

Issy-les-Moulineaux, April 19, 2024
Sodexo (Euronext Paris FR 0000121220-OTC: SDXY)

Sodexo announces solid H1 Fiscal 2024 results

- Organic Revenue growth +8.5%
- Underlying operating profit +16.9% at constant currencies, margin up +40 bps
- Fiscal 2024 guidance:
 - Organic growth now expected at the top of the +6% to +8% range
 - Underlying operating profit margin improvement confirmed at +30 to +40 bps, at constant currencies

At the Board of Directors meeting held on April 18, 2024, chaired by Sophie Bellon, the Board closed the Consolidated accounts for the First half Fiscal 2024 ended February 29, 2024.

First half Fiscal 2024 key figures

(in million euros)	H1 FISCAL 2024	H1 FISCAL 2023 RESTATED	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenues	12,101	11,581	+4.5%	+7.8%
Organic revenue growth	+8.5%	+12.9%		
UNDERLYING OPERATING PROFIT	612	545	+12.3%	+16.9%
UNDERLYING OPERATING PROFIT MARGIN	5.1%	4.7%	+40bps	+40bps
Other operating income & expenses	30	(36)		
OPERATING PROFIT	642	509	+26.1%	+30.1%
Net financial expense	(46)	(43)		
Tax charge	(99)	(122)		
Effective tax rate	16.6%	26.2%		
NET PROFIT FROM CONTINUING OPERATIONS	496	339	+46.3%	+50.5%
Basic EPS from continuing operations (in euros)	3.39	2.32		
UNDERLYING NET PROFIT FROM CONTINUING OPERATIONS	427	370	+15.4%	+21.0%
Basic underlying EPS from continuing operations (in euros)	2.91	2.53		

For more detail on the Group Net Profit including discontinued operations, please refer to section 1.2.6 of the Financial Report.

Sodexo Chairwoman and CEO, Sophie Bellon, said:

“The spin-off of Pluxee has been successfully completed. Sodexo is now a pure-player in Food and Facilities Management services!

We are making progress in transforming our Food services, developing our branded offers, boosting our convenience activity and enhancing our purchasing, particularly in North America. Our organization has been considerably simplified and streamlined: we are gaining in agility.

The first half performance is solid. Organic growth is robust and the margin is up +40bps. Net new business momentum is also solid with a further improvement in retention.

We are progressing towards our ambition to be the world leader in sustainable food and valued experiences. I would like to thank all our teams, who have worked so hard to execute the spin-off of Pluxee while delivering a solid operational performance!”

Solid set of First half Fiscal 2024 Results

- First half Fiscal 2024 consolidated revenues were at 12.1 billion euros, up +4.5% year-on-year. Acquisitions and disposals impacted growth by -0.7%, linked to the sale of the Homecare activities in October only very partially offset by some bolt-on acquisitions, particularly in North America convenience. The negative currency impact amounted to -3.3%. As a result, organic revenue growth was +8.5%.
- This organic growth was fueled by pricing for about half and net new business and some volume growth for the other half.
- By geography:
 - North America achieved organic growth of +10.0%;
 - Europe was up +8.0%, boosted 80bps by the Rugby World Cup, in the first quarter;
 - Rest of the World was up +5.7%, impacted by an accounting change for project works in a large contract. Excluding this, organic growth of the zone was +8.4%.
- Food services organic growth, at +10.7%, continued to outperform FM services, at +4.5%.
- **Underlying operating profit** was 612 million euros, up +12.3%, or +16.9% at constant currencies. The Underlying operating margin was up +40 bps at 5.1%.
- **Other operating income & expenses** amounted to a positive 30 million euros, with the gain on the sale of the Homecare services more than offsetting restructuring, spin-off costs and amortization of acquisition-related assets.
- **Operating profit** was up +26.1%, or +30.1% at constant currencies, at 642 million euros compared to 509 million euros in the previous year.
- **Net financial expense** was 46 million euros against 43 million euros in the previous year.
- **The Effective tax rate** was at 16.6% against 26.2% in the previous year mainly due to the non-taxable capital gain on the Homecare disposal, as well as the utilization of previously unrecognized tax assets due to better results in France.
- **Group net profit from continuing activities** was up +46.3% to 496 million euros. Underlying net profit adjusted for Other Operating income and expenses net of tax amounted to 427 million euros, up +15.4%.
- **Free cash flow** in the first half was a seasonal negative -102 million euros, an improvement relative to the -236 million euros in First half Fiscal 2023. Net capital expenditure⁽¹⁾ was stable at 246 million euros, representing 2% of revenues.
- **Net debt** increased to 3.4 billion euros up from 2.9 billion euros at the end of Fiscal 2023⁽²⁾ due to the seasonality of cash movements. Given the year-on-year increase in EBITDA, the Net debt to EBITDA ratio⁽¹⁾ is 2.3x, up only 0.1x since year end, and well below the level at the end of First half Fiscal 2023 of 3.2x.

Commercial momentum

- During First half Fiscal 2024, **last-12-months (LTM) net new development signed** increased to 2.4%, up from 2.2% at year end Fiscal 2023 due to:
 - LTM client retention of 95.5%, another record for Sodexo;
 - LTM development of 6.8%, slightly short of the 7-8% expected range for the year due to phasing.

⁽¹⁾ New definitions of Net Capital expenditure and EBITDA, please refer to section 1.1 of the Financial Report.

⁽²⁾ Net debt as of August 31, 2023, was adjusted to reflect the post spin-off situation, please refer to section 1.3.3 of the Financial Report.

Leading the way in sustainability

Sodexo has been strengthening its approach by:

- Accelerating the global deployment of its Zero Harm Mindset Program with already more than 6,000 employees trained (representing 38,000 hours of training).
- Progressing on client adoption of its low carbon meals strategy:
 - In the United States, Sodexo has massively expanded its DefaultVeg offer at college dining halls, encouraging students to choose one of the two plant-based meal options.
 - NYC Health + Hospitals and Sodexo celebrated over 1.2 million plant-based meals served since March 2022, beneficial for patient health and the environment.
 - Following the successful pilots in Continental Europe, Sodexo is accelerating the deployment of its Sustainable Culinary Masterclass, inspiring its chefs and teams to innovate and introduce more sustainable ingredients.

Once again Sodexo's continued progress has been recognized externally as it is the only Food services company included in:

- the **"2024 World's Most Ethical Companies®"** by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, acknowledging companies demonstrating business integrity through best-in-class policies and practices;
- the prestigious **A-list of the CDP climate ranking**, which confirms the progress achieved by Sodexo on its climate ambition, both in performance and transparency.

Pluxee spin-off completed successfully

The Pluxee spin-off took place on February 1, 2024 in line with the plans laid out a year ago. Sodexo has become a pure-player in Food and FM services. The operating performance has remained on track throughout the process.

Outlook

Given the solid commercial momentum, some ongoing volume growth, the contribution of the Paris Olympics and Paralympics Games in the fourth quarter, and pricing expected at close to +4% for the full year, Fiscal 2024 guidance is:

- **Organic revenue growth now expected at the top of the +6% to +8% range.**
- **Underlying operating profit margin improvement confirmed at +30 to +40 bps, at constant currencies.**

Conference call

Sodexo will hold a conference call (in English) today at 9:45 a.m. (Paris time), 8:45 a.m. (London time) to comment on its First half Fiscal 2024 results.

Those who wish to connect:

- From the UK: +44 121 281 8004, or
- From France: +33 1 70 91 87 04, or
- From the US: +1 718 705 8796,

Followed by the access code **07 26 13**.

The live audio webcast will be 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.

Financial calendar

Fiscal 2024 Third quarter Revenues	July 2, 2024
Fiscal 2024 Annual Results	October 24, 2024
Fiscal 2024 Annual Shareholders Meeting	December 17, 2024

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. The Group stands out for its independence, its founding family shareholding and its responsible business model. Thanks to its two activities of Food and Facilities Management Services, Sodexo 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, Bloomberg France 40, CAC 40 ESG, CAC SBT 1.5, FTSE 4 Good and DJSI indices.

Key figures

- 22.6 billion euros Fiscal 2023 consolidated revenues
- 430,000 employees as at August 31, 2023
- #1 France-based private employer worldwide
- 45 countries
- 80 million consumers served daily
- 11.4 billion euros in market capitalization (as at April 18, 2024)

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First half Fiscal 2024 Financial Report

1.1 Changes in financial disclosure from H1 Fiscal 2024

Following the Pluxee spin-off, Sodexo is now a pure player in Food and FM services. In order to better reflect the Group's performance, to provide more clarity and to ease the comparability with its main peers, the Group has decided to make the following changes to its financial disclosure:

1. First half Retention and Development KPIs are now presented on a last 12 months (LTM) basis, previously provided on a six months basis.
2. In the breakdown of revenues by segment within each geography, the Sports & Leisure segment, operated under the Sodexo Live! brand, previously grouped within the Business & Administrations segment, is now presented separately.
3. Definitions of Operating cash flow, Net Capex and EBITDA have been adjusted:
 - Client Investment amortization, which is accounted for, in the P&L, as a reduction to Revenue (as per IFRS15), previously neutralized in Free Cash Flow within Net Capex, is now neutralized within Operating cash flow and EBITDA;
 - New definition of Net Capex includes (i) acquisition of PPE and intangible assets, (ii) new Client Investments and (iii) Disposal of assets, as before, but no longer includes the neutralization of client investment amortization;
 - EBITDA is now defined as Underlying operating profit excluding both underlying Depreciation & amortization and Client investment amortization, and including Lease payments.

FIRST HALF FISCAL 2024 (in million euros)	PREVIOUS DEFINITIONS	Client Investments amortization	NEW DEFINITIONS
Operating Cash Flow	664	75	739
Net Capex	(171)	(75)	(246)
EBITDA - 6M	735	75	810
EBITDA - 12M Rolling	1,278	150	1,428
Net debt	3,352		3,352
Net debt / EBITDA (12M Rolling)	2.6x		2.3x

1.2 H1 Fiscal 2024 performance

1.2.1 Consolidated income statement from continuing operations

(in million euros)	H1 FISCAL 2024	H1 FISCAL 2023 RESTATED	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	12,101	11,581	+4.5%	+7.8%
Organic Growth	+8.5%	+12.9%		
UNDERLYING OPERATING PROFIT	612	545	+12.3%	+16.9%
UNDERLYING OPERATING PROFIT MARGIN	5.1%	4.7%	+40 bps	+40 bps
Other operating income & expenses	30	(36)		
OPERATING PROFIT	642	509	+26.1%	+30.1%
Net financial expense	(46)	(43)		
Tax charge	(99)	(122)		
Effective tax rate ⁽¹⁾	16.6%	26.2%		
NET PROFIT FROM CONTINUING OPERATIONS⁽²⁾	496	339	+46.3%	+50.5%
Basic EPS from continuing operations (in euros)	3.39	2.32		
UNDERLYING NET PROFIT FROM CONTINUING OPERATIONS	427	370	+15.4%	+21.0%
Basic underlying EPS from continuing operations (in euros)	2.91	2.53		

(1) Pre-tax profit excluding share of profit from Equity method was 595 million euros in First half Fiscal 2024 and 465 millions euros in First half Fiscal 2023.

(2) Profit attributable to non-controlling interests were 4 million euros in First half Fiscal 2024 and 5 million euros in First half Fiscal 2023.

1.2.2 Revenues

REVENUES BY ZONES

REVENUES (in million euros)	H1 FY 2024	H1 FY 2023	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
North America	5,756	5,499	+10.0%	-0.1%	-5.2%	+4.7%
Europe	4,254	4,027	+8.0%	-1.7%	-0.7%	+5.6%
Rest of the World	2,091	2,055	+5.7%	-0.7%	-3.3%	+1.7%
SODEXO	12,101	11,581	+8.5%	-0.7%	-3.3%	+4.5%

First half Fiscal 2024 Sodexo revenues totaled 12.1 billion euros, up +4.5% year-on-year including a negative currency impact of -3.3%, resulting from the appreciation of the euro against most currencies from the start of calendar year 2023, and a net contribution from acquisitions and disposals of -0.7%. Consequently, First half Fiscal 2024 organic growth was +8.5%.

The underlying dynamic in the second quarter was similar to the first quarter, with strong activity in all segments and geographies, particularly in North America, where organic growth reached +10.0%. Europe was up +8.0%, boosted 80bps by the Rugby World Cup in the first quarter. Rest of the World was up +5.7%, impacted by an accounting change for project works in a large contract. Excluding this, organic growth of the zone was +8.4%.

The most significant drivers of organic growth continue to be increased attendance, new business and pricing.

Price adjustments averaged close to +4.5% for the First half, progressively declining, in line with the softening of food inflation.

Organic growth in the First half was driven by Food services, up +10.7% organically, whereas FM services were up +4.5%.

Net new development has shown a steady improvement, reaching 2.4% on a last 12 months basis (LTM) as of the end of February:

- LTM client retention reached a new record of 95.5%;
- LTM development of 6.8%, slightly short of the 7-8% expected range for the year due to phasing.

North America

REVENUES

REVENUES BY SEGMENT (in million euros)	H1 FY 2024	H1 FY 2023	RESTATED ORGANIC GROWTH ⁽²⁾
Business & Administrations ⁽¹⁾	1,470	1,884	+13.2%
Sodexo Live!	676	—	+23.3%
Healthcare & Seniors	1,687	1,722	+6.3%
Education	1,923	1,893	+7.0%
NORTH AMERICA TOTAL	5,756	5,499	+10.0%

(1) From H1 FY24, Business & Administrations excludes Sodexo Live!, reported separately.

(2) As part of the streamlining of the organization during Fiscal 2023, some contracts or operations have been reallocated between segments.

First half Fiscal 2024 **North America** revenues totaled **5.8 billion euros**, up +10.0% organically. This strong growth was driven by the contribution of new business and some volume growth as well as a pricing impact of just below +4%.

Restated organic growth in **Business & Administrations (excl. Sodexo Live!)** reached +13.2%, driven by the contribution of new business, strong growth in food services from continued return to office and cross-sales, as well as project works and strong retail sales growth. Entegra revenue growth was also accretive.

Sodexo Live! restated organic growth was +23.3%, driven by robust activity in all venues, and in particular strong per capita spend in sports stadiums. Airport lounges activity also grew strongly with increased passenger count, added scope and mobilization of new business.

Healthcare & Seniors restated organic growth was +6.3%, with good performance in Healthcare through a combination of price increases, volume, retail growth and favorable net new contribution. This growth was somewhat offset by a negative contribution in Seniors due to the impact of sites lost at the end of the prior fiscal year.

Education restated organic revenue growth was +7.0%, benefiting from price increases as well as growth in meal count, retail and catering events.

Europe

REVENUES BY SEGMENT (in million euros)	H1 FY 2024	H1 FY 2023	RESTATED ORGANIC GROWTH ⁽²⁾
Business & Administrations ⁽¹⁾	2,356	2,632	+6.3%
Sodexo Live!	324	—	+25.4%
Healthcare & Seniors	950	1,009	+7.8%
Education	624	386	+7.3%
EUROPE TOTAL	4,254	4,027	+8.0%

(1) From H1 FY24, Business & Administrations excludes Sodexo Live!, reported separately.

(2) As part of the streamlining of the organization during Fiscal 2023, some contracts or operations have been reallocated between segments.

In **Europe**, First half Fiscal 2024 revenues amounted to **4.3 billion euros**, up +8.0% organically, or +7.2% excluding the Rugby World Cup, driven by increased food services volume and pricing of around +5%.

Business & Administrations (excl. Sodexo Live!) restated organic growth was +6.3%. This was supported by Corporate services benefiting from both price increases and higher attendance, coupled with new business in Government in the United Kingdom.

Sodexo Live! restated organic growth stood at +25.4%, or +12.5% excluding the Rugby World Cup. The growth was primarily driven by improved attendance and pricing in sports and cultural destinations in France, in particular the restaurants in the Eiffel Tower, by increased volumes in the United Kingdom in airport lounges, as activity was only just starting to pick-up in early Fiscal 2023 post-pandemic, and stadiums, helped by price increases.

Healthcare & Seniors restated organic growth stood at +7.8%, driven by new business particularly in Spain and inflation pass-through in the United Kingdom, as well as favorable volumes and price revisions in Seniors in France.

Education restated organic revenue growth was +7.3%, reflecting the significant positive impact of price revisions, and a favorable working days impact.

Rest of the World

REVENUES BY SEGMENT (in million euros)	H1 FY 2024	H1 FY 2023	RESTATED ORGANIC GROWTH ⁽²⁾
Business & Administrations ⁽¹⁾	1,820	1,839	+5.1%
Sodexo Live!	22	—	+195.6%
Healthcare & Seniors	170	168	+1.4%
Education	79	48	+10.5%
REST OF THE WORLD TOTAL	2,091	2,055	+5.7%

(1) From H1 FY24, Business & Administrations excludes Sodexo Live!, reported separately.

(2) As part of the streamlining of the organization during Fiscal 2023, some contracts or operations have been reallocated between segments.

Rest of the World First half Fiscal 2024 revenues amounted to **2.1 billion euros**, up +5.7% organically, impacted by the change in revenue recognition in Energy & Resources. Excluding this impact, the organic growth was +8.4%, including pricing of around +4.5%.

Business & Administrations (excl. Sodexo Live!) restated organic growth was +5.1%, or +8.3% excluding the accounting change. Growth in food in India has continued to be very strong, driven by both new and existing business, and in Australia with a pricing catch-up and new openings in mining. Brazil and Latin America are still growing high single digit, although with a slight deceleration in the second quarter due to a lower pricing impact and a slowing market. This performance was slightly offset by a modest growth in China due to the economic slowdown leading to restructuring and site closures last year.

Sodexo Live! revenues (principally airport lounges) tripled as Covid restrictions in airlines were lifted only from January 2023 and due to the opening of new lounges in Hong Kong.

Healthcare & Seniors restated organic growth was +1.4%, with regular strong growth in India, a significant pick-up in growth in Latin America, offset by slow growth in China and the impact of the exit of low-performing contracts in Brazil during the second quarter last year.

Education restated organic growth was +10.5%, fueled by strong growth in China coming from a lower starting point last year due to school closures, and sustained growth in Brazil and India, boosted by both new business and ramp ups in existing sites.

1.2.3 Underlying operating profit

(in million euros)	UNDERLYING OPERATING PROFIT H1 FISCAL 2024	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN H1 FISCAL 2024	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
North America	395	+8.2%	+14.1%	6.9%	+30 bps	+30 bps
Europe	180	+14.6%	+16.0%	4.2%	+30 bps	+30 bps
Rest of the World	80	+12.7%	+14.1%	3.8%	+30 bps	+30 bps
UNDERLYING OPERATING PROFIT BEFORE CORPORATE COSTS	655	+10.5%	+14.6%	5.4%	+30 bps	+30 bps
Corporate expenses	(43)	-10.4%	-10.4%			
UNDERLYING OPERATING PROFIT (continuing activities)	612	+12.3%	+16.9%	5.1%	+40 bps	+40 bps

First half Fiscal 2024 Underlying operating profit was 612 million euros, up +12.3%, and +16.9% excluding the currency effect. The Underlying operating margin, including Corporate expenses, was up +40 bps at 5.1%.

This significant improvement stemmed partially from effective management of inflation through better pricing and continued close management of procurement, in a decelerating food cost inflation environment.

The margin improvement was also due to enhanced on site productivity notably attributed to the deployment of branded offers, supply efficiencies, standardization and optimized staff allocation, as well as healthy net new wins coming from higher retention rate and quality signatures.

Finally, disciplined above-site cost management contributed to the year-on-year margin increase.

The performance by zone is as follows:

- **North America** Underlying operating profit increased +8.2%, or +14.1% excluding the currency effect, and the margin was up +30 bps at 6.9%, fueled by operating leverage from higher revenue, focus on labor efficiency and Entegra volume growth. Margin was also helped by a more favorable operating environment characterized by much lower food inflation.
- **Europe** Underlying operating profit was up +14.6%, or +16.0% excluding the currency effect, and the margin was up +30bps at 4.2%. This was due to inflation mitigation measures and SKU reduction combined with the softening of cost inflation and price revisions, particularly in the public sector in France, Belgium and Italy.
- **Rest of the World** Underlying operating profit was up +12.7% or +14.1% excluding the currency effect, and the margin was up +30 bps at 3.8%, with improvements in all geographies driven by higher revenues and cost control, as well as successful price negotiations especially in Australia, and turnaround and/or exit of underperforming contracts in Brazil and in the Middle-East.

1.2.4 Net profit from continuing operations

(in million euros)	H1 FISCAL 2024	H1 FISCAL 2023 RESTATED
UNDERLYING OPERATING PROFIT	612	545
Net impact related to consolidation scope changes	83	1
Restructuring and rationalization costs	(15)	(8)
Amortization of purchased intangible assets	(17)	(18)
Other	(21)	(11)
OTHER OPERATING INCOME AND EXPENSES	30	(36)
OPERATING PROFIT	642	509
Net financial expense	(46)	(43)
Net income before tax & shares accounted for equity method	595	465
Tax charge	(99)	(122)
NET PROFIT FROM CONTINUING OPERATIONS (GROUP SHARE)	496	339
UNDERLYING NET PROFIT FROM CONTINUING OPERATIONS (GROUP SHARE)	427	370

Other operating income and expenses amounted to 30 million euros compared to -36 million euros in the previous year. The main elements of the period were the 83 million euros net gain related to scope changes, principally the disposal of the Homecare business in October 2023, the spin-off costs of Pluxee for 16 million euros and restructuring costs of 15 million euros.

As a result, the **Operating Profit** was 642 million euros compared to 509 million euros in the previous year.

Net Financial expenses in First half Fiscal 2024 were up 3 million euros at 46 million euros. Gross interest on the bonds was more or less neutral as higher dollar floating rates offset the effect of the reimbursement of two bonds in November 2023 and January 2024 which were both at very low interest rates.

The First half Fiscal 2024 **effective tax rate** was at 16.6%, well below the 26.2% in the previous year. This decrease is principally explained by the capital gain on the sale of the Homecare activity which had no tax impact, as well as the utilization of previously unrecognized tax assets due to better results in France.

First half Fiscal 2024 **Net profit from continuing activities** was up +46.3% to 496 million euros, compared to 339 million euros in the previous year. **Underlying net profit from continuing activities** adjusted for Other Operating income and expenses net of tax amounted to 427 million euros, compared to 370 million euros in the previous year, up +15.4%.

1.2.5 Earnings per share from continuing operations

First half Fiscal 2024 EPS from continuing activities was 3.39 euros against 2.32 euros in the previous year. The weighted average number of shares for Fiscal 2024 was more or less stable at 146,445,700 compared to 146,147,666 shares for First half Fiscal 2023.

Underlying EPS amounted to 2.91 euros, up +15.0% compared to the previous year.

1.2.6 Net profit from discontinued operations (Pluxee)

(in million euros)	H1 FISCAL 2024	H1 FISCAL 2023 RESTATED
Group Net Profit from continuing operations	496	339
Group Net Profit from discontinued operations	(570)	101
GROUP NET PROFIT (Group share)	(74)	440

First half Fiscal 2024 Net profit from discontinued operations amounts to -570 million euros, against +101 million euros in the previous year (restated). This result is composed of:

- Pluxee's contribution to the Group's Net income under IFRS 5 for 97 million euros, reflecting Pluxee's performance over the five-month period leading up to the spin-off, spanning from September 1, 2023 to January 31, 2024, adjusted for IFRS 5 impacts (in particular, the neutralization of depreciation).
- A provision related to the anti-trust fine (fully paid before the end of Fiscal 2023) following the decision of the Paris Court of Appeal in November 2023, of -127 million euros.
- The impact of the recycling of the currency translation adjustment reserves linked to Pluxee for -540 million euros as of January 31, 2024. Sodexo has elected to account for the demerger using Pluxee's Net Book Value. Therefore, the deconsolidation does not generate any loss or gain in the consolidated income statement as of February 29, 2024, except for the negative impact of the recycling of the currency translation adjustment reserves, mainly from the Brazilian Real and Venezuelan Bolivar. This non-cash loss was purely technical, with no impact on Sodexo's equity, cashflow or dividend distribution capacity.

None of these items will impact the Fiscal 2024 dividend as the pay-out ratio will be based on the Underlying net profit of Sodexo continuing activities only.

1.3 Consolidated financial position

As a consequence of the spin-off, Pluxee's assets and liabilities, including the cash, have been deconsolidated as of January 31, 2024. The cash flows generated by Pluxee between the start of the Fiscal Year until the spin-off are reported as cash flow from discontinued operations.

1.3.1 Cash flows from continuing operations

Cash flows from continuing operations for the period were as follows:

(in million euros)	H1 FISCAL 2024	H1 FISCAL 2023
Operating cash flow ⁽¹⁾	739	733
Change in working capital	(513)	(624)
IFRS 16 outflow	(82)	(98)
Net capital expenditure (including new client investments)	(246)	(247)
Free cash flow⁽²⁾	(102)	(236)
Net acquisitions	100	(11)
Share buy-backs	(26)	(57)
Dividends paid to shareholders	(456)	(352)
Other changes (including scope and exchange rates)	50	95
(Increase)/decrease in net debt	(434)	(561)

(1) The difference with the Operating Cash Flow as presented in the consolidated cash flow statement (section 2.1.4) comes from the new client investments, presented in this table within Net Capex (within Operating Cash flow in the cash flow statement, under "change in client investments").

(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 2024 Free cash outflow was -102 million euros against -236 million euros in the previous period.

First half Fiscal 2024 Operating cash flow slightly improved at 739 million euros against 733 million euros in the previous period as a result of the increase in operating profit, offset by the unfavorable variation of income tax paid due to significant positive prior year one-offs. The change in working capital in the first half was a seasonal negative 513 million euros, improved from the negative 624 million euros in First half Fiscal 2023.

Net capital expenditure, including new client investments, was stable at 246 million euros, or 2% of revenues, with higher capex to sales ratio expected in the second half due to the timing of investments.

Acquisitions net of disposals amounted to an inflow of 100 million euros resulting from the disposal of the Homecare business, offset somewhat by some acquisitions mainly in the Convenience activity in North America.

The Fiscal 2023 dividend payment amounted to 456 million euros compared to 352 million euros in the previous year, reflecting the 29% increase in the dividend per share.

After taking into account Other changes, consolidated net debt increased by 434 million euros during the First half to reach 3,352 million euros at February 29, 2024.

1.3.2 Acquisitions and disposals for the period

First half Fiscal 2024 was marked by the spin-off and listing of Pluxee on February 1, 2024.

Other consolidated scope changes of the First half 2024 included:

- the disposal of non-core activities, mainly the Homecare business, completed in October 2023;
- some targeted acquisitions, of which three in North America in the convenience business, and one in urban food services in Sweden.

Disposals net of acquisitions amounted to 100 million euros.

1.3.3 Condensed consolidated statement of financial position at February 29, 2024

(in million euros)	FEBRUARY 29, 2024	AUGUST 31, 2023 ADJUSTED ⁽¹⁾	(in million euros)	FEBRUARY 29, 2024	AUGUST 31, 2023 ADJUSTED ⁽¹⁾
Non-current assets	9,470	9,406	Shareholders' equity	4,413	4,542
Current assets excluding cash	4,672	4,044	Non-controlling interests	17	12
			Non-current liabilities	6,159	6,440
Interco loans / deposits with Pluxee		1,215			
Cash & cash equivalent	1,454	1,455	Current liabilities	5,007	5,481
Assets held for sale or for distribution		5,889	Liabilities held for sale or for distribution		5,534
TOTAL ASSETS	15,596	22,009	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,596	22,009

(1) As of August 31, 2023, in order to project the post spin-off financial position, in this table intragroup loans and deposits between Sodexo and Pluxee were not eliminated (on the one hand 1,215 million euros loan from Sodexo to Pluxee, presented in this table in Assets, into "interco loans / deposits with Pluxee" with counterpart in "Liabilities held for sale", and on the other hand deposits from Pluxee in Sodexo cash-pooling for 570 millions euros, presented in the table in Assets as a reduction of Cash with counterpart in "Assets held for sale"). These restatements explain the gaps with the Consolidated financial position in note 4.1.3, in which intragroup loans were eliminated. Moreover, these intragroup loans were considered as settled as at August 31, 2023, and thus are part of the net debt calculation, as they have been settled just prior to the listing date of Pluxee.

The decrease in Shareholder's equity is the result of Pluxee's deconsolidation on February 1, 2024.

Assets and Liabilities held for sale or distribution were nil as of February 29, 2024, following the spin-off of Pluxee and the disposal of the Homecare entities.

(in million euros)	FEBRUARY 29, 2024	AUGUST 31, 2023 ADJUSTED ⁽¹⁾	FEBRUARY 28, 2023 ADJUSTED ⁽¹⁾
Gross borrowings	4,797	5,588	5,632
Net debt	3,352	2,918	4,069
Gearing ratio	75.7%	64.1%	99.3%
Net Debt ratio (Net debt/EBITDA ²)	2.3x	2.2x	3.2x

(1) Net debt as of February 28, 2023 and August 31, 2023 were adjusted to exclude Pluxee and to reflect the post-spin-off financial position, with intragroup loans and deposits with Pluxee considered as settled.

(2) For the new definition of EBITDA, please refer to the Alternative Performance Measure in section 1.3.6

As of February 29, 2024, net debt was 3,352 million euros, up from 2,918 million euros at the end of Fiscal 2023 (adjusted), reflecting the typical seasonality of cash flow with dividend payment in the First half and seasonal working capital requirements. Given the year-on-year increase in EBITDA, the increase in net debt to EBITDA ratio since year end is limited to 0.1x, at 2.3x, and well below the levels at the end of First half Fiscal 2023 of 3.2x.

During the period, two bonds were reimbursed: 300 million euros, due May 2025, carrying an interest rate of 1.125% in November 2023, and 500 million euros due in January 2024, carrying an interest rate of 0.50%. As a result, the average interest rate on the bonds at the end of the First half Fiscal 2024 was at 1.9%, against 1.7% at the end of August 2023.

As of February 29, 2024, the Group's gross debt of 4,797 million euros was 67% euro-denominated, 24% dollar-denominated and 8% sterling-denominated, with an average maturity of 3.7 years, 94% at fixed rates and 100% covenant free.

Operating cash reached a total of 1,445 million euros.

At the end of the First half Fiscal 2024, the Group had unused credit lines totaled 1.6 billion euros.

1.3.4 Subsequent events

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

1.3.5 Currency effect

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency.

1€=	AVERAGE RATE H1 FY 2024	AVERAGE RATE H1 FY 2023	AVERAGE RATE H1 FY 2024 VS. H1 FY 2023	CLOSING RATE AT 02/29/24	CLOSING RATE AT 08/31/23	CLOSING RATE 02/29/2024 VS. 08/31/2023
U.S. dollar	1.082	1.031	-4.7%	1.083	1.087	+0.4%
Pound Sterling	0.864	0.874	+1.2%	0.857	0.857	+0.1%
Brazilian real	5.364	5.417	+1.0%	5.405	5.308	-1.8%

The negative currency impact for First half Fiscal 2024 of -3.3% results from the appreciation of the Euro notably compared to the US Dollar, the Australian Dollar, the Chinese Renminbi, the Indian Rupee and the Chilean Peso.

Sodexo operates in 45 countries. The percentage of total revenues and underlying operating profit denominated in the main currencies during the First half Fiscal 2024 are as follows:

H1 FISCAL 2024	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	45%	67%
Euro	23%	4%
UK pound Sterling	8%	7%
Brazilian real	4%	4%

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

1.3.6 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 2024	RESTATED FIRST HALF FISCAL 2023
Gearing ratio	Borrowings (1) – operating cash (2)		
	Shareholders' equity and non-controlling interests	75.7%	99.3%
Net debt ratio	Borrowings (1) – operating cash (2)		
	Rolling 12-month (Underlying) EBITDA (3)	2.3	3.2

Financial ratios reconciliation

		FIRST HALF FISCAL 2024	RESTATED FIRST HALF FISCAL 2023
	Long-term borrowings	4,748	5,086
	+ Short-term borrowings	52	548
(1) Borrowings	- Derivative financial instruments recognized as assets	(3)	(3)
	BORROWINGS	4,797	5,632
	Cash and cash equivalents	1,454	1,457
	Pluxee deposits		(490)
(2) Operating cash	+ Internal loans/deposits with Pluxee		603
	Bank overdrafts	(9)	(7)
	OPERATING CASH	1,445	1,563
	Underlying operating profit (RTM)	1,043	928
	+ Depreciation and amortization (RTM)	431	419
(3) Rolling 12-month (Underlying) EBITDA ⁽¹⁾	+ Client investments amortization (RTM)	150	127
	- Lease payments (RTM)	(197)	(204)
	Rolling 12-month (UNDERLYING) EBITDA	1,428	1,271

(1) For the sake of simplification, the term EBITDA is used in reference to Underlying EBITDA.

Note: Rolling 12-month (RTM) EBITDA excluding lease payments would be 1,625 million euros for First half Fiscal 2024, compared to 1,475 million euros for First half Fiscal 2023.

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.

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 is defined as Net profit excluding significant unusual and/or infrequent elements and corresponds to the Net Income Group share excluding Other Income and Expense after tax, as well as 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 2024 figures at Fiscal 2023 rates, except for countries with hyperinflationary economies.

New segment reporting following evolution of the organization

As part of the streamlining of the organization, from Fiscal 2024, some contracts or operations have been reallocated between segments, with main impacts in Europe from Healthcare & Seniors to Education.

Restated revenue breakdown for Fiscal 2023:

REVENUES (in million euros)	Fiscal 2023		Q1 2023		Q2 2023		Q3 2023		Q4 2023	
	Published	Restated	Published	Restated	Published	Restated	Published	Restated	Published	Restated
North America	10,479	10,479	2,992	2,992	2,506	2,506	2,658	2,658	2,322	2,322
Business & Administrations	3,865	2,723	1,009	699	874	641	959	679	1,023	704
Sodexo Live! ⁽¹⁾	--	1,184	--	327	--	248	--	296	--	312
Healthcare & Seniors	3,440	3,399	877	866	844	831	856	844	863	858
Education	3,173	3,173	1,106	1,100	788	786	844	839	436	448
Europe	8,071	8,071	2,047	2,047	1,980	1,980	2,042	2,042	2,002	2,002
Business & Administrations	5,337	4,464	1,337	1,125	1,296	1,110	1,324	1,115	1,380	1,114
Sodexo Live! ⁽¹⁾	--	599	--	141	--	118	--	138	--	202
Healthcare & Seniors	2,026	1,950	504	470	505	481	531	498	487	500
Education	708	1,059	206	311	179	271	187	291	136	185
Rest of the World	4,087	4,087	1,057	1,057	998	998	1,055	1,055	978	978
Business & Administrations	3,659	3,546	941	914	898	871	946	916	874	845
Sodexo Live! ⁽¹⁾	--	23	--	3	--	5	--	6	--	9
Healthcare & Seniors	337	376	87	95	81	92	83	93	87	96
Education	91	142	29	45	19	30	26	39	17	28
Sodexo	22,637	22,637	6,097	6,097	5,484	5,484	5,755	5,755	5,301	5,301

(1) From H1 FY24, Business & Administrations excludes Sodexo Live!, reported separately.



**First half Fiscal 2024
Condensed consolidated
financial statements**

2.1 Consolidated financial statements

The comparative period presented in the consolidated income statement and in the consolidated cash flow statement disclosed in the document has been restated to reflect the classification as discontinued operations of Pluxee (ex-Benefits & Rewards Services activity) in accordance with IFRS 5 "Assets held for sale and discontinued operations". Restatements of previously published information are disclosed in note 3.1.

2.1.1 Consolidated income statement

(in million euros)	NOTES	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Revenues	4.1	12,101	11,581
Cost of sales	4.2	(10,626)	(10,168)
Gross profit		1,475	1,413
Selling, General and Administrative costs	4.2	(864)	(869)
Share of profit of companies accounted for using the equity method that directly contribute to the Group's business		1	1
Underlying operating profit	4.1	612	545
Other operating income	4.2	83	1
Other operating expenses	4.2	(53)	(37)
Operating profit		642	509
Financial income	8.1	50	38
Financial expenses	8.1	(96)	(81)
Share of profit of other companies accounted for using the equity method		3	—
Profit for the period before tax		599	466
Income tax expense	9.1	(99)	(122)
Net profit of the period from continuing operations		500	344
Net profit of the period from discontinued operations	3.1	(568)	104
Net profit for the period		(68)	448
Of which:			
Profit attributable to non-controlling interests		6	8
Net profit of the period from continuing operations – Attributable to non-controlling interests		4	5
Net profit of the period from discontinued operations – Attributable to non-controlling interests		2	3
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		(74)	440
Net profit of the period from continuing operations – Attributable to equity holders of the parent		496	339
Net profit of the period from discontinued operations – Attributable to equity holders of the parent		(570)	101
Basic earnings per share (in euro)	7.2	(0.50)	3.01
Net profit of the period from continuing operations, Group share per share (in euros)		3.39	2.32
Net profit of the period from discontinued operations, Group share per share (in euros)		(3.89)	0.69
Diluted earnings per share (in euro)	7.2	(0.50)	2.98
Net profit of the period from continuing operations, Group share diluted per share (in euros)		3.35	2.30
Net profit of the period from discontinued operations, Group share diluted per share (in euros)		(3.85)	0.68

2.1.2 Consolidated statement of comprehensive income

(in million euros)	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
NET PROFIT FOR THE PERIOD	(68)	448
Components of other comprehensive income that may be reclassified subsequently to profit or loss	502	(384)
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	(31)	(385)
Currency translation adjustment reclassified to profit or loss	533	—
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
Components of other comprehensive income that will not be reclassified subsequently to profit or loss	12	20
Remeasurement of defined benefit plan obligation	(12)	(101)
Change in fair value of financial assets revalued through other comprehensive income	22	98
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	2	23
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX FOR THE PERIOD	514	(365)
COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	474	31
COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	(28)	51
Comprehensive income for the period	446	82
Of which:		
Attributable to equity holders of the parent	440	75
Comprehensive income from continuing operations – Attributable to equity holders of the parent	469	25
Comprehensive income from discontinued operations – Attributable to equity holders of the parent	(29)	50
Attributable to non-controlling interests	6	7
Comprehensive income from continuing operations – Attributable to non-controlling interests	4	6
Comprehensive income from discontinued operations – Attributable to non-controlling interests	2	1

2.1.3 Consolidated statement of financial position

Assets

(in million euros)	NOTES	FEBRUARY 29, 2024	AUGUST 31, 2023
Goodwill		5,603	5,568
Other intangible assets		439	448
Property, plant and equipment		543	510
Right-of-use assets relating to leases		721	787
Client investments		695	687
Investments in companies accounted for using the equity method		70	66
Non-current financial assets	8.3	1,109	1,071
Other non-current assets		70	77
Deferred tax assets		220	192
NON CURRENT ASSETS		9,470	9,406
Current financial assets	8.3	79	74
Inventories		321	324
Income tax receivable		164	84
Trade and other current operating assets	4.3	4,108	3,562
Cash and cash equivalents	8.2	1,454	2,025
Assets held for sale or for distribution	3.1	—	5,319
CURRENT ASSETS		6,126	11,388
TOTAL ASSETS		15,596	20,794

Shareholders' equity and liabilities

(in million euros)	NOTES	FEBRUARY 29, 2024	AUGUST 31, 2023
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		3,575	3,704
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		4,413	4,542
NON-CONTROLLING INTERESTS		17	12
SHAREHOLDER'S EQUITY	7	4,430	4,554
Long-term borrowings	8.4	4,748	5,056
Long-term lease liabilities		625	683
Employee benefits		268	265
Other non-current liabilities	4.3	182	174
Non-current provisions	6.1	131	110
Deferred tax liabilities		205	152
NON CURRENT LIABILITIES		6,159	6,440
Bank overdrafts	8.2	9	—
Short-term borrowings	8.4	52	537
Short-term lease liabilities		148	148
Income tax payable		221	177
Current provisions	6.1	71	79
Trade and other payables	4.3	4,506	4,540
Liabilities directly associated with assets held for sale or for distribution	3.1	—	4,319
CURRENT LIABILITIES		5,007	9,800
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		15,596	20,794

2.1.4 Consolidated cash flow statement

(in million euros)	NOTES	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Operating profit		642	509
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right-of-use assets ⁽¹⁾		235	228
Change in client investments ⁽²⁾		(5)	(37)
Provisions		(18)	(23)
(Gains) losses on disposals		(74)	(2)
Other non-cash items		16	19
Dividends received from companies accounted for using the equity method		2	2
Net interest expense paid		(17)	(6)
Interests paid on lease liabilities		(11)	(8)
Income tax paid		(111)	(51)
Operating cash flow		659	631
Change in inventories		3	(8)
Change in trade and other current operating assets		(543)	(544)
Change in trade and other payables		27	(72)
Change in working capital from operating activities		(513)	(624)
Net cash provided by operating activities from continuing operations		146	7
Net cash provided by operating activities from discontinued operations	3.1	172	254
NET CASH PROVIDED BY OPERATING ACTIVITIES		318	261
Acquisitions of property, plant and equipment and intangible assets		(181)	(162)
Disposals of property, plant and equipment and intangible assets		15	17
Change in financial assets and share of companies accounted for using the equity method		3	(28)
Business combinations		(54)	(12)
Disposals of activities	3.1	148	1
Net cash used in investing activities from continuing operations		(69)	(184)
Net cash used in investing activities from discontinued operations	3.1	(1,740)	(58)
NET CASH USED IN INVESTING ACTIVITIES		(1,809)	(242)
Dividends paid to Sodexo S.A. shareholders	7.1	(456)	(352)
Dividends paid to non-controlling shareholders of consolidated companies		(1)	(4)
Purchases of treasury shares	7.1	(26)	(57)
Sales of treasury shares	7.1	(2)	—
Change in non-controlling interests		—	—
Proceeds from borrowings	8.4	326	267
Repayment of borrowings	8.4	(1,133)	(272)
Repayments of lease liabilities		(82)	(98)
Net cash provided by/(used in) financing activities from continuing operations		(1,374)	(516)
Net cash provided by/(used in) financing activities from discontinued operations	3.1	1,065	(7)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(309)	(523)
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH		15	(100)
Net effect of exchange rates and other effects on cash from continuing operations		41	(70)
Net effect of exchange rates and other effects on cash from discontinued operations		(26)	(30)
CHANGE IN NET CASH AND CASH EQUIVALENTS		(1,785)	(604)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		3,230	3,217
Net cash and cash equivalents, Beginning of the period from continuing operations		2,025	3,217
Net cash and cash equivalents, Beginning of the period from discontinued operations		1,205	—
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	8.2	1,445	2,613
of which Net cash and cash equivalents from continuing operations, end of the period		1,445	1,450
of which Net cash and cash equivalents from discontinued operations, end of the period		—	1,163

(1) Including 91 million euros corresponding to the right-of-use assets depreciation recognized in First half Fiscal 2024 pursuant to IFRS 16 (93 million euros recognized for First half Fiscal 2023).

(2) Since the First half Fiscal 2024, the change in client investments previously classified in net cash used in investing activities is presented within the cash flow provided by operating activities in the consolidated cash flow statement. This change of presentation has been included in the comparative information of the First half Fiscal 2023.

2.1.5 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
Notes	7.1							
Shareholders' equity as of AUGUST 31, 2023	147,454,887	590	248	4,514	(811)	4,542	12	4,554
Net profit for the period				(74)		(74)	6	(68)
Other comprehensive income (loss), net of tax				12	502	514	—	514
Comprehensive income				(62)	502	440	6	446
Dividends paid				(456)		(456)	(1)	(457)
Distribution of Pluxee shares				(96)		(96)	(7)	(103)
Treasury share transactions				(28)		(28)		(28)
Share-based payment (net of income tax)				18		18		18
Change in ownership interest without any change of control				(7)		(7)	(1)	(8)
Other				1		—	8	8
SHAREHOLDERS' EQUITY AS OF FEBRUARY 29, 2024	147,454,887	590	248	3,884	(309)	4,413	17	4,430

(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
Notes	7.1							
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

2.2 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, 2023 to February 29, 2024 were approved by the Board of Directors on April 18, 2024.

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

1.1 Spin-off of Pluxee (ex-Benefits & Rewards Services)

The project to separate the two business units of Sodexo by spinning-off and listing Pluxee (ex-Benefits & Rewards Services activity) announced on April 5, 2023 by the Group, and was unanimously approved by the Board of Directors on October 25, 2023. The resolution proposed by the Board of Directors to approve the exceptional distribution in kind of one Pluxee share for every Sodexo share held was adopted by a very large majority of the Shareholders Meeting held on January 30, 2024. The spin-off has been implemented according to the defined schedule, with the detachment and first listing of Pluxee shares on Euronext Paris on February 1, 2024 and the delivery of the Pluxee shares to shareholders on February 5, 2024.

As the transaction is carried out under common control, it is excluded from the scope of IFRIC 17 "Distributions of non-cash assets to owners". The Group has elected to recognize the demerger using Pluxee's Net Book Value. This operation does not generate any capital gain or loss in the consolidated income statement, with the exception of the negative impact of the recycling of the currency translation adjustment reserves, mainly coming from the Brazilian Real and the Venezuelan Bolivar, for an amount -540 million euros as of January 31, 2024 (see the detailed accounting treatment in note 3).

NOTE 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Accounting policies

2.1.1 General principles

The condensed interim consolidated financial statements for the six months ended February 29, 2024 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, 2023.

The accounting policies applied by the Group in the condensed interim consolidated financial statements for the six months ended February 29, 2024 are the same as those used in the annual consolidated financial statements for the fiscal year ended August 31, 2023, with the exception of the specific requirements of IAS 34 (see note 2.2). The texts effective as of September 1, 2023 did not have a material impact on the interim consolidated financial statements of the Group, in particular IAS 12 amendment regarding the exemption from the recognition of deferred tax assets and liabilities linked to taxes on the result arising from the Pillar 2 rules based on estimates made to date by the Group.

Based on the preliminary work performed, the Group does not expect any significant impact from the Pillar 2 reform on its interim consolidated financial statements.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of February 29, 2024. The Group has not elected to early adopt any standards or interpretations whose application is not mandatory in Fiscal 2024.

2.2 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 and current tax charge or benefit is recognized in deferred tax assets or deferred tax liabilities and in income tax assets or payable in the consolidated statement of financial position as required by IAS 12 amendment.

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, 2023. 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.

2.3 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 29, 2024 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, 2023 (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. MAIN CHANGES IN SCOPE OF CONSOLIDATION

3.1 Disposed and held for sale or distribution activities

The Group continued its portfolio rationalization by disposing of a certain numbers of its activities, resulting in a net gain on disposal of 83 million euros recognized in other operating expenses and income during the First half Fiscal 2024 (cf. note 4.2.2 “Other operating expenses and income”), corresponding mainly to the net gain on disposal of 77 million euros for the disposal of its worldwide Homecare services including mainly subsidiaries in the United States, in the United Kingdom, and in Scandinavian countries at the end of October 2023, disposed for a net selling price of 146 million euros.

The completion of the spin-off of Pluxee (ex-Benefits & Rewards Services activity) has occurred on February 1, 2024, its contribution to the net result and to the cash flows over 5 months (from September 1, 2023 to January 31, 2024) as well as the negative impact of the recycling of the currency translation adjustment reserves mainly from the Brazilian Real and Venezuelan Bolivar for -540 million euros are presented on separate lines in the consolidated income statement (line “Net income from discontinued operations”) and in the consolidated cash flow statement (separate lines within each category cash flow). Moreover, this activity met the definition of a discontinued operation as of August 31, 2023 as set out by IFRS 5 (separate major line of business, the net assets of which are available for immediate distribution in their present condition, and the distribution of which is highly probable), non-current assets classified as such are no longer subject to depreciation from this date. In accordance with this standard, the comparative consolidated income statement and consolidated cash flow statement are restated as if the activity had met the criteria for a discontinued operation as of the opening of the comparative period.

Choice of the accounting method for the deconsolidation

Sodexo has elected to account for the demerger using Pluxee’s Net Book Value. Therefore, the deconsolidation does not generate any loss or gain in the consolidated income statement as of February 29, 2024, except for the negative impact of the recycling of the currency translation adjustment reserves related to Pluxee, mainly from the Brazilian Real and Venezuelan Bolivar, amounting to -540 million euros as of January 31, 2024. This non-cash loss is purely technical, and will not have any impact on Sodexo’s equity, cashflow or dividend distribution capacity.

Impact of the in-kind distribution on free shares grants

On January 30, 2024, the resolution proposed by the Board of Directors to approve the exceptional distribution in kind of one Pluxee share for every Sodexo share held was adopted by a very large majority.

As a result of the in-kind distribution, it was proposed to Sodexo shareholders, to acknowledge that the rights of beneficiaries of free share plans whose Sodexo shares have not been delivered on the completion date of the spin-off in accordance with the relevant plan rules (the “Performance Shares”) will be preserved. For free share plans under which Sodexo shares are to be delivered after the completion date of the spin-off in accordance with the relevant plan rules, the Sodexo Board of Directors will make adjustments to the rights of beneficiaries of Performance Shares referring to the principles stipulated in Article R. 228-91 of the Commercial Code, to be delivered after the completion date of the spin-off by multiplying the number of each Performance Shares by the following ratio:

Value of the Sodexo share before the In-Kind Distribution / (Value of the Sodexo share before the In-Kind Distribution - Amount of the In-Kind Distribution per share), giving an adjustment ratio of 138,14%.

The 1,308,936 Sodexo shares initially granted and to be acquired were adjusted and amount to 1,806,562 Sodexo Shares following the in-kind distribution.. This adjustment did not result in granting an additional benefit to employees and therefore had no impact on the group’s IFRS 2 expense.

3.1.1 Financial statements of discontinued operations

Net profit from discontinued operations

The key consolidated income statement items of Pluxee (ex-Benefits & Rewards Services activity) classified as discontinued operations including the deconsolidation effects are the following:

(in million euros)	FIRST 5 MONTHS FISCAL 2024	FIRST HALF FISCAL 2023
Revenue	508	508
Cost of sales	(149)	(159)
Gross profit	359	349
Underlying operating profit	190	164
Net other operating income/(expenses)	(158)	(8)
Recycling of currency translation adjustment reserves	(540)	
Operating profit	(508)	156
Financial income (expense)	(8)	(8)
Profit for the period before tax	(516)	148
Income tax expense	(52)	(44)
Net profit of the period	(568)	104

Cash flow statement from discontinued operations

The key consolidated cash flow statement items of Pluxee (ex-Benefits & Rewards Services activity) classified as discontinued operations, including the deconsolidation effects are the following:

(in million euros)	FIRST 5 MONTHS FISCAL 2024	FIRST HALF FISCAL 2023
Operating profit	(508)	156
Adjustments	78	(16)
Recycling of currency translation adjustment reserves	540	
Operating cashflow	110	140
Change in vouchers payables	409	277
Change in financial assets related to the Benefits & Rewards Services activity	(111)	7
Other components of net change in working capital from operating activities	(236)	(170)
Net cash provided by operating activities	172	254
Net capital expenditure	(57)	(53)
Other investing activities	64	(5)
Net cash and cash equivalents of the Benefits & Rewards Services activity at date of distribution	(1,747)	
Net cash used in investing activities	(1,740)	(58)
Dividends paid	—	(140)
Net proceed of borrowings ⁽¹⁾	1,071	—
Other financial activities	(6)	133
Net cash provided by (used in) financing activities	1,065	(7)
Net effect of exchange rates and other effects on cash	(26)	(30)
Net effect on cash from internal transactions ⁽²⁾	(676)	61
Change in cash and cash equivalents	(1,205)	220
Net cash and cash equivalents, beginning of the period	1,205	943
Net cash and cash equivalents, end of the period	—	1,163

(1) Of which a bridge loan of 1.1 billion euros used to refinance the debt to the Group before the spin-off, existing as of August 31, 2023.

(2) Corresponds mainly to the repayment of the loans and borrowings to Sodexo.

3.1.2 Restatement of consolidated financial statements 2023

Impact on the 2023 consolidated income statement of the IFRS 5 restatement applied

(in million euros)	FIRST HALF FISCAL 2023 Published	IFRS 5 RESTATEMENT	FIRST HALF FISCAL 2023 IFRS 5 restated
Revenues	12,085	(504)	11,581
Cost of sales	(10,326)	158	(10,168)
Gross profit	1,759	(346)	1,413
Selling, General and Administrative costs	(1,056)	187	(869)
Share of profit of companies accounted for using the equity method that directly contribute to the Group's business	1	—	1
Underlying operating profit	704	(159)	545
Other operating income	1	—	1
Other operating expenses	(43)	6	(37)
Operating profit	662	(153)	509
Financial income	39	(1)	38
Financial expenses	(87)	6	(81)
Share of profit of other companies accounted for using the equity method	—	—	—
Profit for the year before tax	614	(148)	466
Income tax expense	(166)	44	(122)
Net profit from continuing operations	448	(104)	344
Net profit from discontinued operations	—	104	104
Net profit for the period	448	—	448
Of which:			
Profit attributable to non-controlling interests	8	—	8
Net profit of the period from continuing operations - Attributable to non-controlling interests	8	(3)	5
Net profit of the period from discontinued operations - Attributable to non-controlling interests	—	3	3
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	440	—	440
Net profit of the period from continuing operations - Attributable to equity holders of the parent	440	(101)	339
Net profit of the period from discontinued operations - Attributable to equity holders of the parent	—	101	101

Impact on the First half Fiscal 2023 consolidated cash flow statement of the IFRS 5 restatement

(in million euros)	FIRST HALF FISCAL 2023 Published	IFRS 5 RESTATEMENT	FIRST HALF FISCAL 2023 IFRS 5 restated
Operating profit	662	(153)	509
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right-of-use assets	263	(35)	228
Change in client investments	(37)	—	(37)
Provisions	(23)	—	(23)
(Gains) losses on disposals	(2)	—	(2)
Other non-cash items	22	(3)	19
Dividends received from companies accounted for using the equity method	2	—	2
Net interest expense paid	(10)	4	(6)
Interests paid on lease liabilities	(9)	1	(8)
Income tax paid	(97)	46	(51)
Operating cash flow	771	(140)	631
Change in inventories	(11)	3	(8)
Change in trade and other current operating assets	(812)	268	(544)
Change in trade and other payables	29	(101)	(72)
Change in vouchers payable	277	(277)	—
Change in financial assets related to the Benefits & Rewards Services activity	7	(7)	—
Change in working capital from operating activities	(510)	(114)	(624)
Net cash provided by operating activities from continuing operations	261	(254)	7
Net cash provided by operating activities from discontinued operations	—	254	254
NET CASH PROVIDED BY OPERATING ACTIVITIES	261	—	261
Acquisitions of property, plant and equipment and intangible assets	(215)	53	(162)
Disposals of property, plant and equipment and intangible assets	17	—	17
Change in financial assets and share of companies accounted for using the equity method	(37)	9	(28)
Business combinations	(12)	—	(12)
Disposals of activities	5	(4)	1
Net cash used in investing activities from continuing operations	(242)	58	(184)
Net cash used in investing activities from discontinued operations	—	(58)	(58)
NET CASH USED IN INVESTING ACTIVITIES	(242)	—	(242)
Dividends paid to Sodexo S.A. shareholders	(352)	—	(352)
Dividends paid to non-controlling shareholders of consolidated companies	(5)	1	(4)
Purchases of treasury shares	(57)	—	(57)
Proceeds from borrowings	267	—	267
Repayment of borrowings	(272)	—	(272)
Repayments of lease liabilities	(104)	6	(98)
Net cash provided by/(used in) financing activities from continuing operations	(523)	7	(516)
Net cash provided by/(used in) financing activities from discontinued operations	—	(7)	(7)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(523)	—	(523)
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH	(100)	—	(100)
Net effect of exchange rates and other effects on cash from continuing operations	(100)	30	(70)
Net effect of exchange rates and other effects on cash from discontinued operations	—	(30)	(30)
CHANGE IN NET CASH AND CASH EQUIVALENTS	(604)	—	(604)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	3,217	—	3,217
NET CASH AND CASH EQUIVALENTS, END OF THE PERIOD	2,613	—	2,613
of which Net cash and cash equivalents, end of the period from continuing operations	2,613	(1,163)	1,450
of which Net cash and cash equivalents, end of the period from discontinued operations		1,163	1,163

NOTE 4. SEGMENT INFORMATION AND OTHER OPERATING ITEMS

4.1 Segment information and revenue information

The segment information presented below has been prepared based on internal management data as monitored by the Group Leadership Team, which is Sodexo's chief operating decision-maker.

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:

- 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).

The operating segments that have been aggregated 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.

No single Group client or contract accounts contribute for more than 2% of the consolidated revenues.

4.1.1 Segment information

FIRST HALF FISCAL 2024 (in million euros)	NORTH AMERICA	EUROPE	REST OF THE WORLD	CORPORATE EXPENSES	GROUP TOTAL
Revenues	5,756	4,254	2,091		12,101
Underlying operating profit ⁽¹⁾	395	180	80	(43)	612

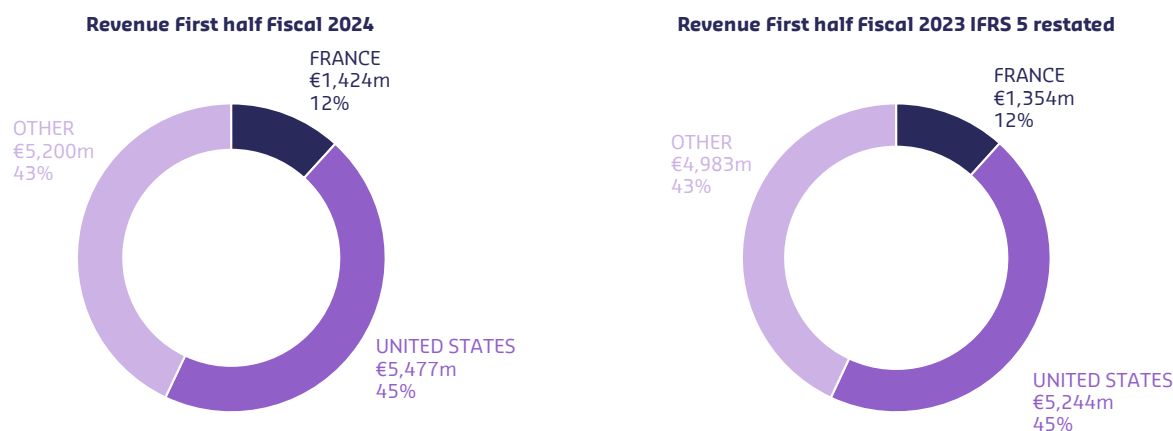
(1) Including Group's share of profit of companies accounted for using the equity method that directly contribute to the Group's business and excluding other operating income and expenses.

FIRST HALF FISCAL 2023 restated (in million euros)	NORTH AMERICA	EUROPE	REST OF THE WORLD	CORPORATE EXPENSES	GROUP TOTAL IFRS 5 restated
Revenues	5,499	4,027	2,055		11,581
Underlying operating profit ⁽¹⁾	365	157	71	(48)	545

(1) 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.

4.1.2 Revenue by significant country

The Group's operations are spread across 45 countries, including two that each represent over 10% of consolidated revenues in First half Fiscal 2024: France (the Group's registration country) and the United States. Revenues in these countries are as follows:



If not visible, this visual representation is available in the Financial Report of Sodexo H1 Results Fiscal 2024 on <https://www.sodexo.com/en/investors/financial-results-and-publications/financial-results>

4.1.3 Revenue by line of service

Revenues by line of service are as follows:

(in million euros)	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Food services	8,033	7,469
Facilities Management services	4,068	4,112
TOTAL SODEXO	12,101	11,581

4.2 Operating expenses by nature and other operating income and expenses

4.2.1 Operating expenses by nature

(in million euros)	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Employee costs	(5,762)	(5,496)
• Wages and salaries	(4,536)	(4,329)
• Other employee costs ⁽¹⁾	(1,226)	(1,167)
Purchases of consumables and change in inventory	(3,385)	(3,262)
Depreciation, amortization, and impairment losses ⁽²⁾	(235)	(228)
• Amortization of intangible assets and property, plant and equipment and right-of-use assets relating to leases	(235)	(228)
• Impairment of intangible assets and property, plant and equipment and right-of-use assets relating to leases	—	—
Rent and attached charges ⁽³⁾	(273)	(257)
Other operating expenses ⁽⁴⁾	(1,805)	(1,830)
TOTAL NET OPERATING EXPENSES	(11,460)	(11,073)

(1) Other employee costs include primarily payroll taxes, but also 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 91 million euros recognized in accordance with IFRS 16 (93 million euros in First half Fiscal 2023).

(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.

4.2.2 Other operating income and expenses

(in million euros)	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Gains related to consolidation scope changes ⁽¹⁾	83	1
Gain on disposals of non-current assets	—	—
Gains on changes of post-employment benefits	—	—
Other	—	—
OTHER OPERATING INCOME	83	1
Restructuring and rationalization costs ⁽²⁾	(15)	(8)
Losses related to consolidation scope changes	—	—
Amortization of purchased intangible assets	(17)	(18)
Impairment of goodwill and non-current assets	—	—
Acquisition-related costs	(1)	—
Losses on changes of post-employment benefits	(3)	(2)
Losses on disposals of non-current assets	—	—
Other ⁽³⁾	(17)	(9)
OTHER OPERATING EXPENSES	(53)	(37)
TOTAL OTHER OPERATING INCOME AND EXPENSES	30	(36)

(1) During First half Fiscal 2024, gains related to consolidation scope changes correspond mainly to the disposal of Homecare entities.

(2) The costs recognized in First half fiscal 2024 mainly correspond to rationalization costs following the reorganization of the Group.

(3) The other costs recognized in First half fiscal 2024, mainly correspond to the costs related to the spin-off project of Pluxee (ex-Benefits & Rewards Services activity) and the costs related to the disposal of the Homecare entities (see note. 3.1).

4.3 Working capital

4.3.1 Trade and other current operating assets

(in million euros)	FEBRUARY 29, 2024			AUGUST 31, 2023		
	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Advances to suppliers	10	—	10	12	—	12
Trade receivables	3,587	(118)	3,469	3,108	(107)	3,001
Other operating receivables	394	(3)	391	349	(9)	340
Prepaid expenses	236	—	236	211	—	211
Non-operating receivables	2	—	2	2	(4)	(2)
TOTAL TRADE AND OTHER CURRENT OPERATING ASSETS	4,229	(121)	4,108	3,682	(120)	3,562

The maturities of trade receivables as of February 29, 2024 and August 31, 2023 respectively were as follows:

(in million euros)	FEBRUARY 29, 2024			AUGUST 31, 2023		
	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Less than 3 months past due	369	(6)	363	362	(5)	357
More than 3 months and less than 6 months past due	74	(11)	63	62	(11)	51
More than 6 months and less than 12 months past due	49	(19)	30	45	(23)	22
More than 12 months past due	72	(63)	9	56	(50)	6
TOTAL TRADE RECEIVABLES DUE	564	(99)	465	525	(89)	436
Total trade receivables not yet due	3,023	(19)	3,004	2,583	(18)	2,565
TOTAL TRADE RECEIVABLES	3,587	(118)	3,469	3,108	(107)	3,001

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.

4.3.2 Trade and other payables

(in million euros)	FEBRUARY 29, 2024	AUGUST 31, 2023
Operating payables	134	123
Non-operating payables	48	51
OTHER NON-CURRENT LIABILITIES	182	174
Trade payables	2,580	2,502
Employee-related liabilities	1,111	1,200
Advances from clients	351	379
Tax liabilities	235	223
Other operating payables	93	95
Deferred revenues	105	105
Non-operating payables	31	36
TRADE AND OTHER CURRENT PAYABLES	4,506	4,540
TOTAL TRADE AND OTHER PAYABLES	4,688	4,714

As of February 29, 2024, the total amount of receivables transferred by Sodexo's suppliers through the reverse factoring programs is 418 million euros (253 million euros as of August 31, 2023). The relating trade payables are still classified as trade payables and included in the total of trade payables.

NOTE 5. IMPAIRMENT OF NON-CURRENT ASSETS

During the first half of the year, 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 operating segments (groups of CGUs at which goodwill is monitored) during the first half compared to the estimates used during the Fiscal 2023 annual closing for impairment testing. The Group has also analyzed the evolution since August 31, 2023 of the main financial parameters (discount rate and long-term growth 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 29, 2024 compared to August 31, 2023. The annual review of the carrying amount of goodwill and other intangible assets will be realized during the Second half Fiscal 2024.

NOTE 6. PROVISIONS, LITIGATION AND CONTINGENT LIABILITIES

6.1 Provisions

(in million euros)	AUGUST 31, 2023	INCREASES /CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER ⁽¹⁾	CHANGES IN SCOPE OF CONSOLIDATION	FEBRUARY 29, 2024
Contract termination and loss-making contracts	25	—	(1)	(2)	39	—	61
Employee claims and litigation	42	2	(4)	(2)	2	—	40
Tax and social security exposures	29	—	(1)	(1)	—	—	27
Client/supplier claims and litigation	23	1	—	—	(3)	—	21
Reorganization costs	19	3	(8)	(1)	—	—	13
Negative net assets of associates ⁽²⁾	7	—	—	—	1	—	8
Other provisions	44	5	(7)	(2)	(8)	—	32
TOTAL PROVISIONS	189	11	(21)	(8)	31	—	202

(1) Reclassification of provisions for contract termination related to healthcare activity previously shown as accrued payables.

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

6.2 Litigation and contingent liabilities

DISPUTES WITH THE BRAZILIAN TAX AUTHORITIES

During Fiscal 2021, the subsidiary Sodexo do Brasil Comercial 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 225 million Brazilian real to date, i.e., 42 million euros as of February 29, 2024 (of which 9 million euros in principal and 33 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. In March 2024, the Administrative Court (CARF) has unanimously confirmed the first instance decision in favor of Sodexo do Brasil Comercial. Tax authorities can appeal again but the Group considers that the risks of a change 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.

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 27 million euros as of February 29, 2024.

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 10 million euros (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 29, 2024.

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 (Pluxee France).

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 amount was fully paid by Sodexo Pass France (Pluxee France) during the past fiscal years. An asset was recognized as a counterpart of the sums paid (126 million euros), reclassified as of August 31, 2023 in "Assets held for sale or for distribution".

Sodexo filed an appeal against the decision with the Paris Court of Appeal and the hearing was held on November 18, 2021. On November 16, 2023, the Paris Court of Appeal confirmed the conviction issued by the French Competition Authority. Contesting this decision, Sodexo then filed an appeal in cassation, therefore the proceedings are still ongoing.

Taking in consideration all the above-mentioned elements the entity Pluxee France recorded a provision of 126 million euros during first half of fiscal year 2024 that was reclassified in net profit from discontinued operations as of February 29, 2024.

The separation agreement entered into in relation to the spin-off of Pluxee includes an undertaking of Pluxee to indemnify and hold harmless Sodexo for losses in connection with any matter and any legal action relating to, arising out of, or resulting from the above 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 dispute 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 7. EQUITY AND EARNINGS PER SHARE

7.1 Equity

7.1.1 Statement of changes in shareholders' equity

Composition of share capital and treasury shares

(number of shares)	FEBRUARY 29, 2024	AUGUST 31, 2023
Share Capital ⁽¹⁾	147,454,887	147,454,887
Treasury shares ⁽²⁾	784,371	1,084,126
Outstanding shares	146,670,516	146,370,761

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

(2) Treasury shares value of 66 million euros as of February 29, 2024 (93 million euros as of August 31, 2023).

Dividends

	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023
Dividends paid (in million euros)	456	352
Dividend per share paid (in euros)	3.10	2.40

7.2 Earnings per share

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

	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Profit for the period attributable to equity holders of the parent (in million euros)	(74)	440
Profit for the period from continued operations attributable to equity holders of the parent (in million euros)	496	339
Profit for the period from discontinued operations attributable to equity holders of the parent (in million euros)	(570)	101
Basic weighted average number of shares	146,445,700	146,147,666
Basic earnings per share (in euros)⁽¹⁾	(0.50)	3.01
Net profit of the period from continuing operations, Group share per share (in euros)	3.39	2.32
Net profit of the period from discontinued operations, Group share per share (in euros)	(3.89)	0.69
Average dilutive effect of free share plans	1,669,742	1,577,120
Diluted weighted average number of shares	148,115,442	147,724,786
Diluted earnings per share (in euros)⁽¹⁾	(0.50)	2.98
Net profit of the period from continuing operations, Group share diluted per share (in euros)	3.35	2.30
Net profit of the period from discontinued operations, Group share diluted per share (in euros)	(3.85)	0.68

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

NOTE 8. CASH AND CASH EQUIVALENTS, FINANCIAL ASSETS AND LIABILITIES, AND FINANCIAL INCOME AND EXPENSE

8.1 Financial income and expense

(in million euros)	FIRST HALF FISCAL 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Gross borrowing cost ⁽¹⁾⁽³⁾	(75)	(68)
Interest income from short-term bank deposits and equivalent	34	32
NET BORROWING COST	(41)	(36)
Interest on financial lease liabilities IFRS 16 ⁽²⁾	(11)	(8)
Net foreign exchange gains/(losses)	3	(1)
Net interest cost on net defined benefit plan obligation	(1)	1
Interest income from loans and receivables at amortized cost	8	3
Other financial income	5	4
Other financial expense	(9)	(6)
NET FINANCIAL EXPENSE	(46)	(43)
Of which financial income	50	38
Of which financial expense	(96)	(81)

(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.

(3) 45 million euros of gross borrowing costs relates to the Group's EUR, GBP and USD bonds and other committed banking facilities, and 30 million euros relates to cash pool mechanism costs - the cash pool income is included in interest income.

8.2 Cash and cash equivalents

(in million euros)	FEBRUARY 29, 2024	FIRST HALF FISCAL 2023 IFRS 5 restated
Marketable securities ⁽¹⁾	41	34
Cash ⁽²⁾	1,413	1,991
CASH AND CASH EQUIVALENTS	1,454	2,025
Bank overdrafts	(9)	—
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	1,445	2,025

(1) Marketable securities correspond to term deposits as of February 29, 2024 and as of August 31, 2023.

(2) Including 12 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 marchés 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.

8.3 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 29, 2024. 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.

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 now holds two assets, shares of Sodexo S.A. and shares of Pluxee N.V.. These shares are valued at their closing share price as of February 29, 2024, 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 29, 2024 and August 31, 2023).

As of February 29, 2024, the fair value of the investment is assessed at 751 million euros (722 million euros as of August 31, 2023), and its change since the opening of the period has been recorded in other non-recyclable items of comprehensive income (OCI).

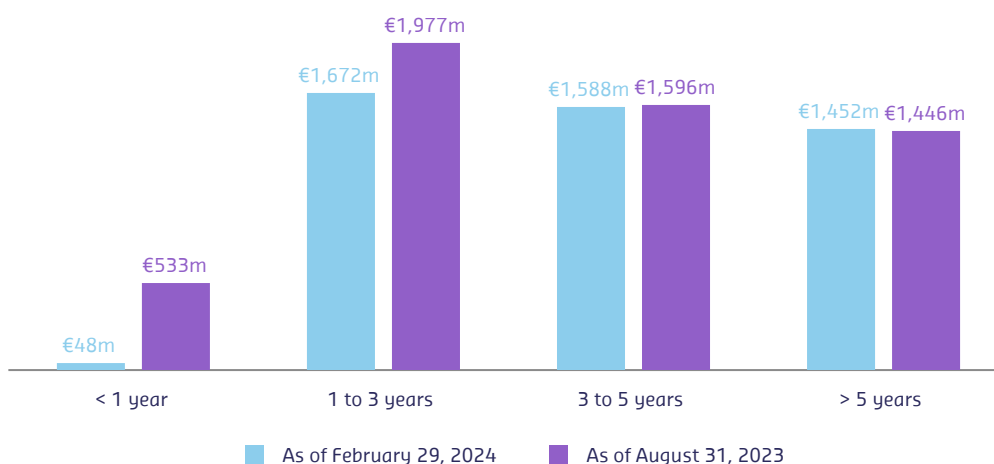
8.4 Borrowings

Changes in borrowings during First half Fiscal 2024 were as follows:

(in million euros)	AUGUST 31, 2023	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	FEBRUARY 29, 2024
Bond	5,501	39	(817)	2	5	—	4,730
Commercial paper and bank borrowings ⁽¹⁾	—	304	(301)	—	—	—	3
Other borrowings	51	—	(10)	(14)	—	—	27
TOTAL BORROWINGS EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	5,552	343	(1,128)	(12)	5	—	4,760
Net fair value of derivative financial instruments	36	5	(5)	1	—	—	37
TOTAL BORROWINGS	5,588	348	(1,133)	(11)	5	—	4,797

(1) Commercial paper was drawn short term in First half Fiscal 2024 but all was fully repaid by February 29, 2024.

Borrowings excluding derivative financial instruments



If not visible, this visual representation is available in the Financial Report of Sodexo H1 Results Fiscal 2024 on <https://www.sodexo.com/en/investors/financial-results-and-publications/financial-results>

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

As of February 29, 2024, 94% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 1.86%.

As of August 31, 2023, 95% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 1.70%.

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.

No amounts had been drawn down on the facility as of either February 29, 2024 nor as of August 31, 2023.

Bilateral confirmed credit facility

On December 18, 2019, the Group obtained two 150 million euros bilateral confirmed credit facilities. Both facilities expired in December 2023 and were replaced by two €100 million euros bilateral credit facilities with expiry dates of December 29, 2025.

On February 13, 2020, the Group obtained a third 150 million euros bilateral confirmed credit facility expiring in February 2024. On December 21, 2023, this facility was replaced by a 100 million euros bilateral credit facility with an expiry date of December 29, 2025.

No amounts had been drawn down on any of these facilities as of either February 29, 2024 nor as of August 31, 2023.

Commercial papers

Borrowings under the Sodexo S.A. and Sodexo Finance commercial paper programs are nil either as of February 29, 2024 nor of August 31, 2023.

NOTE 9. OTHER INFORMATION

9.1 Income tax

The 26.2% effective tax rate for First half Fiscal 2023 decreased to 16.6% in First half Fiscal 2024. The decrease in the effective tax rate is explained in particular by the better results in France which are offset by using of previously unrecognized tax assets, as well as to the capital gain on the disposal of the worldwide Homecare services which had no impact on the income tax expenses in most countries.

9.2 Free share grants

On February 22, 2024 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 834,387 shares. The impact of this plan for the first semester is not material.

9.3 Members of the Board of Directors and the Leadership Team

There were no significant changes from the fiscal year ended August 31, 2023 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. .

9.4 Related parties information

Non-consolidated companies

In addition to the 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, 2023, the Group has carried out since February 1, 2024, transactions with the entities of Pluxee (ex-Benefits & Rewards Services activity). The flows and amounts in the consolidated financial statements for the transactions are not material for the First half Fiscal 2024.

Principal shareholder

As of February 29, 2024, 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 2024 under an assistance and advisory services contract between Bellon SA and Sodexo S.A. amounts to 2.5 million euros (2.3 million euros in First half Fiscal 2023).

Sodexo S.A. paid to Bellon SA 196 million euros of dividends.

The Group didn't received any dividends from Bellon SA in First half Fiscal 2024. They will be paid in the second semester.

9.5 Subsequent events

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

9.6 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 29, 2024	AVERAGE RATE FOR FIRST HALF FISCAL 2024	CLOSING RATE AS OF FEBRUARY 29, 2024	CLOSING RATE AS OF FEBRUARY 28, 2023	AVERAGE RATE FOR FIRST HALF FISCAL 2023
U.S. dollar	1.083	1.082	1.087	1.062	1.031
Pound Sterling	0.857	0.864	0.857	0.877	0.874
Brazilian real	5.405	5.364	5.308	5.528	5.417

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Statutory Auditors' Report

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Commissaire aux Comptes
Membre de la compagnie
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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 free 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 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.

Sodexo

Period from September 1, 2023, to February 29, 2024

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

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, 2023, to February 29, 2024;
- 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 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 18, 2024

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 19, 2024

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