Press Release

It all starts with the everyday

Issy-les-Moulineaux, April 5, 2023
Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY).

Sodexo announces solid H1 Fiscal 2023 results and plan to spin-off Benefits & Rewards Services

First half Fiscal 2023 results up strongly

- Revenue growth +17.8%, organic growth +13.4%
- Underlying operating profit +30.9%, H1 margin at 5.8%, up +60 bps
- Underlying Earnings per share amounted to 3.25 euros, up +40%

Group Fiscal 2023 organic growth guidance upgraded

- Organic growth now expected to be close to +11%
- Underlying operating profit margin confirmed to be close to 5.5% at constant rates

Plan to spin-off and list Benefits & Rewards Services during 2024

- Resulting in two leading pure players Sodexo On-site Services (OSS) and Benefits & Rewards Services (BRS) with highly cash generative business models
- Placing both businesses in a stronger position to execute their respective strategies and realize their full potential in fast growing markets

At the Board of Directors meeting held on April 4, 2023, chaired by Sophie Bellon, the Board closed the Consolidated accounts for the First half Fiscal 2023 ended February 28, 2023.

(in millions of euros)	H1 FISCAL 2023	H1 FISCAL 2022	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	**12,085**	**10,262**	**+17.8%**	**+12.0%**
Organic revenue growth	+13.4%	+16.7%		
UNDERLYING OPERATING PROFIT	**704**	**538**	**+30.9%**	**+22.4%**
UNDERLYING OPERATING PROFIT MARGIN	**5.8%**	**5.2%**	**+60 bps**	**+50 bps**
Other operating expenses	(42)	(1)		
OPERATING PROFIT	**662**	**537**	**+23.3%**	**+16.7%**
Net financial expense	(48)	(53)		
PRE-TAX PROFIT excluding share of profit from Equity method companies	614	484		
Tax charge	(166)	(136)		
GROUP NET PROFIT	**440**	**337**	**+30.6%**	**+23.3%**
EPS (in euros)	**3.01**	**2.30**	**+30.9%**	
UNDERLYING NET PROFIT	**475**	**339**	**+40.1%**	**+44.8%**
Underlying EPS (in euros)	3.25	2.32	+40.0%	

Sodexo Chairwoman and CEO Sophie Bellon said:

"The performance in the first half is solid. In On-site Services, despite inflation, the post-Covid ramp-up in volumes, mitigation actions and pricing have helped us to improve our margins. Food inflation has remained high and is likely to remain so in the second half. In Benefits & Rewards Services, growth and profitability have been better than expected.

To reflect the positive business momentum in the first half, we upgraded the Group organic growth guidance for Fiscal 2023 close to +11% while confirming our UOP guidance, expected to be close to 5.5% at constant rates.

With the completion of the On-site Services reorganization into geographies, the Sodexo Leadership Team is totally focused on the execution of our strategic plan.

The next major step for the Group is the proposed separation of OSS and BRS, that is driven by a strong strategic rationale. More focused, supported by a dedicated and empowered governance as well as an adequate capital structure, each entity would be in an even stronger position to pursue its own strategy, achieve its goals and realize its full potential.

We confirm our mid-term financial objectives and are more than ever determined to meet them. I am confident in the capacity of the leadership teams of both entities to deliver the expected results.

Finally, I would like to take a moment to warmly thank our teams for the strong progress that we have made this first half."

First half Fiscal 2023 Results up strongly

- First half Fiscal 2023 consolidated revenues were at 12.1 billion euros, up +17.8% year-on-year including a net contribution from acquisitions and disposals of -1.3% and a positive currency impact of +5.7%. Excluding these elements, organic revenue growth was +13.4%.
- **On-site Services** organic revenue growth was +12.9% for the period, benefiting from the ongoing post-Covid ramp-up particularly in Corporate Services, Sports & Leisure and Universities, as well as above 5% pricing effect. Net new development started to come through in the second quarter, contributing +0.5% to the growth in the First half. Food services recovered strongly up +20% organically. FM services were up +6% excluding the impact of the end of the Testing Centers contract in the UK. Food services represented 65% of total On-site Services revenues during the period, increasing from 59% in Fiscal 2022.
- First half Fiscal 2023 **net new development** was positive:
  - Client retention was 97.8% with no unanticipated contract losses.
  - New sales development was 3.6%, reaching a record more than 0.8 billion euros including cross-selling.
- First half Fiscal 2023 **Benefits & Rewards Services** revenue organic growth was +24.2%. Operating revenues were up +16.1% organically due to portfolio growth, positive net new development and an increase in face values. Financial revenues more than doubled due to the increase in interest rates in all geographies.
- **Underlying operating profit** was 704 million euros, up +30.9%, and +22.5% excluding currency effects. The Underlying operating margin was up +60 bps at 5.8%.
- **Other operating expenses (net)** amounted to 42 million euros against 1 million euros in First half 2022 last year benefited from significant positive one-offs.

- **Operating profit** was up strongly at 662 million euros compared to 537 million euros in the previous year.
- **Net financial expense** was 48 million euros against 53 million euros in the previous year. The reduction is principally due to higher interest rates on cash deposits.
- **Effective tax rate** was 27.1% against 28.3% in the previous year.
- **Group net income** was up +30.6% to 440 million euros. Underlying net profit adjusted for Other Operating income and expenses net of tax amounted to 475 million euros, compared to 339 million euros in the previous year, up +40.1%.
- **Free cash outflow** was 46 million euros against the cash outflow of 75 million euros in First half Fiscal 2022. Net capex was 234 million euros, compared to 159 million euros in the previous year. Gross capex was 317 million euros, or 2.6% of revenues.
- **Net debt** has reduced to 1.9 billion euros from 2.0 billion euros at the end of First half Fiscal 2022. As a result, gearing[1] is reduced to 46% from 56% and the net debt ratio[1] remains at the bottom end of the range at 1.3x compared to 1.8x at the end of First half Fiscal 2022.
- Once again, our **Corporate Responsibility achievements** have been recognized:
  - Sodexo ranked 12th in the annual ranking published by **Equileap**, world leader in data and information on gender equality. Sodexo is equal 1st on the French podium.
  - Sodexo received a special mention for “Workforce action” category at the **WDI Workforce Transparency Awards**.
  - For the second consecutive year, Sodexo is on the **CDP Supplier Engagement Leaderboard**. The Group is among the top 8% companies taking action to measure and reduce environmental risks within its supply chain.
  - Sodexo ranks in the top 10% companies in the "Restaurants & Leisure Facilities" sector for the excellence of its performance in terms of sustainable development in the **S&P Global Sustainability Yearbook.**

Plan to create two leading pure players in growth markets by splitting Sodexo On-site Services and Benefits & Rewards Services

The Sodexo Board of Directors has unanimously approved the project to separate the two business units of Sodexo by spinning-off and listing BRS through the distribution of BRS shares to Sodexo shareholders.

Bellon SA supports the plan and intends to continue playing a long-term controlling shareholder role in both businesses.

The contemplated transaction is expected to take place during 2024 following the completion of several customary steps, including consultation of the employee representative bodies, and remains subject to market conditions.

The Group confirms, and is more committed than ever to deliver, its mid-term guidance via the two separate entities.

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[1] See Alternative Performance Measures definitions

Detailed transaction terms will be presented at a later stage and submitted to the approval of Sodexo's shareholders at an extraordinary shareholders' meeting. Sodexo's bondholders and other lenders will be consulted on the proposed transaction in due course.

Strong strategic Rationale

By separating the two businesses, Sodexo intends to accelerate value creation for all its stakeholders:

- As two pure players dedicated to their respective markets and clients, one in Food and Facilities Management services and the other in employee benefits and engagement, each would be strategically more focused;
- Empowered and dedicated governance would drive enhanced business and financial performance;
- Conducting each business independently would help create a focused workforce and optimize employer attractiveness and people retention through dedicated compensation mechanisms;
- Both companies would be established with the adequate capital structures providing them with the full financial flexibility to execute their growth strategies, including specific M&A. At separation, OSS and BRS would have capital structures consistent with a strong Investment Grade rating;
- Already operating vastly as an independent company, the spin-off and listing of BRS is not expected to generate any material adverse effects and would result in one-off costs customary for a transaction of this nature;
- The two differentiated investment profiles, with their respective business drivers, KPIs and stock market benchmarks would ensure that they attract the best suited investors.

Outlook

First half Fiscal 2023 was better than expected. As a result, Fiscal 2023 guidance for the Group and Benefits & Rewards Services has been revised up slightly.

Group Fiscal 2023 guidance upgraded on organic growth:

- **Fiscal 2023 Organic revenue growth now expected close to +11%,** driven by higher-than-expected growth in H1 and price increases to remain above 5% in H2
- Fiscal 2023 Underlying operating profit margin confirmed to be close to 5.5%, at constant rates

Benefits & Rewards Services Fiscal 2023 guidance upgraded on both organic growth and Underlying operating profit margin:

- Fiscal 2023 Organic revenue growth expected close to +20%
- Fiscal 2023 Underlying operating profit margin expected close to 32%, at constant rates

Group and Benefits & Rewards Services Fiscal 2024 and 2025 guidance reiterated:

- **Group**: +6 to +8% organic revenue growth and an Underlying operating profit margin above 6% at constant rates in FY2025
- **Benefits & Rewards Services:** low double-digit organic revenue growth and an Underlying operating profit well above 30% at constant rates in FY2025

Conference call

Sodexo will hold a conference call (in English) today at 9:00 a.m. (Paris time), 8:00 a.m. (London time) to comment on its First half Fiscal 2023 results.
Those who wish to connect:

- from the UK / International, please dial: +44 (0) 121 281 8004
- from France, please dial: +33 (0) 1 70 91 87 04
- from the USA, please dial: +1 718 705 8796

Access Code: 07 26 14

A live audio webcast is also available on www.sodexo.com.

The press release, presentation and webcast will be available on the Group website www.sodexo.com in both the “Newsroom” section and the “Investors – Financial Results” section.

Fiscal 2023 financial calendar

Fiscal 2023 Third quarter Revenues	June 30, 2023
Fiscal 2023 Annual Results	October 26, 2023
Fiscal 2023 Annual Shareholders Meeting	December 15, 2023

These dates are indicative and may be subject to change without notice.

Regular updates are available in the calendar on our website www.sodexo.com

About Sodexo

Founded in Marseille in 1966 by Pierre Bellon, Sodexo is the global leader in sustainable food and valued experiences at every moment in life: learn, work, heal and play. Operating in 53 countries, our 422,000 employees serve 100 million consumers each day. The Sodexo Group stands out for its independence and its founding family shareholding, its responsible business model and its portfolio of activities including Food Services, Facilities Management Services and Employee Benefit Solutions. This diversified offer meets all the challenges of everyday life with a dual goal: to improve the quality of life of our employees and those we serve, and contribute to the economic, social and environmental progress in the communities where we operate. For Sodexo, growth and social commitment go hand in hand. Our purpose is to create a better everyday for everyone to build a better life for all.

Sodexo is included in the CAC Next 20, CAC 40 ESG, CAC SBT 1.5, FTSE 4 Good and DJSI indices.

Key figures

- 21.1 billion euros in Fiscal 2022 consolidated revenues
- 422,000 employees as at August 31, 2022
- #2 France-based private employer worldwide
- 53 countries
- 100 million consumers served daily
- 13.3 billion euros in market capitalization (as at April 4, 2023)

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Disclaimer

This press release contains forward-looking statements, including on the proposed spin-off and listing of Benefits & Rewards Services. Forward-looking statements give the current expectations and projections of Sodexo relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “estimate,” “plan,” “project,” “will,” “should,” “would,” “could” and other words and terms of similar meaning. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Sodexo’ control that could cause the Sodexo’ actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include those discussed or identified under section 6.4.3 of the Universal Registration Document of Sodexo, filed with the French Autorité des marchés financiers (AMF) on 9 November 2022 and available on the Company’s website (www.sodexo.com) and the AMF’s website (www.amf-france.org). Such forward-looking statements are based on numerous assumptions regarding Sodexo’ present and future business strategies and the environment in which it will operate in the future. Accordingly, readers of this press release are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this press release. This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.

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SODEXO
First half Fiscal 2023
Financial Report

H1 Fiscal 2023 Activity Report

1 Strong First half Fiscal 2023

1.1 H1 Fiscal 2023 operating performance

First Half Fiscal 2023 results have exceeded both First half Fiscal 2019 and 2020 numbers, with revenues and net profit reaching a record level of 12.1 billion euros and 440 million euros respectively. Organic growth was +13.4% and the Underlying operating profit margin was 5.8%.

On-Site Services organic revenue growth was +12.9%, helped by the ongoing post-Covid ramp-up, strong pricing above 5% and the contribution of net new business. The Underlying operating margin increased +20bps to 5.1%.

Benefits & Rewards Services organic revenue growth remained higher than expected at +24.2% boosted by higher interest rates in all regions, a strong increase in face values as well as portfolio growth. As a result, the Underlying operating profit margin was 31.9%, up +530bps.

After a seasonal Free cash outflow of 46 million euros, net debt at the end of the period was 1.9 billion euros. As a result, gearing fell to 46% and the net debt ratio to 1.3x, both well within the Group's targets.

1.2 Group strategy presented at the Capital Markets Day on November 2, 2022

The 2025 strategic plan to generate sustainable, profitable growth and create value for shareholders and all stakeholders was presented in November 2022.

Sodexo’s strategic plan is based on 3 pillars:

- **Refocus on Food Services and be more selective in Facilities Management by:**
  - Upgrading and upscaling existing food offers and accelerating the development of advanced food models to address fast-changing consumer needs and behaviors: multichannel, anytime, anywhere, hybrid.
  - Targeting selected Facilities Management services that augment the food experience and bring value to our clients and consumers.
- **Accelerate Benefits & Rewards Services profitable growth:**

Guided by its vision to bring to life a personalized and sustainable employee experience at work and beyond, the plan is to:

- Accelerate in Meal and Food markets, by enhancing the digital experience for clients, consumers and affiliated merchants and penetration of the SME segment.
- Augment its core business, by enriching offers with a wider range of integrated and flexible employee benefits, while strengthening employee rewards & recognition and engagement platforms.
- Diversify its activities as a longer-term ambition.

Benefits & Rewards Services Capex is expected to run at close to 10% of revenues per year in the 2022 to 2025 period.

- **Strengthen Sodexo's impact as market-maker in sustainability:**

In line with our mission and purpose, having a positive impact on the planet and people is at the core of Sodexo's business.

- Sodexo has launched a process with SBTi to formalize its 'science-based' 2040 Net Zero commitment, which will be a first in the sector.
- Sodexo is continuing its journey to reduce its environmental impact by committing to achieve -34% carbon emissions reduction by 2025, by extending the deployment of its WasteWatch program to 85% of its food service sites by 2025 vs 46% at the end of Fiscal 2022.
- Recognized as a leader in Diversity, Inclusion and Equity, Sodexo is about to achieve its gender balance objectives at top management level and is targeting gender balance in 100% of its management at country level teams by 2025.

This strategic plan is supported by three key enablers:

- **Tech & Data investments** are critical to improving operational efficiency while enhancing consumers' experience.
  - On-Site annual IS&T, Digital and Data operating expenses are currently running at around 500 million euros per year.
  - Specifically, to increase consumer centricity, Sodexo aims to reach 10 million active consumers in its On-Site digital ecosystems by 2025.
- **Commercial excellence**: supported by strong consumer-oriented brands, innovative offers, and a robust CRM system and digital sales and marketing tools.
  - Sodexo is aiming to take client retention above 95% by 2025.
  - A best-in-class CRM system and new digital sales and marketing tools (MSDC) have been deployed in North America with digital marketing leads now accounting for 60% of the pipeline. MSDC's tool is currently being deployed in Europe.
  - Consumer-oriented branded offers will be scaled and expanded, such as The Good Eating Company, Modern Recipe or Aspretto.
- **Supply chain power**: Sodexo will better leverage its powerful global supply chain.
  - Increase Sodexo's purchasing from SMEs, targeting 2 billion euros per year by 2025 for On-site Services, to enhance local, responsible, and inclusive sourcing.
  - Continue to develop Entegra, Sodexo's GPO, in the United States and in Europe, in Food & Hospitality, as both a profit center and a means of delivering superior purchasing power.

To support this strategy, Sodexo will continue to have a disciplined approach to investment with gross Capex rising from 2.3% of revenues in 2022 to 2.8% in Fiscal 2025 and acquisitions, which will be focused, strategic and accretive.

1.3 Evolution on the Board

As of December 19, 2022, the Board Committees are made up as follows:

Audit Committee

- Jean-Baptiste Chasseloup de Chatillon, Chairman, Independent Director
- François-Xavier Bellon, Director
- Véronique Laury, Independent Director
- Cathy Martin, Director representing employees
- Luc Messier, Independent Lead Director

Nominating Committee

- Cécile Tandeau de Marsac, Chairwoman, Independent Director
- François-Xavier Bellon, Director
- Nathalie Bellon-Szabo, Director
- Françoise Brougher, Independent Director
- Luc Messier, Independent Lead Director

Compensation Committee

- Cécile Tandeau de Marsac, Chairwoman, Independent Director
- Philippe Besson, Director representing employees
- Françoise Brougher, Independent Director
- Federico J. González Tejera, Independent Director

1.4 Corporate Responsibility achievements

Once again, our Corporate Responsibility achievements have been recognized:

1. Sodexo ranked 12th in the annual ranking published by Equileap, the world's leader in data and information on gender equality. Sodexo is equal 1st on the French podium.
2. Sodexo received a special mention for “Workforce action” category at the WDI Workforce Transparency Awards.
3. For the second consecutive year, Sodexo is on the CDP Supplier Engagement Leaderboard. The Group is among the top 8% companies taking action to measure and reduce environmental risks within its supply chain.
4. Sodexo ranks in the top 10% companies in the "Restaurants & Leisure Facilities" sector for the excellence of its performance in terms of sustainable development in the S&P Global Sustainability Yearbook.

2 H1 Fiscal 2023 performance

2.1 Consolidated income statement

(in million euros)	H1 FISCAL 2023	H1 FISCAL 2022	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	**12,085**	**10,262**	**+17.8%**	**+12.0%**
UNDERLYING OPERATING PROFIT	**704**	**538**	**+30.9%**	**+22.4%**
UNDERLYING OPERATING PROFIT MARGIN	**5.8%**	**5.2%**	**+60 bps**	**+50 bps**
Other operating expenses	(42)	(1)		
OPERATING PROFIT	**662**	**537**	**+23.3%**	**+16.7%**
Net financial expense	(48)	(53)		
PRE-TAX PROFIT excluding share of profit from Equity method companies	614	484		
Tax charge	(166)	(136)		
GROUP NET PROFIT	**440**	**337**	**+30.6%**	**+23.3%**
EPS (in euros)	**3.01**	**2.30**	**+30.9%**	
UNDERLYING NET PROFIT	**475**	**339**	**+40.1%**	**+44.8%**
Underlying EPS (in euros)	3.25	2.32	+40.0%	

2.2 Currency effect

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency. However, given the weight of the Benefit & Rewards activity in Brazil, and the high level of its margins relative to the Group, when the Brazilian real declines against the euro, it has a negative effect on the underlying operating profit margin due to a change in the mix of margins. Conversely, when the Brazilian real strengthens Group margins increase.

1€ =	AVERAGE RATE H1 FY 2023	AVERAGE RATE H1 FY 2022	AVERAGE RATE H1 FY 2023 *VS.* H1 FY 2022	CLOSING RATE AT 28/2/2023	CLOSING RATE AT 08/31/22	CLOSING RATE 02/28/2022 *VS.* 08/31/2022
U.S. dollar	1.031	1.143	+10.9%	1.062	1.000	-5.8%
Pound Sterling	0.874	0.846	-3.2%	0.877	0.860	-1.9%
Brazilian real	5.417	6.258	+15.5%	5.528	5.148	-6.9%

The positive contribution of currencies in First half Fiscal 2023 is the result of the strength of the US dollar, up +10.9% and the Brazilian real, up +15.5%, during the 1st quarter. However, during the second quarter, both rates came down, closing 5.8% and 6.9% below the levels at the beginning of the period.

Sodexo operates in 53 countries. The percentage of total revenues and underlying operating profit denominated in the main currencies during the First half Fiscal 2023 are as follows:

H1 FISCAL 2023	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	44%	52%
Euro	23%	4%
UK pound Sterling	7%	7%
Brazilian real	5%	15%

The currency effect is determined by applying the previous year's average exchange rates to the current year figures.

2.3 Revenues

REVENUES BY REGION

REVENUES (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
North America	5,499	4,232	+16.4%	+1.2%	+12.4%	+29.9%
Europe	4,027	3,917	+8.3%	-3.8%	-1.6%	+2.8%
Rest of the World	2,055	1,716	+14.7%	-2.0%	+7.1%	+19.8%
ON-SITE-SERVICES	**11,581**	**9,865**	**+12.9%**	**-1.3%**	**+5.8%**	**+17.4%**
BENEFITS & REWARDS SERVICES	**508**	**398**	**+24.2%**	**-1.0%**	**+4.3%**	**+27.5%**
Elimination	(4)	(1)				
TOTAL GROUP	**12,085**	**10,262**	**+13.4%**	**-1.3%**	**+5.7%**	**+17.8%**

First half Fiscal 2023 consolidated revenues were at 12.1 billion euros, up +17.8% year-on-year including a net contribution from acquisitions and disposals of -1.3% and a positive currency impact of +5.7%. Excluding these elements, organic revenue growth was +13.4%.

ON-SITE SERVICES

On-site Services organic revenue growth was +12.9% for the period, benefiting from the ongoing post-Covid ramp-up particularly in Corporate Services, Sports & Leisure and Universities, as well as a pricing effect above 5%. Net new development started to come through in the second quarter, contributing +0.5% to the growth in the first half. The end of the Testing Centers contract accounted for -1.7%.

Organic growth was boosted by a strong recovery in Food services up +20% organically. FM services were up +2%, or +6% excluding the impact of the end of the Testing Centers contract in the UK. Food services represented 65% of total On-Site revenues during the period, increasing from 59% in Fiscal 2022.

First half Fiscal 2023 net new development was positive:

- client retention was 97.8%, with no unanticipated contract losses and we are on track to achieve our objective of 95% for the full year.
- new sales development was 3.6%, reaching a record more than 0.8 billion euros including cross-selling.

ON-SITE SERVICES REVENUES BY SEGMENT

REVENUES BY SEGMENT (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Business & Administrations	6,355	5,160	+19.8%
Healthcare & Seniors	2,899	2,675	+2.2%
Education	2,327	2,030	+9.9%
ON-SITE SERVICES TOTAL	**11,581**	**9,865**	**+12.9%**

- The +19.8% organic growth in **Business & Administrations** in the First half reflects the ongoing return to the workplace and an increase in activity in stadiums and convention centers, compared to a period last year that had been impacted by the delta and omicron variants. Pricing also helped.

- The +2.2% organic growth in **Healthcare & Seniors** reflects strong activity in hospitals, with the opening of the Ardent account in North America, strong cross-selling and ongoing recovery in retail sales in hospitals, offset by the end of the Testing Centers contract in the UK. Excluding the testing centers, organic growth was +9.1%.
- **Education** organic growth was up +9.9% compared to the previous year, with strong attendance levels and a much higher number of events on campus compared to a period which had also been impacted by the delta and omicron variants.

North America

REVENUES

REVENUES BY SEGMENT (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Business & Administrations	1,884	1,263	+31.3%
Healthcare & Seniors	1,722	1,424	+9.4%
Education	1,893	1,545	+10.7%
NORTH AMERICA TOTAL	**5,499**	**4,232**	**+16.4%**

First half Fiscal 2023 **North America** revenues totaled **5.5 billion euros**, up +16.4% organically, helped by strong pricing in all segments.

First half organic growth in **Business & Administrations** was +31.3%, boosted by strong volume increases in Corporate Services, as the return to the workplace continued, and in convention centers and air lounges. The Energy & Resources and Government & Agencies segments were also up. Although small, convenience solutions and new contracts at Entegra also supported growth.

In **Healthcare & Seniors**, organic revenue growth was +9.4% driven by price increases, cross-selling, a recovery in retail volumes and some increase in attendance in Seniors. The net new development contribution remained neutral, as the losses impacted faster than the wins. The balance is expected to improve in the second half, with the full impact of the Ardent mobilization.

In **Education,** organic revenue growth was +10.7%. In Schools, the impact on volumes of the reduction in government waiver eligibility for students and the last effects of the loss of the Chicago Public Schools contract was compensated by higher pricing. Growth in Universities was much stronger, with a higher number of board plans as well as one extra day, stronger retail sales and more on-Campus event catering.

Europe

REVENUES BY SEGMENT (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Business & Administrations	2,632	2,354	+16.7%
Healthcare & Seniors	1,009	1,114	-8.3%
Education	386	449	+5.3%
EUROPE TOTAL	**4,027**	**3,917**	**+8.3%**

In Europe, first half revenues amounted to **4.0 billion euros,** up +8.3% organically, or +13.3% excluding the impact of the Testing Centers, helped by price increases.

In **Business & Administrations**, organic growth was +16.7%, boosted by very strong demand for sporting and corporate events as well as the ongoing return to the office. This was somewhat offset by contract losses in Energy & Resources and Government & Agencies.

In **Healthcare & Seniors**, organic growth of -8.3% was impacted by the end of the Testing Centers. The rest of the business was +8.6%, with the contribution of new openings, recovery in retail sales and solid occupancy in Seniors.

Education organic revenue growth was +5.3%, reflecting some volume growth compared to the Delta and Omicron variants impact on prior year attendance. Pricing contribution was lower than in most segments, particularly in France where passing on inflation remains slow.

Rest of the World

REVENUES BY SEGMENT (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Business & Administrations	1,839	1,543	+14.9%
Healthcare & Seniors	168	137	+8.6%
Education	48	36	+30.7%
REST OF THE WORLD TOTAL	**2,055**	**1,716**	**+14.7%**

Rest of the World First half Fiscal 2023 revenues were **2.1 billion euros**, up +14.7% organically. Relatively weak volume and new business growth in China was more than compensated by the contribution from net new wins in the other geographies.

Business & Administrations was up +14.9%. Growth in Corporate Services and Energy & Resources has continued to be very strong due to a combination of strong volume increases in most regions except in Australia, due to previous year contract losses, and China, impacted by Covid-related site closures. Net new business in particular in the tech sector in India and in mining in Latin America has also contributed positively. Price increases reflecting the different levels of inflation in each country are coming through progressively.

Healthcare & Seniors revenue was +8.6% organically, with a strong performance particularly in India, and more modestly in Brazil.

Education organic growth was +30.7% reflecting the full ramping up of school and university attendance in India post-Covid.

BENEFITS & REWARDS SERVICES

First half Fiscal 2023 **Benefits & Rewards Services** revenue amounted to 508 million euros, up +27.5%, with strong organic growth of +24.2% and a currency impact of +4.3%, partially offset by net disposals of -1%.

First half Fiscal 2023 Operating revenues were up +16.1% organically, accelerating quarter by quarter since the beginning of Fiscal 2022, boosted by portfolio growth, positive net new development and a progressive increase in face values. Financial revenues more than doubled due to the increase in interest rates in all regions.

REVENUES BY NATURE (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Operating Revenues	448	375	+16.1%
Financial Revenues	60	23	+158.6%
BENEFITS & REWARDS SERVICES	**508**	**398**	**+24.2%**

In the First half, the strong momentum in organic growth in **Employee Benefits** revenues was maintained, at +24.2%, compared to an organic growth in issue volume of +12.6% to 8.3 billion euros, reflecting much higher interest rates, face value increases and significant volume increases in Brazil, Turkey, Romania and Mexico and a positive contribution from net new business, particularly in France and Mexico.

Services Diversification organic growth was also strong, at +24.1%, due to the combination of strong fuel and mobility cards activity and two major public benefits contracts in Austria and Romania in the first quarter.

REVENUES BY ACTIVITY (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Employee benefits	418	324	+24.2%
Services Diversification*	90	74	+24.1%
BENEFITS & REWARDS SERVICES	**508**	**398**	**+24.2%**

* Including Incentive & Recognition, Mobility & Expenses and Public Benefits.

Europe, Asia and USA, organic revenue growth was +22.8% due to higher SME penetration, strong face value increases and generally strong demand in all markets.

In **Latin America**, organic growth was even stronger at +26.9%, and across the region, due to face value increases, strong portfolio growth and volume growth in fuel & fleet across the region.

REVENUES BY REGION (in million euros)	H1 FY 2023	H1 FY 2022	ORGANIC GROWTH
Europe, Asia and USA	318	267	+22.8%
Latin America	190	131	+26.9%
BENEFITS & REWARDS SERVICES	**508**	**398**	**+24.2%**

2.4 Underlying operating profit

First half Fiscal 2023 Underlying operating profit was 704 million euros, up +30.9%, and +22.5% excluding currency effects. The Underlying operating margin was up +60 bps at 5.8%, reflecting on the one hand, strong improvement in Benefits & Rewards Services, and a more modest increase in On-site Services.

(in million euros)	UNDERLYING OPERATING PROFIT H1 FISCAL 2023	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN H1 FISCAL 2023	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
North America	365	+39.8%	+26.2%	6.6%	+40 bps	+40 bps
Europe	157	+4.0%	+6.7%	3.9%	0 bps	+10 bps
Rest of the World	71	+2.9%	-6.8%	3.5%	-50 bps	-70 bps
ON-SITE-SERVICES	**593**	**+23.3%**	**+15.4%**	**5.1%**	**+20 bps**	**+20 bps**
BENEFITS & REWARDS SERVICES	**162**	**+52.8%**	**+46.4%**	**31.9%**	**+530 bps**	**+510 bps**
Corporate expenses & Intragroup eliminations	(51)	+4.1%	+4.1%			
UNDERLYING OPERATING PROFIT	**704**	**+30.9%**	**+22.5%**	**5.8%**	**+60 bps**	**+50 bps**

On-Site Services Underling operating profit was up +23.3%, or +15.4% excluding currencies and the margin was 5.1%, up +20 bps. Generally, pricing and mitigation are covering cost inflation. Leverage on higher volumes is slightly impacted by mobilization costs.

The performance by zone at constant rates is as follows:

- **North America** underlying operating profit increased +26.2% and the underlying operating margin was up +40 bps at 6.6%. Pricing and mitigation actions to offset cost inflation, leverage on the volume recovery, particularly in Corporate Services and Sports & Leisure, strict control of central costs, ongoing improvements in SKU management, attendance forecasting and labor scheduling, all contributed to the strong improvement, somewhat offset by mobilization costs in Healthcare.
- In **Europe**, the Underlying operating profit was up +6.7%, and the margin was stable at 3.9%. Cost inflation was offset by pricing and mitigation policies, except in some very specific sectors, such as Schools in certain countries, where pricing is still lagging cost inflation. Leverage on the post-Covid recovery in volumes as well as an increase in average spend per consumer, provided upside, somewhat offset by the impact of strikes in France and the loss of the Testing centers contract in the UK.
- **Rest of the World** Underlying operating profit was down -6.8% and the margin was down -50 bps at 3.5%. This temporary decline is due to a combination of delays in price increases and some significant mobilization costs after very strong development signed in the previous year. Profitability in China was also affected by zero-Covid measures.

Benefits & Rewards Services Underlying operating profit was up +52.8%, and +46.4% excluding currency impacts. As a result, the margin was also up +530 bps at 31.9%. The margin improvement was due to the significant increase in interest rates on the float as well as strong operating leverage, despite sustained investments in IT, data and digital. Margins improved excluding financial revenues.

2.5 Group net profit

Other operating expenses (net) amounted to 42 million euros compared to 1 million euros in the previous year which benefited from significant positive one-offs. First half 2023 other operating expenses included 10 million euros of restructuring costs linked to the change in the organization of the Group.

As a result, the **Operating Profit** was 662 million euros compared to 537 million euros in the previous year.

(in million euros)	H1 FISCAL 2023	H1 FISCAL 2022
UNDERLYING OPERATING PROFIT	**704**	**538**
Net impact related to consolidation scope changes	1	(1)
Restructuring and rationalization costs	(10)	(3)
Amortization of purchased intangible assets	(22)	(20)
Other	(11)	23
OTHER OPERATING EXPENSES (NET)	**(42)**	**(1)**
OPERATING PROFIT	**662**	**537**

First half Fiscal 2023 Net financial expense was 48 million euros against 53 million euros in the previous year. The reduction is principally due to higher interest rates on cash deposits.

The effective tax rate was 27.1%, below the 28.3% in the previous year.

First half Fiscal 2023 Group net income was up +30.6% to 440 million euros, compared to 337 million euros in the previous year. Underlying net profit adjusted for Other Operating income and expenses net of tax amounted to 475 million euros, compared to 339 million euros in the previous year, up +40.1%.

2.6 Earnings per share

Published First half Fiscal 2023 EPS was 3.01 euros against 2.30 euros in the previous year. The weighted average number of shares for Fiscal 2023 was more or less stable at 146,147,666 compared to 146,292,627 shares for First half Fiscal 2022.

Underlying EPS amounted to 3.25 euros, up +40.0% compared to the previous year.

3 Consolidated financial position

3.1 Cash flows

Cash flows for the period were as follows:

(in million euros)	H1 FISCAL 2023	H1 FISCAL 2022
Operating cash flow	808	674
Change in working capital excluding change in BRS financial assets (1)	(517)	(481)
IFRS 16 outflow	(103)	(109)
Net capital expenditure	(234)	(159)
Free cash flow (2)	**(46)**	**(75)**
Net acquisitions	(7)	(26)
Share buy-backs	(57)	(13)
Dividends paid to shareholders	(352)	(294)
Other changes (including scope and exchange rates)	(139)	(156)
(Increase)/decrease in net debt	**(601)**	**(564)**

(1) Excluding change in financial assets related to the Benefits & Rewards Services activity of 7 million euros in First half Fiscal 2023 *versus* 67 million euros in First half Fiscal 2022.
Total change in working capital as reported in consolidated accounts:
in First half Fiscal 2023: -510 million euros = -517 million euros + 7million euros
and in First half Fiscal 2022: -414 million euros = - 481 million euros + 67 million euros.

(2) The Group does not believe the accounting treatment introduced by IFRS 16 modifies the operating nature of its lease transactions. Accordingly, to ensure the Group's performance measures continue to best reflect its operating performance, the Group considers repayments of lease liabilities as operating items impacting the Free cash flow, which integrates all lease payments (fixed or variable). To be consistent, the lease liabilities are not included in Net debt (treated as operating items).

First half Fiscal 2023 Free cash outflow was 46 million euros against an outflow of 75 million euros in the previous period.

First half Fiscal 2023 Operating cash flow improved to 808 million euros against 674 million euros in the previous period as a result of the significant improvement in the operating profit of the Group. The working capital outflow was similar to the previous year, at 517 million euros compared to an outflow of 481 million euros during First half Fiscal 2022.

Net capital expenditure increased +47% to 234 million euros, representing 1.9% of revenues against 1.5% in the previous year. Gross capex was 317 million euros, up +43%, representing 2.6% of revenues. On-Site Services gross capex amounted to 264 million euros, or 2.3% of revenues, of which more than 85% was client facing. More than 85% of Benefits & Rewards gross capex was focused on IT & Data to reinforce its IT architecture and consumer and client platforms, amounting to 53 million euros, or 10.4% of revenues.

M&A activity was limited in the First half Fiscal 2023. Acquisitions net of disposals amounted to 7 million euros.

The Fiscal 2022 dividend payment resulted in an outflow of 352 million euros compared to 294 million euros in the previous year, reflecting the 20% increase in the dividend per share.

After taking into account Other changes, consolidated net debt increased by 601 million euros during the First half to reach 1,868 million euros at February 28, 2023.

3.2 Acquisitions and disposals for the period

First half Fiscal 2023 has been a quiet period for both acquisitions and disposals of non-core activities and geographies.

Overall acquisitions net of disposals amounted to 7 million euros.

3.3 Condensed consolidated statement of financial position at February 28, 2023

(in million euros)	FEBRUARY 28, 2023	FEBRUARY 28, 2022
Non-current assets	10,416	10,063
Current assets excluding cash	6,312	5,980
Restricted cash Benefits & Rewards	843	782
Financial assets Benefits & Rewards	375	221
Cash	2,625	2,607
TOTAL ASSETS	**20,571**	**19,653**

(in million euros)	FEBRUARY 28, 2023	FEBRUARY 28, 2022
Shareholders' equity	4,096	3,615
Non-controlling interests	4	10
Non-current liabilities	6,637	7,129
Current liabilities	9,834	8,899
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**20,571**	**19,653**
Borrowings	5,699	5,647
Net debt	1,868	2,042
Gearing	46%	56%
Net debt ratio	1.3	1.8

The increase in shareholders' equity was due to several factors: the currency translation adjustment of some currencies such as the US dollar and the Brazilian real and the remeasurement of defined benefit plan obligations, as well as the revaluation of financial assets under IFRS 9.

As of February 28, 2023, net debt was 1,868 million euros, representing a gearing of 46%, and a net debt ratio of 1.3x, firmly within the target range of between 1x and 2x, and down from the same period last year.

Gross borrowings were more or less stable during First half Fiscal 2023 and compared to the end of First half Fiscal 2022 at 5.7 billion euros, of which 95% is at fixed rates and 21% is dollar-denominated, with an average maturity of 4.2 years and 100% covenant-free. The blended cost of debt at the end of the period is 1.7% against 1.6% a year ago.

Operating cash reached a total of 3,831 million euros, including 843 million euros of restricted cash and 375 million euros of financial assets of Benefits & Rewards Services.

The Benefits & Rewards Services activity asset to liability coverage is at 123% compared to 121% as at February 28, 2022, with operating cash of 2,871 million euros and client receivables of 1,702 million euros, compared to voucher liabilities payable of 3,707 million euros.

The rest of the Group also had a significant operating cash position of 960 million euros.
At the end of the First half, the Group had unused credit lines totaled 1.8 billion euros.

3.4 Subsequent events

The Sodexo Board of Directors has unanimously approved the project to separate the two business units of Sodexo by spinning-off and listing BRS through the distribution of BRS shares to Sodexo shareholders.

The contemplated transaction is expected to take place during 2024 following the completion of several customary steps, including consultation of the employee representative bodies, and remains subject to market conditions.

Detailed transaction terms will be presented at a later stage and submitted to the approval of Sodexo's shareholders at an extraordinary shareholders' meeting. Sodexo's bondholders and other lenders will be consulted on the proposed transaction in due course.

3.5 Outlook

First half Fiscal 2023 was better than expected. As a result, Fiscal 2023 guidance for the Group and Benefits & Rewards Services has been revised up slightly.

Group Fiscal 2023 guidance upgraded on organic growth:

- Fiscal 2023 Organic revenue growth now expected close to +11%, driven by higher-than-expected growth in H1 and price increases to remain above 5% in H2
- Fiscal 2023 Underlying operating profit margin confirmed to be close to 5.5%, at constant rates

Benefits & Rewards Services Fiscal 2023 guidance upgraded on both organic growth and Underlying operating profit margin:

- Fiscal 2023 Organic revenue growth expected close to +20%
- Fiscal 2023 Underlying operating profit margin expected close to 32%, at constant rates

Group and Benefits & Rewards Services Fiscal 2024 and 2025 guidance reiterated:

- Group: +6 to +8% organic revenue growth and an Underlying operating profit margin above 6% at constant rates in FY2025
- Benefits & Rewards Services: low double-digit organic revenue growth and an Underlying operating profit well above 30% at constant rates in FY2025

3.6 Alternative Performance Measure definitions

Blended cost of debt

The blended cost of debt is calculated at period end and is the weighted blended financing rate on borrowings (including derivative financial instruments and commercial papers) and cash pooling balances at period end.

Financial ratios definition

		FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Gearing ratio	Borrowings (1) – operating cash (2) / Shareholders' equity and non-controlling interests	45.6%	56.3%
Net debt ratio	Borrowings (1) – operating cash (2) / Rolling 12-month Underlying EBITDA (underlying operating profit before Interest, Taxes, Depreciation and Amortization) (3)	1.3	1.8

Financial ratios reconciliation

		FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
(1) Borrowings	Long-term borrowings	5,132	5,601
	+ Short-term borrowings	569	55
	- Derivative financial instruments recognized as assets	(2)	(9)
	BORROWINGS	**5,699**	**5,647**
(2) Operating cash	Cash and cash equivalents	2,625	2,607
	+ Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,218	1,003
	- Bank overdrafts	(12)	(5)
	OPERATING CASH	**3,831**	**3,605**
(3) Underlying EBITDA	Underlying operating profit	1,226	851
	+ Depreciation and amortization	479	514
	- Lease payments	(216)	(244)
	ROLLING 12-MONTH UNDERLYING EBITDA (UNDERLYING OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION)	**1,489**	**1,121**

Free cash flow

Please refer to the section entitled Consolidated financial position.

Growth excluding currency effect

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except in hyper-inflationary economies where all figures are converted at the latest closing rate for both periods when the impact is significant.

Issue volume

Issue volume corresponds to the total face value of service vouchers, cards and digitally delivered services issued by Benefits & Rewards Services for beneficiaries on behalf of clients.

Net debt

Net debt is defined as Group borrowing at the balance sheet date, less operating cash.

Organic growth

Organic growth corresponds to the increase in revenue for a given period (the "current period") compared to the revenue reported for the same period of the prior fiscal year, calculated using the exchange rate for the prior fiscal year; and excluding the impact of business acquisitions (or gain of control) and divestments, as follows:

- for businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- for businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- for businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded.

Underlying Net profit

Underlying Net profit presents a net income excluding significant unusual and/or infrequent elements. Therefore, it corresponds to the Net Income Group share excluding Other Income and Expense and significant non-recurring elements in both Net Financial Expense and Income Tax Expense where relevant.

Underlying Net profit per share

Underlying Net profit per share presents the Underlying net profit divided by the average number of shares.

Underlying operating profit margin

The underlying operating profit margin corresponds to Underlying operating profit divided by revenues.

Underlying operating profit margin at constant rates

The underlying operating profit margin at constant rates corresponds to Underlying operating profit divided by revenues, calculated by converting 2023 figures at Fiscal 2022 rates, except for countries with hyperinflationary economies.

2

First half Fiscal 2023
Condensed consolidated financial statements

1 Consolidated financial statements

1.1 Consolidated income statement

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Revenues	**12,085**	**10,262**
Cost of sales	**(10,326)**	**(8,792)**
Gross profit	**1,759**	**1,470**
Selling, General and Administrative costs	(1,056)	(934)
Share of profit of companies accounted for using the equity method that directly contribute to the Group's business	1	2
Underlying operating profit	**704**	**538**
Other operating income	1	67
Other operating expenses	(43)	(68)
Operating profit	**662**	**537**
Financial income	39	10
Financial expenses	(87)	(63)
Share of profit of other companies accounted for using the equity method	—	—
Profit for the period before tax	**614**	**484**
Income tax expense	(166)	(136)
Net profit for the period	**448**	**348**
Of which:		
Attributable to non-controlling interests	8	11
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**440**	**337**
Basic earnings per share (in euro)	**3.01**	**2.30**
Diluted earnings per share (in euro)	**2.98**	**2.27**

1.2 Consolidated statement of comprehensive income

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
NET PROFIT FOR THE PERIOD	**448**	**348**
Components of other comprehensive income that may be reclassified subsequently to profit or loss	**(384)**	**235**
Change in fair value of cash flow hedge instruments	—	—
Change in fair value of cash flow hedge instruments reclassified to profit or loss	—	—
Currency translation adjustment	(385)	232
Currency translation adjustment reclassified to profit or loss	—	1
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss	—	—
Share of other components of comprehensive income (loss) of companies accounted for using the equity method, net of tax	1	2
Components of other comprehensive income that will not be reclassified subsequently to profit or loss	**20**	**147**
Remeasurement of defined benefit plan obligation	(101)	104
Change in fair value of financial assets revalued through other comprehensive income	98	73
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	23	(30)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX FOR THE PERIOD	**(365)**	**381**
Comprehensive income for the period	**82**	**729**
Of which:		
Attributable to equity holders of the parent	75	717
Attributable to non-controlling interests	7	12

1.3 Consolidated statement of financial position

Assets

(in million euros)	FEBRUARY 28, 2023	AUGUST 31, 2022
Goodwill	6,286	6,611
Other intangible assets	661	678
Property, plant and equipment	510	510
Right-of-use assets relating to leases	843	895
Client investments	676	667
Investments in companies accounted for using the equity method	72	73
Non-current financial assets	1,144	1,025
Other non-current assets	64	172
Deferred tax assets	160	154
NON CURRENT ASSETS	**10,416**	**10,785**
Current financial assets	62	57
Inventories	350	352
Income tax receivable	183	171
Trade and other receivables	5,641	5,068
Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,218	1,257
Cash and cash equivalents	2,625	3,225
Assets held for sale(1)	76	5
CURRENT ASSETS	**10,155**	**10,135**
TOTAL ASSETS	**20,571**	**20,920**

(1) As of February 28, 2023, assets held for sale correspond to current and non-current assets of a non-strategic activity located in several countries, excluding the associated goodwill as the amount depends on the selling price, which is still being discussed, and its allocation by country. The goodwill estimation is within the range of 60 to 100 million euros.

Shareholders’ equity and liabilities

(in million euros)	FEBRUARY 28, 2023	AUGUST 31, 2022
Share capital	590	590
Additional paid-in capital	248	248
Reserves and retained earnings	3,258	3,577
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**4,096**	**4,415**
NON-CONTROLLING INTERESTS	**4**	**10**
SHAREHOLDER’S EQUITY	**4,100**	**4,425**
Long-term borrowings	5,132	5,709
Long-term lease liabilities	715	759
Employee benefits	266	282
Other non-current liabilities	180	197
Non-current provisions	113	115
Deferred tax liabilities	231	161
NON CURRENT LIABILITIES	**6,637**	**7,223**
Bank overdrafts	12	8
Short-term borrowings	569	35
Short-term lease liabilities	167	184
Income tax payable	204	207
Current provisions	75	99
Trade and other payables	5,037	5,230
Voucher liabilities	3,707	3,509
Liabilities directly associated with assets held for sale	63	—
CURRENT LIABILITIES	**9,834**	**9,272**
TOTAL SHAREHOLDER’S EQUITY AND LIABILITIES	**20,571**	**20,920**

1.4 Consolidated cash flow statement

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Operating profit	**662**	**536**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment (1)	263	259
Provisions	(23)	(35)
(Gains) losses on disposals	(2)	1
Other non-cash items	22	19
Dividends received from companies accounted for using the equity method	2	1
Net interest expense paid	(10)	(16)
Interests paid on lease liabilities	(9)	(9)
Income tax paid	(97)	(82)
Operating cash flow	**808**	**674**
Change in inventories	(11)	(26)
Change in trade and other receivables	(812)	(783)
Change in trade and other payables	29	19
Change in vouchers payable	277	309
Change in financial assets related to the Benefits & Rewards Services activity	7	67
Change in working capital from operating activities	**(510)**	**(414)**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**298**	**260**
Acquisitions of property, plant and equipment and intangible assets	(215)	(158)
Disposals of property, plant and equipment and intangible assets	17	7
Change in client investments	(37)	(8)
Change in financial assets and share of companies accounted for using the equity method	(37)	(70)
Business combinations	(12)	(41)
Disposals of activities	5	19
NET CASH USED IN INVESTING ACTIVITIES	**(279)**	**(251)**
Dividends paid to Sodexo S.A. shareholders	(352)	(294)
Dividends paid to non-controlling shareholders of consolidated companies	(5)	(4)
Purchases of treasury shares	(57)	(13)
Disposal of treasury shares	—	6
Change in non-controlling interests	—	—
Proceeds from borrowings	267	43
Repayment of borrowings	(272)	(623)
Repayments of lease liabilities	(104)	(108)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**(523)**	**(993)**
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH	**(100)**	**54**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**(604)**	**(930)**
NET CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**3,217**	**3,532**
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**2,613**	**2,602**

(1) Including 99 million euros corresponding to the right-of-use assets depreciation recognized in First Half Fiscal 2023 pursuant to IFRS 16 (106 million euros recognized for First Half Fiscal 2022).

1.5 Consolidated statement of changes in shareholders' equity

(in million euros)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY		
						ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Shareholders' equity as of August 31, 2022	**147,454,887**	**590**	**248**	**3,992**	**(415)**	**4,415**	**10**	**4,425**
Net profit for the period				440		440	8	448
Other comprehensive income (loss), net of tax				19	(384)	(365)	(1)	(366)
Comprehensive income				**459**	**(384)**	**75**	**7**	**82**
Dividends paid				(352)		(352)	(3)	(355)
Treasury share transactions				(57)		(57)		(57)
Share-based payment (net of income tax)				24		24		24
Change in ownership interest without any change of control				(10)		(10)	(10)	(20)
Other				1		1	—	1
SHAREHOLDERS' EQUITY AS OF FEBRUARY 28, 2023	**147,454,887**	**590**	**248**	**4,056**	**(799)**	**4,096**	**4**	**4,100**

(in million euros)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY		
						ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Shareholders' equity as of August 31, 2021	**147,454,887**	**590**	**248**	**3,455**	**(1,125)**	**3,168**	**7**	**3,175**
Restatement due to IFRS IC decision on IAS 19 application *		—	—	10	—	10	—	10
Shareholders' equity as of September 01, 2021	**147,454,887**	**590**	**248**	**3,465**	**(1,125)**	**3,178**	**7**	**3,185**
Net profit for the period				337		337	11	348
Other comprehensive income (loss), net of tax				148	232	380	1	381
Comprehensive income				**485**	**232**	**717**	**12**	**729**
Dividends paid				(294)		(294)	(10)	(304)
Treasury share transactions				(7)		(7)		(7)
Share-based payment (net of income tax)				21		21		21
Change in ownership interest without any change of control						—	—	—
Other				—		—		—
SHAREHOLDERS' EQUITY AS OF FEBRUARY 28, 2022	**147,454,887**	**590**	**248**	**3,670**	**(893)**	**3,615**	**10**	**3,625**

* Corresponding to the application of the IFRS Interpretation Committee decision issued in April 2021 clarifying the calculation methods, in application of IAS 19 "Employee benefits", for certain commitments relating to defined benefit plans.

2 Notes to the consolidated financial statements

- Sodexo is a *société anonyme* (a form of limited liability company) registered in France, with its headquarters located in Issy-les-Moulineaux.

Sodexo's condensed interim consolidated financial statements for the six-month period from September 1, 2022, to February 28, 2023, were approved by the Board of Directors on April 4, 2023.

The numbers shown in the tables were prepared in thousands of euros and are presented in million euros (unless otherwise indicated).

Note 1. Significant events

1 New On-site Services organization

As announced in July 2022, the Group has reorganized its On-site Services activity with regions and countries consolidated into geographic zones led by three Zone Presidents, with the full responsibility of the Profit and Loss. The three geographic zones are North America, Europe and Rest of the World (including Asia-Pacific, Middle East, Africa, Latin America)

In order to reflect the implementation of the new organization of On-site Services by geographic zone, fully effective from October 1, 2022, the Group has redefined its operating segments as defined by IFRS 8 (corresponding until then to the global client segments and now represented by regions) and has updated its segment information accordingly. Thus, within On-site Services activity, the new operating segments after aggregation correspond to the following geographic zones:

- North America,
- Europe (including the Continental Europe, France and United Kingdom & Ireland regions),
- Rest of the World (including Asia-Pacific/ Middle East/ Africa, Latin America (without Brazil) and Brazil).

Benefits & Rewards Services, not impacted by the reorganization, is an operating segment on its own.

For comparability purposes, the segment information of the previous period has been restated (see note 3.1).

Furthermore, in accordance with IAS 36 "Impairment of assets", the reorganization of On-site Services activity has led the Group to reassess the level at which goodwill impairment tests are carried out. On-site Services goodwill have therefore been reallocated to each region (group of Cash Generating Units), which corresponds to the lowest level at which goodwill is monitored for internal management purposes (see note 4), based on estimated relative value in use as of August 31, 2022.

Note 2.
Basis of preparation of the financial statements

1 Accounting policies

1.1 General principles

The condensed interim consolidated financial statements for the six months ended February 28, 2023, have been prepared in accordance with IAS 34 "Interim Financial Reporting", as published by the IASB and endorsed by the European Union. They do not include all the disclosures required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements of the Sodexo Group for the fiscal year ended August 31, 2022.

The accounting policies applied by the Group in the condensed interim consolidated financial statements for the six months ended February 28, 2023, are the same as those used in the annual consolidated financial statements for the fiscal year ended August 31, 2022, with the exception of the specific requirements of IAS 34 (see note 2.2) and policies impacted by the reorganization of On-site Services (see notes 1.1, 3.1 and 4). The texts effective as of September 1, 2022, did not have a material impact on the interim consolidated financial statements of the Group.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of February 28, 2023. The Group has not elected to early adopt any standards or interpretations whose application is not mandatory in Fiscal 2023.

2 Specific interim reporting requirements

Income tax expense

Income tax expense (current and deferred) in the condensed interim consolidated financial statements is computed by applying an estimated average annual tax rate for the current fiscal year to each tax reporting entity's pre-tax profit for the first half of the year as adjusted, where applicable, for the tax effect of any specific events that may have occurred during the period. The resulting deferred tax charge or benefit is recognized in deferred tax assets or deferred tax liabilities in the consolidated statement of financial position.

Post-employment and other long-term employee benefits

The expense for post-employment and other long-term employee benefits is computed as one half of the annual charge estimated as of August 31, 2022. The actuarial projections are updated to take into account any material changes to assumptions or one-off impacts (discount rates, applicable legislation...) during the six-month period.

3 Use of estimates

The preparation of the condensed interim consolidated financial statements requires the management of Sodexo and its subsidiaries to make estimates and assumptions that may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenues and expenses for the period.

These estimates and judgments are updated continuously based on past experience and on various other factors considered reasonable in view of the situation prevailing as of February 28, 2023 and are the basis for the assessments of the carrying amount of assets and liabilities.

Final amounts may differ substantially from these estimates if assumptions or circumstances change.

Significant items subject to such estimates and assumptions are the same as those described in the consolidated financial statements for the year ended August 31, 2022 (valuation of current and non-current assets, assessment of deferred tax assets recoverability, valuation of financial assets measured at fair value, provisions – including uncertain tax treatments – and litigations, assessment of the lease term in measuring the lease liabilities and related right-of-use assets, post-employment defined benefit plan assets and liabilities, and share-based payments).

Note 3.
Segment information and other operating items

1 Segment information and revenue information

Accounting principles and policies

In accordance with IFRS 8 "Operating segments", the segment information presented below has been prepared based on internal management data as monitored since the first quarter of Fiscal 2023 by the Group Leadership Team, which is Sodexo's chief operating decision-maker: On-site Services and Benefits & Rewards Services.

For On-site Services, Revenue and Underlying operating profit are followed by regions. These regions meet the definition of operating segments in IFRS 8.

Sodexo's operating segments and groups of operating segments are as follows:

- On-site Services:
  - North America,
  - Europe, which includes the Continental Europe, France and United Kingdom & Ireland regions;
  - Rest of the World, including Asia-Pacific/Middle East/Africa, Latin America (without Brazil) and Brazil);
- Benefits & Rewards Services.

The operating segments that have been aggregated within the On-site Services activity carry out similar operations – both in terms of type of services rendered and processes and methods used to deliver the services – and have similar economic characteristics (notably in terms of margins they generate).

Segment assets and liabilities are not presented as they are not included in the chief operating decision-maker's measurement of segment performance.

1.1 Segment information

FIRST HALF FISCAL 2023 (in million euros)	**ON-SITE SERVICES**	***NORTH AMERICA***	***EUROPE***	***REST OF THE WORLD***	**BENEFITS & REWARDS SERVICES**	**ELIMINATIONS AND CORPORATE EXPENSES**	**GROUP TOTAL**
Revenues (third-party)	11,581	*5,499*	*4,027*	*2,055*	504	—	12,085
Inter-segment sales (Group)	—	—	—	—	4	(4)	—
TOTAL REVENUES	**11,581**	***5,499***	***4,027***	***2,055***	**508**	**(4)**	**12,085**
Underlying operating profit*	593	*365*	*157*	*71*	162	(51)	704

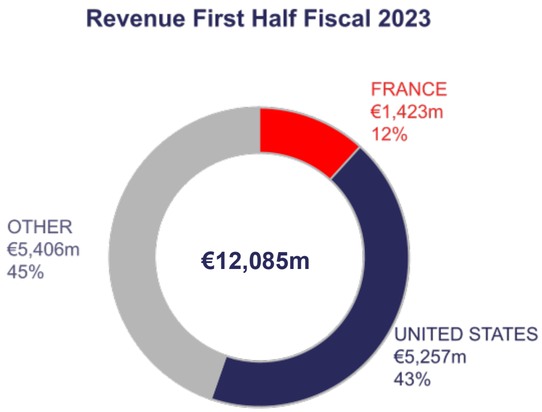
- * Including Group's share of profit of companies accounted for using the equity method that directly contribute to the Group's business
and excluding other operating income and expenses.

FIRST HALF FISCAL 2022 (in million euros)	**ON-SITE SERVICES**	***NORTH AMERICA***	***EUROPE***	***REST OF THE WORLD***	**BENEFITS & REWARDS SERVICES**	**ELIMINATIONS AND CORPORATE EXPENSES**	**GROUP TOTAL**
Revenues (third-party)	9,865	*4,232*	*3,917*	*1,716*	397	—	10,262
Inter-segment sales (Group)	—	—	—	—	1	(1)	—
TOTAL REVENUES	**9,865**	***4,232***	***3,917***	***1,716***	**398**	**(1)**	**10,262**
Underlying operating profit*	481	*261*	*151*	*69*	106	(50)	538

* Including Group's share of profit of companies accounted for using the equity method that directly contribute to the Group's business and excluding other operating income and expenses.

1.2 Revenue by significant country

The Group's operations are spread across 53 countries, including two that each represent over 10% of consolidated revenues in First Half Fiscal 2023: France (the Group's registration country) and the United States (as well as the United Kingdom during the comparative period). Revenues in these countries are as follows:



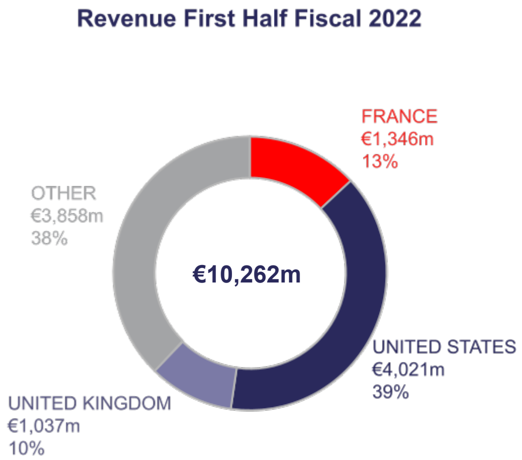


Chart also available on https://www.sodexo.com/en/investors/financial-results-and-publications/financial-results - Sodexo H1 Results FY23 - Slide n° 40

1.3 Revenue by line of services

Revenues by line of services are as follows:

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Food services	7,469	5,849
Facilities Management services	4,112	4,016
Total On-site Services revenues	**11,581**	**9,865**
Benefits & Rewards Services	**508**	**398**
Eliminations	(4)	(1)
TOTAL CONSOLIDATED REVENUES	**12,085**	**10,262**

2 Operating expenses by nature and other operating income and expenses

2.1 Operating expenses by nature

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Employee costs	(5,642)	(5,159)
• Wages and salaries	(4,449)	(4,035)
• Other employee costs (1)	(1,193)	(1,124)
Purchases of consumables and change in inventory	(3,271)	(2,469)
Depreciation, amortization, and impairment losses (2)	(263)	(250)
• Amortization of intangible assets and property, plant and equipment and right-of-use assets relating to leases	(263)	(250)
• Impairment of intangible assets and property, plant and equipment and right-of-use assets relating to leases	—	—
Rent and attached charges (3)	(262)	(181)
Other operating expenses (4)	(1,986)	(1,666)
TOTAL NET OPERATING EXPENSES	**(11,424)**	**(9,727)**

(1) Primarily payroll taxes, but also including costs associated with defined benefit plans, defined contribution plans, and restricted share plans.

(2) Including the depreciation of right-of-use assets relating to lease contracts of 99 million euros recognized in accordance with IFRS 16 (106 million euros in First Half Fiscal 2022).

(3) Corresponds to rent not included in the measurement of the lease liabilities, primarily variable lease payments (commissions based on performance indicators of locations operated under concession arrangements), as well as lease expenses relating to short-term lease contracts and lease contracts of low value assets. The increase observed over the period relates mainly to the variable part of commissions due under concession arrangements.

(4) Other expenses mainly include professional fees, other purchases used for operations, sub-contracting costs and travel expenses.

2.2 Other operating income and expenses

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Gains related to consolidation scope changes [1]	1	33
Gain on disposals of non-current assets	—	—
Gains on changes of post-employment benefits	—	—
Other [2]	—	34
OTHER OPERATING INCOME	**1**	**67**
Restructuring and rationalization costs	(10)	(3)
Losses related to consolidation scope changes [1]	—	(34)
Amortization of purchased intangible assets	(22)	(20)
Impairment of goodwill and non-current assets	—	—
Acquisition-related costs	—	(2)
Losses on changes of post-employment benefits	(2)	(1)
Losses on disposals of non-current assets	—	—
Other	(9)	(8)
OTHER OPERATING EXPENSES	**(43)**	**(68)**
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(42)**	**(1)**

(1) During the First Half Fiscal 2022, gains and losses related to consolidation scope changes correspond to the gain and losses from the disposal of a certain number of activities, including in particular the Lido in France, the sports card activities of Benefits & Rewards Services in Romania and in Spain, as well as other non-strategic account portfolios in Australia and Czech Republic.

(2) Indemnity received from the Hungarian State during the First Half Fiscal 2022.

3 Trade and other receivables and payables

3.1 Trade and other receivables

	FEBRUARY 28, 2023			AUGUST 31, 2022		
(in million euros)	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Advances to suppliers	33	—	33	25	—	25
Trade receivables	4,952	(147)	4,805	4,454	(160)	4,294
Other operating receivables	558	(19)	539	538	(21)	517
Prepaid expenses	262	—	262	226	—	226
Non-operating receivables	2	—	2	7	(1)	6
TOTAL TRADE AND OTHER RECEIVABLES	**5,807**	**(166)**	**5,641**	**5,250**	**(182)**	**5,068**

The maturities of trade receivables as of February 28, 2023, and August 31, 2022 respectively were as follows:

	FEBRUARY 28, 2023			AUGUST 31, 2022		
(in million euros)	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Less than 3 months past due	476	(13)	463	487	(11)	476
More than 3 months and less than 6 months past due	72	(13)	59	89	(12)	77
More than 6 months and less than 12 months past due	45	(18)	27	39	(7)	32
More than 12 months past due	109	(83)	26	112	(104)	8
TOTAL TRADE RECEIVABLES DUE	**702**	**(127)**	**575**	**727**	**(134)**	**593**
Total trade receivables not yet due	4,250	(20)	4,230	3,727	(26)	3,701
TOTAL TRADE RECEIVABLES	**4,952**	**(147)**	**4,805**	**4,454**	**(160)**	**4,294**

During the periods presented, the Group was not affected by any significant change resulting from proven client failures. In addition, given the geographic dispersion of the Group's activities and the wide range of client industries, there is no material concentration of risk in individual receivables due but not written down.

3.2 Trade and other payables

(in million euros)	FEBRUARY 28, 2023	AUGUST 31, 2022
Operating payables	139	158
Non-operating payables	41	39
OTHER NON-CURRENT LIABILITIES	**180**	**197**
Trade payables	2,768	2,707
Employee-related liabilities	1,230	1,473
Advances from clients	488	448
Tax liabilities	218	260
Other operating payables	191	182
Deferred revenues	103	124
Non-operating payables	39	36
TRADE AND OTHER CURRENT PAYABLES	**5,037**	**5,230**
TOTAL TRADE AND OTHER PAYABLES	**5,217**	**5,427**

As of February 28, 2023, the total amount of receivables transferred by Sodexo's suppliers through the reverse factoring programs is 348 million euros (374 million euros as of August 31, 2022). The relating trade payables are still classified as trade payables and included in.

3.3 Benefits & Rewards Services activity

(in million euros)	FEBRUARY 28, 2023	AUGUST 31, 2022
Trade and other receivables	1,702	1,482
Trade and other payables (1)	(512)	(394)
Voucher liabilities (2)	(3,707)	(3,509)
Vouchers in circulation	*(3,030)*	*(2,844)*
Voucher payables	*(477)*	*(489)*
Other (1)	*(200)*	*(176)*
WORKING CAPITAL EXCLUDING RESTRICTED CASH AND FINANCIAL ASSETS OF THE BENEFITS & REWARDS SERVICES ACTIVITY	**(2,517)**	**(2,421)**
Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,218	1,257
Restricted cash	843	960
Market securities > 3 months	*375*	*297*
Cash and cash equivalents (1)	1,658	1,508
Bank overdrafts	(5)	(1)
OPERATING CASH ASSETS OF THE BENEFITS & REWARDS SERVICES ACTIVITY	**2,871**	**2,764**

(1) Including intragroup transactions.
(2) Voucher liabilities are accounted at fair value as current liabilities, which is the face value of vouchers in circulation and of vouchers back at Sodexo and not yet reimbursed.

Note 4.
Goodwill and impairment of non-current assets

1 Goodwill

Accounting principles and policies

Cash Generating Units

Assets that do not generate cash inflows that are largely independent of those from other assets, and hence cannot be tested for impairment individually, are grouped together in Cash Generating Units (CGUs).

Impairment tests are performed at the level of the CGU or group of CGUs corresponding to the lowest level at which goodwill is monitored by the Group.

Goodwill is analyzed per operating segment for On-site Services activity, as reflected in the new Group's organizational structure (see notes 1.1 and 3.1), and per geographical area for Benefits & Rewards Services activity:

- On-site Services activity:
  - North America,
  - France,
  - United Kingdom & Ireland,
  - Continental Europe,
  - Asia-Pacific/Middle East/ Africa,
  - Latin America (without Brazil),
  - Brazil;
- Benefits & Rewards Services activity:
  - Americas,
  - Europe,
  - Rest of the world.

Goodwill is not tested for impairment at a higher level than the operating segments before aggregation for segment reporting.
The assets allocated to each CGU or group of CGUs comprise:

- goodwill, which is allocated when the CGU or group of CGUs is likely to benefit from the business combination;
- other intangible assets, property, plant and equipment, client investments, right-of-use assets relating to leases and net working capital.

Changes in goodwill during the period were as follows:

(in million euros)	SEPTEMBER 1, 2022	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	FEBRUARY 28, 2023
North America	**2,662**	**—**	**—**	**—**	**—**	**(208)**	**2,454**
France	505	—	—	—	—	—	505
United Kingdom & Ireland	671	7	—	—	—	(16)	662
Continental Europe	800	—	—	—	—	(24)	776
Europe	**1,976**	**7**	**—**	**—**	**—**	**(40)**	**1,943**
Asia-Pacific, Middle East & Africa	703	3	—	—	—	(46)	660
Latin America	379	—	—	—	—	(7)	372
Brazil	229	—	—	—	—	(16)	213
Rest of the World	**1,311**	**3**	**—**	**—**	**—**	**(69)**	**1,245**
ON-SITE SERVICES TOTAL	**5,949**	**10**	**—**	**—**	**—**	**(317)**	**5,642**
BENEFITS & REWARDS SERVICES	**663**	**—**	**—**	**—**	**—**	**(19)**	**644**
TOTAL	**6,612**	**10**	**—**	**—**	**—**	**(336)**	**6,286**

2 Impairment of non-current assets

During the first half of Fiscal 2023, the Group carried out a review of impairment triggers likely to lead to a decrease in the recoverable value of its tangible and intangible assets.

In particular, Sodexo analyzed the performance of its regions (groups of CGUs at which goodwill is monitored) during the first half compared to the estimates used during the Fiscal 2022 annual closing for impairment testing. The Group has also analyzed the evolution since August 31, 2022, of the main financial parameters (discount rate).

The Group’s management has concluded that there was no evidence of triggers indicating a decrease in the recoverable value of its operating segments as of February 28, 2023, compared to August 31, 2022. The annual review of the carrying amount of goodwill and other intangible assets will be realized during the Second Half Fiscal 2023.

Note 5.
Provisions, litigation, and contingent liabilities

1 Provisions

(in million euros)	AUGUST 31, 2022	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	FEBRUARY 28, 2023
Employee claims and litigation	55	4	(4)	(1)	(1)	—	53
Client/supplier claims and litigation	37	2	(4)	(13)	(1)	—	21
Tax and social security exposures	32	—	(1)	—	(1)	—	30
Contract termination and loss-making contracts	21	1	(2)	(2)	(3)	—	15
Reorganization costs	17	1	(5)	—	—	—	12
Negative net assets of associates (1)	8	—	—	—	1	—	9
Other provisions	44	8	(4)	(1)	1	—	48
TOTAL PROVISIONS	**214**	**16**	**(20)**	**(17)**	**(4)**	**—**	**188**

(1) Investments in companies accounted for using the equity method that have negative net assets.

2 Litigation and contingent liabilities

Disputes with the Brazilian tax authorities

The subsidiary Sodexo Pass do Brasil was in dispute with the Brazilian tax authorities regarding the tax deductibility of the amortization of goodwill recognized on the acquisition of VR in March 2008.

As a reminder, in Fiscal 2017, Sodexo Pass do Brasil received a tax reassessment notice for fiscal years 2010 to 2012 challenging the deductibility for tax purposes of the goodwill amortization, with 150% penalties and late payment interest. The reassessment amounted to 573 million Brazilian real, *i.e.,* 111 million euros as of August 31, 2022 (29 million euros in principle, 43 million euros in penalties and 40 million euros in late payment interest).

The Group firmly disputed this reassessment, which the Brazilian tax authorities originally envisaged during a previous tax audit covering the fiscal years 2008 and 2009 but then abandoned, as it considered that the tax amortization of goodwill was valid, and that the procedure therefore had a strong chance of succeeding in its favor.

This dispute was decided on August 14, 2018, before the competent administrative court (CARF). The court ruled in favor of Sodexo Pass do Brasil, considering that the goodwill and corresponding tax amortization were legitimately recognized on the acquisition of VR. This ruling in favor of Sodexo Pass do Brasil was confirmed by the Superior Court of Appeal (CSRF) at a hearing on September 13, 2022 and notified in writing to the Group on October 27, 2022. The Federal Tax Administration has already taken note of the decision, without expressing any request for clarification, thus definitively ending the dispute in favor of Sodexo Pass do Brasil.

During Fiscal 2021, the subsidiary Sodexo do Brasil Comercial also received a tax reassessment notice mainly linked to the tax deductibility of the amortization of goodwill recognized on the purchase of Puras. The reassessment covers the period from 2015 to 2017 and amounts to 205 million Brazilian real to date, i.e., 37 million euros as of February 28, 2023 (of which 9 million euros in principal and 28 million euros in penalties and late payment interests). In August 2021, the competent administrative Court ruled in favor of Sodexo do Brasil Comercial but the Brazilian tax authorities appealed this first instance decision. However, the Group considers that the risks of a change in the decision are low, considering, on the one hand, that it has strong arguments to contest the tax reassessment and, on the other hand, the recent favorable decision of the CSRF ending the dispute between Sodexo Pass do Brasil and the Brazilian tax authorities on the same issue mentioned above.

The goodwill amount has been fully amortized. The tax savings generated by this tax depreciation were offset in the consolidated accounts of the Group by a deferred tax expense of the same amount for each of the related financial periods, in accordance with the IFRS rules. The balance of the related deferred tax liability amounts to 26 million euros as of February 28, 2023.

In addition, Sodexo and its main competitors have a different interpretation from that of the Brazilian tax administration on the deductibility of PIS/COFINS on certain purchases made at a zero rate. Several proceedings are underway, either at the initiative of the tax authorities, which have notified Sodexo do Brasil Comercial of an adjustment in respect of credits recognized in 2016 of 9 million euro (including penalties and interest for late payment), or at the initiative of the company, which has filed several claims in the courts. One of these proceedings initiated by Sodexo do Brasil Comercial was suspended, on the initiative of the judge, until the Supreme Court's decision on another company's case. In February 2023, the Supreme Court issued its decision, which was unfavorable to the company concerned: the judges essentially ruled that ordinary law may provide for limitations on the use of PIS/COFINS credits, provided that such law respects all constitutional principles, in particular equality of treatment of taxpayers and free competition. This decision, which should not be considered automatically unfavorable for the individual cases of each taxpayer, does not affect the appeals filed by Sodexo, which will continue to follow their respective courses. The company believes that it has different and strong enough arguments to ultimately succeed in court on this issue. After consultation with its advisors, Sodexo considers that its chances of success in these proceedings are good and that to date the risk of an outflow of resources associated with the PIS/COFINS credits deducted since 2016 remains unlikely; therefore, no provision has been recorded in the consolidated financial statements as of February 28, 2023.

Dispute with the French competition authority

On October 9, 2015, the company Octoplus filed a complaint with the French Competition Authority (Autorité de la concurrence) concerning several French meal voucher issuers, including Sodexo Pass France. Following the hearing of the parties concerned in April and July 2016, the Competition Authority decided on October 6, 2016, to continue the proceedings, without ordering interim measures against Sodexo Pass France.

On February 27, 2019, the prosecution services sent their final investigation report to Sodexo Pass France. In its response filed on April 29, 2019, the Group contested both of the grievances notified by the Authority (exchange of information and foreclosure of the meal voucher market through the Centrale de Règlement des Titres). On December 17, 2019, the French Competition Authority ruled against the meal voucher issuers and fined Sodexo Pass France, jointly and severally with Sodexo S.A., 126 million euros. This decision was formally notified to Sodexo Pass France and Sodexo S.A. on February 6, 2020. Sodexo vigorously contests this decision considering that it demonstrates a flawed understanding of the practices in question and of the way in which the market operates. The Group has therefore lodged an appeal against the decision with the Paris Court of Appeal. The hearing was held on November 18, 2021, and the Court of Appeal is expected to render its decision on May 25, 2023.

Given the significant impact of the Covid-19 pandemic on the Group's activities and performance, Sodexo obtained a decision from the State collection services allowing it to defer payment of the fine until December 15, 2021, without any penalty being due, subject to providing a bank guarantee, and from that date a monthly settlement plan until January 2023. An asset was recognized in "Other operating receivables " as a counterpart of the sums paid. After consultation with its legal advisers, the Group considers that it has solid arguments capable of resulting in the reversal or revision of the decision of the Competition Authority. As a result, no provision has been made for this dispute.

French tax reassessment

Sodexo S.A. received in December 2021 a notification for a proposed tax reassessment concerning fiscal years 2016, 2017 and 2018. Another proposed adjustment notice was issued by the French tax authorities in December 2022 for fiscal years 2019, 2020 and 2021 in order to replicate certain adjustments it had initiated during the previous tax audit.

The Company has assessed the risk associated with these procedures and, after review with its tax advisors, considers that it has strong arguments to contest the proposed reassessments.

Other disputes

Group subsidiaries can also be subject to tax audits certain of which may result in reassessments. Main disputes are described above. In each case, the risk is assessed by management and its advisors, and any charges deemed probable are recorded as provisions or tax liabilities.

The Group is not aware of any other governmental, judicial, or arbitral proceedings which are outstanding or threatened and which may have, or have had in the past 12 months, material effects on the Group’s financial position or profitability.

Sodexo is also involved in other legal proceedings arising in the normal course of its business. The Group does not anticipate that any potential related liabilities will in the aggregate be material to its activities or to its consolidated financial position.

Note 6.
Equity and earnings per share

1 Equity

1.1 Statement of changes in shareholders' equity

Composition of share capital and treasury shares

(number of shares)	FEBRUARY 28, 2023	AUGUST 31, 2022
Share Capital [1]	147,454,887	147,454,887
Treasury shares [2]	1,473,046	841,102
Outstanding shares	145,981,841	146,613,785

(1) With a par value of 4 euros each.

(2) Treasury shares value of 131 million euros as of February 28, 2023 (74 million euros as of August 31, 2022).

Dividends

	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Dividends paid (in million euros)	352	294
Dividend per share paid (in euros)	2.40	2.00

2 Earnings per share

The table below presents the calculation of basic and diluted earnings per share:

	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Profit for the year attributable to equity holders of the parent (in million euros)	440	337
Basic weighted average number of shares	146,147,666	146,292,627
Basic earnings per share [1] (in euros)	**3.01**	**2.30**
Average dilutive effect of free share plans	1,577,120	2,141,092
Diluted weighted average number of shares	147,724,786	148,433,719
Diluted earnings per share [1] (in euros)	**2.98**	**2.27**

(1) Basic and diluted earnings per share do not reflect the effect of the dividend premium to be paid on certain registered shares.

Note 7.
Cash and cash equivalents, financial assets and liabilities, and financial income and expense

1 Financial income and expense

(in million euros)	FIRST HALF FISCAL 2023	FIRST HALF FISCAL 2022
Gross borrowing cost [1]	(70)	(43)
Interest income from short-term bank deposits and equivalent	32	2
NET BORROWING COST	**(38)**	**(41)**
Interest on financial lease liabilities IFRS 16[2]	(9)	(9)
Net foreign exchange gains/(losses)	—	1
Net interest cost on net defined benefit plan obligation	1	(1)
Interest income from loans and receivables at amortized cost	3	3
Other financial income	4	6
Other financial expense	(9)	(12)
NET FINANCIAL EXPENSE	**(48)**	**(53)**
Of which Financial income	**39**	**10**
Of which Financial expense	**(87)**	**(63)**

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

(2) Interest on lease liabilities recognized in accordance with IFRS 16.

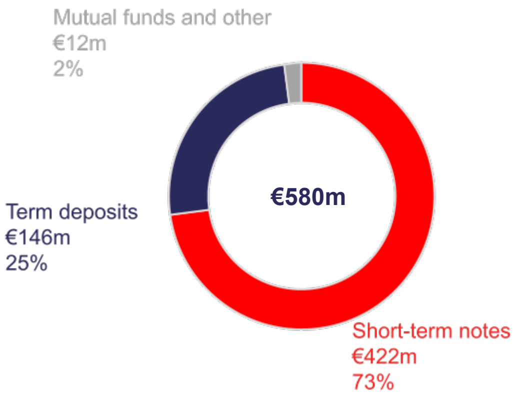
2 Cash and cash equivalents

(in million euros)	FEBRUARY 28, 2023	AUGUST 31, 2022
Marketable securities	580	524
Cash*	2,045	2,701
CASH AND CASH EQUIVALENTS	**2,625**	**3,225**
Bank overdrafts	(12)	(8)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**2,613**	**3,217**

* Including 11 million euros allocated to the liquidity contract signed with an investment services provider, which complies with the Code of conduct drawn up by the French financial markets association (Association française des 42arches financiers – AMAFI) and approved by the French securities regulator (Autorité des marchés financiers – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.

Marketable securities comprised:

As of February 28, 2023



As of August 31, 2022

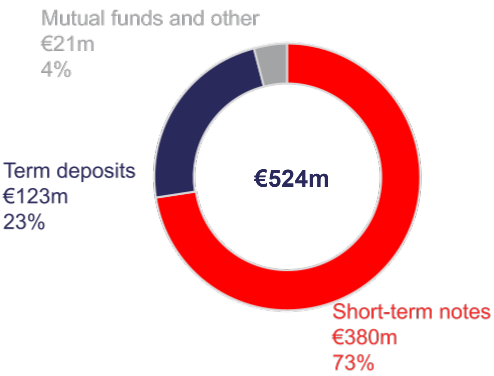


Chart also available on https://www.sodexo.com/en/investors/financial-results-and-publications/financial-results - Sodexo H1 Results FY23 - Slide n° 47

3 Financial assets

Principal investments in non-consolidated companies

Measurement of Bellon SA Securities

The Group holds, through its wholly owned subsidiary Sofinsod, a 19.61% stake in Bellon SA, a company that controls Sodexo SA with 42.75% of its shares and 57.5% of its voting rights exercisable on February 28, 2023. This shareholding does not give the Group significant influence over Bellon SA, as voting rights attached to Bellon SA shares cannot be exercised by Sofinsod, in accordance with the provisions of Article L. 233-31 of Code de Commerce.

There are no potential conflicts of interest between the duties to Sodexo of members of the Board of Directors or senior management and their private interests. In particular the Pierre and Danielle Bellon Family controls 72.6% of the family holding company Bellon SA. Mr. and Mrs. Pierre Bellon and their children entered into an agreement in June 2015 to prevent their direct descendants from freely disposing of their Bellon SA shares for 50 years. Bellon SA's only asset is its holding in Sodexo; Bellon SA has no intention of selling this holding to a third party.

In accordance with IFRS 9, this investment is measured at its fair value, determined in accordance with IFRS 13. The valuation of the fair value of the investment depends, among other things, on the revalued net asset value (NAV) of Bellon SA which has limited debt and holds no assets other than shares of Sodexo S.A. These shares are valued at their closing share price for the calculation of the NAV of Bellon SA. Furthermore, the valuation method used by management (Level 3 of the hierarchy defined by IFRS 13) incorporates the illiquidity implied by the characteristics of the holding's ownership structure (discount to net asset value of Bellon SA estimated at 40% as of February 28, 2023, and August 31, 2022).

As of February 28, 2023, the fair value of the investment is assessed at 642 million euros (541 million euros as of August 31, 2022), and its change since the opening of the period has been recorded in other non-recyclable items of comprehensive income (OCI).

- **Restricted cash and financial assets related to the benefits & rewards services activity**

Restricted cash corresponds to 843 million euros of "Financial assets related to the Benefits & Rewards Services activity" primarily in funds set aside to comply with regulations governing the issuance of service vouchers in France (267 million euros), Romania (153 million euros), Belgium (153 million euros), India (122 million euros) and China (72 million euros). The funds remain the property of the Group but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group's unrestricted cash. Restricted cash is invested in interest-bearing instruments.

4 Borrowings

Changes in borrowings during First Half Fiscal 2023 were as follows:

(in million euros)	AUGUST 31, 2022	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	FEBRUARY 28, 2023
Bond issues [1]	5,600	40	(16)	(9)	(77)	—	5,538
Commercial paper and bank borrowings [2]	1	250	(252)	—	—	2	1
Other borrowings	108	—	(5)	—	(3)	21	120
TOTAL BORROWINGS EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**5,709**	**290**	**(273)**	**(9)**	**(80)**	**23**	**5,659**
Net fair value of derivative financial instruments	33	3	1	10	(7)	—	40
TOTAL BORROWINGS	**5,742**	**293**	**(272)**	**1**	**(87)**	**23**	**5,699**

(1) As of February 28, 2023, accrued interest on bond issues represented 34 million euros (13 million euros as of August 31, 2022).

(2) Commercial paper was drawn short term in First Half Fiscal 2023 but all was fully repaid by February 28, 2023.

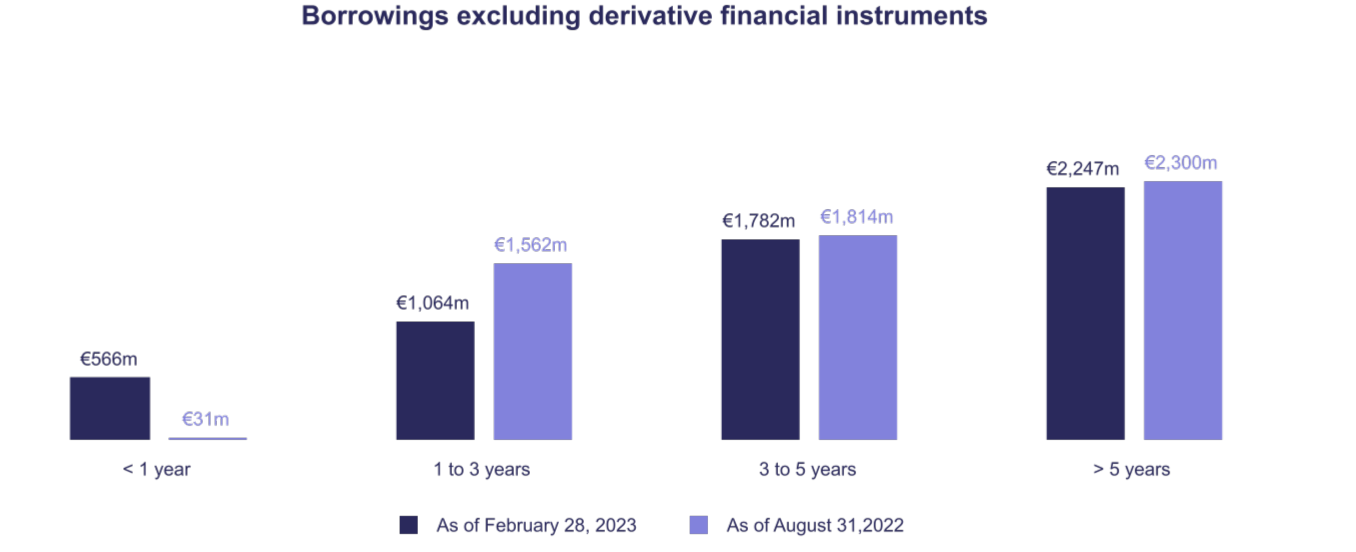


Chart also available on https://www.sodexo.com/en/investors/financial-results-and-publications/financial-results - Sodexo H1 Results FY23 - Slide n° 44

In order to comply with the Group's financing policy, substantially all borrowings are long term and at fixed interest rates.

As of February 28, 2023, 95% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 1.6%.

As of August 31, 2022, 96% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 1.6%.

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

None of the bond issues have a financial covenant.

- **July 2011 multicurrency confirmed credit facility**

On July 18, 2011, Sodexo S.A. contracted a multicurrency credit facility for a maximum of 600 million euros plus 800 million U.S. dollars, with an original maturity date of July 18, 2016. This facility has been amended on a number of occasions with the most recent amendment being in July 2019 with a new maturity date of July 2024, with two options to extend the maturity by one year each, up to July 2026. The first option to extend this facility was executed during Fiscal 2020 and the second was executed during Fiscal 2021. The facility maturity date is now July 2026. The maximum available limits under this facility now are 589 million euros plus 785 million U.S. dollars.

The most recent amendment also incorporates an updated sustainability clause that links the credit facility cost to Sodexo's ability to comply with its public commitment to reduce its food waste by 50% by 2025 and also an update to the referenced indices.

Amounts drawn on this facility carry floating interest indexed on the SOFR, SONIA, ESTR and EURIBOR rates. This credit facility is not subject to any covenant.

Concerning the benchmark rate reform, the Group is finalizing the discussions with their counterparts to negotiate the change of the rates, which include essentially this multilateral credit facility.

No amounts had been drawn down on the facility as of either February 28, 2023, nor as of August 31, 2022.

- **Bilateral confirmed credit facility**

On December 18, 2019, the Group obtained two 150 million euros bilateral confirmed credit facility, both are due to expire in December 2023.

On February 13, 2020, the Group obtained a third 150 million euros bilateral confirmed credit facility expiring in February 2024.

No amounts had been drawn down on any of these facilities as of either February 28, 2023, nor as of August 31, 2022.

- **Commercial papers**

Borrowings under the Sodexo S.A. and Sodexo Finance commercial paper programs are nil either as of February 28, 2023, nor of August 31, 2022.

Note 8.
Other information

1 Income tax

The 28.3% effective tax rate for First Half Fiscal 2022 decreased to 27.1% in First Half Fiscal 2023. The decrease in the effective tax rate is explained in particular by the decrease in the CVAE rate in France, the absence of non-recurring items with tax impact and the strong increase in the Group's pre-tax income compared to First Half Fiscal 2022 (613 million euros vs 484 million euros) which reduces the weight of negative impacts.

2 Free share grants

On January 31, 2023, the Board of Directors decided to grant free shares to certain Group employees. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date and some are subject to a performance condition. The shares granted under this plan sum up to 826,148 shares. The impact of this plan for the first semester is not material.

3 Members of the Board of Directors and the Leadership Team

There were no significant changes from the fiscal year ended August 31, 2022, in relation to the nature of compensation, advances and commitments for pensions or similar benefits granted to members of Sodexo's Board of Directors or Leadership Team.

4 Related parties' information

Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in note 14.3, "Related parties" to the consolidated financial statements for the fiscal year ended August 31, 2022.

Principal shareholder

As of February 28, 2023, Bellon SA held 42.75% of the capital of Sodexo and 57.5% of the exercisable voting rights.

The expense recognized in First Half Fiscal 2023 under an assistance and advisory services contract between Bellon SA and Sodexo S.A. amounts to 2.3 million euros (1.9 million euros in First Half Fiscal 2022).

Sodexo S.A. paid to Bellon SA 151 million euros of dividends.

The Group didn't receive any dividends from Bellon SA in First Half Fiscal 2023. They will be paid in the second semester.

5 Subsequent events

The Sodexo Board of Directors has unanimously approved the project to separate the two business units of Sodexo by spinning-off and listing BRS through the distribution of BRS shares to Sodexo shareholders.

The contemplated transaction is expected to take place during 2024 following the completion of several customary steps, including consultation of the employee representative bodies, and remains subject to market conditions.

Detailed transaction terms will be presented at a later stage and submitted to the approval of Sodexo's shareholders at an extraordinary shareholders' meeting. Sodexo's bondholders and other lenders will be consulted on the proposed transaction in due course.

6 Changes in principal currency exchange rates

The following table presents changes in exchange rates for the main currencies used to convert the financial statements of subsidiaries compared with the first half of the prior fiscal year:

Currency	CLOSING RATE AS OF FEBRUARY 28, 2023	AVERAGE RATE FOR FIRST HALF FISCAL 2023	CLOSING RATE AS OF AUGUST 31, 2022	CLOSING RATE AS OF FEBRUARY 28, 2022	AVERAGE RATE FOR FIRST HALF FISCAL 2022
DOLLAR (USD)	1.062	1.031	1.000	1.120	1.143
LIVRE (GBP)	0.877	0.874	0.860	0.836	0.846
REAL (BRL)	5.528	5.417	5.148	5.783	6.258

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Statutory auditors' report

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S.A. au capital de € 5 497 100
775 726 417 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale
de Versailles et du Centre

ERNST & YOUNG Audit
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale
de Versailles et du Centre

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

Statutory auditors' review report on the half-yearly financial information

(For the period from September 1, 2022, to February 28, 2023)

SODEXO
255 Quai de Stalingrad
92866 Issy Les Moulineaux Cedex 9

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Sodexo, for the period from September 1, 2022, to February 28, 2023;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

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

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

2. Specific verification

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

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

Paris-La Défense April 4, 2023

The Statutory Auditors
French original signed by

KPMG S.A.	ERNST & YOUNG Audit	
Caroline Bruno-Diaz	Aymeric de La Morandière	Soraya Ghannem

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Statement of Responsibility for the Interim Financial Report

Group Chief Executive Officer

Responsibility for the Half Year Financial Report

Issy-les-Moulineaux, April 5, 2023

I hereby affirm that to the best of my knowledge the condensed financial statements presented for the half-year just ended have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Sodexo, and of all the companies included within the consolidation scope, and that the half year activity review included in the attached report presents a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements; the principle transactions between related parties; and describes the main risks and uncertainties for the remaining six months of the year.

Sophie Bellon

Chairwoman of the Board of Directors and Chief Executive Officer