

October 26, 2022

## Sodexo: Strong increase in revenues and profitability in Fiscal 2022

- Revenue growth +21.2%, organic growth +16.9%, Q4 returned to pre-Covid level
- Underlying operating profit margin +170 bps
- Retention at all-time high and Development improving
- Fiscal 2023 guidance:
  - Organic growth: +8 to +10%
  - Underlying operating profit margin close to 5.5%, at constant rates

Issy-les-Moulineaux, October 26, 2022 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At the Board of Directors meeting held on October 25, 2022, chaired by Sophie Bellon, the Board closed the Consolidated accounts for Fiscal 2022, ended August 31, 2022.

## Financial performance Fiscal 2022

<i>(in millions of euro)</i>	FISCAL 2022	FISCAL 2021	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	21,125	17,428	+21.2%	+15.7%
<b>Organic growth</b>	<b>+16.9%</b>	<b>-5.6%</b>		
UNDERLYING OPERATING PROFIT	1,059	578	+83.3%	+73.5%
<b>UNDERLYING OPERATING PROFIT MARGIN</b>	<b>5.0%</b>	<b>3.3%</b>	<b>+170 bps</b>	<b>+170 bps</b>
Other operating expenses	(5)	(239)		
OPERATING PROFIT	1,054	339	+210.9%	+199.1%
Net financial expense	(87)	(106)		
Tax charge	(264)	(101)		
Effective tax rate	27.5%	43.9% <sup>1</sup>		
<b>NET PROFIT GROUP SHARE</b>	<b>695</b>	<b>139</b>	<b>x5</b>	<b>x5</b>
EPS <i>(in euro)</i>	4.75	0.95	x5	
<b>UNDERLYING NET PROFIT</b>	<b>699</b>	<b>346</b>	<b>x2</b>	<b>x2</b>
<b>UNDERLYING EPS <i>(in euros)</i></b>	<b>4.78</b>	<b>2.37</b>	<b>X2</b>	

<sup>1</sup> Underlying ETR 28.3%

## Commenting the performance, Sodexo Chairwoman and CEO Sophie Bellon said:

*“All our activities delivered a strong recovery in Fiscal 2022. Growth in Benefits & Rewards Services accelerated and On-site Services margins improved, despite the inflationary backdrop. Net new business was strong, and retention was at an all-time high. Our balance sheet has also been strengthened significantly.*

*Good progress has been made on the priorities I set out at the beginning of the year: North America generated strong growth, improved profitability and its retention and development improved significantly. We accelerated the transformation of our food models through several organic and external investments while also actively managing our portfolio of activities. The transfer of P&L responsibility to regions and countries, fully effective from October 1, 2022, will simplify the organization.*

*I warmly thank our teams for their impressive engagement and performance in the field with our clients and our suppliers in these challenging times.*

*We expect that our financial performance will return to Fiscal 2019 levels this year. I am confident that for Fiscal 2023, we can achieve +8 to +10% organic growth and a margin close to 5.5%.”*

## Highlights of Fiscal 2022

- Fiscal 2022 consolidated revenues reached 21.1 billion euros, up +21.2% year-on-year, driven by organic growth of +16.9%, a net contribution from acquisitions and disposals of -1.2% and a strong positive currency impact of +5.5%.
- **On-site Services** organic revenue growth was up +17.0%. The recovery continued sequentially throughout the year, leading to a return to 99% of Fiscal 2019 level in the fourth quarter, with Business & Administrations back to over 100%.  
The key elements of the year were:
  - In **Business & Administrations**, organic growth was **+22.7%**. This was driven by ongoing growth in Energy & Resources and Government & Agencies, the recovery of Sports & Leisure in the second half as events and conventions picked up strongly and Corporate Services benefiting from a solid return to the office. The trend in the last two months of the year was in line with our Work from Home estimates made in 2020 and we anticipate further improvement.
  - In **Healthcare & Seniors**, organic growth was **+4.0%**. Our performance was driven by pricing, cross-selling and the progressive recovery of hospital retail sales and Seniors’ occupancy. This was partially offset by the early closure of the Testing centers in the UK at the end of March.
  - In **Education**, organic growth was **+22.0%**, following the strong post-Covid recovery in activity in Universities and Schools in North America, China and India.
- **Significant improvement in key performance indicators:**
  - **Client retention rate** was 94.5%, +140 bps higher than the previous year. This record performance was the result of an improvement in almost all regions, especially in North America. In France, difficult inflation negotiations, particularly in public sector Schools, led to some contract exits.

- **New sales development** was up +150 bps at 7.5%, with a solid contribution from all segments. Total development, including cross-selling, was 1.5 billion euros. The year ended strongly with the win of the Ardent healthcare services contract to supply patient and staff dining, nutrition counselling, retail and environmental services (incl. Protecta®) to 50 locations across six States, employing 1,500 Sodexo employees.
- As a result, the **net new business** signed during the year was positive for the first time in several years.
- **Benefits & Rewards Services** delivered organic growth of +14.2%. Employee benefits organic growth was +18.7% and accelerated sequentially through the year, reaching +23.1% in the fourth quarter. Issue volume increased +16.2%, boosted by strong net new business leveraging digital products and enhanced sales efficiency, as well as face value increases. Financial revenues were also up strongly supported by rising interest rates, particularly in Latin America and Eastern Europe.
- **Underlying operating profit** was 1,059 million euros, up +83.3%.
- **Underlying operating margin** was 5.0%, up +170 bps. This significant improvement was a result of the strong recovery in volumes, the benefit of the GET efficiency program, and effective actions to mitigate inflation through indexation, contract renegotiations and productivity. The improvement was across both On-Site, up +160 bps to 4.6%, and Benefits & Rewards up +370 bps to 28.6%.
- **Other operating expenses (net)** amounted to 5 million euros in Fiscal 2022, compared to 239 million euros in the previous year. Restructuring costs fell to 10 million euros and gains on the sale of assets more than off-set losses.
- The **Effective tax rate** returned to a more normal level of 27.5% compared to 43.9% in the previous year.
- **Net income Group share** multiplied by five to reach 695 million euros, versus 139 million euros in Fiscal 2021. EPS was 4.75 euros versus 0.95 euro in Fiscal 2021.
- **Underlying net profit** doubled to 699 million euros, compared to 346 million euros in Fiscal 2021. Underlying EPS was 4.78 euros, double the previous year.
- The Board of Directors has proposed a **dividend** of 2.40€, up +20% compared to Fiscal 2021, in line with our policy of a pay-out ratio of 50% of Underlying net profit.
- **Free cash flow** was strong at 631 million euros compared to 483 million euros in Fiscal 2021, despite some non-recurring elements including the unwinding of government payment delays, significant restructuring costs, reimbursement of Tokyo Olympics hospitality packages and an exceptional contribution to the United Kingdom pension funds. Cash conversion was 91%, below the normal level of 100%, but including 363 million euros of negative non-recurring elements.
- **Net debt** reduced to 1.3 billion euros from 1.5 billion euros at end Fiscal 2021. Gearing<sup>2</sup> fell to 28.7% and the net debt ratio<sup>2</sup> fell to 1.0x compared to 1.7x at the end of Fiscal 2021. Our debt ratios have now returned to the bottom end of our target range.
- In Fiscal 2022, further progress has been made towards our **2025 CSR objectives**. In particular,
  - The **business value benefiting SMEs** rose +13% to 7.8 billion euros; we are well on track to reach the 10 billion euros target for 2025.

<sup>2</sup> See Alternative Performance Measures definitions

- **Food waste reduction** was -41.5% lower. While the reduction is lower than in Fiscal 2021, this indicator is now managed and measured across 1,873 sites compared to 878 last year. The Group remains on track to reduce food waste by 50% on 85%<sup>3</sup> of our sites by 2025.
- As a people company, Lost time incident rate (LTIR) is an important indicator which we monitor closely. In Fiscal 2022, the LTIR reached 0.65, down by -8.5% year-on-year.
- Progress on our **Strategic priorities**:
  - **Boost US growth**: We delivered a strong improvement in operational execution and sales development in North America
    - Improved retention to over 96%, up +400 basis points, our best performance in 10 years
    - Improved development by +400 basis points
    - Strong Cross-selling
    - Increased first-time outsourcing contracts: 44% of signatures in Fiscal 2022
  - **Accelerate the food model transformation**:
    - Deployed more new food model brands and offers with targeted investments
      - > Developed new client relationships with high-end brands
      - > Acquired companies to develop convenience offer, such as Frontline Food services and VendEdge.
      - > Transformed production & logistics with off-site production units.
    - Advanced Food Models represented 6% of Global Corporate Services food revenues in 2022.
  - **Manage our portfolio more actively**:
    - Completed several strategic acquisitions and investments in key activities:
      - > in North America and China to accelerate Advanced Food Model capabilities;
      - > In GPOs, to strengthen Entegra Europe;
      - > In Asia-pacific, Technical equipment management services to develop the range of services.
    - Continued the disposal of non-core activities and geographies which reduced the Group's presence from 56 countries to 53.
  - **Enhance the effectiveness of our organization**:
    - In On-Site Services, the process to transfer end-to-end P&L management to the regions and the countries regrouped into three geographic zones (North America, Europe and the Rest of the World) was fully effective from October 1, 2022.
    - In Benefits & Rewards Services, a dedicated governance process has been put in place to closely monitor the implementation of the new strategic plan and provide guidance. For the first time, Benefits & Rewards Services now has its own published objectives.

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<sup>3</sup> Based on raw material costs

## ■ Changes in the Board of Directors

- The renewal of Véronique Laury, Luc Messier and Cécile Tandeau de Marsac, as independent directors, will be proposed at the next Shareholders Meeting.
- Sophie Stabile's mandate will not be renewed at the next Shareholders Meeting. The Board warmly thanks Sophie Stabile for her extensive contribution to the Board's discussions over the past four years, in particular for her active participation as Chairwoman of the Audit Committee and member of the Compensation Committee.
- Jean-Baptiste Chasseloup de Chatillon, independent director who joined the Board and the Audit Committee in 2021, will become Chairman of the Audit Committee. Luc Messier will also join the Audit committee which will ensure that independent members comprise 75% of its membership.
- Federico J. González Tejera, independent director, will join the Compensation Committee. As a result, the Committee will remain 100% independent.
- Patrice de Talhouët will be proposed as a new member of the Board. Patrice de Talhouët joined Bellon SA as Managing Director earlier this year. He has more than 20 years of international experience and has had senior finance roles at significant family-controlled businesses such as Mars, Coty and JAB. Recently he was Finance Director of Coty, the cosmetics group quoted in New York and subsequently, European Director for JAB's consumer fund, Coty's holding company.
- Should all the resolutions concerning the appointment and reelection of Board members be approved at the Shareholders Meeting, the Board will be made up of six women and six men and 60% of its elected members will be independent.

## Outlook

**For the Group, given that On-Site activity in the fourth quarter was in line with pre-pandemic levels, we expect revenues and margins for Fiscal 2023 to return to Fiscal 2019 levels.**

As a result,

- **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 UK (-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.

## For the first time, we are providing specific guidance for Benefits & Rewards Services:

- **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 Fiscal 2022 results.**

- If you are calling from the UK / International, please dial: +44 (0) 121 281 8004
- If you are calling from France, please dial: +33 (0) 1 70 91 87 04
- If you are calling from the USA, please dial: +1 718 705 8796  
**Access Code: 90 44 11**

**A live audio webcast is also available on [www.sodexo.com](http://www.sodexo.com)**

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”

## Fiscal 2023 financial calendar

2022 Capital Markets Day	November 2, 2022
Fiscal 2022 Annual Shareholders Meeting	December 19, 2022
Fiscal 2023 First quarter Revenues	January 6, 2023
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
- 12.8 billion euro in market capitalization (as at October 25, 2022)

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## **Fiscal 2022 Activity Report**

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# 1 Fiscal year performance

## 1.1 Consolidated income statement

(in million euros)	FISCAL 2022	FISCAL 2021	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	21,125	17,428	+21.2%	+15.7%
<b>UNDERLYING OPERATING PROFIT</b>	<b>1,059</b>	<b>578</b>	<b>+83.3%</b>	<b>+73.5%</b>
<b>UNDERLYING OPERATING PROFIT MARGIN</b>	<b>5.0%</b>	<b>3.3%</b>	<b>+170 bps</b>	<b>+170 bps</b>
Other operating expenses	(5)	(239)		
<b>OPERATING PROFIT</b>	<b>1,054</b>	<b>339</b>	<b>+210.9%</b>	<b>+199.1%</b>
Net financial expense	(87)	(106)		
PRE-TAX PROFIT excluding share of profit from Equity method companies	960	229		
Tax charge*	(264)	(101)		
<b>NET INCOME GROUP SHARE</b>	<b>695</b>	<b>139</b>	<b>+400.0%</b>	<b>+380.2%</b>
EPS (in euro)	4.75	0.95	+398.9%	
<b>UNDERLYING NET PROFIT</b>	<b>699</b>	<b>346</b>	<b>+102.0%</b>	<b>+92.0%</b>
Underlying EPS (in euro)	4.78	2.37	+101.8%	

\* Fiscal 2022 effective tax rate is 27.5%, compared to an ETR of 43.9% or an underlying ETR of 28.3% in Fiscal 2021.

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

1€=	AVERAGE RATE FY 2022	AVERAGE RATE FY 2021	AVERAGE RATE FY 2022 VS. FY 2021	CLOSING RATE AT 08/31/2022	CLOSING RATE AT 08/31/21	CLOSING RATE 08/31/2022 VS. 08/31/2021
U.S. dollar	1.101	1.197	+8.7%	1.000	1.183	+18.3%
Pound Sterling	0.846	0.878	+3.7%	0.860	0.859	-0.2%
Brazilian real	5.772	6.441	+11.6%	5.148	6.139	+19.2%

The +5.5% positive impact of currencies on Fiscal 2022 revenues is linked to the weakness of the euro against most currencies. In particular, the U.S. dollar, which was up +8.7% and the Brazilian real up +11.6%. The impact of currency mix on the Underlying operating margin was negligible.

Sodexo operates in 53 countries. The percentage of total revenues and Underlying operating profit denominated in the main currencies are as follows:

FISCAL 2022	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	40%	47%
Euro	24%	-2%
UK pound Sterling	10%	10%
Brazilian real	5%	17%

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

## 1.3 Revenues

### REVENUES BY ACTIVITY

REVENUES (in million euros)	FISCAL 2022	FISCAL 2021	RESTATED ORGANIC GROWTH*	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	11,167	8,884	+22.7%	+22.7%	-1.8%	+4.8%	+25.7%
Healthcare & Seniors	5,459	4,762	+4.0%	+8.1%	+0.5%	+6.0%	+14.6%
Education	3,637	3,041	+22.0%	+14.3%	-2.5%	+7.7%	+19.6%
<b>ON-SITE SERVICES</b>	<b>20,263</b>	<b>16,687</b>	<b>+17.0%</b>	<b>+17.0%</b>	<b>-1.3%</b>	<b>+5.7%</b>	<b>+21.4%</b>
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>865</b>	<b>745</b>	<b>+14.2%</b>	<b>+14.2%</b>	<b>-0.6%</b>	<b>+2.6%</b>	<b>+16.2%</b>
Elimination	(3)	(3)					
<b>TOTAL GROUP</b>	<b>21,125</b>	<b>17,428</b>	<b>+16.9%</b>	<b>+16.9%</b>	<b>-1.2%</b>	<b>+5.5%</b>	<b>+21.2%</b>

\* As part of the streamlining of the organization in certain regions, some contracts or operations have been reallocated between segments, with main impacts being in Europe from Education to Healthcare & Seniors.

Fiscal 2022 consolidated revenues reached 21.1 billion euros, up +21.2% year-on-year, driven by organic growth of +16.9%, a net contribution from acquisitions and disposals of -1.2% and a strong positive currency impact of +5.5%.

### ON-SITE SERVICES

Fiscal 2022 On-site Services organic revenue growth was up +17.0%. The recovery continued throughout the year quarter by quarter. By the fourth quarter, Business & Administrations were back up over 100% of the 2019 level. Corporate Services has substantially recovered in the last two quarters of the year, since the end of the Omicron wave, with a major return to the office. Sports & Leisure also had a significant recovery in the Second half Fiscal 2022 as events and conventions picked up very strongly. Schools was impacted by the sale of the Childcare activities since March 2022 and some contract losses.

The performance of the main segments relative to Fiscal 2019 revenues is as follows:

AT CONSTANT RATES	% of Fiscal 2019 revenues, at constant currencies					
	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022
<b>Business &amp; Administrations</b>	78%	82%	91%	91%	97%	101%
Of which Corporate Services	75%	79%	87%	89%	93%	98%
Of which Sports & Leisure	22%	43%	64%	61%	83%	90%
<b>Education</b>	79%	85%	92%	88%	90%	85%
Of which Schools	88%	99%	104%	92%	88%	79%
Of which Universities	72%	71%	84%	84%	91%	91%
<b>Healthcare &amp; Seniors</b>	96%	100%	105%	104%	102%	102%
<b>On-site Services</b>	83%	87%	95%	94%	97%	99%
<b>Benefits &amp; Rewards Services</b>	96%	97%	107%	106%	111%	115%
<b>Group</b>	83%	87%	95%	94%	97%	100%

In Fiscal 2022, Facilities Management services were up +2.9%, having been particularly resilient during the crisis, and well up on Fiscal 2019 levels at 108% in the Fourth quarter. Food services were up strongly at +29.3%, as the recovery came through, reaching 94% of Fiscal 2019 in the Fourth quarter Fiscal 2022.

Key performance indicators improved significantly in Fiscal 2022:

- client retention rate was 94.5%, up +140 bps compared to the previous year. This record performance was the result of an improvement in almost all regions, and particularly in North America. In France, difficult inflation negotiations, particularly in public sector Schools led to some contract exits.
- new sales development was up +150 bps at 7.5%, with a solid contribution from all segments. Total development, including cross-selling, was 1.5 billion euros.
- As a result, the net new business signed during the year was more than 300 million euros. The in-year net new business contribution remained slightly negative.
- Same site sales growth was strong at +21.0% due to the progressive post-Covid recovery, as well as a solid contribution from cross-selling.

#### ON-SITE SERVICES REVENUES BY REGION

REVENUES BY REGION (in million euros)	FISCAL 2022	FISCAL 2021	ORGANIC GROWTH
North America	8,828	6,514	+24.0%
Europe	7,774	7,002	+13.0%
Asia-Pacific, Latam, Middle East and Africa	3,661	3,171	+11.5%
<b>ON-SITE SERVICES TOTAL</b>	<b>20,263</b>	<b>16,687</b>	<b>+17.0%</b>

- Organic growth in North America was strong at +24.0%, resulting in revenues picking back up to 96% of Fiscal 2019 level in the Fourth quarter. Sports & Leisure is back up to 96% of Fiscal 2019 level in the fourth quarter, while the return to the office, schools and universities was slower than in other regions. All other segments are strong, boosted also by price inflation. As a result, North America represented 44% of On-site Services revenues, back up to the pre-Covid level.
- Europe (representing 38% of On-site Services revenues) achieved solid growth in Fiscal 2022, up +13.0%, to 94% of pre-Covid level in the Fourth quarter. Growth slowed progressively during the year. This was due to a higher comparative base each quarter as the Covid recovery had come through earlier in Europe, as well as the end of the Testing Centers in the UK from the end of March.
- Asia-Pacific, Latin America, Middle East and Africa (18% of On-site Services revenues) ended the year up +11.5%, with strong post-Covid recovery in India and solid demand and new business in Energy & Resources, in particular in the mining sector in Latin America. The impact of the multiple lockdowns in China was relatively limited as activity tended to be higher on industrial sites partially compensating the effect of the closure of tertiary offices. By the end of the year, the whole region was at 118% of Fiscal 2019 levels, excluding any currency impacts.

## Business & Administrations

#### REVENUES

REVENUES BY REGION (in million euros)	FISCAL 2022	FISCAL 2021	RESTATED ORGANIC GROWTH
North America	2,983	1,859	+45.1%
Europe	4,898	4,200	+20.3%
Asia-Pacific, Latam, Middle East and Africa	3,285	2,825	+11.6%
<b>BUSINESS &amp; ADMINISTRATIONS TOTAL</b>	<b>11,167</b>	<b>8,884</b>	<b>+22.7%</b>

Fiscal 2022 **Business & Administrations** revenues totaled **11.2 billion euros**, growing +22.7% organically. This is the result of ongoing growth in Energy & Resources and Government & Agencies, the recovery to pre-Covid levels of Sports & Leisure events and a solid return to office in all countries. The trend in the last two months of the year confirms our WFH estimates made in 2020, even though we are convinced that there is still further improvement to come.

Organic growth in **North America** was +45.1%, with a progressive return to the office quarter on quarter and a strong recovery in all the Sports & Leisure activities, firstly in the stadiums and then in the convention centers. The Government & Agencies and Energy & Resources segments were both up thanks to new business and a gradual return of office workers on-site, neither having been significantly impacted by the pandemic. Although slower than in other regions, the return to the office gathered pace during the year. Many clients chose to enhance their on-site food services to attract their staff back into the office. The new food offers, providing more flexible, more healthy and sustainable meals grew significantly.

In **Europe**, revenues were up +20.3% organically, driven by the progressive return to the office, strong recovery in the Sports & Leisure activities, first in the sporting events, and then in corporate entertaining and tourism in the second half. Government & Agencies and Energy & Resources were flat on the year, due to respectively the end of the significant Transforming Rehabilitation contract in the UK and weak activity in the Energy sector.

In **Asia-Pacific, Latam, Middle East and Africa**, organic revenue growth was +11.6%. Growth in Corporate Services segment remained solid across all regions, particularly in India, where the Covid-related recovery was strong. Energy & Resources continued to achieve very solid growth, against a backdrop of double digit growth in Fiscal 2020 and Fiscal 2021. New business ramp-ups in Latin America, and particularly in the mining sector, more than offset the lack of new oil & gas projects and some contract losses in the Asia-Pacific region.

## Healthcare & Seniors

REVENUES BY REGION (in million euros)	FISCAL 2022	FISCAL 2021	RESTATED ORGANIC GROWTH
North America	3,047	2,642	+6.1%
Europe	2,106	1,838	+0.7%
Asia-Pacific, Latam, Middle East and Africa	305	281	+8.5%
<b>HEALTHCARE &amp; SENIORS TOTAL</b>	<b>5,459</b>	<b>4,762</b>	<b>+4.0%</b>

**Healthcare & Seniors** revenues amounted to **5.5 billion euros**, up +4.0% organically.

In **North America**, organic growth was +6.1%, boosted by cross-selling, progressive recovery in hospital retail sales and Senior occupancy and pricing, particularly in the last two quarters. The contribution of net new business remained slightly negative, as the signings during the year have not yet fed through into revenues.

In **Europe**, organic growth was +0.7% impacted by the early closure of the Testing Centers in the UK at the end of March. This shortfall was compensated by the combination of pricing, new contracts in Seniors in France and some increase in volumes, especially in retail sales.

In **Asia-Pacific, Latam, Middle East and Africa**, organic revenue growth was a solid +8.5%, resulting from increased volumes, pricing and some new business.

## Education

REVENUES BY REGION (in million euros)	FISCAL 2022	FISCAL 2021	RESTATED ORGANIC GROWTH
North America	2,798	2,013	+27.9%
Europe	769	963	+6.5%
Asia-Pacific, Latam, Middle East and Africa	70	65	+24.0%
<b>EDUCATION TOTAL</b>	<b>3,637</b>	<b>3,041</b>	<b>+22.0%</b>

Fiscal 2022 revenues in **Education** were **3.6 billion euros**, up +22.0% organically.

In **North America**, organic growth was +27.9%, reflecting the reopening of schools and universities from the beginning of the 2021 academic year. However, events and special catering activities remained restricted due to staff shortages and ongoing fears of the pandemic. In the fourth quarter, summer camp and conference activity was solid and the 2022 start of the academic year was helped by an extra day and higher levels of staffing.

In **Europe**, revenue was up +6.5% organically. All schools and Universities were fully opened. However, meal volumes were impacted by high levels of absenteeism due to Covid-19 waves.

In **Asia-Pacific, Latam, Middle East and Africa**, organic growth was +24.0% reflecting reopening of schools and universities in China and India.

## BENEFITS & REWARDS SERVICES

Fiscal 2022 **Benefits & Rewards Services** revenue amounted to **865 million euros**, up +16.2%, helped by a +2.6% impact from currencies, offset somewhat by the impact of net disposals of -0.6%. As a result, organic growth was +14.2%.

REVENUES BY ACTIVITY (in million euros)	FISCAL 2022	FISCAL 2021	ORGANIC GROWTH
Employee Benefits	711	577	+18.7%
Services Diversification*	154	168	-1.3%
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>865</b>	<b>745</b>	<b>+14.2%</b>

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

**Employee Benefits** organic growth was +18.7%, accelerating quarter by quarter, and reaching +23.1% in the Fourth quarter. Issue volume amounted to 14.3 billion euros for the year and was up +16.2% organically, boosted by strong net new business leveraging digital products and enhanced sales efficiency, as well as face value increases. Financial revenues were also up strongly supported by rising interest rates, particularly in Latin America and Eastern Europe.

**Services Diversification** was down -1.3% organically for the year. Public Benefits fell back significantly during the year after a very strong Covid-linked performance, offsetting the solid growth in Mobility solutions in Latin America.

REVENUES BY REGION (in million euros)	FISCAL 2022	FISCAL 2021	ORGANIC GROWTH
Europe, USA and Asia	558	499	+14.4%
Latin America	307	246	+13.8%
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>865</b>	<b>745</b>	<b>+14.2%</b>

Organic revenue growth was strong across all geographies, respectively +14.4% in **Europe, USA and Asia**, and +13.8% in **Latin America**, accelerating quarter by quarter.

This performance was due to strong net new business in all key markets as well as sustained increase in face values. In addition, financial revenues were also up strongly thanks to increasing interest rates.

REVENUES BY NATURE (in million euros)	FISCAL 2022	FISCAL 2021	ORGANIC GROWTH
Operating Revenues	804	701	+12.4%
Financial Revenues	61	43	+43.7%
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>865</b>	<b>745</b>	<b>+14.2%</b>

The increase in **Operating revenues** of +12.4% reflects strong growth in issue volumes due to face value increases and significant net new business in most countries and in most services, except Public Benefits.

**Financial revenues** were up +43.7% due to the progressive effect of the increase in interest rates.

## 1.4 Underlying operating profit

Fiscal 2022 Underlying operating profit was 1,059 million euros, up +83.3%, or +73.5% excluding the currency effect. The Underlying operating profit margin reached 5.0%, up +170 bps. The currency mix effect was negligible.

(in million euros)	UNDERLYING OPERATING PROFIT FISCAL 2022	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN FISCAL 2022	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
Business & Administrations	391	+279.2%	+263.7%	3.5%	+230 bps	+230 bps
Healthcare & Seniors	352	+14.2%	+7.6%	6.5%	0 bps	-10 bps
Education	183	+144.5%	+122.6%	5.0%	+250 bps	+240 bps
<b>On-site Services</b>	<b>926</b>	<b>+90.4%</b>	<b>+79.4%</b>	<b>4.6%</b>	<b>+170 bps</b>	<b>+160 bps</b>
<b>Benefits &amp; Rewards Services</b>	<b>248</b>	<b>+33.2%</b>	<b>+30.5%</b>	<b>28.6%</b>	<b>+360 bps</b>	<b>+370 bps</b>
Corporate expenses & Intragroup eliminations	(115)	-21.1%	-20.5%			
<b>UNDERLYING OPERATING PROFIT</b>	<b>1,059</b>	<b>+83.3%</b>	<b>+73.5%</b>	<b>5.0%</b>	<b>+170 bps</b>	<b>+170 bps</b>

The traditional seasonal gap between the first and second half Underlying operating profit margin, particularly in Education, has now reasserted itself, with a margin of 4.8% in the Second half Fiscal 2022, versus 5.2% in the First half.

The recovery in the margin is due to the flow-through from the progressive post-Covid recovery in revenues combined with continued tight cost control, contract management to pass-through inflation in the On-site Services activities, including price increases and mitigation actions, more active portfolio management, and the contribution from the GET efficiency program.

**On-site Services** Underlying operating profit was up +90.4%, or +79.4% excluding the positive impact of currencies. The margin came out at 4.6% up +170 bps or +160 bps excluding currencies, helped by the strong dollar particularly in Healthcare and Education where the weight of North American revenues is the highest. The performance by segment **at constant rates** is as follows:

- Business & Administrations** Underlying operating profit was multiplied by nearly four times, up +263.7%. As a result, the margin was up +230 bps to 3.5%. This improved performance reflects the flow-through of the significant improvement in the activity levels in Corporate Services and Sports & Leisure, operational efficiencies and strong price increases and mitigation to offset inflation.

- In **Healthcare & Seniors**, the +7.6% increase in Underlying operating profit resulted in a margin of 6.5%, down -10 bps, in a highly inflationary environment, particularly in North America. Pricing has also been strong in this segment; the teams have been very active in rolling out their mitigation actions and the results of the portfolio clean-up of the preceding years is now coming through.
- In **Education**, Underlying operating profit was up +144.5% and the margin up +250 bps to 5.0% thanks to the flow-through of the revenue recovery, particularly in North America. High inflation and staff shortages have been offset by very significant mitigation efforts on the ground, as well as pricing in North America. Pricing has been more difficult in France where the national inflation index used in the Schools contracts has underperformed our input cost increases.

**Benefits & Rewards Services** Underlying operating profit was up +33.2%, or +30.5% excluding the positive impact of currencies. The margin increased to 28.6% up +360 bps or +370 bps excluding currencies, helped by the strong acceleration in volumes and, in particular, the financial revenues from quarter to quarter throughout the year. While processing costs have remained stable relative to revenues, all other cost increases have been contained.

The GET efficiency program has provided a significant improvement in profitability in Fiscal 2021 and Fiscal 2022. Half of the initiatives were aimed at protecting the gross profit margin by adapting on-site costs to the new post-Covid levels of activity and to compensate for the end of government aid. The other half of the program was aimed at structurally reducing SG&A for the long-term by simplifying the structures in the Group, to free up capacity to invest in growth and to enhance margins.

Fiscal 2022 results benefited from the final tranche of cost savings of 164 million euros, of which 98 million euros in cost avoidance and 66 million euros in SG&A. The cash impact for the year was 73 million euros.

	GET PROGRAM			
	FISCAL 2020	FISCAL 2021	FISCAL 2022	TARGET
(in million euros)	CUMULATED NUMBERS			
<b>Total exceptional costs</b>	158	312	322	350
<b>Cash impact</b>	(75)	(217)	(290)	(315)
SG&A savings	—	91	157	175
Gross profit cost avoidance	—	127	225	175
<b>Total savings</b>	—	218	382	350
<b>Savings/Costs</b>			119%	100%

Cumulated, the GET program has cost 322 million euros, generated 382 million euros of annual savings, with a cash impact of 290 million euros. As a result, the program exceeded the target cost savings by 32 million euros with a ratio of savings to costs of 119%, also above the target of 100%.

## 1.5 Group net profit

Other operating income and expenses amounted to 5 million euros compared to 239 million euros in the previous year. This significant reduction is due to the end of the GET program, with only 10 million euros of restructuring costs, a spill-over from Fiscal 2021, compared to 153 million euros in the previous year, and 117 million euros of gains related to the disposals program.

As a result, the Operating Profit recovered to 1,054 million euros compared to 339 million euros in the previous year.

(in million euros)	FISCAL 2022	FISCAL 2021
<b>UNDERLYING OPERATING PROFIT</b>	<b>1,059</b>	<b>578</b>
Net scope change impacts	50	(32)
Restructuring and rationalization costs	(10)	(153)
Amortization of purchased intangible assets	(46)	(33)
Other	1	(21)
<b>Other Operating income and expenses</b>	<b>(5)</b>	<b>(239)</b>
<b>OPERATING PROFIT</b>	<b>1,054</b>	<b>339</b>

Fiscal 2022 Net financial expenses decreased to 87 million euros against 106 million euros in the previous year. The reduction came from the net effect of the debt reimbursements and issuance in Fiscal 2021 and Fiscal 2022, an increase in interest income related to higher levels of activity and some positive currency impacts. The blended cost of debt at Fiscal 2022 year end was stable at 1.6% relative to year end Fiscal 2021.

The tax charge was up significantly to 264 million euros, reflecting the higher pre-tax profit. However, the Effective tax rate on Pre-tax profit (excluding the share of profit of companies accounted for using the equity method) of 960 million euros was 27.5%, back down to a more normal rate, against 43.9% last year.

The share of profit of other companies accounted for using the equity method was stable at 8 million euros. Profit attributed to non-controlling interests was 9 million euros compared to the previous year amount of -2 million euros.

As a result, Group net income was multiplied by five to reach 695 million euros, compared to 139 million euros in Fiscal 2021. Underlying net profit adjusted for Other operating income and expenses net of tax doubled to reach 699 million euros, compared to 346 million euros in Fiscal 2021.

## 1.6 Earnings per share

Published EPS was 4.75 euros against 0.95 euro in Fiscal 2021. The weighted average number of shares for Fiscal 2022 was more or less stable at 146,295,576 compared to 146,004,484 shares for Fiscal 2021. As a result of much lower Other income and expenses, Underlying EPS was very close to the published number, amounting to 4.78 euros, double the previous year.

## 1.7 Proposed dividend

The Board of Directors has proposed a dividend of 2.40€, up +20% compared to Fiscal 2021, in line with our policy of a pay-out ratio of 50% of Underlying net profit.



## 2 Consolidated financial position

### 2.1 Cash flows

Cash flows for the period were as follows:

(in million euros)	FISCAL 2022	FISCAL 2021
Operating cash flow	1,243	766
Change in working capital excluding change in BRS financial assets <sup>(1)</sup>	(63)	171
IFRS 16 outflow	(208)	(242)
Net capital expenditure	(341)	(211)
<b>Free cash flow<sup>(2)</sup></b>	<b>631</b>	<b>483</b>
Net acquisitions	14	(42)
Share buy-backs	(13)	(11)
Dividends paid to shareholders	(294)	—
Other changes (including scope and exchange rates)	(128)	(40)
<b>(Increase)/decrease in net debt</b>	<b>210</b>	<b>390</b>

(1) Excluding change in financial assets related to the Benefits & Rewards Services activity of -145 million euros in Fiscal 2022 versus 45 million euros in Fiscal 2021.

Total change in working capital as reported in consolidated accounts:  
in Fiscal 2022: -208 million euros = -63 million euros - 145 million euros  
and in Fiscal 2021: 216 million euros = 171 million euros + 45 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).

Free cash flow, adjusted for IFRS 16, was 631 million euros against 483 million euros in Fiscal 2021.

Operating cash flow of 1,243 million euros improved significantly compared to the previous year at 766 million euros, boosted by the strong recovery in Underlying operating profit and by the Benefits & Rewards Services indemnity from the Hungarian government related to closure of the business for 34 million euros.

The Working capital outflow in Fiscal 2022 of 63 million euros was due to some significant exceptional items such as restructuring costs, a cash contribution to the UK pension fund for 71 million euros, the unwinding of government Covid-linked payment delays for 117 million euros, the reimbursement of the Tokyo Olympics hospitality packages for 55 million euros and the Benefits & Rewards fine related to the dispute with the French competition authorities which is being paid monthly.

Net capital expenditure, including client investments, increased to 341 million euros, and 1.6% of revenues, compared to 211 million euros in the preceding year, at 1.2% of revenues. Gross capex was 478 million euros, or 2.3% of revenues. Digital and IT investments accounted for 30% of the gross spend, with the remainder focused on client facing investments.

Benefits & Rewards Services continued to invest heavily, at a rate of 9.1% of revenues, with 93% of its investments in IT and digital. The Business & Administrations gross capital expenditure to revenues ratio was at 1.3%, nearly double last year, linked to the recovery in Sports & Leisure activity. Healthcare was also at 1.5%, the highest level in many years, due to some significant investments in several hospitals in North America and Continental Europe. On the other hand, in Education, capex to sales was down -60 bps this year at 2.7% of revenues even though the euro amount remained stable.

Cash conversion was 91%, below the normal level of 100%, but including 363 million euros of negative non-recurring elements.

M&A activity restarted in Fiscal 2022 with acquisition spend of 70 million euros but was more than offset by disposals of 84 million euros.

After taking into account Other changes, consolidated net debt decreased by 210 million euros ending the year to 1,268 million euros at August 31, 2022.

## 2.2 Acquisitions and disposals for the period

Fiscal 2022 has been an active year for closing numerous disposals of non-core activities and geographies:

- the On-site Services activities in Morocco, the Congo and Russia;
- Lido in France;
- Non-strategic account portfolios in Australia and the Czech Republic;
- Benefits & Rewards activities in Russia in December 2021, followed by the On-site activities in the second half;
- Benefits & Rewards sports cards in Germany, Romania and Spain;
- The Childcare activities, completed mid-March.

On the other hand, further strategic acquisitions & investments have also been made:

- In the Advanced Food Model, Sodexo has acquired Frontline Food Services and VendEdge in North America and an off-site production unit in China. Sodexo has also increased its participation in the digital food services company, Meican.
- In the GPO space, three investments have been made to strengthen the position of Entegra Europe.
- In the Healthcare segment, we have acquired a technical equipment management activity in Asia-Pacific.

Overall disposals net of acquisitions amounted to 14 million euros.

## 2.3 Condensed consolidated statement of financial position at August 31, 2022

(in million euros)	AUGUST 31, 2022	AUGUST 31, 2021	(in million euros)	AUGUST 31, 2022	AUGUST 31, 2021
Non-current assets	10,785	9,360	Shareholders' equity	4,415	3,168
Current assets excluding cash	5,653	5,030	Non-controlling interests	10	7
Restricted cash Benefits & Rewards	960	773	Non-current liabilities	7,223	6,962
Financial assets Benefits & Rewards	297	289	Current liabilities	9,272	8,854
Cash	3,225	3,539			
<b>TOTAL ASSETS</b>	<b>20,920</b>	<b>18,991</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>20,920</b>	<b>18,991</b>
			Borrowings	5,742	6,072
			Net debt	1,268	1,478
			Gearing	28.7%	46.6%
			Net debt ratio	1.0x	1.7x

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

As of August 31, 2022, net debt fell to 1,268 million euros, representing a gearing of 28.7%, and a net debt ratio of 1x, at the bottom of the target range of between 1x and 2x.

In October 2021, Sodexo reimbursed by anticipation a 600 million euros bond due to mature in January 2022.

At year end, the Group's gross debt of 5.7 billion euros was 71% euro-denominated, 22% dollar-denominated and 6% sterling denominated, with an average maturity of 4.8 years, 96% at fixed rates and 100% covenant-free.

By the end of Fiscal 2022, Operating cash reached a total of 4,474 million euros, including 960 million euros of restricted cash and 297 million euros of financial assets of Benefits & Rewards Services. The Benefits & Rewards Services activity asset to liability coverage is at 121% compared to 113% as at August 31, 2021, with operating cash of 2,764 million euros and client receivables of 1,482 million euros, compared to voucher liabilities of 3,509 million euros. The rest of the Group also had a significant operating cash position of 1,710 million euros.

At the year end, unused credit lines totaled 2.0 billion euros.

## 2.4 Subsequent events

No major events have occurred since the closing of the accounts.

## 2.5 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.

### 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 2022 figures at Fiscal 2021 rates, except for countries with hyperinflationary economies.

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# **Fiscal 2022**

# **Consolidated financial**

# **statements**

Notes to the Financial Statements will be found in the Universal Registration Document to be published on November 9, 2022

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## 1. Consolidated income statement

(in million euros)	FISCAL 2022	FISCAL 2021
<b>Revenues</b>	21,125	17,428
<b>Cost of sales</b>	(18,088)	(15,006)
<b>Gross profit</b>	3,037	2,422
Selling, General and Administrative costs	(1,985)	(1,849)
Share of profit of companies accounted for using the equity method that directly contribute to the Group's business	7	4
<b>Underlying operating profit</b>	1,059	578
Other operating income	153	56
Other operating expenses	(158)	(295)
<b>Operating profit</b>	1,054	339
Financial income	37	18
Financial expenses	(124)	(124)
Share of profit of other companies accounted for using the equity method	1	4
<b>Profit for the year before tax</b>	968	237
Income tax expense	(264)	(101)
<b>Net profit for the year</b>	704	137
Of which:		
Attributable to non-controlling interests	9	(2)
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	695	139
<b>Basic earnings per share (in euro)</b>	4.75	0.95
<b>Diluted earnings per share (in euro)</b>	4.69	0.94

## 2. Consolidated statement of comprehensive income

(in million euros)	FISCAL 2022	FISCAL 2021
<b>NET PROFIT FOR THE YEAR</b>	704	137
<b>Components of other comprehensive income that may be reclassified subsequently to profit or loss</b>	715	121
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	686	117
Currency translation adjustment reclassified to profit or loss	29	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	—	3
<b>Components of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	129	110
Remeasurement of defined benefit plan obligation	87	14
Change in fair value of financial assets revalued through other comprehensive income	65	98
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	(23)	(2)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX</b>	844	231
<b>Comprehensive income</b>	1,548	368
Of which:		
Attributable to equity holders of the parent	1,534	369
Attributable to non-controlling interests	14	(1)

### 3. Consolidated statement of financial position

#### Assets

(in million euros)	AUGUST 31, 2022	AUGUST 31, 2021
Goodwill	6,611	5,811
Other intangible assets	678	631
Property, plant and equipment	510	461
Right-of-use assets relating to leases	895	903
Client investments	667	560
Investments in companies accounted for using the equity method	73	63
Non-current financial assets	1,025	734
Other non-current assets	172	31
Deferred tax assets	154	165
<b>NON-CURRENT ASSETS</b>	<b>10,785</b>	<b>9,360</b>
Financial assets	57	55
Inventories	352	256
Income tax receivable	171	158
Trade and other receivables	5,068	4,271
Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,257	1,062
Cash and cash equivalents	3,225	3,539
Assets held for sale	5	290
<b>CURRENT ASSETS</b>	<b>10,135</b>	<b>9,632</b>
<b>TOTAL ASSETS</b>	<b>20,920</b>	<b>18,991</b>

## Shareholders' equity and liabilities

(in million euros)	AUGUST 31, 2022	AUGUST 31, 2021
Share capital	590	590
Additional paid-in capital	248	248
Reserves and retained earnings	3,577	2,330
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>4,415</b>	<b>3,168</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>10</b>	<b>7</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>4,425</b>	<b>3,175</b>
Long-term borrowings	5,709	5,453
Long-term lease liabilities	759	763
Employee benefits	282	357
Other non-current liabilities	197	181
Non-current provisions	115	106
Deferred tax liabilities	161	101
<b>NON-CURRENT LIABILITIES</b>	<b>7,223</b>	<b>6,962</b>
Bank overdrafts	8	7
Short-term borrowings	35	635
Short-term lease liabilities	184	176
Income tax payable	207	188
Current provisions	99	148
Trade and other payables	5,230	4,429
Voucher liabilities	3,509	3,133
Liabilities directly associated with assets held for sale	—	138
<b>CURRENT LIABILITIES</b>	<b>9,272</b>	<b>8,853</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>20,920</b>	<b>18,991</b>



## 4. Consolidated cash flow statement

(in million euros)	FISCAL 2022	FISCAL 2021
<b>Operating profit</b>	<b>1,054</b>	<b>339</b>
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right-of-use assets <sup>(1)</sup>	523	601
Provisions	(52)	(1)
(Gains) losses on disposals	(48)	27
Other non-cash items	31	20
Dividends received from companies accounted for using the equity method	6	9
Net interest expense paid	(54)	(63)
Interests paid on lease liabilities	(17)	(20)
Income tax paid	(200)	(145)
<b>Operating cash flow</b>	<b>1,243</b>	<b>766</b>
Change in inventories	(68)	—
Change in trade and other receivables	(563)	(263)
Change in trade and other payables	390	449
Change in vouchers payable	178	(16)
Change in financial assets related to the Benefits & Rewards Services activity	(145)	45
<b>Change in working capital from operating activities</b>	<b>(208)</b>	<b>216</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,035</b>	<b>982</b>
Acquisitions of property, plant and equipment and intangible assets	(345)	(296)
Disposals of property, plant and equipment and intangible assets	17	72
Change in client investments	(13)	13
Change in financial assets and share of companies accounted for using the equity method	(58)	(19)
Business combinations	(64)	(62)
Disposals of activities	77	(11)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(386)</b>	<b>(303)</b>
Dividends paid to Sodexo S.A. shareholders	(294)	—
Dividends paid to non-controlling shareholders of consolidated companies	(5)	(14)
Purchases of treasury shares	(13)	(11)
Sales of treasury shares	4	—
Change in non-controlling interests	—	(14)
Proceeds from borrowings	106	1,075
Repayment of borrowings	(699)	(5)
Repayments of lease liabilities	(208)	(242)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>(1,109)</b>	<b>789</b>
<b>NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH</b>	<b>145</b>	<b>44</b>
<b>CHANGE IN NET CASH AND CASH EQUIVALENTS</b>	<b>(315)</b>	<b>1,511</b>
<b>NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,532</b>	<b>2,021</b>
<b>NET CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>3,217</b>	<b>3,532</b>

(1) Including 208 million euros corresponding to the depreciation of right-of-use assets recognized in Fiscal 2022 pursuant to IFRS 16 (253 million euros recognized in Fiscal 2021).

## 5. Consolidated statement of changes in shareholders' equity

(in million euros)	TOTAL SHAREHOLDERS' EQUITY							
	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
<b>Notes</b>	11.1			11.1				
<b>Shareholders' equity as of August 31, 2021</b>	147,454,887	590	248	3,455	(1,125)	3,168	7	3,175
Impact of changes in accounting principles <sup>(1)</sup>				(21)		(21)		(21)
<b>Shareholders' equity as of September 1, 2021</b>	147,454,887	590	248	3,434	(1,125)	3,147	7	3,154
Net profit for the year				695		695	9	704
Other comprehensive income (loss), net of tax				129	710	839	5	844
<b>Comprehensive income</b>				<b>824</b>	<b>710</b>	<b>1,534</b>	<b>14</b>	<b>1,548</b>
Dividends paid				(294)		(294)	(11)	(305)
Treasury share transactions				(9)		(9)		(9)
Share-based payment (net of income tax)				38		38		38
Change in ownership interest without any change of control				1		1	(1)	—
Other	—	—	—	(1)		(1)	1	—
<b>SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2022</b>	147,454,887	590	248	3,992	(415)	4,415	10	4,425

(1) See note 2.1.2 "New accounting standards and interpretations applied".

(in million euros)	TOTAL SHAREHOLDERS' EQUITY							
	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
<b>Notes</b>	11.1			11.1				
<b>Shareholders' equity as of August 31, 2020</b>	147,454,887	590	248	3,162	(1,242)	2,758	15	2,773
Net profit for the year				139		139	(2)	137
Other comprehensive income (loss), net of tax				113	117	230	1	231
<b>Comprehensive income</b>				<b>252</b>	<b>117</b>	<b>369</b>	<b>(1)</b>	<b>368</b>
Dividends paid				—		—	(9)	(9)
Treasury share transactions				(11)		(11)		(11)
Share-based payment (net of income tax)				32		32		32
Change in ownership interest without any change of control				(1)		(1)	2	1
Other				21		21	—	21
<b>SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2021</b>	147,454,887	590	248	3,455	(1,125)	3,168	7	3,175

## 6. Financial ratios

		FISCAL 2022	FISCAL 2021
Gearing ratio	Borrowings (1) – operating cash (2)	28.7%	46.6%
	Shareholders' equity and non-controlling interests		
Net debt ratio	Borrowings (1) – operating cash (2)	1.0	1.7
	Underlying EBITDA (underlying operating profit before Interest, Taxes, Depreciation and Amortization) (3)		
Debt coverage	Borrowings	4,6 years	8 years
	Operating cash flow		
Financial independence	Long-term borrowings	128.3%	171.7%
	Shareholders' equity and non-controlling interests		
Return on equity	Profit attributable to equity holders of the parent	18.7%	4.6%
	Equity attributable to equity holders of the parent (before profit for the period)		
ROCE (Return on capital employed)	Underlying operating profit after tax (4)	17.2%	9.9%
	Average capital employed (5)		
Interest cover	Operating profit	13.9	4.1
	Net borrowing cost		

Financial ratios have been computed based on the following key indicators:

(in million euros)		FISCAL 2022	FISCAL 2021
(1) Borrowings <sup>(1)</sup>	Long-term borrowings	5,709	5,453
	+ Short-term borrowings	35	635
	- Derivative financial instruments recognized as assets	(2)	(17)
	<b>BORROWINGS</b>	<b>5,742</b>	<b>6,072</b>
(2) Operating cash	Cash and cash equivalents	3,225	3,539
	+ Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,257	1,062
	- Bank overdrafts	(8)	(7)
	<b>OPERATING CASH</b>	<b>4,474</b>	<b>4,594</b>
(3) Underlying EBITDA	Underlying operating profit	1,059	578
	+ Depreciation and amortization	477	537
	- Lease payments	(225)	(260)
	<b>UNDERLYING EBITDA (UNDERLYING OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION)</b>	<b>1,311</b>	<b>854</b>
(4) Underlying operating profit after tax	Underlying operating profit	1,059	578
	Underlying Effective tax rate <sup>(4)</sup>	27.5%	28.3%
	<b>UNDERLYING OPERATING PROFIT AFTER TAX</b>	<b>768</b>	<b>414</b>
(5) Average capital employed <sup>(2)</sup>	Property, plant and equipment	485	513
	+ Right-of-use assets relating to leases	899	1,112
	+ Leases liabilities	(942)	(1,148)
	+ Goodwill	6,211	5,787
	+ Other intangible assets	655	652
	+ Client investments	614	568
	+ Working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	(3,452)	(3,391)
	+ Impact of assets held for sale net of liabilities <sup>(3)</sup>	3	78
	<b>AVERAGE CAPITAL EMPLOYED</b>	<b>4,473</b>	<b>4,172</b>

(1) 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). Consistently, the lease liabilities are not included in Net debt.

(2) Average capital employed between the beginning and the end of the period.

(3) Reinstatement of the capital employed of Childcare activity which gave rise to classification in assets and liabilities held for sale.

(4) Below the underlying effective tax rate calculation:

(in million euros)	AUGUST 31, 2022			AUGUST 31, 2021		
	PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	INCOME TAX	RATE	PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	INCOME TAX	RATE
<b>EFFECTIVE</b>	960	(264)	27.5%	229	(101)	43.9%
<i>Adjustments:</i>						
Restructuring costs	14	(4)		153	(39)	
Impairment	46	(12)		60	(15)	
Non recognition of non-recurrent deferred taxes	—	20		—	31	
Others	(56)	(5)		25	(8)	
<b>UNDERLYING</b>	964	(265)	27.5%	467	(132)	28.3%