

Issy-les-Moulineaux, January 6, 2023

Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY).

## Sodexo Q1 Fiscal 2023: strong start to the year

- Revenue growth +20.2%
- Organic revenue growth +12.3%

### Q1 Fiscal 2023 revenues

REVENUES <i>(in millions of euros)</i>	Q1 FY23	Q1 FY22	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
North America	2,992	2,205	+15.7%	+1.1%	+18.8%	+35.7%
Europe	2,047	2,023	+5.9%	-3.6%	-1.1%	+1.2%
Rest of the World	1,057	854	+15.3%	-1.9%	+10.4%	+23.9%
<b>On-Site Services</b>	<b>6,097</b>	<b>5,082</b>	<b>+11.9%</b>	<b>-1.2%</b>	<b>+9.3%</b>	<b>+20.0%</b>
<b>Benefits &amp; Rewards Services</b>	<b>234</b>	<b>183</b>	<b>+23.4%</b>	<b>-1.6%</b>	<b>+6.4%</b>	<b>+28.2%</b>
Elimination	(1)	(1)				
<b>TOTAL GROUP</b>	<b>6,330</b>	<b>5,264</b>	<b>+12.3%</b>	<b>-1.2%</b>	<b>+9.2%</b>	<b>+20.2%</b>

### Commenting the First quarter 2023 performance, Sophie Bellon, Chairwoman and CEO said:

*“As expected, we have had a strong start to the year.*

*On-Site Services continued to benefit from the post-Covid ramp-up, with a higher level of attendance, in all geographies, in the workplace, in stadiums, in convention centers and in Universities. Price increases also boosted revenue growth. As a result, On-site Services activity is back up over First quarter Fiscal 2019 levels.*

*Benefits & Rewards Services organic growth continued to accelerate, reflecting in particular this quarter, higher interest rates in the euro zone and a large one-off Klimabonus contract in Austria.*

*During the quarter, we also delivered positive net development and strong cross-selling.*

*We are on track.”*

## Highlights of the period

- First quarter Fiscal 2023 consolidated revenues reached 6.3 billion euros, up +20.2% year-on-year including a net effect from acquisitions and disposals of -1.2%, and a strong positive currency impact of +9.2%, reflecting the strength of the US dollar and the Brazilian real. Organic growth remained strong at +12.3%.
- On-site Services revenues reached 6.1 billion euros, up +11.9% organically. This growth reflected the recovery in Food services, up +19.2%. Facilities Management Services organic growth impacted by the end of the Testing Centers contract in the UK stalled at +0.5%. Excluding this, Facilities Management Services was up by nearly +6%. Higher prices contributed about 5-6% to growth. By zone, the key elements were:
  - **North America** generated organic growth of +15.7% boosted by the post-Covid return to the workplace, a better-than-expected increase in the sporting and convention center activity and more retail and event catering activity on University campuses. Healthcare was also up in particular due to a strong increase in retail sales.
  - In **Europe**, organic growth was more contained at +5.9% due to the end of the Testing Centers. However, there was a strong return to the workplace across the zone as well as a recovery in the number of corporate events and tourists, particularly in Paris.
  - The **Rest of the World** organic growth was +15.3% with a very solid performance in Business & Administrations in all regions despite the impact of the sporadic lockdowns in China and a particularly strong recovery in Education in India.
- The acceleration of the organic growth in revenues of Benefits & Rewards Services continued in the First quarter, at +23.4%. Higher demand, face values, net new business and interest rates all contributed. In particular, the quarter benefited from higher interest rates in the euro zone for the first time and a significant one-off contribution from the Austrian Klimabonus.
- During this first quarter, Sodexo continued to reinforce its commitments to reduce its environmental footprint:
  - Sodexo progressed towards its 2025 CSR objectives:
    - By promoting plant-based meal options: Sodexo just concluded its first global Sustainable Chef Challenge. This international competition brought together Sodexo's talent to showcase innovative dishes.
    - By raising awareness about the importance of reducing Food waste: Sodexo has celebrated the 10<sup>th</sup> Anniversary of its WasteLESS Week Campaign.
  - Our Corporate Responsibility achievements have also been recognized externally:
    - For the 18<sup>th</sup> consecutive year, Sodexo was ranked as one of the top-rated companies of its sector in the Dow Jones Sustainability Index (DJSI).
    - Sodexo earned top LGBTIQ+ inclusion achievement from 2022 Workplace Pride Global Benchmark.
    - Sodexo has been awarded the 2022 GEEIS-SDG trophy for its gender equality initiative "Fairy Godmother" in Brazil.
    - Sodexo received the 2022 AGEFI Sustainable Business Award in the Environment category.

## Outlook

The strong start to Fiscal 2023 in the first quarter was expected. As we progress during the year, the post-Covid ramp-up will reduce gradually. From the second quarter, the strong momentum in Benefits & Rewards Services will continue but against a stronger comparative base. Growth is expected to be higher in the first half than in the second half of the year, even if the progressive increase in the contribution of last year's net new development will support the organic growth in the second half.

**Group Fiscal 2023 guidance** is maintained:

- **Fiscal 2023 organic revenue growth expected to be between +8 and +10%** driven by:
  - Further recovery in Corporate Services and Sports & Leisure;
  - Positive net new business momentum including expected further improvement in retention;
  - Inflationary pricing at 4-5%;
  - Partially offset by the impact of the end of the Testing Centers contract in the United Kingdom (-100 bps).
- **Fiscal 2023 Underlying operating profit margin close to 5.5%, at constant rates,** supported by:
  - Continued price increases and inflation mitigation action plans;
  - Operational excellence including supply chain efficiencies;
  - Further ramp-up in volume;
  - Increased investment to sustain growth.

**Fiscal 2023 guidance for Benefits & Rewards Services** is also maintained:

- **Organic growth of +12 to +15% for Fiscal 2023,** driven by:
  - Further progress in new business, cross-selling and retention;
  - Strong demand in all regions;
  - Benefits from inflation and higher interest rates.
- **Underlying operating profit margin around 30% at constant rates for Fiscal 2023,** supported by:
  - The benefits of the topline growth flow-through;
  - Increased investment in technology, digital offers, brand and sales & marketing.

## 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 Q1 Fiscal 2023 revenues. Those who wish to connect may do so on the following lines:

- From the UK: +44 121 281 8004, or
- From France: +33 1 70 91 87 04, or
- From the US: +1 718-705-8796,
- Using the access code **07 26 38**.

The press release, presentation and webcast will be available on the Group website [www.sodexo.com](http://www.sodexo.com) in both the “Latest News” section and the « Finance – Financial Results » section.

## Fiscal 2023 financial calendar

Fiscal 2023 First half Results	April 5, 2023
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](http://www.sodexo.com)*

## About Sodexo

Founded in Marseille in 1966 by Pierre Bellon, Sodexo is the global leader in Quality of Life Services, an essential factor in individual and organizational performance. Operating in 53 countries, our 422,000 employees serve 100 million consumers each day. Sodexo Group stands out for its independence and its founding family shareholding, its sustainable business model and its portfolio of activities including Food Services, Facilities Management Services and Employee Benefit Solutions. We provide quality, multichannel and flexible food experiences, but also design attractive and inclusive workplaces and shared spaces, manage and maintain winfrastructure in a safe and environmentally friendly way, offer personalized support for patients or students, or even create programs fostering employee engagement. From Day 1, Sodexo has been focusing on tangible everyday gestures and actions through its services in order to have a positive economic, social and environmental impact over time. For us, growth and social commitment go hand in hand. Creating a better everyday for everyone to build a better life for all is our purpose.

Sodexo is included in the CAC Next 20, CAC 40 ESG, 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 January 5, 2023)

## Contacts

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# Q1 Fiscal 2023 Activity Report

## Q1 revenues: strong start to the year

### REVENUES BY GEOGRAPHICAL ZONE AND ACTIVITY

REVENUES (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
North America	2,992	2,205	+15.7%	+1.1%	+18.8%	+35.7%
Europe	2,047	2,023	+5.9%	-3.6%	-1.1%	+1.2%
Rest of the World	1,057	854	+15.3%	-1.9%	+10.4%	+23.9%
<b>ON-SITE SERVICES</b>	<b>6,097</b>	<b>5,082</b>	<b>+11.9%</b>	<b>-1.2%</b>	<b>+9.3%</b>	<b>+20.0%</b>
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>234</b>	<b>183</b>	<b>+23.4%</b>	<b>-1.6%</b>	<b>+6.4%</b>	<b>+28.2%</b>
Elimination	(1)	(1)				
<b>TOTAL GROUP</b>	<b>6,330</b>	<b>5,264</b>	<b>+12.3%</b>	<b>-1.2%</b>	<b>+9.2%</b>	<b>+20.2%</b>

First quarter Fiscal 2023 consolidated revenues reached 6.3 billion euros, up +20.2% year-on-year including a net contribution from acquisitions and disposals of -1.2%, and a strong positive currency impact of +9.2%, reflecting, in particular, the strength of the US dollar and the Brazilian real. Organic growth remained strong at +12.3%, with On-site Services at +11.9% and Benefits & Rewards Services at +23.4%.

## On-site Services

On-site Services revenues reached 6.1 billion euros, up +11.9% organically. This growth reflected the recovery in Food services, up +19.2%. Facilities Management Services organic growth impacted by the end of the Testing Centers contract in the UK stalled at +0.5%. Excluding this, Facilities Management Services was up by nearly +6%. Higher prices contributed to about 5-6% to same site sales growth.

Net Development was positive in the quarter.

## North America

REVENUES BY SEGMENT (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Business & Administrations	1,009	643	+31.8%
Healthcare & Seniors	877	693	+9.0%
Education	1,106	869	+9.3%
<b>NORTH AMERICA TOTAL</b>	<b>2,992</b>	<b>2,205</b>	<b>+15.7%</b>

First quarter Fiscal 2023 **North America** revenues totaled **3.0 billion euros**, up +15.7% organically.

Organic growth in **Business & Administrations** was +31.8%, with all segments strong. Corporate Services benefited from continued return to the workplace, Sports & Leisure was up by more than 50% as the volume and average spend of sporting and convention center events increased significantly. Entegra was also very strong, boosted by the improvement in Food services activities generally. Energy & Resources and Government & Agencies were both up, more modestly.

In **Healthcare & Seniors**, organic growth was +9.0%, continuing to accelerate quarter after quarter with a strong improvement in retail sales, price increases in hospitals and senior homes, and at the end of the quarter the start-up of the Ardent contract.

In **Education**, organic revenue growth was +9.3%, boosted in particular by the significant pick-up in retail and event catering activities in Universities due to fewer staff shortages. Schools was down slightly against a particularly strong first quarter in the previous year, linked to very high levels of Covid-related free meals supplied by local authorities and the last base effect of the loss of the Chicago Public Schools contract in 2021.

## Europe

REVENUES BY SEGMENT (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Business & Administrations	1,337	1,208	+14.8%
Healthcare & Seniors	504	578	-12.1%
Education	206	237	+4.7%
<b>EUROPE TOTAL</b>	<b>2,047</b>	<b>2,023</b>	<b>+5.9%</b>

**Europe** revenues amounted to **2.0 billion euros**, up +5.9% organically.

In **Business & Administrations**, organic growth was +14.8%. All segments were up except Government & Agencies, impacted by the loss of a large prisons contract in France, from the beginning of October 2022. Sports & Leisure was particularly strong, boosted by a large number of tourists in Paris and strong activity in sporting and corporate events. The return to the office also continued to progress across the zone.

In **Healthcare & Seniors**, revenues were down -12.1% organically, impacted by the closure of the Testing Centers. Excluding this, activity would have been up by nearly +7%, as a result of a combination of pricing and volume growth, particularly in France.

In **Education**, organic revenue growth was +4.7%, with higher pricing and a strong pick up in attendance in France due to both a calendar effect and an favorable comparative base impacted by the Delta variant last year.

## Rest of the World

REVENUES BY SEGMENT (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Business & Administrations	941	766	+15.1%
Healthcare & Seniors	87	67	+11.0%
Education	29	20	+36.8%
<b>REST OF THE WORLD TOTAL</b>	<b>1,057</b>	<b>854</b>	<b>+15.3%</b>

First quarter Fiscal 2023 revenues in **Rest of the World** were **1.1 billion euros**, up +15.3% organically.

**Business & Administrations** was up +15.1%. Corporate Services growth was boosted by net new business and strong demand in all regions, despite activity being flat in China due to the sporadic lockdowns. Energy & Resources performed strongly in the Middle East, Africa and Latin America, while growth in Australia was impacted by prior year contract losses.

**Healthcare & Seniors** was up +11.0%, with solid growth in all regions, boosted by volume growth and net new business as well as pricing in Brazil.

In **Education**, organic growth was +36.8%, due to very strong post-Covid ramp-up in India, and modest growth in China.

## Breakdown by segment

ON-SITE SERVICES REVENUES BY SEGMENT			
REVENUES BY SEGMENT (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Business & Administrations	3,288	2,617	+19.2%
Healthcare & Seniors	1,468	1,339	+0.3%
Education	1,341	1,126	+8.8%
<b>ON-SITE SERVICES TOTAL</b>	<b>6,097</b>	<b>5,082</b>	<b>+11.9%</b>

**Business & Administrations** was up +19.2%, resulting in particularly strong recovery in Sports & Leisure and a solid return to the office in all zones.

**Healthcare & Seniors** was flat with recovery in retail sales and new business compensating the closure of the Testing Centers.

**Education** was up +8.8% boosted by pricing, much better retail and event catering sales in Universities in North America as open positions have now been filled and strong growth in Schools in Asia.

## Benefits & Rewards Services

First quarter Fiscal 2023 **Benefits & Rewards Services** revenues amounted to 234 million euros, up +23.4% organically. Strong demand, face value increases, net new business and higher interest rates all contributed. In particular, the quarter benefited from higher eurozone interest rates for the first time and a significant one-off public sector contract in Austria.

REVENUES BY ACTIVITY (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Employee benefits	191	148	+22.5%
Services Diversification*	44	35	+26.9%
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>234</b>	<b>183</b>	<b>+23.4%</b>

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

**Employee benefits** organic growth was +22.5% compared to an issue volume (4.1 billion euros) up +16.4%. **Services Diversification** had a strong quarter up +26.9% organically, due to very strong public benefits activity boosted by the one-off Austrian Klimabonus contract and the new social card in Romania.

REVENUES BY REGION (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Europe, Asia and USA	142	120	+22.7%
Latin America	92	63	+24.5%
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>234</b>	<b>183</b>	<b>+23.4%</b>

In **Europe, Asia and USA**, organic revenue growth was +22.7%. This performance is consistently good across the region due to face value increases and net new business.

Romania and Austria were particularly strong due to new public benefit contracts with Klimabonus vouchers (one-off) and the Social card.

In **Latin America**, organic growth was +24.5%, boosted by the combination of strong new business, face value increases, like for like volumes and higher interest rates across the region.

REVENUES BY NATURE (in million euros)	Q1 FY23	Q1 FY22	ORGANIC GROWTH
Operating Revenues	207	172	+15.8%
Financial Revenues	27	10	+153.4%
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>234</b>	<b>183</b>	<b>+23.4%</b>

**Operating revenues** increased +15.8% due to strong growth in all regions and in all activities. **Financial revenues** more than doubled as the effect of higher eurozone rates came on top of the significant increase in interest rates in Eastern Europe and Brazil, already impacting previous quarters.

## Financial position

There were no material changes in the Group's financial position as of November 30, 2022, relative to that presented in the Fiscal 2022 Universal Registration Document filed with the AMF on November 9, 2022.

## Principal risks and uncertainties

There were no significant changes to the principal risks and uncertainties identified by the Group in the Risk Factors section of the Fiscal 2022 Universal Registration Document filed with the AMF on November 9, 2022.

## Currency effects

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 margin due to a change in the mix of margins. Conversely, when the Brazilian real strengthens Group margins increase.

1€=	AVERAGE RATE Q1 FY 2023	AVERAGE RATE Q1 FY 2022	AVERAGE RATE Q1 FY 2023 VS. Q1 FY 2022	CLOSING RATE FY 2023 AT 11/30/2022	CLOSING RATE FY 2022 AT 08/31/22	CLOSING RATE 11/30/2022 VS. 08/31/2022
U.S. dollar	0.996	1.161	+16.5%	1.038	1.000	-3.6%
Pound Sterling	0.869	0.854	-1.8%	0.865	0.860	-0.5%
Brazilian real	5.304	6.363	+20.0%	5.506	5.148	-6.5%

The positive currency impact in First quarter Fiscal 2023 of +9.2% results from the strong increase in the U.S. dollar, +16.5%, and the Brazilian real, +20.0%.

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.

## Alternative Performance Measure definitions

### 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.

### 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 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 Fiscal 2023 figures at Fiscal 2022 rates, except for countries with hyperinflationary economies.