements of the ultimate parent company (Atos S.E.) and such Consolidated Financial Statements for the full year of 2020 are registered with the trade register of the particular entity.

(**) Atos owns 49% of the shares of State Street Syntel Services (Mauritius). The joint arrangement between Atos Group and Atos Syntel Inc. has been qualified as joint operation under IFRS 11. Under IFRS 11.21, a joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the assets, liabilities, revenues and expenses. The rights and obligations of the two Joint operators are defined in the Master Service Agreement signed between both parties and the shareholders agreement. JVs set up with State Street bank and Atos Group are committed to deliver IT services to State Street Inc. as per the Master Service Agreement. Syntel is entitled to 100% of the financial outcome of the contract and has to bear all liabilities. Therefore, Atos obligations are to ensure the settlement of JVs liabilities, ensure that state street receives the promised services. Atos Group is entitled in counterpart to receive revenues related to the services rendered to State Street to be accounted for in accordance with IFRS 15.

Note 19 Subsequent events

There were no material subsequent events that required a disclosure in the consolidated financial statements.

Note 20 Auditors' fees

2020

(in € thousand and %)	Grant Thornton				Deloitte			
	Grant Thornton		*Other Grant Thornton members firms*		*Deloitte & Associés*		*Other Deloitte members firms*	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	980	67%	-	-	1 257	72%	-	-
Subsidiaries	453	31%	3 178	73%	487	28%	1 862	78%
Sub-total Audit	**1 433**	**99%**	**3 178**	**73%**	**1 744**	**100%**	**1 862**	**78%**
Non audit services*								
Parent company	-	-	-	-	-	0%	-	-
Subsidiaries	20	1%	1 191	27%	-	0%	517	22%
Sub-total Non Audit	**20**	**1%**	**1 191**	**27%**	**-**	**0%**	**517**	**22%**
Total fees 2020	**1 453**	**100%**	**4 369**	**100%**	**1 744**	**100%**	**2 379**	**100%**

** In 2020, non audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligence, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries*

2019

(in € thousand and %)	Grant Thornton				Deloitte			
	Grant Thornton		*Other Grant Thornton members firms*		*Deloitte & Associés*		*Other Deloitte members firms*	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	1 076	70%	-	-	1 328	63%	-	-
Subsidiaries	460	30%	3 369	78%	614	29%	2 093	76%
Sub-total Audit	**1 536**	**99%**	**3 369**	**78%**	**1 942**	**92%**	**2 093**	**76%**
Non audit services*								
Parent company	-	-	-	-	109	5%	-	-
Subsidiaries	8	1%	954	22%	70	3%	658	24%
Sub-total Non Audit	**8**	**1%**	**954**	**22%**	**179**	**8%**	**658**	**24%**
Total fees 2019	**1 544**	**100%**	**4 323**	**100%**	**2 121**	**100%**	**2 751**	**100%**

** In 2019, non audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligence, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries*

3.2. Parent company summary financial statements

Atos consolidated and statutory financial statements for the year ended December 31, 2020, were approved by the Board of Directors on February 17, 2021. Audit procedures are in progress.

3.2.1. Atos SE Financial statement

As of December 31, 2020, the Group issued common stock amounted to €109.9 million comprising 109,993,166 fully paid-up shares of € 1 per value each. Atos shares are traded on the Paris Euronext market under ISIN FR0000051732. The shares are not listed on any other stock exchange. Atos SE is the only listed company of the Group.

3.2.1.1. Balance sheet

(in € thousand)	Notes	December 31, 2020			December 31, 2019
ASSETS		Gross	Amortization/ Depreciation	Net	
Intangible fixed assets	Note 1	113,918	-113,918	-	-
Tangible fixed assets		-	-	-	-
Participating interests	Note 2	10,774,836	-559,798	10,215,038	10,140,241
Other participating interests	Note 2	6 624	-	6 624	-
Other financial investments	Note 2	-	-	-	98,031
Total fixed assets		**10,895,378**	**-673,716**	**10,221,662**	**10,238,272**
Advances and down payments		296	-	296	301
Trade accounts and notes receivable	Note 3	48,245	-	48,245	42,115
Other receivables	Note 3	1,146,549	-13,667	1,132,882	1,334,841
Cash and cash equivalent	Note 4	1,548,179	-66	1,548,113	989,697
Total current assets		**2,743,269**	**-13,733**	**2,729,536**	**2,366,954**
Prepayments, deferred expenses	Note 5	36,741	-	36,741	27,958
TOTAL ASSETS		**13,675,388**	**-678,449**	**12,987,939**	**12,633,184**

(in € thousand)	Notes	December 31, 2020	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock		109,993	109,215
Additional paid-in capital		1,607,738	1,572,382
Legal reserves		10,999	10,715
Other reserves and retained earnings		3,528,430	-
Net income for the period		1,378,572	3,528,637
Shareholders' equity	Note 6	**6,635,732**	**5,220,949**
Provisions for contingencies and losses	Note 7	2,628	7,179
Borrowings	Note 8	4,631,288	5,405,584
Trade accounts payable	Note 9	30,251	19,726
Other liabilities	Note 9	1,687,855	1,979,612
Total liabilities		**6,352,022**	**7,412,001**

Unrecognised exchange gains, deferred income	Note 10	185	134
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12,987,939**	**12,633,184**

3.2.1.2. Income statement

(in € thousand)	**Notes**	**December 31, 2020**	**December 31, 2019**
Revenue	Note 11	**124,080**	**141,074**
Other income		5,126	12,900
Total operating income		**129,206**	**153,974**
Purchases and external expenses		-13,920	-37,311
Taxes		-1,708	-1,498
Remuneration and social charges		-2,474	-2,564
Depreciation amortization and provisions		-	-
Other expenses	Note 12	-18,045	-15,542
Total operating expenses		**-36,147**	**-56,915**
Operating margin		**93,059**	**97,059**
Net financial result	Note 13	-196,452	157,010
Net income on ordinary activities		**-103,393**	**254,070**
Non-recurring items	Note 14	1,516,293	3,300,805
Employee profit sharing			
Corporate income tax	Note 15	-34,328	-26,238
NET INCOME FOR THE PERIOD		**1,378,572**	**3,528,637**

3.2.2. Notes to the Atos SE statutory financial statements

Atos SE Activity

Atos SE main activities are:

- The management of the Atos trademark;
- The management of Group participating interests;
- The management of Group financing activities.

Revenue consist mainly of trademark fees received from Group subsidiaries.

The company Atos SE is the parent company of the Atos Group and consequently establishes consolidated financial statements.

Highlights

In 2020, Atos has completed the sale of 23.9 million Worldline shares, for €1.5 billion, through a placement to qualified investors by way of an accelerated bookbuilt offering. Following the success of the Placement, Atos holds 7.0 million Worldline shares, representing 3.8% of the Worldline share capital, which are underlying the €500 million zero per cent convertible Bonds.

Impact of the pandemic crisis on the consolidated financial statements

Since the outbreak of the Covid-19 health crisis, Atos has implemented a set of measures to ensure both the health of its employees and the continuity of its customers' strategic businesses, in compliance with the directives of national and international health authorities.

As of the date of issue of the consolidated financial statements, unforeseen events related to the pandemic have not led to any contract termination, or dispute with customers or suppliers. Ad hoc discussions are nevertheless under way with some of them to restructure certain contractual obligations without prejudice to the parties.

The events linked to Covid-19 led the Group to take into consideration the global economy downturn and recent market conditions in the judgments made and assumptions taken when preparing these financial statements.

Estimates on long-term contract have been reviewed taking into consideration potential loss-making situations or risks of recoverability on contract assets and contract costs. The expected credit loss valuation has also been reviewed to consider potential increased bankruptcy risk of customers.

In accordance with recommendations from European and French regulators, the Group has elected to maintain effects of the pandemic crisis as part of the operating margin and to not present them as part of Other operating income and expense.

Rules and accounting methods

The financial statements of Atos SE have been prepared in application with ANC 2018-07 and current regulations with generally accepted accounting principles in France.

General conventions were applied, in the respect of:

- principle of prudence;
- principle of going concern;
- permanence of the accounting methods from one exercise to another;
- cut-off principle.

As a principle, items are booked in the accountancy based on the historical cost method.

The annual accounts are established and presented in thousands of euros.

Intangible assets

Intangible assets consist of software and merger deficit.

The softwares are booked at the acquisition cost and amortized on a straight-line basis over their expected useful life.

Those assets are fully depreciated at December 31, 2020.

Tangible assets

There are no tangible assets at December 31, 2020.

Financial assets

Financial assets consist of participating interests and other financial investments (loans and deposits).

Participating interests carried in the balance sheet are booked at their acquisition cost, including any transaction fees. A provision for impairment is set aside when the acquisition cost exceeds the value-in-use determined as follows:

- based on the enterprise value for the operational subsidiaries based on present value of discounted future cash flows using the mid-term plan of the Group, also used for the Goodwill impairment tests at consolidation level (Discounting Cash Flows methodology);
- based on their part of interest in shareholding equities for the non-operational subsidiaries.

Loans are mainly intra-Group transactions.

Trade accounts and notes receivable

Trade accounts and notes receivable are recorded at their nominal value. They are calculated individually and, if necessary, are subject to an impairment loss.

Trade accounts and notes receivable denominated in foreign currency are booked at their fair value at the closing date. The difference between their historical value and their fair value at year-end is booked as unrecognized exchange gain or loss.

Cash and cash equivalents

Treasury stocks are recorded at their acquisition cost in the context of a liquidity contract or in the intention to grant them as free shares plan or stock-options plan.

For the shares acquired in the context of the liquidity contract a depreciation charge is recognized when the carrying value exceeds the weighted average market price of Atos stock for the month of December.

Prepayments, deferred expenses

Deferred expenses relate exclusively to costs for issuing borrowings. Those costs are recognized over the duration of the borrowings on a straight-line basis.

Provisions

The amount of the provisions is based on the best estimate of the outflow of resources necessary to extinguish the underlying obligation.

When the participating interest is fully impaired, in addition to the depreciation of the related current assets a provision for risk may be required when the carrying value exceeds the value in-use.

Bonds

Bond issues are recorded for their refund value at the date of receipt of the funds, the trigger event.

Issue premiums are capitalized and amortized over the term of the loan.

Non-recurring items

Non-recurring items are made of incomes and expenses generated by operations which are unusual, abnormal or infrequent in their magnitude or occurrence.

Note 1 Intangible assets

Net value of intangible fixed assets

(in € thousand)	**December 31, 2019**	**Acquisitions/ charges**	**Disposals/ reversals**	**December 31, 2020**
Intangible assets	113,918	-	-	113,918
Amortization	-9,960	-	-	-9,960
Depreciation	-103,958	-	-	-103,958
Total of amortization & depreciation	-113,918	-	-	-113,918
Net value of intangible assets	**0**	**-**	**-**	**0**

The intangible assets are mainly composed of:

- a merger deficit resulting from the transfer of assets and liabilities from Atos Investissement 6 to Atos SE in 2004, fully depreciated since 2016. This merger deficit is allocated to the various assets brought to allow a proper follow-up and is broken down as follows:
  - France: € 40.8 million;
  - Spain: € 63.1 million;
- and other merger deficit accounted prior 2004 for a gross value of € 9.96 million, depreciated on a straightline basis.

Note 2 Financial fixed assets

Change in financial fixed assets – Gross value

(in € thousand)	**December 31, 2019**	Acquisition	Decrease	Reclassification	**December 31, 2020**
Investments in consolidated companies	10,592,006	212,115	-22,661	-6,624	10,774,836
Investments in non consolidated companies	124	-	-124	-	-
Other investments	85	-	-85	6,624	6,624
Total Investments	**10,592,215**	**212,115**	**-22,870**	**-**	**10,781,460**
Intercompany loans and accrued interests	0	**-**	**-**	**-**	**-**
Others	98,031	**-**	-98,031	-	-
Total Other financial assets	**98,031**	**-**	**-98,031**	**-**	**-**
TOTAL	**10,690,246**	**212,115**	**-120,901**	**-**	**10,781,460**

Acquisition/diminution of participating interest and other movements

In the course of the year, Atos SE increased the capital of the following entities of the Atos Group:

- Atos International BV for € 172.5 million by the way of subscription to share premium contributions of AIBV as part of the Maven Wave by its subsidiary Atos IT Solutions and Services Inc.
- Atos International SAS for € 39.3 million as part of its recapitalization.

The decrease of the participating interests corresponds mainly of the 23.9 million Worldline shares sale for a net book value of € 22.6 million

The remaining 7 million shares representing a 3.8% ownership of Worldline share capital for € 6.6 million have been reclassified as "other investments.

Other financial assets

It corresponded to the net deposit under securitization program for receivables which has been closed in 2020 and is therefore cleared.

Change in financial fixed assets – Impairment

(in € thousand)	December 31, 2019	Depreciation	Release	December 31, 2020
Investments in consolidated companies	-451,766	-122,179	14,147	-559,798
Investments in non consolidated companies	-124	-	124	-
Other investments	-85	-	85	-
TOTAL	**-451,975**	**-122,179**	**14,356**	**-559,798**

The release of the period corresponded mainly to the impairment of entities in France for € 5.3 million and in Turkey for an amount of € 8.8 million.

The depreciation of the period corresponded mainly to French subsidiaries: Atos Infogérance for € 60.3 million, Atos Investissement 10 for € 42.6 million and Atos International SAS for € 18.7 million.

Net value of the financial fixed assets

(in € thousand)	Gross amount	Depreciation	Net value
Investments in consolidated companies	10,774,836	-559,798	10,215,038
Investments in non consolidated companies	-	-	-
Other investments	6,624	-	6,624
Investments	**10,781,460**	-559,798	10,221,662
Loans and accrued interests	-	-	-
Others	-	-	-
Other financial assets	**-**	**-**	**-**
TOTAL	**10,781,460**	-559,798	10,221,662

Main subsidiaries and investments

(in € thousand)	% interest	Gross value at December 31, 2020	Net value at December 31, 2020	Loans and advances made by the company not refunded	Sureties and guaranties made	Dividends received
SUBSIDIARIES (over 50% interest)						
French subsidiaries						
Bull SA	**100**	**1,340,186**	1,340,186			
Atos Infogérance	**100**	**339,501**	125,457		100,000	
Atos Intégration	**95**	**221,054**	221,054		180,000	
Atos Consulting	**68**	**16,539**	5,273		3,500	
Atos Participation 2	**100**	**30,616**	16,036			
Atos International	**100**	**142,983**	20,536		97,569	
Atos Investissement 10	**100**	**88,899**	26,199		1,650	
Atos Management France	**100**	**44,820**	0			
Atos Investissement 12	**100**	**62**	26			
Atos Meda	**100**	**8,840**	8,840			
Atos Investissement 19	**100**	**59**	59			
Atos Investissement 20	**100**	**37**	37			
Atos Investissement 21	**100**	**37**	37			
Atos Worldgrid	**100**	**32,328**	32,328		231,815	
Foreign subsidiaries						
Atos Origin Srl, Italie	**100**	**57,183**	0			
St Louis Ré, Benelux	**100**	**2,174**	2,174		27,750	
Atos Spain SA	**100**	**128,121**	128,121		86,936	10,014
Atos Information Technology GMBH	**100**	**585,747**	585,747		447,224	
Atos International BV, Pays Bas	**100**	**7,682,179**	7,682,179			
Atos Bilisim, Turquie	**81**	**22,276**	20,370		71,450	
Atos Customer Serv Turquie	**92**	**199**	199		5,000	
SUBSIDIARIES (10 to 50% interest)						
Canopy uk	**11**	**30,245**	**5**			
Group technic informatic, Spain	**33**	**751**	175			

(in € thousand)	
Total equity from French subsidiaries	2,587,933
Total equity from foreign subsidiaries	8,278,649
Total net income from French subsidiaries	-70,455
Total net income from foreign subsidiaries	-137,716

Note 3 Trade accounts, notes receivable and other receivables

Trade accounts, notes receivable and other receivables

(in € thousand)	Gross amount December 31, 2020	Depreciation	Net value December 31, 2020	Net value December 31, 2019
Trade accounts and notes receivable and doubtful debtors	40,742	-	40,742	34,619
Invoices to be issued	7,503	-	7,503	7,496
Trade accounts and notes receivables	**48,245**	**-**	**48,245**	**42,115**
State and income tax	1,198	-	1,198	82,369
VAT receivable	5,301	-	5,301	4,481
Intercompany current account	1,140,004	-13,667	1,126,337	1,241,808
Other debtors	46	-	46	6,183
Other debtors	**1,146,549**	**-13,667**	**1,132,882**	**1,334,841**
TOTAL	**1,194,794**	**-13,667**	**1,181,127**	**1,376,956**
Of which operating		-		

The trade accounts and doubtful debtors mainly include intra-Group receivables. The "invoices to be issued" mainly relates to intercompany invoicing of Trademark Fees for € 5.6 million.

Intercompany current accounts include mainly receivable as part of the cash pooling.

The depreciation on current accounts was reversed for a net amount of € 16.6 million in relation to the impairment of some affiliates, for a balance of € 13.7 million as of December 31, 2020.

Maturity of trade accounts receivable and other debtors

(in € thousand)	Gross amount at December 31, 2020	Up to 1 year	1 to 5 years
Trade accounts and notes receivable and doubtful debtors	40,742	40,742	-
Invoices to be issued	7,503	7,503	-
State and income tax	1,198	1,198	-
VAT receivable	5,301	5,301	-
Intercompany current account	1,140,004	1,140,004	-
Other debtors	46	46	-
TOTAL	**1,194,794**	**1,194,794**	**-**

Accrued income

(in € thousand)	December 31, 2020	December 31, 2019
Accrued income included in Receivable accounts		
Other receivables	612	553
TOTAL	**612**	**553**

Note 4 Cash and cash equivalents

Cash and cash equivalents and mutual funds

(in € thousand)	Gross amount at December 31, 2020	Depreciation	Net value December 31, 2020	Net value December 31, 2019
Mutual funds	-	-	-	-
Treasury stocks - owned shares	4,049	-66	3,983	39,913
Short Term Bank deposits	-	-	-	-
Cash at bank	1,544,130	-	1,544,130	949,784
TOTAL	**1,548,179**	**-66**	**1,548,113**	**989,697**

Movement in Treasury stocks-owned shares

As at December 31, 2020, the Company owned 53,265 Atos SE shares which amounted to 0.05% of the share capital with a portfolio value of € 3,983,156.70, based on December 31, 2020 market price, and with a book value of € 4,048,773.69. These shares were purchased in the context of a share buyback program and were assigned to the allocation of shares to employees or corporate officers of the Company or its group and correspond to the hedging of its undertakings under the performance shares plans or share purchase plans.

The Company proceeded to the purchase of:

- 215,000 shares from March 23, 2020 to March 24, 2020, as part of a mandate given to a financial intermediary as announced by the Group on March 23, 2020;
- 445,000 shares from June 24, 2020 to June 30, 2020, as part of a mandate given to a financial intermediary as announced by the Group on June 24, 2020.

From January 1, 2020 to December 31, 2020 the Company transferred 1,188,939 shares of the Company to beneficiaries of LTI (Long term Incentives) plans.

Short term bank deposits

Depending on market conditions and short-term cash flow expectations, Atos SE from time to time invests in money market funds or bank deposits with a maturity period not exceeding three months.

Note 5 Prepayments and deferred expenses

(in € thousand)	December 31, 2020	December 31, 2019
Redemption premiums of bonds	3,803	4,883
Translation losses	-	-
Prepaid expenses	22,002	9,056
Deferred expenses	10,937	14,019
TOTAL	**36,742**	**27,958**

The redemption premiums of bonds, for an amount of € 3,803 million, are related to the € 1,800 million bonds emitted in November 2018.

The amounts are deduction made of the amortization (amortization on a straight-line basis depending on the maturities).

The prepaid expenses relate to the payment of the Marketing right of the 2020 Tokyo Olympic games for € 21.8 million, in relation with their postponement after December 31, 2020 due to Covid-19.

The deferred expenses consist of fees amortization related to:

- the syndicated loan for € 2.0 million;
- the € 1,800 million 2018 bonds for € 3.4 million;
- the € 900 million 2015-2016 bonds for € 0.4 million;

- the € 500 million 2019 zero coupon convertible bond for € 4.7 million;
- the € 50 million 2019 NEU MTN (Negotiable European Medium-term Note) for € 0.4 million.

Note 6 Shareholders' equity

Common stock

	December 31, 2020	December 31, 2019
Number of shares	109,993,166	109,214,914
Nominal value *(in €)*	1	1
Common stock (in € thousand)	**109,993**	**109,215**

Capital ownership structure over three years

	December 31, 2020		December 31, 2019		December 31, 2018	
	Shares	**%**	**Shares**	**%**	**Shares**	**%**
Siemens Pension Trust e.V.	12,483,153	11.3%	12,483,153	11.4%	12,483,153	11.7%
Employees	2,445,817	2.2%	1,520,828	1.4%	1,156,732	1.1%
Board of Directors	89,442	0.1%	54,493	0.1%	517,054	0.5%
Treasury stock	53,265	-	582,204[1]	0.5%	54,842	0.1%
Others[2]	94,921,489	86.3%	94,574,236	86.6%	92,674,438	86.7%
TOTAL	**109,993,166**	**100.0%**	**109,214,914**	**100.0%**	**106,886,219**	**100.0%**

1 Including 540 266 shares to be effectively delivered to LTI beneficiaries on January 2, 2020

2 Includes all shareholders holding less than 5% of the share capital

Shareholders' agreements

On the occasion of the acquisition by the Company from Siemens of Siemens' former subsidiary SIS, the Siemens group committed to keep its shareholding in the Company, amounting to 12,483,153 shares, until June 30, 2016 (the "Lock-Up Agreement"). This lock-up commitment was extended to September 30, 2020, pursuant to an amendment to the Lock-up Agreement entered into on October 30, 2015 between Siemens AG, the Company and Siemens Beteiligungen Inland GmbH, in the context of the strengthening of the alliance between both Siemens and Atos. Under this agreement, Siemens nevertheless retained the possibility, as from July 1, 2016, to transfer its shareholding in the Company to two Siemens employees pension funds named Siemens Pension Trust e.V. and BSAV-Trust e.V., provided that such pension trust agree to abide by the terms and conditions of the Lock-Up Agreement, and that when exercising the right to suggest a representative to be elected to the Atos Board of Directors, it shall always suggest an active member of the management board of Siemens.

On March 27, 2018, in connection with the financing by Siemens AG of a pension plan, Siemens AG transferred, off the market, the entirety of its shareholding in the Company, i.e. 12,483,153 Atos SE shares, to Siemens Pension-Trust e.V.In connection with the above-mentioned transfer of shares, Siemens Pension Trust e.V. executed a Joinder Agreement on March 23, 2018 under which Siemens Pension Trust e.V. agreed to be bound by the terms and conditions of the Lock-Up Agreement, as mentioned hereabove. Following the expiration on September 30, 2020 of the lock-up commitment pursuant to the Lock-up Agreement, considering that Siemens Pension-Trust e-V. acts independently with regard to its status, and is not legally controlled by Siemens AG, the 12,483,153 Company shares owned by Siemens Pension Trust-e.V. are included in the free float.

The Company has not received notice of any other shareholder agreements for filing with the stock exchange authorities and, to the best knowledge of the company, no "action de concert" or similar agreements exists.

The Group's shares which are owned by employees are mainly managed by Group mutual funds (FCPE). The Supervisory Boards of the group mutual funds exercise the voting rights attached to the securities held within the funds. As per the rules of the Group mutual fund (FCPE), Atos Stock Plan, the Supervisory Board decides on the contribution of shares in case of public offer (purchase or exchange). The Supervisory Board decides on any merger, spin-off and liquidation of any compartment of the fund and approves certain modifications to the rules of the fund. As at December 31, 2020, the shareholding of current and former Atos Group employees into Atos SE represented an overall 2.2% of the share capital.

To the Company's knowledge, there is no agreement capable of having a material effect, in case of public offer on the share capital of the Company.

Share buy-back legal Framework

The 22nd resolution of the Annual General Meeting of June 16, 2020 renewed in favor of the Board of Directors, the authorization to trade in the Group's shares, in connection with the implementation of a share buyback program.

These purchases may be carried out:

- to ensure liquidity and an active market of the Company's shares through an investment services provider acting independently in the context of a liquidity contract, in accordance with the market practice accepted by the AMF;
- to attribute or sell these shares to the executive officers and Directors or to the employees of the Company and/or to the current or future affiliated companies, under the conditions and according to the terms set or accepted by applicable legal and regulatory provisions in particular in connection with (i) profit-sharing plans, (ii) the share purchase option regime laid down under articles L. 225-177 et seq. of the Commercial Code, and (iii) free awards of shares in particular under the framework set by articles L. 225-197-1 et seq. of the Commercial Code and (iv) French or foreign law shareholding plans, in particular in the context of a company savings plan, as well as to carry out all hedging operations relating to these operations, under the terms and conditions set by market authorities and at such times as the Board of Directors or the person acting upon its delegation so decides;
- to remit the shares acquired upon the exercise of the rights attached to securities giving the right, whether immediate or deferred, by reimbursement, conversion, exchange, presentation of a warrant or any other way, to the attribution of shares of the Company, as well as to carry out all hedging operations relating to the issuance of such securities, under the conditions set by market authorities and at such times as the Board of Directors or the person acting upon its delegation so decides;
- to keep them and subsequently use them in payment or exchange or other in the context of potential external growth operations; or
- to cancel them as a whole or in part through a reduction of the share capital authorized by the General Meeting, in particular pursuant to the 23rd resolution of the Annual General Meeting held on June 16, 2020.

This authorization shall be used at any time except during public offers on the shares of the Company.

The purchase of shares shall not exceed, at any time, a maximum number of shares representing 10% of the share capital of the Company, this percentage being applied to a share capital figure adjusted to reflect transactions affecting the share capital subsequent to the 2020 Annual General Meeting, it being specified that where the shares are repurchased in the context of a liquidity contract, the number of shares taken into account in calculating the 10% limit will be the number of shares purchased minus the number of shares resold during the period of the authorization.

Acquisitions, sales and transfers or exchange of shares may be made by any means, subject to the limits authorized by the laws and regulations in force, on one or several occasion, on a regulated market or via a multilateral trading facility or a systematic internalizer or over the counter, including by public tender offering or by block purchases or sales (with no limit on the portion of the share buyback program), and where required, by derivative financial instrument (traded on a regulated market or a multilateral trading facility via a systematic internalizer or over the counter) or by warrants or securities giving access to Company shares, or the implementation of optional strategies, or by the issuance of securities giving access to the Company's capital, in compliance with the relevant legal and regulatory provisions.

The maximum purchase price per share may not exceed € 120 (fees excluded).

The Board of Directors may adjust the aforementioned maximum purchase price in the event of incorporation of premiums, reserves or profits, giving rise either to an increase in the nominal value of the shares or to the creation and the free allocation of shares, as well as in the event of division of the nominal value of the share or share consolidation or any other transaction on equity, so as to take account of the impact of such transactions on the value of the shares.

As a result, the maximum amount of funds assigned to the share buyback program amounts to € 1,310,578,968 as calculated on the basis of the share capital as at December 31, 2019, this maximum amount may be adjusted to take into account the amount of the capital on the day of the General Meeting. This authorization was granted for a period of 18 months as from June 16, 2020.

Description of the share buyback program submitted to approval of the Annual General Meeting to be held on May 12, 2021

In connection with the share buyback program (and within the limit of 10% of the share capital), it is expected to propose, during the Annual General Meeting to be held on May 12, 2021, the renewal of the authorization to purchase shares which was granted during the Annual General Meeting held on June 16, 2020, for 18 months, and will expire on December 16, 2021.

In accordance with the AMF General Regulations (articles 241-1 *et seq*.), this description of the program is aimed at detailing the objectives and the terms and conditions of the new Company's share buyback program which will be subject to the authorization of the Annual General Meeting to be held on May 12, 2021.

The aims of this program are:

- to ensure liquidity and an active market of the Company's shares through an investment services provider acting independently in the context of a liquidity contract, in accordance with the market practice accepted by the AMF;
- to attribute or sell these shares to the executive officers and Directors or to the employees of the Company and/or to the current or future affiliated companies, under the conditions and according to the terms set or accepted by applicable legal and regulatory provisions in particular in connection with (i) profit-sharing plans, (ii) the share purchase option regime laid down under articles L. 225-177 et seq. of the Commercial Code, and (iii) free awards of shares in particular under the framework set by articles L. 225-197-1 et seq. of the Commercial Code and (iv) French or foreign law shareholding plans, in particular in the context of a company savings plan, as well as to carry out all hedging operations relating to these operations, under the terms and conditions set by market authorities and at such times as the Board of Directors or the person acting upon its delegation so decides;
- to remit the shares acquired upon the exercise of the rights attached to securities giving the right, whether immediate or deferred, by reimbursement, conversion, exchange, presentation of a warrant or any other way, to the attribution of shares of the Company, as well as to carry out all hedging operations relating to the issuance of such securities, under the conditions set by market authorities and at such times as the Board of Directors or the person acting upon its delegation so decides;
- to keep them and subsequently use them in payment or exchange or other in the context of potential external growth operations; or
- to cancel them as a whole or in part through a reduction of the share capital.

This authorization may be used at any time, except during public offers on the shares of the Company.

The purchase of shares shall not exceed, at any time, a maximum number of shares representing 10% of the share capital of the Company, this percentage being applied to a share capital figure adjusted to reflect transactions affecting the share capital subsequently to the General Meeting, it being specified that where the shares are repurchased in the context of a liquidity contract, the number of shares taken into account in calculating the 10% limit shall be the number of shares purchased minus the number of shares resold during the period of the authorization.

Acquisitions, sales, and transfers or exchange of shares may be made by any means, subject to the limits authorized by the laws and regulations in force, on one or several occasion, on a regulated market or via a multilateral trading facility or a systematic internalizer or over the counter, including by public tender offering or by block purchases or sales (with no limit on the portion of the share buyback program), and where required, by derivative financial instrument (traded on a regulated market or a multilateral trading facility via a systematic internalizer or over the counter) or by warrants or securities giving access to Company shares, or the implementation of optional strategies such as purchases or sales of purchase or sale options, or by the issuance of securities giving access to the Company's capital by conversion, exchange, redemption, exercise of a warrant or any other means to Company shares held by this latter party, and when the Board of Directors or the person acting on the Board of Directors' authority, under conditions laid down in the law, decides in compliance with the relevant legal and regulatory provisions.

The maximum purchase price is set at € 120 (excluding taxes) per share and the number of shares which may be acquired is 10% of the share capital of the Company, at any time, this percentage being applied to a share capital figure adjusted to reflect transactions affecting the share capital subsequently to the General Meeting, theoretically 10,999,316 shares as calculated on the basis of the share capital as at December 31, 2020. The maximum amount of the funds assigned to the share buyback program is € 1,319,917,920, as calculated on the basis of the share capital on December 31, 2020. This maximum amount may be adjusted to take into account the share capital amount on the day of the General Meeting.

As from its authorization by the Annual General Meeting to be held on May 12, 2021, this program will be in force for a maximum duration of 18 months, i.e. until November 12, 2022

As of December 31, 2020, the company held 53,265 shares of treasury stocks.

Free Float

As at December 31, 2020	Shares	% of share capital	% of voting rights
Employees	2,445,817	2.2%	2.2%
Board of Directors	89,442	0.1%	0,1%
Treasury stock	53,265	-	-
Free float	107,404,642	97.6%	97.7%
Total	**109,993,166**	**100.0%**	**100.0%**

Atos updated its level of free float following the expiration, on September 30, 2020, of the lock-up commitment pursuant to the Lock-up Agreement between Atos SE and Siemens Pension-Trust e.V. (SPT). Considering that SPT acts independently with regard to its status, and is not legally controlled by Siemens AG, the 12,483,153 Atos shares owned by SPT, which represented 11.4% of Atos' share capital as of December 31, 2020, were included in the free float. Stakes owned by the employees and the management as well as treasury shares, are also excluded from the free float.

The Company's shares which are owned by employees are managed by Group mutual funds (FCPE) or held in direct shareholding.

The Supervisory Boards of the Group mutual funds exercise the voting rights attached to the securities held within the funds. As at December 31, 2020, the shareholding of current and former Atos Group employees into Atos SE represented an overall 2.2% of the share capital.

As at December 31, 2020, no other shareholder had disclosed a shareholding of more than 5% of the Company's share capital.

Changes in shareholders' equity

(in € thousand)	December 31, 2019	Exercice of share options	Dividends	Appropriation of result	Capital increase	Net Income 2020	December 31, 2020
Common stock	**109,215**				778		**109,993**
Additional paid-in capital	**1,572,382**				35,356		**1,607,738**
Legal reserve	**10,715**			207	77		**10,999**
Other reserves	**-**						**-**
Retained earnings	**-**			3,528,430			**3,528,430**
Net income for the period	**3,528,637**			-3,528,637		1,378,572	**1,378,572**
TOTAL OF THE SHAREHOLDERS' EQUITY	**5,220,949**	**0**	**0**	**0**	**36,211**	**1,378,572**	**6,635,732**

As at December 31, 2020, the Company's issued common stock amounted to € 109.9 million, divided into 109,993,166 fully paid-up shares of € 1.00 par value each.

Compared to December 31, 2019, the share capital was increased by the issuance of 778,252 new shares, resulting a capital increase reserved to the employees;

No dividends were paid in 2020 by ATOS SE.

Potential common stock

Based on 109,993,166 outstanding shares as of December 31, 2020, the common stock of the Group could be increased by 2,975,762 new shares, representing 2.71% of the common stock before dilution. This dilution could come from the exercise of stock subscription options granted to employees or from the acquisition of performance shares, as follows:

(in shares)	December 31, 2020	December 31, 2019	Change	% dilution
Number of shares outstanding	**109,993,166**	**109,214,914**	**778,252**	
From stock subscription options	162,900	168,900	-6,000	0,15%
From performance shares	2,812,862	2,857,280	-44,418	2,56%
Potential dilution	**2,975,762**	**3,026,180**	**-50,418**	**2,71%**
TOTAL POTENTIAL COMMON STOCK	**112,968,928**	**112,241,094**		

On the total of 162,900 of stock options, no option had a price of exercise lower than € 75 (opening stock price as of December 31, 2020).

Note 7 Provisions

Provisions

(in € thousand)	December 31, 2019	Charges	Release used	Release unused	December 31, 2020
Subsidiary risk	7,159	-	-	-4,531	2,628
Contingencies	20	-	-	-20	-
Litigations	-	-	-	-	-
TOTAL	**7,179**	**-**	**-**	**-4,551**	**2,628**
Of which			-		
▪ *operating*	*20*	-	-	-20	-
▪ *financial*	*7,179*	-		-4,531	2,628
▪ *exceptional*				-	

A reversal of provisions for subsidiary risk has been made for € 4,5 million as part of a value adjustment of a participating interest. The impairment losses are recognized when the acquisition cost of a subsidiary exceeds the value-in-use and after the complete depreciation of the participating interests, receivables and current accounts, with a limitation up to the negative equity.

Note 8 Financial borrowings

Closing net debt

(in € thousand)		Up to 1 year	1 to 5 years	Over 5 years	Gross value December 31, 2020	Gross value December 31, 2019
Bank overdraft		1,062,130	-	-	1,062,130	1,368,932
Bonds		-	1,750,000	350,000	2,100,000	2,700,000
Convertible Bond			533,994		533,994	542,913
Bank loans		835,000	-	50,000	885,000	725,000
Other borrowings		-	3,045	31,457	34,502	46,284
Loan Interest to be paid		15,662	-	-	15,662	22,455
Borrowings		**1,912,792**	**2,287,039**	**431,457**	**4,631,288**	**5,405,584**
Cash at bank	Note 5	1,544,130	-	-	1,544,130	949,784
CLOSING NET DEBT		**368,662**	**2,287,039**	**431,457**	**3,087,158**	**4,455,800**

Financial borrowings included mainly:

- Bonds as detailed below for € 2,100 million
  - In October 2016, a € 300 million bond, 7 years maturity (2023, between one and 5 years at the end of 2020) with a fixed coupon of 1.444%;
  - In November 2018, a € 700 million bond, 3.5 years maturity (2022, between one and 5 years at the end of 2020) with a fixed coupon of 0.75%;
  - In November 2018, a € 750 million bond, 6.5 years maturity (2025, between one and 5 years at the end of 2020) with a coupon of 1.75%;
  - In November 2018, a € 350 million bond,10 years maturity (2028, over 5 years at the end of 2020) with a coupon of 2.5%.
- Convertible bonds issued on November 1 due 2024 for an aggregate nominal amount of € 500 million, which will be exchangeable into Worldline shares at a premium of 35% above the placing price of the Equity Placement. The convertible bonds have been issued with a premium of € 44.375 million corresponding to the offering price of 108,875%.

- NEU MTN for € 50 million with a maturity in 2026, over 5 years at the end of 2020;
- NEU CP for € 835 million, maturity 2020 up to one year;
- Profit-sharing for € 3.0 million.

Syndicated loan extended to 2025

In 2018, a credit facility was signed for € 2.4 billion, maturing in November 2023 with an option for Atos to request the extension of the Facility maturity date until November 2025. In 2019, the maturity has been extended until November 2024, and in 2020 until November 2025 for € 2,366 M€ (34 M€ remaining with a maturity as of November 2024).

This facility is used for the general needs of the Group: as of December 31st, 2020, Atos SE has not used this facility.

Note 9 Trade accounts, notes payable and other liabilities

Maturity of trade accounts, notes payable and other liabilities

(in € thousand)	Gross amount December 31, 2020	Up to 1 year	1 to 5 years	Gross amount December 31, 2019
Trade accounts and notes payable	**30,251**	**30,251**	**-**	**19,726**
Social security and other employee welfare liabilities	395	395	-	4,405
VAT payable	478	478	-	867
Intercompany current account liabilities	1,636,664	1,636,664	-	1,873,233
Other liabilities	50,317	50,317	-	101,107
Other liabilities	**1,687,854**	**1,687,854**	**-**	**1,979,612**
TOTAL	**1,718,105**	**1,718,105**	**-**	**1,999,338**

Terms of payments

The general terms of external purchases were sixty days as from the date of issuance of the invoice except lawful or agreed contrary provisions between the parties.

As far as intercompany purchases are concerned, the general terms of payments are 30 days.

The breakdown of accounts payable at the end of the financial year was as follows:

(in € thousand)	Gross amount December 31	Associated companies	Other	Total December 31	Overdue for more than one year	Overdue for less than one year	Invoices non-due at December 31
2020							
Accounts payable and liabilities	**30,251**	**23,726**	**6,525**	**30,251**	**-**	**3,477**	**26,774**
	100.0%				0.0%	11.5%	88.5%
Accounts payable	3,498	-	3,498	3,498	-	3,477	21
Invoices to be received	26,753	23,726	3,027	26,753	-	-	26,753
2019							
Accounts payable and liabilities	**19,726**	**11,054**	**8,672**	**19,726**	**65**	**2,121**	**17,540**
	100.0%				0.3%	10.8%	88.9%
Accounts payable	2,420	1,671	0,750	2,420	65	2,121	0,234
Invoices to be received	17,306	9,383	7,922	17,306	-	-	17,306

Deferred Expenses

(in € thousand)	December 31, 2020	December 31, 2019
Deferred Expenses included in the trade payable accounts		
Invoices to be received	26,753	17,306
Other liabilities	2,556	15,131
State and employee related liabilities	1,500	916
TOTAL	**30,809**	**33,353**

Note 10 Unrecognized exchange gains and deferred income

The deferred income are mainly related to financial interests.

Note 11 Revenue

Revenue split

	December 31, 2020		December 31, 2019	
	(in € thousand)	(in %)	(in € thousand)	(in %)
Trademark fees	113,268	91.3%	132,049	93.6%
Re-invoicing	763	0.6%	754	0.5%
Parental guarantees	10,049	8.1%	8,271	5.9%
Total revenue by nature	**124,080**	**100.0%**	**141,074**	**100.0%**
France	24,190	19.5%	21,214	15.0%
Foreign countries	99,890	80.5%	119,860	85.0%
Total revenue by geographical area	**124,080**	**100.0%**	**141,074**	**100.0%**

Note 12 Other expenses

Expenses

(in € thousand)	December 31, 2020	December 31, 2019
Group functions expenses	**-17,043**	-10,081
Software and Patent	**-24**	-3,995
Directors' fees	**-862**	-518
Other expenses	**-**	-948
Operating Foreign exchange loss	**-117**	-
TOTAL	**-18,046**	**-15,542**

Group functions expenses mainly include marketing, communication, investor relations and human resources expenses invoiced by Atos International SAS and other holdings subsidiaries to the Company including fees paid to the International Olympic Committee.

Note 13 Financial result

(in € thousand)	December 31, 2020	December 31, 2019
Dividends received	10,014	284,694
Intercompany current account interests	549	1,237
Other financial assets income	-	12,202
Investment banking revenues	299	1,724
Other financial income on Convertible Bond	8,919	1,509
Reversal of provisions on investments in consolidated companies	37,254	38,966
Reversal of financial provisions	4,739	1,456
Reversal of provisions on treasury stock	-	1,341
Disposal of short-term investment	943	396
Foreign exchange gains	632	11,350
Total of the financial incomes	**63,349**	**354,875**
Interests on borrowings	-36,685	-49,563
Securitisation interests	-592	-763
Intercompany loans interests	13	-14,401
Intercompany current accounts interests	0	5
Provision for depreciation on investments in consolidated companies	-128,677	-24,524
Provision for depreciation of treasury stocks - owned shares	-66	-
Provision for deferred expenses	-4,753	-4,123
Other financial provisions	-	-7,159
Short term borrowing interests	-6,616	-5,688
Foreign exchange losses	-536	-13,514
Other financial expenses	-81,889	-78,135
Total of the financial expenses	**-259,801**	**-197,865**
NET FINANCIAL RESULT	**-196,452**	**157,010**

Financial incomes

Atos SE received from its subsidiary, Atos Spain SA, the amount of € 10.0 million of dividends in 2020.

The depreciation on investments has been disclosed in the Note 2 Financial Assets and Note 7 Provision.

Financial expenses

The interests on borrowings are composed of:

- € 2.6 million on syndicated loan ;
- € 35.0 million on bonds ;
- € -0.9 million on NEU CP and MTN / Negociable European Commercial Paper - Medium Term Note.

The provision for deferred expenses is composed of € 0.4 million related to the syndicated loan and € 4.3 million to the bonds.

The other financial expenses are mainly related to the loss incurred on the delivery of the 1,183,347 performance shares to the employees for an amount of € 80.6 million (€ 78 million in 2019).

The depreciation on investments has been disclosed in the Note 2 Financial Assets and Note 7 Provision.

Note 14 Non-recrurring items

(in € thousand)	**December 31, 2020**	**December 31, 2019**
Selling price from disposal of financial investments	1,455,007	3,354,372
Other income	90,333	73,272
Provisions on receivables	20	245
Total of non recurring income	**1,545,360**	**3,427,889**
Amortization of merger loss		
Net book value of financial investments sold	-22,870	-64,855
Net book value of fixed assets sold		
Provisions for liabilities and charges		
Other expenses	-6,197	-62,229
Total of non recurring expenses	**-29,067**	**-127,084**
NON RECURRING ITEMS	**1,516,293**	**3,300,805**

In 2020, the non-recurring incomes are mainly related to the sales of 23.9 million Worldline shares for € 1,455.0 million, representing 13.1 % of Worldline share capital, through a private placement by way of accelerated bookbuilding offering.

The related Net book value of the Worldline shares sold is disclosed as part of the non-recurring expenses for € 22.7 million.

The other non-recurring incomes for € 80.8 million are mainly composed of re-invoicing to the Group of the costs of the performance plan granted to employees.

The other non-recurring expenses are mainly composed of costs incurred due to the Worldline share disposal.

Note 15 Tax

Tax consolidation agreement

As per article 223-A of the French Fiscal Code, Atos SE signed a Group tax consolidation agreement with a certain number of its French subsidiaries with effect as of January 1, 2001.

Atos SE as parent company of the Group is designated as the only entity liable for the corporate tax of the Group tax consolidation.

The main features of the agreement are:

- The result of the consolidated companies is determined as if they had been taxed separately;
- Atos SE is the only company liable for any additional tax to be paid in the event of an exit by a subsidiary from the Group. In the event of tax audit, the subsidiary which exited from the Group remains liable toward Atos SE of any additional income tax related to the time it was part of the tax consolidation.

Decrease and increase of the future tax charge of Atos SE taxed separately

At year end, decreases and increases of the future tax charge were broken down as follows:

(in € thousand)	**Basis Decrease**	**Basis Increase**
Non deductible provisions for timing differences	-	20
Total	**-**	**20**

No deferred tax assets or liabilities had been recognized.

Breakdown between net income on ordinary activities and non-recurring items

(in € thousand)	**Before tax**	**Computed tax**	**Net amount**
Net income on ordinary activities	-103,393		-103,393
Non recurring items and legal profit sharing	1,516,293		1,516,293
Tax charge	-	-34,328	34,328
TOTAL	**1,412,900**	**-34,328**	**1,378,572**

The result of the fiscal consolidation is a profit of € 190.7 million with a related tax charge of € 61 million. The tax charge of Atos SE is € 34.1 million and the tax that would have been paid by the company in the absence of French tax consolidation would have been an expense of € 70.8 million.

There are no more losses carried forward as of December 31, 2020.

Note 16 Off-balance sheet commitments

Commitments given

(in € thousand)	December 31, 2020	December 31, 2019
Performance Parental Guarantees	4,192,755	3,081,844
Bank guarantees[1]	63,294	78,464
TOTAL	**4,256,049**	**3,160,308**

1 Borne by Atos SE

For various large long-term contracts, Atos SE provides performance guarantees to its clients. These guarantees amount to € 4,193 million as of December 31, 2020, compared with € 3,082 million at the end of December 2019. This increase of € 1,111 million compared to last year is mainly due to the issuance of some guarantees provided to the benefit of the US and UK customers.

In addition, Atos SE has given several of its subsidiaries (including Atos Information Technology GmbH) financial support guarantees, in particular to comply with local regulations.

Regarding the multi-currency revolving credit facility extended until October 2025, Atos SE has issued in favour of a consortium of banks represented by BNP Paribas to cover up to € 660 million (unchanged), the obligations of its subsidiaries: Atos Telco Services B.V. and Atos International B.V.

In connection with the acquisition of Unify Group, the Board of Directors of Atos SE, at its meeting on 17 December 2015, agreed to provide a 30-year guarantee to several beneficiaries in accordance with the regulations in place in Germany. The maximum amount of this guarantee amounts to € 225 million (of which € 191 million for Deutsche Treuinvest).

As part of the rationalization of pension funds in the UK for a more efficient structure, the Board of Directors of Atos SE on 22 July 2018 authorized the granting of a parental guarantee to Atos Pension Schemes Limited as trustee of the new Atos UK 2019 Pension Scheme fund established on 1 November 2019. As part of this guarantee, Atos SE is committed to guaranteeing the obligations of employer entities to the pension fund. As of 22 December 2020, this guarantee has been confirmed and extended to take into account the transfers of liability resulting from the merger of the Atos 2011 Pension Trust with the Atos UK 2019 Pension Scheme. The new total estimated amount of the guarantee amounts to £ 860 million (€ 948 million).

Commitments received

(in € million)	December 31, 2020	December 31, 2019
Syndicated loan	**2,320**	**2,320**

The received financial commitment refers exclusively to the part non utilized at Group level of the € 2.4 billion revolving facility.

Note 17 Risk analysis

Market risks: fair value of financial instruments

Cash at bank and short-term deposits, trade accounts receivable, bank overdraft and trade accounts payable

Due to the short-term nature of these instruments, the Group considers that the book value constitutes a reasonable estimate of their market value as of December 31, 2020.

Long- and medium-term liabilities

As of December 31, 2020, Atos SE doesn’t present a long- and medium-term liabilities related to the syndicated loan.

Liquidity risk

Syndicated loan extended to 2025

On October 11, 2018, Atos signed with a number of major financial institutions a five-year € 2.4 billion credit facility maturing in November 2023 with an option for Atos to request the extension of the Facility maturity date until November 2025 in two times. Atos exercised the second option in 2020 to extend the maturity of the Facility until November 2025 for € 2,366 M€ (34 M€ remaining with a maturity as of November 2024).

The revolving credit facility includes one financial covenant which under the terms is the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5 times.

This facility is used for the general corporate purpose: as of December 31, 2020, Atos SE has not used this facility.

Securitization program

Atos securitization program of trade receivables was renewed for 5 years on May 29, 2018 with a maximum amount of receivables sold of € 500 million and a maximum amount of financing reduced from € 200 million to € 100 million. The program has been restricted to two French participants: it was terminated in October 2020.

The Atos securitization program included one financial covenant which is the leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) which may not be greater than 2.5.

Liquidity risk at December 31, 2020

Instruments	Fix/Variable	Line *(in € million)*	Maturity
Syndicated loan	Variable	2,400	November 2025
Securitization program	Variable	100	May 2023
Bond borrowing (reimbursed in April 2020)	Fixe	600	July 2020
Bond borrowing	Fixe	300	September 2023
Bond borrowing	Fixe	700	May 2022
Bond borrowing	Fixe	750	May 2025
Bond borrowing	Fixe	350	November 2028

On June 2, 2017, Atos implemented a Negotiable European Commercial Paper program (NEU CP) in order to optimize financial expenses and improve Group liquidity management, for an initial maximum amount of € 900 million raised to € 1.8 billion on October 17, 2018. On December 10, 2019 the maximum amount of € 1.8 billion was increased to € 2.4 billion.

Credit risk

The Group has a fully integrated process concerning credit risk. In its trade relations, the Group manages its credit risk with a portfolio of diversified customers and follow-up tools.

Financially, the Group monitors the credit risk on its investments and its market operations by rigorously selecting leading financial institutions and by using several banking partners. The Group thus considers its credit risk exposure as being limited.

Market risk

The Group monetary assets comprise receivables and loans, securities investments and cash at bank. Monetary liabilities comprise financial, operating and other liabilities.

Interest rate risk

The exposure to interest rate risk encompasses two types of risks:

- a price risk on fixed-rate liability, the Company is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the Company's Income Statement and, as such, future net income of the Company up to maturity of these assets and liabilities.
- a cash-flow risk on floating-rate financial assets and liabilities. The Company considers that a variation in rates would have little effect on floating-rate financial assets and liabilities.

Note 18 Related parties

There is no transaction made by the Company (trademark fees, financing operations and tax consolidation) that was not performed under market conditions.

Note 19 Subsequent events

No subsequent event has occurred since the closure of the accounts

3.2.3. Atos SE financial summary for the last five years

(in € million)	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**	December 31, 2017	December 31, 2016
I - Common stock at period end					
Common stock	109.9	109.2	106.9	105.4	104.9
Number of shares outstanding	109,993,166	109,214,914	106,886,219	105,445,349	104,908,679
Maximum number of shares that may be created by:					
• conversion of convertible bonds					
• exercise of stock subscription options	2,975,762	3,026,180	2,620,383	3,205,927	3,128,274
II - Income for the period					
Revenue.	124.1	141.1	145.6	144.4	169.6
Net income before tax. employee profit-sharing and incentive schemes. Depreciation. amortization and provisions	1,504.4	3,548.3	114.6	76.7	23.5
Corporate income tax	-34.3	-26.2	26.3	13.5	6.2
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	1,378.6	3,528.6	161.0	167.0	29.5
Dividend distribution	-	-	181,7	179.2	167.6
III – Per share data (in euros)					
Net income after tax and employee profit-sharing but before depreciation. Amortization and provisions	13.4	32.3	1.3	0.9	0.3
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	12.5	32.3	1.5	1.6	0.3
Dividend per share	-	-	1,7	1.7	1.6
IV – Employees					
Average number of employees during the period	1	1.5	1.0	1.0	1.0
Total payroll for the period	2.0	2.1	2.8	3.3	3.0
Employee social security and welfare payments	0.5	0.4	0.7	0.8	0.9

3.2.4. Payables and receivables payment terms

Invoices received and emitted not paid at year's end closing but due (statement I of article D. 441-4)

	Article D. 441 I.- 1° : Invoices received not paid at year's end closing but due						Article D. 441 I.- 1° : Invoices emitted not paid at year's end closing but due					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Payment delay periods												
Number of invoices concerned	0					104	4					783
Total amount of invoices concerned excluding VAT in K€	0	1,870	211	1	23	2,105	101	10,827	20,089	869	8,320	40,105
Total amount percentage of year expenses	0.00	5.85	0.66	0.00	0.07	6.58						
Percentage of year's sales excluding VAT							0.08	8.73	16.19	0.70	6.71	32.32
(B) Invoices excluded of (A) related to contentious payables and receivables or not recorded												
Number of excluded invoices												
Total amount of excluded invoices												
(C) Used reference payment terms (contractual or legal term - article L 441-6 or article L 443-1 of code of commerce)												
Payment terms used for late payment penalties calculation	☐ Contractual payment terms: 60 days ☐ Legal payment terms: N/A						☐ Contractual payment terms: 30 days ☐ Legal payment terms: N/A					

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4.2. Locations

Atos is present in main cities to support customers. The addresses and phone numbers of the Group main offices can be found on the Locations page on website atos.net. Details of current job opportunities can be found in Careers pages. An email address for general questions and comments about the Atos' Internet site can be found at the bottom of the page.

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4.4. Full index