PRESS RELEASE

Robust Sodexo First Half Fiscal 2020 Results

- Organic growth at +3.2%
- Q2 organic growth better than expected
- Flat Underlying operating profit margin, in line with expectations
- Mild H1 COVID-19 impact absorbed
- COVID-19 volume decline will significantly impact H2 results

Issy-les-Moulineaux, April 9, 2020 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At the Board of Directors meeting held on April 8, 2020 and chaired by Sophie Bellon, the Board closed the Consolidated accounts for the First Half Fiscal 2020 ended February 29, 2020.

Financial performance for First Half Fiscal 2020,
(First time application of IFRS16[1])

(in millions of euro)	H1 FISCAL 2020	H1 FISCAL 2019	DIFFERENCE	DIFFERENCE CONSTANT RATES
REVENUE	**11,692**	11,045	*+5.9%*	*+4.3%*
Organic growth	**+3.2%**	**+3.1%**		
UNDERLYING OPERATING PROFIT	**685**	**647**	*+5.9%*	*+4.3%*
UNDERLYING OPERATING PROFIT MARGIN	***5.9%***	***5.9%***	**+ 0 bps**	**+ 0 bps**
Other operating expenses (net)	(66)	(69)		
OPERATING PROFIT	**619**	**578**	*+7.2%*	*+5.5%*
Net financial expense	(67)	(54)		
Effective tax rate	*29.3%*	*28.8%*		
GROUP NET PROFIT	**378**	**364**	*+3.8%*	*+1.8%*
EPS *(in euro)*	**2.59**	**2.50**	*+3.7%*	
UNDERLYING NET PROFIT	**424**	**413**	*+2.8%*	*+1.0%*
UNDERLYING EPS *(in euro)*	2.91	2.84	*+2.6%*	

[1] *Please see section IFRS16 in the Activity Report*

Sodexo CEO Denis Machuel said:

"The First Half was better than we expected, with many positive signs in most segments that the underlying dynamics were improving.

With the rapid spread of COVID-19 around the world, our focus is on protecting the health and safety of our people, consumers and clients and ensuring business continuity.

We have seen a significant number of sites fully or partially closed in Education, Corporate Services and Sports & Leisure, and the Olympics Games have been pushed back a year. We immediately identified all means to reduce our costs, reduce our capex and ensure that we collect and protect our cash to reduce the impact of this revenue shortfall. We are using all proposed government measures to protect employment. We know that this situation will have a significant impact on our results for the year.

I am extremely proud of our teams' exemplary efforts and engagement and am convinced that the improved momentum in this first half will help us emerge stronger than we were before."

Highlights of the period

- First Half Fiscal 2020 Group revenue was 11,692 million euro, up +5.9%, helped by a positive currency and M&A contribution, resulting in Group organic revenue growth at +3.2%.
- **On-site Services** organic revenue growth was also +3.2% reflecting:
  - A very successful Rugby World Cup in the first quarter, contributing 80 bps to the growth,
  - Modest underlying organic growth excluding the Rugby World Cup in Q1 and Q2 (at +2.3% and +2.5% respectively) due to the end of several healthcare contracts in North America from the fourth quarter last fiscal year and a large contract exited from the middle of the first quarter this year.
  - **Key Performance Indicators** are encouraging:
    - Client retention is stable;
    - New sales development declined by -10 bps;
    - Same site sales growth is strong at +70 bps.
- **Benefits & Rewards Services** organic revenue growth was +4.0%. Organic growth in Europe remains sustained at +9.5% but Latin America has been impacted by weakness in Brazil, against a strong previous year performance and a very competitive environment.
- **Underlying operating profit** increased +5.9% resulting in an **Underlying operating margin** of 5.9%, stable against last year both at current and constant exchange rate:
  - On-site Services Underlying operating margin, excluding currency effect, was down -10 bps resulting from increased medical costs in the USA, representing 14 bps. Excluding this, the margin would have been up slightly, with improvement in Business & Administrations and Healthcare compensating the deterioration in Education.
  - Benefits & Rewards Services achieved a strong increase in margin of +160 bps, at constant rates, due to a much more efficient operating environment after substantial digital transformation of the back-offices over the last few years and very tight control of costs in Brazil, in line with the weak top line.

- **Other operating expenses (net)** amounted to 66 million euro, more or less stable compared to the First Half of the previous fiscal year.

- **Reported net profit** of 378 million euro was up +3.8%. Basic EPS was €2.59, up +3.7%. Underlying Net profit totaled 424 million euro, up +2.8%.
- **Free cash flow** this semester was an outflow of 243 million euro, principally as a result of an increase in capital expenditure to 268 million euro, or 2.3% of revenue, payable adjustments in the UK following implementation of the prompt payment code, a cut-off issue in Benefits & Rewards and an outflow linked to the Rugby World Cup. Consequently, the net debt ratio[1] at the end of the period was 1.3x against 1.2x at the end of the First Half last year.
- Sodexo's commitment in corporate responsibility continues to be recognized within the financial community, with the **highest marks** in **SAM's "Sustainability Yearbook"** for the**13th consecutive year**, as well as **gold class recognition by EcoVadis.** Sodexo also remains the top-rated company in its sector within the **Dow Jones Sustainability Index (DJSI), for the 15th consecutive year** and was included in the **2020 Bloomberg Gender-Equality Index**, recognizing commitment to advancing women in the workplace. Sodexo also joined **The Valuable 500** initiative to place disability on the business agenda, reinforcing its commitments to disability inclusion.

Outlook

The COVID-19 pandemic started to be a concern in the second half of January for our business in China, leading to a rapid deterioration worldwide in February, moving from region to region and generating more and more government precautionary measures to limit the spread of the virus.

Sodexo is coordinating globally, regionally and locally to manage its business continuity and pandemic plans to support and protect its employees and consumers across all of its geographies. The health and safety of Sodexo employees and consumers is our utmost priority. Sodexo has reinforced the existing rules for food safety, personal hygiene and infection control.

As the situation is an evolving one, Sodexo teams are adhering to guidelines of health advisories and local authorities and will continue to closely monitor the situation.

As of today, **On-Site services** are expected to be impacted as follows:

- **Education**, we have estimated that Schools could restart gradually during the last term of the school year while most Universities are expected to remain close until the start of the new year.
- **Business & Administrations**
  - Sports & Leisure volumes would be severely impacted throughout the second half
  - Corporate Services should be more varied in timing and present a more diverse set of scenarios.
  - Energy & Resources and Government & Agencies should be only mildly impacted.
- **Healthcare & Seniors** segment is currently impacted mildly in comparison to the others, and we are adapting rapidly to the demand of our clients in a very critical and stressful environment.

As for **Benefits & Rewards Services**, we believe there could be some decline due to technical unemployment measures and some disruption in both issuance and reimbursement flows in some geographies due to delays or diversion of traffic from one type of merchant to another.

[1] *New definition, see APM definitions*

As of April 9, 2020, for the Group, our top-line model[1] show a reduction of revenues in the second half of between 2.4 and 2.8 billion euro compared to last year.

Sodexo is also mobilized to ensure business continuity and results through a set of rigorous actions focused on:

- Proactive cost management of our workforce to adapt to the rapidly changing contexts, redeployment of people to high-demand sites whenever possible, leveraging government employment initiatives, and strong control of SG&A
- Strict management of our cash position focused on maintaining ongoing dialogue with clients to ensure timely payment as well as daily monitoring of cash positions, robust control of outflows, and cash pooling compliance
- Postponement of all Capex that is not strictly necessary and M&A until further notice.

At this stage, after these strong mitigating measures taken on site and strict implementation of SG&A reductions, we estimate the Underlying operating profit flow-through to be circa 25% of revenue shortfall.

We remain confident on our strong market and financial position, and the mid-term positive perspectives and potential of Sodexo.

The **press release and presentation will be available on the Group website www.sodexo.com** in both the "Latest News" section and the "Finance - Financial Results" section.

Fiscal 2020 financial calendar

Nine-month revenues	July 7, 2020
Annual results	October 29, 2020
Annual Shareholders Meeting	January 12, 2021

These dates are purely indicative and are 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 services that improve Quality of Life, an essential factor in individual and organizational performance. Operating in 67 countries, Sodexo serves 100 million consumers each day through its unique combination of On-site Services, Benefits & Rewards Services and Personal and Home Services. Sodexo provides clients an integrated offering developed over more than 50 years of experience: from foodservices, reception, maintenance and cleaning, to facilities and equipment management; from services and programs fostering employees' engagement to solutions that simplify and optimize their mobility and expenses management, to in-home assistance, child care centers and concierge services. Sodexo's success and performance are founded on its independence, its sustainable business model and its ability to continuously develop and engage its 470,000 employees throughout the world.

Sodexo is included in the CAC 40, FTSE 4 Good and DJSI indices.

[1] *See hypotheses on page 15*

Key figures (as of August 31, 2019)

22.0 billion euro in consolidated revenues

470,000 employees

19th largest private employer worldwide

67 countries

100 million consumers served daily

9.4 billion euro in market capitalization (as of April 8, 2020)

Contacts

Analysts and Investors	Media
Virginia JEANSON Tel : +33 1 57 75 80 56 virginia.jeanson@sodexo.com	**Mathieu SCARAVETTI** Tél. : +33 6 28 62 21 91 mathieu.scaravetti@sodexo.com

1

ACTIVITY REPORT FOR FIRST HALF FISCAL 2020

sodexo
QUALITY OF LIFE SERVICES

FISCAL 2020 FIRST HALF ACTIVITY REPORT

(September 1, 2019 to February 29, 2020)

Revenues

REVENUES BY SEGMENT (In millions of euro)	H1 FY20	H1 FY19	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	6,186	5,645	+5.7%	+8.0%	+0.6%	+1.0%	+9.6%
HealthCare & Seniors	2,538	2,552	-2.0%	-5.0%	+2.5%	+2.0%	-0.5%
Education	2,528	2,420	+2.4%	+0.6%	+0.9%	+3.0%	+4.5%
On-site Services	**11,252**	**10,617**	**+3.2%**	**+3.2%**	**+1.1%**	**+1.7%**	**+6.0%**
Benefits & Rewards Services	**443**	**430**	**+4.0%**	**+4.0%**	**0.0%**	**-1.1%**	**+3.0%**
Elimination	-3	-2					
TOTAL GROUP	**11,692**	**11,045**	**+3.2%**	**+3.2%**	**+1.1%**	**+1.6%**	**+5.9%**

First Half Fiscal 2020 consolidated revenues totaled 11.7 billion euro, up +5.9% year-on-year. Currency effects during the period were +1.6%, due to the strength of the dollar compensating the decline in the Brazilian Real in the Benefits & Rewards Services. The contribution from acquisitions net of disposal of subsidiaries was +1.1% with the ongoing impact of acquisitions completed in the previous fiscal year. Organic revenue growth was +3.2%, boosted by the Rugby World Cup in the first quarter, Onsite Services growth excluding Rugby World Cup of +2.3% and +2.5% in Q1 and Q2 respectively and a 4% growth from Benefits & Rewards.

For further detail on currencies, please see page 17 of this document.

Brexit:

Sodexo has been present in the United Kingdom since 1988 and has around 35,000 employees there today. The Group's business should not be materially impacted by the United Kingdom leaving the European Union. The Group is a local player, working with local suppliers and employees, and very often for Government authorities and Government Services. Action plans have been put in place to limit the impact of a hard Brexit on food prices and availability. We have noticed a slowdown in new business opportunities. However, same site sales growth remains solid.

On-site Services

On-site Services organic revenue growth of **+3.2%** reflects encouraging Key Performance Indicators:

- Client retention is 97.8%, flat on previous year;
- New sales development is 2.9%, down -10 bps
- Same site sales growth is 3.2%, +70 bps.

On-site Services Revenues by region

REVENUES BY REGION *(In millions of euro)*	**H1 FY20**	**H1 FY19**	**RESTATED ORGANIC GROWTH**
North America	**5,100**	4,937	-0.4%
Europe	**4,388**	4,066	+4.5%
Africa, Asia, Australia, Latam, Middle East	**1,763**	1,614	+10.8%
ONSITE SERVICES TOTAL	**11,252**	**10,617**	**+3.2%**

North America is down -0.4%, turning positive in the second quarter at +0.2%, after a first quarter down by -0.9%. Outside North America, On-site revenue growth was +6.3%, with a strong performance in Africa Asia, Australia, Latin America and the Middle East +10.8% and Europe up +4.5%, or +2.4% excluding the Rugby World Cup.

Business & Administrations

REVENUES BY REGION *(In millions of euro)*	**H1 FY20**	**H1 FY19**	**RESTATED ORGANIC GROWTH**
North America	**1,658**	1,571	+1.8%
Europe	**2,984**	2,657	+5.3%
Africa, Asia, Australia, Latam, Middle East	**1,544**	1,418	+10.7%
BUSINESS & ADMINISTRATIONS TOTAL	**6,186**	**5,645**	**+5.7%**

First Half Fiscal 2020 **Business & Administrations** revenues totaled **6.2 billion euro**, with organic growth of +5.7%.

First Half revenues in **North America were up +1.8%.** The second quarter strength more than compensated for the first quarter weakness. On the one hand, growth was solid in Corporate Services and Government & Agencies, helped by the continued improvement in the US Marine Corps contract. This compensated for the decline in Sports & Leisure due to the ongoing effects of the exit of some less profitable contracts. Energy & Resources benefited from a contract startup in the second quarter, after a series of construction contract completions.

In Europe, sales were **up +5.3%** organically, boosted by the Rugby World Cup in Japan, consolidated by the Group's specialist entity in the UK, in the first quarter. Excluding the Rugby World Cup, organic growth remained steady at +2.3%. While growth in Corporate Services was more modest than in recent quarters, Government & Agencies and Energy & Resources were up strongly.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth was **+10.7%** reflecting strong growth in same site sales and new business in Corporate Services and in Energy & Resources, particularly in mining. The effect of Covid-19 in China was absorbed by the very strong growth up to the end of December.

Healthcare & Seniors

REVENUES BY REGION *(In millions of euro)*	**H1 FY20**	**H1 FY19**	**RESTATED ORGANIC GROWTH**
North America	**1,555**	1,571	-4.6%
Europe	**819**	836	+0.5%
Africa, Asia, Australia, Latam, Middle East	**164**	144	+15.4%
HEALTHCARE & SENIORS TOTAL	**2,538**	**2,552**	**-2.0%**

Healthcare & Seniors revenues were **2.5 billion euro**, down -2.0% organically.

In **North America,** organic growth was -4.6% deteriorating each quarter due to the impact of the loss of several hospital contracts from the fourth quarter Fiscal 2019 and one large contract exit in the first quarter Fiscal 2020. Development has also been slow due to a more selective approach in the new business pipeline. As a result, the contracts signed are more robust. Seniors organic growth has remained solid.

In **Europe,** organic growth was **+0.5%**. The lack of new business opportunities in the segment and the resulting negative net new business in most countries has hampered growth. On the other hand, sales growth in existing sites was strong, particularly in northern Europe. During the period, Sodexo also signed a contract with Elsan consolidating all its food services and cleaning in its 78 private hospitals in France.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth has remained strong, at **+15.4%**. This reflects new contract startups in Brazil and Asia, and strong existing site sales growth across the regions.

Education

REVENUES BY REGION *(In millions of euro)*	**H1 FY20**	**H1 FY19**	**RESTATED ORGANIC GROWTH**
North America	**1,887**	1,795	+1.4%
Europe	**585**	573	+5.9%
Africa, Asia, Australia, LatAm, Middle East	**55**	52	+3.6%
EDUCATION TOTAL	**2,528**	**2,420**	**+2.4%**

Revenues in **Education** were 2.5 billion euro, up +2.4%.

North America was up +1.4%. While net new business signed in Fiscal 2019 was neutral, inflation, an extra University day, and some volume growth in Schools boosted same site sales. However, this was partially offset by weaker University meal plan volumes in the Fall semester.

In **Europe**, organic growth was **+5.9%.** In France, the ongoing impact of the Yvelines Schools contract start-up in January 2019 annualized during the second quarter, which was also impacted by strikes. The rest of the region showed solid growth in the UK and Italy, where strong new business offset 2 less working days due to holidays and the first 3 days of the Covid-19 school closures.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth was **+3.6%. After strong** double-digit growth in the first quarter, activity was severely impacted by the protests in Hong Kong and then the closing down of all schools in greater China.

Benefits & Rewards Services

Benefits & Rewards Services revenue amounted to 443 million euro, up +4.0% organically.

Revenues

REVENUES BY ACTIVITY *(In millions of euro)*	**H1 FY20**	**H1 FY19**	**ORGANIC GROWTH**
Employee benefits	**348**	341	+3.2%
Services Diversification	**96**	88	+7.2%
BENEFITS & REWARDS SERVICES	**443**	**430**	**+4.0%**

Employee benefits were up +3.2% compared to total issue volume of 6.9 billion euro, up +5.2%. Services diversification was up +7.2% with strong double-digit growth in Mobility & Expense and in Corporate Health and Wellness products offsetting a weak start of the year in Incentive and Recognition due to ongoing portfolio rationalization.

REVENUES BY REGION *(in millions of euro)*	H1 FY20	H1 FY19	ORGANIC GROWTH
Europe, USA and Asia	**270**	244	+9.5%
Latin America	**173**	186	-3.1%
BENEFITS & REWARDS SERVICES	**443**	**430**	**+4.0%**

In **Europe, USA and Asia,** organic growth in revenues remains strong at **+9.5%**. This performance is due to a particularly strong double-digit performance in the traditional benefits business in Asia and in many European markets. Strong development continued in Rydoo, the end-to-end travel and expense management solution and the Corporate Health and Wellness offers.

Organic revenue growth in **Latin America** sales declined **-3.1%.** The Brazilian market was affected by falling interest rates, a more competitive environment, and flat issue volumes. The momentum in the rest of the region remained strong.

REVENUES BY NATURE *(In millions of euro)*	H1 FY20	H1 FY19	ORGANIC GROWTH
Operating Revenues	**412**	394	+5.4%
Financial Revenues	**31**	36	-11.3%
BENEFITS & REWARDS SERVICES	**443**	**430**	**+4.0%**

In First Half Fiscal 2020, **Operating revenues** were up **+5.4%**. **Financial revenues** were down **-11.3%** due principally to the significant fall in interest rates in Brazil since August 2019.

Underlying operating profit

First Half Fiscal 2020 Underlying operating profit amounted to 685 million euro, up +5.9%, or +4.3% excluding the currency effect. As a result, the Underlying operating margin was 5.9%, stable against last year both at current and constant exchange rate. The positive effect of the first-time implementation of IFRS 16 on Underlying Operating profit was 2 million euro.

Underlying Operating profit by activity

(in millions of euro)	UNDERLYING OPERATING PROFIT H1 FISCAL 2020	PUBLISHED DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN H1 FISCAL 2020	PUBLISHED DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
Business & Administrations	245	+19.6%	+17.9%	4.0%	+ 40 bps	+ 30 bps
Healthcare & Seniors	160	-1.2%	-3.8%	6.3%	=	=
Education	211	-1.6%	-4.7%	8.4%	- 50 bps	- 60 bps
ON-SITE SERVICES	**616**	**+6.0%**	**+3.4%**	**5.5%**	**+ 0 bps**	**- 10 bps**
BENEFITS & REWARDS SERVICES	**134**	**+6.7%**	**+9.8%**	**30.2%**	**+ 110 bps**	**+ 160 bps**
Corporate expenses & Intragroup eliminations	-64	-5.8%	-5.4%			
UNDERLYING OPERATING PROFIT	**685**	**+5.9%**	**+4.3%**	**5.9%**	**+ 0 bps**	**+ 0 bps**

The First Half Underlying operating profit margin in Onsite Services, excluding the currency effect, was down -10bps. It was impacted by the higher cost of health benefits in the USA for about -14bps. Segment performance is as follows:

- **Business & Administrations:** Underlying operating profit was up +17.9%, with strong growth particularly in Europe and Asia and Latin America. The operating margin increased by +30 basis points.
- **Healthcare & Seniors:** Underlying operating profit was down -3.8% and the margin was flat. Excluding the impact of the higher cost of health benefits, the margin was up +21 bps. The loss of contracts in North America was compensated by improving productivity through better execution on staffing and food costs and generally, as part of the more rigorous management of the STEP operational KPIs. Inflation is covered by price increases.
- **Education:** Underlying operating profit fell by -4.7% and the margin by -60 bps. A third of this margin decline is due to insurance health benefit cost increases. The remainder is due to the strikes in France (20 bps) and, to a lesser extent, weak productivity in North America. In Universities, inflation has been passed through to clients, but it has been offset by lower meal plan volumes, particularly in the first quarter.

In **Benefits & Rewards Services**, excluding currencies, the Underlying operating profit and margin were up respectively +9.8% and +160 bps. This margin improvement was due to a much more efficient operating environment after substantial digital transformation of the back-offices over the last few years and very tight control of costs in Brazil, in line with the weak top line. Nevertheless, the year-on-year weakness of the Real impacted negatively the Benefits & Rewards published margin by -50 bps.

Group net profit

(in millions of euro)	H1 FISCAL 2020	H1 FISCAL 2019	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	**11,692**	11,045	*+5.9%*	*+4.3%*
UNDERLYING OPERATING PROFIT	**685**	**647**	*+5.9%*	*+4.3%*
Other operating expenses (net)	(66)	(69)		
OPERATING PROFIT	**619**	**578**	*+7.2%*	*+5.5%*
Net financial expense	(67)	(54)		
Effective tax rate	*29.3%*	*28.8%*		
GROUP NET PROFIT	**378**	**364**	*+3.8%*	*+1.8%*
EPS *(in euro)*	**2.59**	**2.50**	*+3.7%*	
UNDERLYING NET PROFIT	**424**	**413**	*+2.8%*	*+1.0%*
UNDERLYING EPS *(in euro)*	2.91	2.84	*+2.6%*	

Other operating income and expenses were 66 million euro, more or less stable relative to the previous year period. As a result of our initiative Fit for the Future, restructuring costs in the First Half amounted to 33 million euro against 19 million euro in the previous year. However, this increase was compensated by lower amortization and depreciation of client relationships and trademarks which fell to 20 million euro against 43 million euro in First Half Fiscal 2019, linked to higher than normal brand impairment last year.

As a result, the **Operating Profit** was 619 million euro up +7.2%.

Net financial expenses increased by 13 million euro year on year essentially due to first implementation of IFRS16 for 11 million euro. As a result of the increase in the use of commercial paper at short-term euro borrowing rates, the blended cost of debt was 2.2% as of February 29, 2020, compared to 2.6% as at August 31, 2019 and 2.3% at the end of First Half Fiscal 2019.

The **effective tax rate** was 29.3%.

Profit attributed to non-controlling interests was 17 million euro against 11 million euro in the previous year. As a result, **Group net profit** was 378 million euro, up +3.8% or +1.8% excluding the positive currency impact. **EPS was €2.59,** up +3.7%.

Underlying net profit (adjusted for Other operating income and expenses at a normalized tax rate) amounted to 424 million euro, up +2.8% or +1.0% excluding the currency effect. **Underlying EPS was €2.91, up +2.6%.**

Consolidated financial position

Cash flows

(in millions of euro)	FIRST-HALF FISCAL 2020	IFRS16 IMPACT RECLASSIFICATION	EXCLUDING IFRS16	FIRST-HALF FISCAL 2019
Operating cash-flow	791	(120)	672	648
Change in working capital excluding change in BRS financial assets*	(647)		(647)	(428)
IFRS 16 Leases outflow	(120)	120	0	-
Net capital expenditure	(268)		(268)	(205)
FREE CASH FLOW	**(243)**	**0**	**(243)**	**14**
Net acquisitions	(13)		(13)	(234)
Share buy-backs/ Treasury stock	(39)		(39)	12
Dividends paid to shareholders	(425)		(425)	(403)
Other changes (including scope and exchange rates)	(140)		(140)	32
(INCREASE)/DECREASE IN NET DEBT since August 31	**(860)**	**0**	**(860)**	**(579)**

* Excluding change in financial assets related to the Benefits and Rewards Services activity (+€104m in H1 Fiscal 2020 and +€55m in H1 Fiscal 2019).
Total change in working capital as reported in consolidated accounts: in H1 Fiscal 2020:
€(543)m = €(647)m+ €104m and in H1 Fiscal 2019: €(373)m = €(428)m + €55m

As of Fiscal 2020, the Group is implementing IFRS 16. The Group does not believe the new 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 consider repayments of lease liabilities as operating items impacting the Free cash flow. Therefore, the Free cash flow formula has been adjusted post IFRS 16 implementation to include the lease payments presented as repayments of lease liability in Net cash provided / (used in) financing activities in accordance with IFRS 16.

Stripping out the IFRS16 elements, Operating cash flow totaled 672 million euro, up +3.7% on the previous year. The traditional negative Working capital variation in the First Half of 647 million euro is principally due to the difference in activity levels between August 31 and February 29. However, this seasonal variation was exacerbated by the combination of the implementation of the prompt payment code in the UK, a very favorable cut-off in Benefits & Rewards last year end and the Rugby World Cup cash outflows.

As expected, net capital expenditure increased to 268 million euro for the period, representing 2.3% of revenues, versus 205 million euro in First Half Fiscal 2019, or 1.9% of revenues.

As a result, Free cash outflow was 243 million euro.

Net acquisitions and disposals of subsidiaries fell to a very low level at 13 million euro after the higher levels of the previous years. Share buy-backs linked to the covering of performance share attributions were more significant in this First Half. Other outflows were principally related to negative currency impacts, in particular linked to the weakness of the Brazilian Real.

As a result, consolidated net debt rose by 860 million euro from Fiscal 2019 year-end, to 2,074 million euro as at February 29, 2020.

Acquisitions for the period

During the First Half Fiscal 2020, the Group completed several minor acquisitions, for a total acquisition price of 13 million euro net.

Total revenues generated by acquisitions during the period contributed 1.1% to growth in the First Half Fiscal 2020, principally due to acquisitions completed in the previous year. Given the current freeze on M&A activity, the contribution from acquisitions in the next two quarters will be negligible.

Condensed consolidated statement of financial position at February 29, 2020

(in millions of euro)	**FEBRUARY 29, 2020**	FEBRUARY 28, 2019
Non-current assets	10,949	9,147
Current assets excluding cash	5,926	5,581
Restricted cash Benefits and Rewards Services	563	577
Financial assets Benefits and Rewards Services	426	458
Cash	1,685	1,950
TOTAL ASSETS	**19,549**	**17,714**

(in millions of euro)	**FEBRUARY 29, 2020**	FEBRUARY 28, 2019
Shareholders' equity	4,098	3,999
Non-controlling interests	48	46
Non-current liabilities	6,058	4,615
Current liabilities	9,345	9,055
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**19,549**	**17,714**
GROSS DEBT excluding IFRS16	**4,697**	**4,753**
NET DEBT excluding IFRS16	**2,074**	**1,839**
GEARING	**50%**	**45%**
NET DEBT RATIO[1]	**1.3**	**1.2**

As of Fiscal 2020, the Group is implementing IFRS 16. As a result, in the balance sheet, the Group now recognizes a right of use of leased assets in its assets and a corresponding lease debt representing the net present value of future rental payments of the lease, in its liabilities. As a result, a 1,495 million euro right-of-use asset was recognized on September 1, 2019, for an amount equal to the lease liability. This is depreciated over the lease term. As of the closing date of February 29, 2020, this right of use amounted to 1,397 million euro.

Stripping out IFRS 16, as of February 29, 2020, net debt was 2,074 million euro, representing a gearing of 50%, compared to 45% as of February 28, 2019, and a net debt ratio of 1.3[1], well within the Group's target range of 1 to 2.

If IFRS 16 lease obligations were included as part of the financial debt of the Group, gearing would be 84% and the net debt ratio would be 2.0.

Despite the traditionally higher level of debt at the end of the First Half of the year, the Group's financial position remains strong. At the end of the period, the Group had unused lines of credit totaling 1.8 billion euro.

[1] *New definition, see APM definitions*

The operating cash position totaled 2,623 million euro as of February 29, 2020, including bank overdrafts for 51 million euro. The Benefits & Rewards Services position was 2,246 million euro, including 563 million euro of restricted cash and 426 million euro of financial assets of more than three months.

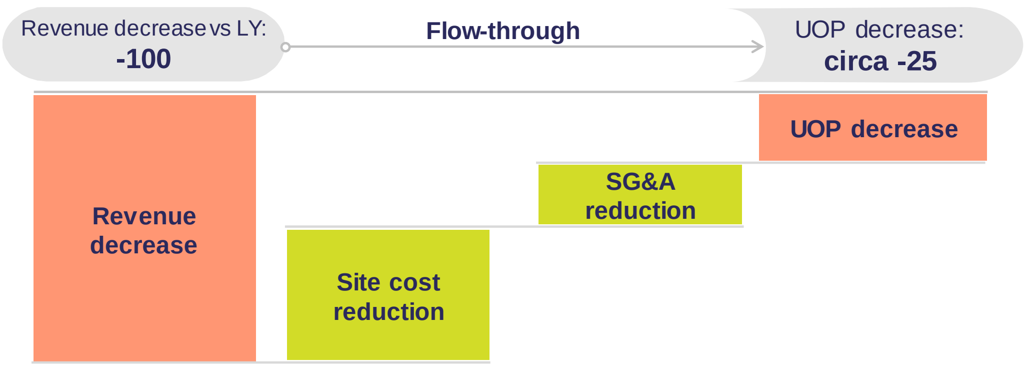
Subsequent events

- COVID-19 Hypotheses for Outlook

Revenue short-fall in H2 top-line model vs last year, as of April 9, 2020, estimated at between 2.4 and 2.8 billion euro

	Q3	Q4	H2
Business & Administrations	**30%**	**15%**	**25%**
Of which Corporate Services	30%	10%	20%
Of which Sports & Leisure	85%	75%	80%
Education	**60%**	**40%**	**55%**
Of which Schools	70%	30%	55%
Of which Universities	60%	50%	55%
Healthcare and Seniors	**8%**	**5%**	**6%**
Benefits & Rewards Services	**20%**	**10%**	**15%**
Group	**33%**	**15%**	**25%**

Flow-through hypothesis vs last year, as of April 9, 2020, estimated at circa 25% of revenue shortfall



Related party transactions

- The main related party transactions are presented in Notes 6.4.12 to the First Half Fiscal 2020 consolidated financial statements.

Main risks and uncertainties

The main risks and uncertainties are not materially different from those described in the Risk Management section of the Fiscal 2019 Universal Registration Document filed with the *Autorité des marchés financiers* (AMF) on November 21, 2019. However, given the current COVID-19 crisis, we believe that this crisis does add further risk to the Group due to the uncertainty surrounding the duration and the effects of the COVID-19 pandemic in each of the countries in which we operate.

Unpredictability of duration and effects of current COVID-19 pandemic	
Unpredictability of the economic impact, length, and magnitude of the current COVID-19 pandemic	
Risk Timeframe: Short Term External Risk	
Impact An inability of country health authorities to slow down the spread of the virus combined with lengthy periods of lockdown, where entire country populations are confined to their homes could mean: • Large number of Sodexo's employees being sick at the same time • Partial or full closure of client premises over a longer period, resulting in non-provision of services to the client and less or no revenue generation in those units. For example, in the Education sector, some countries will not re-open schools or universities for the rest of this academic year. • Postponement of big events such as the Olympic Games leading to postponement of revenue and margin • Reduced ability to re-deploy front-line employees who cannot work from home • Reduced profitability	**Examples of Mitigating Activities** • Appropriate use of Personal Protective Equipment • Reinforcement of existing rules for food safety, personal hygiene and infection control • Precise and pro-active management of our workforce to adapt to the rapidly changing environment • Rigorous follow-up on the execution of our services with strong contract management including renegotiation of some terms and conditions • Close monitoring of all possible relief from authorities on direct and indirect taxes, social security contributions and employee relief funds • Strict control of SG&A

- Please also note the litigations mentioned in note 6.4.13 of the First Half Fiscal 2020 consolidated financial statements.
- Sodexo acknowledges the decision made by the French Competition Authority on December 17, 2019 to sanction several meal voucher issuers for practices within this industry, including Sodexo Pass France. Sodexo firmly contests this decision which manifests a completely inaccurate appreciation of the alleged practices and of the market dynamics. Indeed, Sodexo refutes the anticompetitive nature of the information exchanges through the "Centrale de Règlement des Titres" (central remittance agency), which cannot be characterized as strategic. The allegation of market protection is equally unjustified considering, in particular, the arrival of several new players on the market. Consequently, Sodexo has decided to appeal the French Competition Authority's decision.

After consultation with its legal advisors, the Group considers that it has strong arguments that may lead to the annulment or alteration of the French Competition Authority decision. As a result, no provision has been made for this litigation as at February 29, 2020.

Currency effect

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

1€=	AVERAGE RATE H1 FY20	AVERAGE RATE H1 FY19	AVERAGE RATE H1 FY20 VS. H1 FY19	CLOSING RATE H1 FY20 AT 29/02/2020	CLOSING RATE FY19 AT 31/08/19	CLOSING RATE 29/02/20 VS. 31/08/19
U.S. DOLLAR	1.105	1.145	+3.7%	1.098	1.104	+0.5%
POUND STERLING	0.862	0.887	+2.9%	0.853	0.906	+6.2%
BRAZILIAN REAL	4.602	4.398	-4.4%	4.923	4.588	-6.8%

Sodexo operates in 67 countries. The percentage of total revenues and Underlying operating profit denominated in the main currencies are as follows:

(H1'20)	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. DOLLAR	42%	53%
EURO	25%	2%
UK POUND STERLING	8%	9%
BRAZILIAN REAL	5%	15%

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.

As a result, for the calculation of organic growth of Benefits & Rewards in Argentina Peso figures for H1 FY 2020 and H1 FY 2019 have been converted at the exchange rate of 1€ = 68.248 ARS vs 44.045 ARS for FY 2019.

IFRS 16 "Leases"

New accounting standard applied in First Half Fiscal 2020

- Sodexo applied IFRS 16 from September 1, 2019 **with no restatement of comparative periods**, in accordance with the standard.
- IAS 17 dual accounting model applicable to lessees[1] replaced by a single model: all leases recognized on balance sheet, subject to limited exemptions.
- Main transactions impacted: leases of property assets (primarily administrative buildings) and lease components included in concession agreements involving fixed payments.
- Impact of the first-time application recognized on the opening balance sheet as of September 1, 2019: +**€1,495 million**
  - Recognition of a lease liability, measured at the net present value of the fixed lease payments (including commission guarantees on concessions) over the lease term
  - Recognition of a right-of-use asset for the same amount
  - No impact on equity

Main impact on First Half Fiscal 2020

- Insignificant impact on Underlying Operating Profit
- Additional interest expenses, impacting significantly the financial result
- No impact on cash flows other than the presentation of the statutory cash flow statement

Further information can be found in the consolidated accounts, notes 6.2.2 and 6.4.11.

Impact on First Half Fiscal 2020 Consolidated financial statements

Impact on P&L

	H1 FY 2020			H1 FY 2019
€ millions	Post-IFRS 16 *(published)*	IFRS 16 impact	Pre-IFRS 16	IAS 17
Underlying Operating profit	**685**	**2**	**683**	**647**
Net financial expense	**(67)**	**(11)**	**(56)**	**(54)**
PROFIT BEFORE TAX	**556**	**(9)**	**565**	**526**

- Operating lease expense replaced from Fiscal 2020 by:
  - A depreciation of the right-of-use asset
  - An interest expense on the related lease liability

[1] *Until August 31,2019, only finance leases were recognized on the balance sheet; operating leases were presented off-balance sheet*

- The impact on UOP corresponds to the difference between the fixed lease expenses cancelled and the depreciation of the right-of-use asset recognized.

Impact on balance sheet

€ millions	SEPTEMBER 1, 2019	H1 FY 2020 CHANGE	FEBRUARY 29, 2020
Right-of-use assets	1,495	(98)	1,397
Lease liabilities	1,495	(91)	1,404

- The right-of-use mainly relates to Sites and spaces operated under concession agreements, and to Land and buildings.
- As of February 29, 2020, the lease liabilities amount to 1,404 million euro, including 1,168 million euro in non-current lease liabilities and 237 million euro in current lease liabilities.

Impact on statutory cash flow statement

	H1 FY 2020			H1 FY 2019
€ millions	POST-IFRS 16 *(published)*	IFRS 16 IMPACT	PRE-IFRS 16	IAS 17
Net cash provided by Operating activities	248	120	128	275
Net cash used in Investing activities	(307)	-	(307)	(450)
Net cash provided by Financing activities	(14)	(120)	106	343
Change in Net cash and cash equivalents	(73)	-	(73)	169

- No change in net cash flow but change in presentation of the statutory cash flow statement.
- The operating lease payments previously presented in operating cash flows is partly reclassified as financing cash flows (repayments of the lease liability).

Impact on First Half Fiscal 2020 Alternative Performance Measures

The Group does not believe the new 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 consider repayments of lease liabilities as operating items impacting the Free cash flow[1]. Therefore, the Free cash flow presented for First Half Fiscal 2020 is prepared on a consistent basis compared to the First Half Fiscal 2019 Free cash flow.

Consistently, the lease liabilities are not included in Net debt (treated as operating items). However, additional information is provided hereafter to help comparison with similar indicators used by other groups.

[1] *Hence, all lease payments are reflected in the Free cash flow, independently of their fixed or variable nature*

Impact on APM

€ millions	H1 FY 2020	H1 FY 2019
Free cash flow	**(243)** (1)	14
Underlying EBITDA (rolling 12-month)	**1,617** (2)	**1,495**
Gross borrowings	**4,697** (3)	**4,753**
Net debt	**2,074** (4)	**1,839**
Gearing ratio	**50%** (5)	**45%**
Net debt ratio (net debt/Underlying EBITDA)	**1.3** (6)	**1.2**

- Given the position above, the definition and calculation of most of our APMs remain unchanged.
- The implementation of IFRS16 and our position presented above has led us to revisit our EBITDA APM definition:
  - Underlying EBITDA corresponds to the UOP before depreciation and amortization but including the cash outflow of rents and is calculated on a rolling 12-month basis for the purpose of the computation of the Net debt ratio.
  - The Group's management believes that Underlying EBITDA provides readers a more relevant information as it is aligned with internal performance monitoring and more consistent with the market practice.

The table below provides information on what our AMP would have been in H1 FY20, should we have considered lease transactions as a financing item instead of an operating item:

(1) Free cash Flow:	(123)
(2) Underlying EBITDA (Rolling 12-month):	1,748
(3) Gross borrowings:	6,101
(4) Net debt:	3,478
(5) Gearing:	84%
(6) Net debt ratio:	2.0

Inter-segment restatements

Since the beginning of Fiscal 2020, in some European and Asian countries, contracts have been reallocated from Healthcare & Seniors and Education to Business & Administrations.

Given the low materiality of these changes, pro forma figures for Fiscal 2019 are not required. The effects are detailed below. Fiscal 2020 organic growth and variations in UOP margin will be adjusted to take into account such changes.

Below are the adjustments for these restatements for each quarter of Fiscal 2019.

Revenues (in millions of euros)	FY19			Q119			Q219			Q319			Q419		
	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU
North America															
Europe	+221	-143	-78	+59	-36	-23	+56	-36	-20	+58	-35	-23	+48	-37	-11
Africa, Asia, Australia, Latam, Middle East	+17	-17		+4	-4		+4	-4		+4	-4		+5	-5	
GROUP	**+238**	**-160**	**-78**	**+63**	**-40**	**-23**	**+60**	**-40**	**-20**	**+62**	**-39**	**-23**	**+52**	**-41**	**-11**

Glossary

First Half client Retention rate

The First Half Client Retention rate corresponds to the total amount of revenue in the First Half generated from business with existing clients in the prior fiscal year compared with total revenues for that year. The client retention rate declines progressively month by month as business is lost during the year.

First Half Development rate

The First Half Development rate is the annualized estimated revenue for new contracts signed during the First Half divided by prior year annual revenues. The development rate increases progressively month by month, as business is won during the year.

Comparable site growth rate

The First Half comparable site growth rate is the increase in revenues from sites that have contributed to consolidated revenue in both prior and current year first halves. It also includes the growth generated by the major sporting events.

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 Definitions

		H1 2020	H1 2019
Gearing ratio	Gross borrowings (1) – operating cash (2) / Shareholders' equity and non-controlling interests	50%	45%
New net debt ratio	Gross borrowings (1) – operating cash (2) / Rolling Underlying Earnings before Interest, Taxes, Depreciation and Amortization but including cash outflows of IFRS16 leases (Underlying EBITDA) (3)	1.3	1.2

Financial Ratio Reconciliation

		H1 2020	H1 2019
[(1)] **Gross borrowings**	Non-current borrowings	3,928	3,576
	+ current borrowings excluding overdrafts	796	1,189
	- derivative financial instruments recognized as assets	(27)	(13)
		4,697	**4,753**
[(2)] **Operating cash**	Cash and cash equivalents	1,685	1,950
	+ financial assets related to the Benefits and Rewards Services activity	989	1,035
	- bank overdrafts	(51)	(72)
		2,623	**2,914**
[(3)] **12 months Rolling Underlying Earnings before Interest, Taxes, Depreciation and Amortization (underlying EBITDA)**	Underlying operating profit (H2 Fiscal 2019+H1 Fiscal 2020)	1,237	1,148
	+ depreciation and amortization excluding IFRS16 (H2 Fiscal 2019+H1 Fiscal 2020)	381	347
		1,617	**1,495**

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.

As a result, for the calculation of organic growth of Benefits & Rewards in Argentina Peso figures for First Half Fiscal 2020 and First Half Fiscal 2019 have been converted at the exchange rate of 1€ = 68.248 ARS vs 44.045 ARS for First Half Fiscal 2019

Issue volume

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

Net debt

Net debt is defined as Group borrowing at the balance sheet date, less operating cash. This does not include lease obligations as defined by IFRS16.

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.
- For countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for First Half Fiscal 2020 and First Half Fiscal 2019 have been converted at the exchange rate of 1€ = 68.248 ARS vs 44.045 ARS for First Half Fiscal 2019.

Underlying Net profit

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

Underlying Net profit per share

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

Underlying operating profit margin

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

Underlying operating profit margin at constant rates

The Underlying operating profit margin at constant rates corresponds to Underlying operating profit divided by revenues, calculated by converting H1 2020 figures at FY 2019 rates, except for countries with hyperinflationary economies.

2

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	NOTES	FIRST HALF FISCAL 2020	FIRST HALF FISCAL 2019
REVENUES	6.3	**11,692**	**11,045**
Cost of sales	6.4.1	(9,964)	(9,417)
GROSS PROFIT		**1,729**	**1,628**
Selling, General and Administrative costs	6.4.1	(1,046)	(981)
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business		2	-
UNDERLYING OPERATING PROFIT		**685**	**647**
Other operating income	6.4.2	5	3
Other operating expenses	6.4.2	(71)	(72)
Operating profit	**6.3**	**619**	**578**
Financial income	6.4.3	16	19
Financial expense	6.4.3	(83)	(73)
Share of profit of other companies consolidated by the equity method		3	2
PROFIT FOR THE PERIOD BEFORE TAX		**556**	**526**
Income tax expense	6.2.3 and 6.4.4	(161)	(151)
NET PROFIT FOR THE PERIOD		**395**	**375**
Of which:			
Attributable to non-controlling interests		17	11
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**378**	**364**
BASIC EARNINGS PER SHARE *(in euro)*	6.4.5	**2.59**	**2.50**
DILUTED EARNINGS PER SHARE *(in euro)*	6.4.5	**2.55**	**2.46**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	FIRST HALF FISCAL 2020	FIRST HALF FISCAL 2019
NET PROFIT FOR THE PERIOD	**395**	**375**
Components of other comprehensive income that may be reclassified subsequently to profit or loss		
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	(26)	210
Currency translation adjustment reclassified to profit or loss	-	-
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 consolidated by the equity method, net of tax	2	1
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan obligation	(73)	(2)
Change in fair value of financial assets revalued through other comprehensive income	(96)	126
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	12	(17)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX	**(181)**	**318**
COMPREHENSIVE INCOME	**214**	**693**
Of which:		
Attributable to equity holders of the parent	196	681
Attributable to non-controlling interests	18	12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of euro)	NOTES	FEBRUARY 29, 2020	AUGUST 31, 2019
NON-CURRENT ASSETS			
Goodwill	6.4.7	6,262	6,158
Other intangible assets		806	801
Property, plant and equipment		692	684
Right-of-use assets	6.4.11	1,397	-
Client investments		665	626
Companies consolidated by the equity method		63	62
Financial assets	6.4.10	910	999
Derivative financial instrument assets	6.4.9	17	5
Other non-current assets		27	20
Deferred tax assets		110	99
Total non-current assets		**10,949**	**9,455**
CURRENT ASSETS			
Financial assets		60	58
Derivative financial instrument assets	6.4.9	10	7
Inventories		299	294
Income tax receivable		179	125
Trade and other receivables		5,377	4,626
Restricted cash and financial assets related to the Benefits & Rewards Services activity		989	1,120
Cash and cash equivalents	6.4.8	1,685	1,781
Total current assets		**8,600**	**8,012**
TOTAL ASSETS		**19,549**	**17,467**

Shareholders' equity and liabilities

(in millions of euro)	NOTES	FEBRUARY 29, 2020	AUGUST 31, 2019
SHAREHOLDERS' EQUITY			
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		3,260	3,618
Equity attributable to equity holders of the parent		**4,098**	**4,456**
Non-controlling interests		**48**	**42**
Total shareholders' equity	6.4.6	**4,146**	**4,498**
NON-CURRENT LIABILITIES			
Borrowings	6.4.9	3,925	3,902
Derivative financial instrument liabilities	6.4.9	2	7
Long-term lease liabilities	6.4.11	1,168	-
Employee benefits		470	403
Other non-current liabilities		172	171
Provisions		83	88
Deferred tax liabilities		237	151
Total non-current liabilities		**6,058**	**4,722**
CURRENT LIABILITIES			
Bank overdrafts		51	35
Borrowings	6.4.9	775	182
Derivative financial instrument liabilities	6.4.9	21	0
Short-term lease liabilities	6.4.11	237	-
Income tax payable		190	99
Provisions		61	58
Trade and other payables		4,844	4,892
Vouchers payable		3,167	2,981
Total current liabilities		**9,345**	**8,247**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**19,549**	**17,467**

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	NOTES	FIRST HALF FISCAL 2020	FIRST HALF FISCAL 2019
Operating activities			
OPERATING PROFIT OF CONSOLIDATED COMPANIES		**617**	**578**
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right-of-use assets[1]		330	186
Provisions		3	(23)
Net disposal (gains) losses and other non-cash items		25	8
Dividends received from companies consolidated by the equity method		0	2
Interests paid		(54)	(57)
Interests paid on lease liabilities		(11)	-
Interests received		16	18
Income tax paid		(136)	(64)
OPERATING CASH FLOW		**791**	**648**
Change in inventories		(5)	1
Change in trade and other receivables		(755)	(828)
Change in trade and other payables		(106)	158
Change in vouchers payable		219	240
Change in financial assets related to the Benefits & Rewards Services activity		104	55
CHANGE IN WORKING CAPITAL FROM OPERATING ACTIVITIES		**(543)**	**(373)**
NET CASH PROVIDED BY OPERATING ACTIVITIES		**248**	**275**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(236)	(203)
Disposals of property, plant and equipment and intangible assets		10	9
Change in client investments		(35)	(11)
Change in financial assets and share of companies consolidated by the equity method		(32)	(10)
Acquisitions of subsidiaries	6.4.7	(14)	(236)
Disposals of subsidiaries		0	2
NET CASH USED IN INVESTING ACTIVITIES		**(307)**	**(450)**
Financing activities			
Dividends paid to Parent company shareholders	6.4.6	(425)	(403)
Dividends paid to non-controlling shareholders of consolidated companies		(7)	(12)
Purchases of treasury shares	6.4.6	(39)	0
Sales of treasury shares	6.4.6	-	12
Change in non-controlling interests		(21)	(1)
Proceeds from borrowings	6.4.9	850	761
Repayments of borrowings	6.4.9	(245)	(14)
Repayments of lease liabilities	6.4.11	(126)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**(14)**	**343**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**(73)**	**169**
Net effect of exchange rates and other effects on cash		(40)	72
Net cash and cash equivalents, beginning of period		1,746	1,638
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**6.4.8**	**1,633**	**1,879**

[1] Including 129 million euro corresponding to the depreciation of the right-of-use assets recognized in the First Half of Fiscal 2020 pursuant to IFRS 16.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euro)	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				6.4.6				
Shareholders' equity as of August 31, 2019	**147,454,887**	**590**	**248**	**4,358**	**(741)**	**4,456**	**42**	**4,498**
Restatement due to IFRIC 23 first application [1]				(96)		(96)		(96)
Shareholders' equity as of September 1, 2019	**147,454,887**	**590**	**248**	**4,263**	**(741)**	**4,360**	**42**	**4,402**
Net profit for the period				378		378	17	395
Other comprehensive income (loss), net of tax				(156)	(26)	(182)	1	(181)
Comprehensive income				**222**	**(26)**	**196**	**18**	**214**
Dividends paid				(425)		(425)	(7)	(432)
Treasury share transactions				(37)		(37)		(37)
Share-based payment (net of income tax)				23		23		23
Change in ownership interest without any change of control				(17)		(17)	(4)	(21)
Other [2]				(3)		(3)		(3)
Shareholders' equity as of February 29, 2020	**147,454,887**	**590**	**248**	**4,027**	**(767)**	**4,098**	**48**	**4,146**

[1] See note 6.2.2.
[2] Including the effects of hyperinflation.

(in millions of euro)	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				6.4.6				
Shareholders' equity as of August 31, 2018	**147,454,887**	**590**	**248**	**3,375**	**(930)**	**3,283**	**45**	**3,328**
Restatement due to IFRS 9 & IFRS 15 first application				403		403		403
Shareholders' equity as of September 1, 2018	**147,454,887**	**590**	**248**	**3,778**	**(930)**	**3,686**	**45**	**3,731**
Profit for the period				364		364	11	375
Other comprehensive income (loss), net of tax				108	209	317	1	318
Comprehensive income				**472**	**209**	**681**	**12**	**693**
Dividends paid				(403)		(403)	(12)	(415)
Treasury share transactions				11		11		11
Share-based payment (net of income tax)				22		22		22
Other [1]				1		1	1	2
Shareholders' equity as of February 28, 2019	**147,454,887**	**590**	**248**	**3,881**	**(721)**	**3,999**	**46**	**4,044**

[1] Including the effects of hyperinflation, recognition of commitments to repurchase non-controlling interests.

The following notes are an integral part of the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Sodexo is a *société anonyme* (a form of limited liability company) domiciled 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, 2019 to February 29, 2020 were reviewed by the Board of Directors on April 8, 2020.

Significant events

On October 9, 2015, *Octoplus* filed a complaint with the French Competition Authority ('Autorité de la concurrence') concerning several French meal voucher issuers, including Sodexo Pass France. Following the hearing of the parties concerned in April and July 2016, the Competition Authority decided on October 6, 2016 to pursue investigation on the merits, without requesting protective measures.

On February 27, 2019, the prosecution services sent their final investigation report to Sodexo Pass France. In its response filled on April 29, 2019, the Group contested both grievances (information sharing and foreclosure of the meal voucher market through the Centrale de Règlement des Titres). On December 17, 2019, the Competition Authority issued an adverse decision against meal voucher issuers, and fined Sodexo Pass France, jointly and severally with Sodexo S.A., 126 million euro. Sodexo Pass France and Sodexo S.A. received notification of this decision on February 6, 2020.

Sodexo firmly contests this decision which manifests an inaccurate appreciation of the alleged practices and of the market dynamics and therefore has appealed this decision to the Paris Court of Appeal. After consultation with its legal advisors, the Group considers that it has strong arguments that may lead to the annulment or alteration of the French Competition Authority decision. As a result, no provision has been made for this litigation as at February 29, 2020.

Basis of preparation of the financial statements

6.2.1. General principles

The condensed interim consolidated financial statements for the six months ended February 29, 2020 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 of the disclosures required for complete 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, 2019.

The accounting policies applied by the Group in the condensed interim consolidated financial statements for the six months ended February 29, 2020 are the same as those used in the annual consolidated financial statements for the fiscal year ended August 31, 2019, with the exception of the specific requirements of IAS 34 (see note 6.2.3) and except for the first-time application of IFRS 16 and IFRIC 23 as described in note 6.2.2.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of February 29, 2020.

The Group has not elected to early adopt any standards or interpretations whose application is not mandatory in Fiscal 2020.

Amounts in tables have been prepared in thousands of euro and are expressed and rounded to the nearest million (unless otherwise indicated).

6.2.2. New standards and interpretations applied

First-time application of IFRS 16 "Leases"

IFRS 16, applicable to the Group as from the fiscal year opening on September 1, 2019, sets out the principles for recognizing leases. These principles replace those laid down in IAS 17 "Leases" and in the interpretations SIC 15 "Operating Leases – Incentives", SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" and IFRIC 4 "Determining whether an Arrangement contains a Lease".

IFRS 16 introduces for lessees a single model for the recognition of leases, involving the recognition of all leases on the balance sheet (removal of the distinction between finance leases and operating leases), except where exemptions are applicable (short-term leases and leases of low value asset).

Accordingly, as a lessee, the Group recognizes in the balance sheet:

- a right-of-use asset, representing the right to use the underlying asset over the lease term; and
- a lease liability, reflecting the future lease payments obligation over the lease term.

The presentation of lease transactions in the consolidated income statement is also modified, the lease expense being replaced by:

- a depreciation of the right-of-use asset;
- an interest expense on the related lease liability.

Finally, in the consolidated cash flow statement, cash outflows relating to interest and variable lease payments impact operating activities flows, while repayments of the lease liability impact financing activities flows. The investing activities flows are not modified.

The Group applied IFRS 16 from September 1, 2019 using the simplified retrospective approach, without restating the comparative periods. As a result, the Group recognized as of September 1, 2019 a lease liability, corresponding to the present value of the future fixed lease payments over the residual lease term, and a right-of-use asset, for an amount equaling the lease liability adjusted for prepaid or accrued lease payments previously recognized. Hence, comparative information for the First Half of Fiscal 2019 is presented as previously, in application of IAS 17 and the related interpretations. Among the practical expedients authorized by the standard for the transition, the Group chose to apply the practical expedient allowing to use its assessment of whether leases are onerous by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" made immediately before the date of first-time application as an alternative to testing right-of-use assets for impairment at September 1, 2019.

The discount rates used at the transition date correspond to incremental borrowing rates as at September 1, 2019, calculated over the initial term of each lease. The weighted average incremental borrowing rate as of September 1, 2019 amounts to 1.6%.

The Group decided not to apply the deferred tax exemption from initial recognition provided in IAS 12 (paragraphs 15 and 24). A deferred tax is recognized on the net temporary difference arising from recording the lease liability and the right-of-use asset.

The reconciliation of operating lease off-balance sheet commitments presented according to IAS 17 as of August 31, 2019 and lease liabilities recognized according to IFRS 16 as of September 1, 2019 is summarized as follow:

(in millions of euro)	
Operating lease commitments as of August 31, 2019	**839**
Discounting effect	(104)
Measurement differences due to the determination of the lease term [1]	605
Impact of contracts not classified as a lease under IAS 17	194
Other impacts [2]	(39)
Lease liabilities as of September 1, 2019	**1,495**

(1) Off-balance sheet commitments have been determined considering the non-cancellable term of operating leases (future minimum lease payments), whereas according to IFRS 16, the determination of the duration takes into account extension options that the Group is reasonably certain to exercise.

(2) The residual difference mainly relates to:
- commitments relating to short-term leases and leases of low value assets, covered by the exemption option provided for by IFRS 16 and applied by the Group (see Accounting principles described in note 6.4.11), and
- measurement differences of lease payments, as a result of the exclusion of the service component.

The accounting principles and information required on lease liabilities and right-of-use assets relating to lease contracts as of February 29, 2020 are detailed in note 6.4.11.

First-time application of IFRIC 23 “Uncertainty over income tax treatments”

The interpretation IFRIC 23, which is applicable to the Group as from the fiscal year opening on September 1, 2019, clarifies how to apply the recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over the acceptability of a particular tax treatment under tax law.

The Group reviewed its income tax treatments in order to determine the impact of this interpretation on its consolidated financial statements. In that respect, the Group recognized an additional income tax liability amounting to 90 million euro and a depreciation of the deferred tax assets for 6 million euro. In accordance with the transitional provisions of the interpretation, the Group recognized the cumulative effect of first application as a reduction of consolidated equity at September 1, 2019, without restating the comparative periods.

Furthermore, the Group reclassified in Income tax payable its existing liabilities for uncertain tax treatment, which were included in Provisions until August 31, 2019 for 6 million euro.

Impact on the opening consolidated statement of financial position

As described above, the restatements required by IFRS 16 and IFRIC 23 as of the transition date have been recognized in the opening consolidated statement of financial position as of September 1, 2019. 2018-2019 comparative information has not been restated.

The following table presents the impact of the first-time application recognized as of September 1, 2019:

((in millions of euro)	AUGUST 31, 2019	IMPACTS OF IFRS 16 & IFRIC 23 FIRST APPLICATION	SEPTEMBER 1, 2019
Property, plant and equipment	684	(6)	678
Right-of-use assets	-	1,495	1,495
Deferred tax assets	99	(6)	93
Trade and other receivables	4,626	(1)	4,625
Income tax receivables	125	5	130
Other non-current and current assets	11,933	-	11,933
TOTAL ASSETS	**17,467**	**1,487**	**18,954**
Equity attributable to equity holders of the parent	**4,456**	(96)	**4,360**
Non-controlling interests	**42**	-	**42**
Non-current borrowings	3,902	(2)	3,900
Long-term lease liabilities	-	1,248	1,248
Non-current provisions	88	(8)	80
Current borrowings	182	(4)	178
Short-term lease liabilities	-	247	247
Income tax payable	99	102	201
Other non-current and current liabilities	8,698	-	8,698
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**17,467**	**1,487**	**18,954**

6.2.3. Specific interim reporting requirements

Income tax expense

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

Post-employment and other long-term employee benefits

The expense for post-employment and other long-term employee benefits is computed as one half of the annual charge estimated as of August 31, 2019. 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.

There were no material plan amendments in the First Half of Fiscal 2020.

6.2.4. 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, 2020 and are the basis for the assessments of the carrying amount of assets and liabilities.

Actual results 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, 2019 (provisions – including uncertain tax treatments – and litigations, financial assets measured at fair value, post-employment defined benefit plan assets and liabilities, goodwill and other intangible assets, impairment of current and non-current assets, deferred taxes, and share-based payments), plus right-of-use assets and lease liabilities recognized in accordance with IFRS 16 (main estimates and assumptions described in note 6.4.11).

6.2.6. 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, 2020	AVERAGE RATE FOR FIRST-HALF FISCAL 2020	CLOSING RATE AS OF AUGUST 31, 2019	CLOSING RATE AS OF FEBRUARY 28, 2019	AVERAGE RATE FOR FIRST-HALF FISCAL 2019
U.S. DOLLAR (USD)	1.098	1.105	1.104	1.142	1.145
POUND STERLING (GBP)	0.853	0.862	0.906	0.858	0.887
BRAZILIAN REAL (BRL)	4.923	4.602	4.588	4.269	4.398

Segment information

The segment information presented below has been prepared based on internal management data as monitored by the Group Executive Committee, which is Sodexo's chief operating decision maker. The Group's two business segments correspond to On-site Services and Benefits & Rewards Services.

On-site Services revenue and underlying operating profit are broken down by global client segment. These global client segments meet the definition of operating segments under IFRS 8.

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

- On-site Services:
  - Business & Administrations, which includes Corporate Services, Energy & Resources, Government & Agencies, Sports & Leisure and other non-segmented activities,
  - Healthcare, combined with Seniors,
  - Education, comprising Schools and Universities;
- Benefits & Rewards Services.

The operating segments that have been aggregated carry out similar operations – both in terms of type of services rendered and the processes and methods used to deliver the services – and have similar economic characteristics (notably in terms of the 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.

Since the beginning of Fiscal 2020, in some European and Asian countries, contracts have been reallocated from Healthcare & Seniors and Education segments to Business & Administrations segment. Figures for Fiscal 2019 have not been restated given the low materiality of these changes.

6.3.1 By business segment

FIRST HALF FISCAL 2020 *(in millions of euro)*	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTHCARE & SENIORS	EDUCATION	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	CONSOLIDATED TOTAL
Revenues (third-party)	**11,252**	**6,186**	**2,538**	**2,528**	**440**	**-**	**11,692**
Inter-segment sales (Group)	**-**	**-**	**-**	**-**	**3**	(3)	**-**
TOTAL REVENUES	**11,252**	**6,186**	**2,538**	**2,528**	**443**	**(3)**	**11,692**
Underlying operating profit [1]	616	245	160	211	134	(64)	685

[1] Including Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business and excluding other operating income and expenses.

FIRST HALF FISCAL 2019 *(in millions of euro)*	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTHCARE & SENIORS	EDUCATION	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	CONSOLIDATED TOTAL
Revenues (third-party)	10,617	5,645	2,552	2,420	**428**	-	**11,045**
Inter-segment sales (Group)	-	-	-	-	**2**	(2)	-
TOTAL REVENUES	**10,617**	**5,645**	**2,552**	**2,420**	**430**	**(2)**	**11,045**
Underlying operating profit [1]	581	205	162	215	125	(60)	647

[1] Including Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business and excluding other operating income and expenses.

6.3.2 By significant country

The Group's operations are spread across 67 countries, including two that each represent over 10% of consolidated revenues: France (the Group's home country) and the United States. Revenues in these countries are as follows:

FIRST-HALF FISCAL 2020 *(in millions of euro)*	FRANCE	UNITED-STATES	OTHER	CONSOLIDATED TOTAL
Revenues (third-party)	1,501	4,843	5,349	**11,692**

FIRST-HALF FISCAL 2019 *(in millions of euro)*	FRANCE	UNITED-STATES	OTHER	CONSOLIDATED TOTAL
Revenues (third-party)	1,465	4,686	4,894	**11,045**

Notes to the interim consolidated financial statements

6.4.1. Operating expenses by nature

(in millions of euro)	FIRST-HALF FISCAL 2020	FIRST-HALF FISCAL 2019
Depreciation, amortization and impairment losses [1]	(312)	(190)
Employee costs		
- Wages and salaries	(4,383)	(4,095)
- Other employee costs [2]	(1,263)	(1,203)
Purchases of consumables and change in inventory	(3,088)	(2,954)
Other operating expenses [3]	(2,028)	(2,025)
TOTAL NET OPERATING EXPENSES	**(11,075)**	**(10,467)**

(1) Including the depreciation of right-of-use assets relating to lease contracts recognized from September 1st, 2019 in accordance with IFRS 16 (129 million euro in First Half of Fiscal 2020).

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

(3) Other operating expenses mainly include professional fees, other purchases used for operations, sub-contracting costs and travel expenses, as well as lease expenses relating to short-term lease contracts and lease contracts of low value assets, and variable lease payments (not included in the measurement of the lease liabilities). For First Half of Fiscal 2019, other operating expenses included the lease expense relating to operating lease contracts (169 million euro). The decrease resulting from the application of IFRS 16 from September 1st, 2019 is offset by the increase of operating expenses arising from the activity growth during the first half of the year.

6.4.2. Other operating income and expenses

(in millions of euro)	FIRST-HALF FISCAL 2020	FIRST-HALF FISCAL 2019
Gains related to consolidation scope changes	2	3
Gains on changes of post-employment benefits	4	-
Other	0	-
OTHER OPERATING INCOME	**5**	**3**
Restructuring and rationalization costs	(33)	(19)
Acquisition-related costs	(5)	(4)
Losses related to consolidation scope changes	(1)	-
Losses on changes of post-employment benefits	(2)	(3)
Amortization and impairment of purchased intangible assets	(20)	(43)
Other	(11)	(2)
OTHER OPERATING EXPENSES	**(71)**	**(72)**
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(66)**	**(69)**

6.4.3. Financial income and expense

(in millions of euro)	FIRST-HALF FISCAL 2020	FIRST-HALF FISCAL 2019
Gross borrowing cost [1]	(60)	(59)
Interest income from short-term bank deposits and equivalent	11	14
NET BORROWING COST	**(49)**	**(45)**
Interest income from loans and receivables at amortized cost	2	1
Net foreign exchange gains/(losses)	(3)	(1)
Net interest cost on net defined benefit plan obligation	(2)	(3)
Interest on financial lease liabilities [2]	(11)	-
Monetary adjustment for hyperinflation	(1)	-
Change in fair value of derivative financial instruments not qualified for hedge accounting	-	-
Other financial income	2	4
Other financial expense	(4)	(6)
Other	(1)	(4)
NET FINANCIAL EXPENSE	**(67)**	**(54)**
Out of which financial income	**16**	**19**
Out of which financial expense	**(83)**	**(73)**

[1] Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.
[2] Interests on lease liabilities recognized from September 1st, 2019 in accordance with IFRS 16.

6.4.4. Income tax expense

The 28.8% effective tax rate for the First Half of Fiscal 2019 increased to 29.3% in the First Half of Fiscal 2020.

6.4.5. Earnings per share

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

	FIRST-HALF FISCAL 2020	FIRST-HALF FISCAL 2019
Profit for the period attributable to equity holders of the parent *(in millions of euro)*	**378**	**364**
Basic weighted average number of shares	145,868,679	145,647,702
BASIC EARNINGS PER SHARE [1] *(in euro)*	**2.59**	**2.50**
Average dilutive effect of stock option and free share plans	2,397,375	2,026,982
Diluted weighted average number of shares	148,266,054	147,674,684
DILUTED EARNINGS PER SHARE [1] *(in euro)*	**2.55**	**2.46**

[1] Basic and diluted earnings per share do not reflect the effect of the dividend premium to be paid on qualifying registered shares.

All Group's free share plans had a dilutive impact in the First Half of both Fiscal 2020 and Fiscal 2019. The last stock option plan shares were delivered in the First Half of Fiscal 2019, therefore stock option plans had no dilutive impact on the reported periods.

6.4.6. Consolidated statement of changes in shareholders' equity

As of February 29, 2020, the Group held 1,821,266 Sodexo shares with a carrying amount of 182 million euro, including (i) 1,712,266 shares (172 million euro) purchased to cover the Group's obligations for free share plans for Group employees, and (ii) 109,000 shares (10 million euro) held under the liquidity contract. As of August 31, 2019, the Group held 1,448,566 Sodexo shares with a carrying amount of 145 million euro to cover its obligations under free share plans for Group employees.

During the First Half of Fiscal 2020, Sodexo shares with a carrying amount of 0,3 million euro were delivered to employees under free share plans. During the First Half of Fiscal 2019, Sodexo shares with a carrying amount of 3 million euro were delivered to employees upon exercise of stock options.

Total dividends paid out in the First Half of Fiscal 2020, adjusted for treasury shares, amounted to 425 million euro, representing a dividend of 2.90 euro per share and, where applicable, a dividend premium of 0.29 euro per share.

6.4.7. Business combinations

Changes in goodwill were as follows in the First Half of Fiscal 2020:

(in millions of euro)	AUGUST 31, 2019	INCREASES	DECREASES	CURRENCY TRANSLATION ADJUSTMENT	RECLASSIFICATIONS	FEBRUARY 29, 2020
Corporate Services	1,024	3	-	6	(8)	1,026
Government & Agencies	362	-	-	11	(28)	345
Sports & Leisure	439	-	-	2	(7)	434
Energy & Resources	329	-	-	(3)	(9)	316
Other non-segmented activities	438	7	-	3	93	541
Business & Administrations	**2,591**	**11**	**-**	**19**	**41**	**2,662**
Healthcare	1,040	-	-	9	(51)	999
Seniors	**554**	49	-	3	58	664
Healthcare & Seniors	**1,595**	**49**	**-**	**12**	**8**	**1,663**
Schools	441	-	-	5	36	481
Universities	901	-	-	6	(85)	822
Education	**1,342**	**-**	**-**	**11**	**(49)**	**1,304**
ON-SITE SERVICES	**5,528**	**59**	**-**	**42**	**-**	**5,629**
BENEFITS & REWARDS SERVICES	**631**	**13**	**-**	**(11)**	**-**	**633**
TOTAL	**6,158**	**72**	**-**	**32**	**-**	**6,262**

During the First Half of Fiscal 2020, goodwill totaling 72 million euro was recognized, mainly on the acquisition of *Prima Assistance* and *Active Global Health Sciences Education Group* in Homecare, and *CSM* in Corporate Services.

Reclassifications during the First Half of Fiscal 2020 relate to the reallocation of contracts since the beginning of Fiscal 2020, in some European and Asian countries (from Healthcare & Seniors and Education segments to Business & Administrations segment).

The table below shows the impact of newly consolidated entities. It includes the values of the assets acquired and liabilities assumed, as provisionally estimated at February 29, 2020, and the adjustments resulting from the final purchase price allocation of prior acquisitions.

(in millions of euro)	FEBRUARY 29, 2020
Intangible assets	3
Property, plant and equipment	3
Other non-current assets	4
Current assets	33
Cash and cash equivalents	10
Borrowings	(4)
Other non-current liabilities	(2)
Net deferred tax	-
Other current liabilities	(46)
TOTAL IDENTIFIABLE NET ASSETS	**1**
CONSIDERATION TRANSFERRED (1)	**34**
Non-controlling interests	-
Fair value of shares previously held	8
GOODWILL	**72**

(1) Excluding the consideration transferred booked in Fiscal 2019 for companies firstly consolidated in Fiscal 2020, for 31 million euro.

Companies consolidated during the First Half of Fiscal 2020, that were integrated from the date of acquisition, contributed by 58 million euro to the consolidated revenue and by 1 million euro to the consolidated underlying operating profit of the period.

Intangible assets mainly include customer relationships and trademarks. The amortization period for customer relationships is determined based on the estimated attrition rate, with a maximum length of 20 years set by management. Goodwill primarily reflects the expertise and know-how of the acquired businesses' employees and the expected synergies between these companies and Sodexo.

6.4.8. Cash and cash equivalents

(in millions of euro)	FEBRUARY 29, 2020	AUGUST 31, 2019
Marketable securities	352	374
Cash (1)	1,333	1,407
Total cash and cash equivalents	**1,685**	**1,781**
Bank overdrafts	(51)	(35)
TOTAL CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS (2)	**1,633**	**1,746**

(1) Including 10 million euro 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), to improve the liquidity of Sodexo shares and the regularity of the quotations.

(2) The Group's international cash pool has negative cash positions in U.S. dollars for the equivalent of 521 million euro, in Sterling Pounds for the equivalent of 89 million euro and in other currencies for the equivalent of 33 million euro, partly offset by a positive cash position in euro of 644 million euro.

Total marketable securities comprised:

(in millions of euro)	FEBRUARY 29, 2020	AUGUST 31, 2019
Short-term notes	234	197
Term deposits	94	150
Mutual funds and other	24	27
MARKETABLE SECURITIES	**352**	**374**

6.4.9. Borrowings

	FEBRUARY 29, 2020		AUGUST 31, 2019	
(in millions of euro)	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bond issues	**24**	**2,472**	**10**	**2,458**
Euro	20	2,180	9	2,184
GBP	4	292	1	274
Bank borrowings [(1)]	**748**	**1,420**	**164**	**1,413**
US dollar	22	1,415	23	1,409
Euro	726	5	141	4
Finance lease obligations	**-**	**-**	**3**	**2**
Euro	-	-	3	2
Other borrowings [(2)]	**4**	**33**	**5**	**29**
Euro	2	20	1	11
Other currencies	1	13	4	18
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**775**	**3,925**	**181**	**3,903**
Net fair value of derivative financial instruments	11	(15)	(7)	1
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**786**	**3,910**	**174**	**3,904**

[(1)] Including the proceeds of (i) three U.S. private placements (207 million U.S. dollars, 400 million U.S. dollars and 950 million U.S. dollars respectively as of February 29, 2020) and (ii) commercial paper issues (,725 million euro as of February 29, 2020). The U.S. private placements are subject to financial covenants that the Group complied with as of February 29, 2020, August 31, 2019 and February 28, 2019.

[(2)] Including 13 million euro as of February 29, 2020 corresponding to liabilities recognized relating to commitments to repurchase the non-controlling interests in certain subsidiaries (23 million euro as of August 31, 2019).

Changes in borrowings during the First Half of Fiscal 2020 were as follows:

(in millions of euro)	AUGUST 31, 2019	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	FEBRUARY 29, 2020
Bond issues	2,468	-	-	10	18	-	2,496
Private Placements [(1)]	1,572	817	(232)	(0)	8	-	2,165
Bank borrowings	5	1	(4)	-	(0)	1	3
Other borrowings	39	(0)	(11)	-	(0)	8	36
TOTAL	**4,084**	**818**	**(246)**	**10**	**25**	**9**	**4,700**
Net fair value of derivative financial instruments	(6)	32	1	(28)	(3)	-	(4)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS [(2)]	**4,078**	**850**	**(245)**	**(19)**	**22**	**9**	**4,696**

[(1)] Including commercial papers.

[(2)] As of February 29, 2020, the fair values of bond issues and bank borrowings were 2,679 million euro and 2,241 million euro respectively (2,553 million euro and 1,636 million euro respectively as of August 31, 2019).

As of February 29, 2020, approximately 42% of the Group's borrowings were denominated in U.S. dollars, after considering the effect of derivative financial instruments and the cash pooling system. Approximately 85% of the Group's borrowings were at fixed interest rates (97% as of August 31, 2019) and the blended cost of debt at that date was 2.2% (2.6% as of August 31, 2019).

July 2011 multi-currency confirmed credit facility

As of February 29, 2020, the Group has a multi-currency confirmed credit facility for 589 million euro plus 785 million U.S. dollars, initially expiring in July 2024 with an option to extend for a further two years.

No amount has been drawn down on this facility as of either August 31, 2019 or February 29, 2020.

Bilateral confirmed credit facility

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

On February 13, 2020, the Group renewed a third 150-million euro bilateral confirmed credit facility expiring in February 2024.

No amounts had been drawn down on any of these facilities either as of August 31, 2019 or February 29, 2020.

Commercial paper issues

As of February 29, 2020, borrowings under the Sodexo SA and Sodexo Finance commercial paper programs totaled 725 million euro compared to 140 million euro as of August 31, 2019 and explains the increase of 817 million euro of private placements.

6.4.10. Financial assets

Fair Value Level 3: 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 42.22% of its shares and 56.70% of its voting rights exercisable as of February 29, 2020. This shareholding does not give the Group considerable 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.

In accordance with IFRS 9, this investment is measured at its fair value, determined in accordance with IFRS 13. The valuation of the fair value of the investment depends, among other things, on the revalued net asset value (NAV) of Bellon SA which has limited debt and holds no assets other than shares of Sodexo SA. These shares are valued at their closing share price for the calculation of the NAV of Bellon SA. Furthermore, the valuation method used by management (Level 3 of the hierarchy defined by IFRS 13) incorporates the illiquidity implied by the characteristics of the holding's ownership structure (discount to net asset value of Bellon SA estimated at 40% as of February 29, 2020 and August 31, 2019).

As of February 29, 2020, the fair value of the investment is assessed at 611 million euros (708 million euro as of August 31, 2019), and its change since the opening of the half-year has been recorded in other non-recyclable items of comprehensive income.

6.4.11. Leases

Accounting principles and policies

The Group determines whether a contract is or contains a lease at inception of the contract. The Group classifies as a lease a contract that conveys to the Group the right to control the use of an identified asset for a given period of time.

Leases are recognized on the consolidated statement of financial position at the commencement date of the contract, except for leases covered by the exemptions allowed by IFRS 16 (short-term leases and leases of low vale assets).

Leases are reflected in the consolidated statement of financial position by recognizing an asset representing the right to use the leased asset and a related liability corresponding to the obligation to make future lease payments. In the consolidated income statement, a depreciation of the right-of-use assets is recorded in operating expenses, separately from the interest expense on lease liabilities. In the consolidated cash flow statement, cash outflows relating to interest on lease liabilities impact operating activities flows, while repayment of the lease liabilities impact financing activities flows.

Short-term leases (i.e. lease term of 12 months or less) and leases of low-value asset (such as IT equipment) are expensed directly in operating expenses on a straight-line basis over the lease term.

The leases contracted by the Group as a lessee mainly relate to the following categories of assets:

- Real estate (land and buildings): The Group leases land and buildings for its offices, as well as for its Personal & Home Services activity (childcare facilities mainly). Terms and conditions are negotiated on an individual case basis and contain numerous different clauses, depending on the legal environment specific to each country. These leases are entered into for terms of 1 to 20 years and may contain extension options;
- Sites and spaces on site operated as part of concession arrangements: The Group operates various sites (restaurants, retail spaces and kitchens) made available pursuant to concession agreements. The commissions paid in that respect are based on performance indicators of the location operated (variable payments, generally based on turnover) and may contain a minimum guarantee fee. Terms and conditions are negotiated on an individual case basis and contain numerous different clauses. These leases are entered into for terms of 1 to 18 years and may contain extension options;
- Vehicles: The Group leases vehicles for some of its employees. These leases are entered into for terms of 1 to 5 years;
- Equipment: The Group also leases some equipment necessary to its operations (kitchen equipment, vending machines…). Terms and conditions are negotiated on an individual case basis and contain numerous different clauses. These leases are entered into for terms of 1 to 5 years and may contain extension options.

Lease liabilities

Accounting principles and policies

The Group recognizes a lease liability at the date on which the underlying asset is made available for use. The lease liability is measured at the net present value of lease payments to be made over the lease term.

Lease payments

The lease payments included in the measurement of the lease liability comprise:

- Fixed rents (including minimum guarantee fee to be paid in accordance with concession agreements), less any lease incentive receivable from the lessor;
- Variable rents that depend on an index or a rate;
- In-substance fixed payments.

Payments expected to be made to the lessor at the termination of the contract are also included (relatively rare in practice within the Group), such as:

- Residual value guarantees;
- Exercise price of a purchase option, when its exercise is reasonably certain; and
- Termination penalties payable to the lessor, when the exercise of a termination option is reasonably certain.

Variable lease payments that do not depend on an index or a rate (notably, rents or commissions based on turnover) remain recognized in operating expenses when incurred. In addition, the Group elected to exclude, where applicable, non-lease components of the contract in the measurement of the lease liability. Consequently, payments in relation with service components of the lease contracts are recorded in operating expenses, in the same way as variable lease payments.

Lease term

The lease term is assessed for each lease as the non-cancellable period of the contract, adjusted to reflect periods covered by an option to extend the lease that the Group is reasonably certain to exercise, and periods covered by an option to terminate the lease that the Group is reasonably certain not to exercise.

The legal environment and market practices specific to each country are also considered in assessing the lease term. This applies in particular to open-ended leases, for which enforceable period is determined in light of circumstances specific to each situation. In assessing the enforceable period of each contract, the Group determines whether it would incur a penalty on termination that is more than insignificant, taking into account various relevant indicators (indemnities arising from contractual obligations and economic penalties based on operational criteria). In the specific case of French commercial property leases (also referred to as “3/6/9 leases”), the assessment is made on a case-by-case basis, that may lead to consider an enforceable period that is beyond the residual length of the initial 9-year term in some instances.

Discount rate

The discount rate used is generally the incremental borrowing rate, as the rate implicit in the lease cannot be readily determined for most of the contracts. The incremental borrowing rate is calculated using the following parameters: risk-free rate of the relevant currency, duration of the lease, credit spread of the subsidiary concerned.

Subsequently, the lease liability is recognized at amortized cost using the effective interest method and is remeasured after the commencement date to reflect changes arising from:

- any modification of the lease term, reflecting a contractual modification or a reassessment of the probability of an extension or termination option being exercised;
- any changes in rent amount, resulting for example from a change in an index or a rate used to determine lease payments;
- any reassessment of the probability of a purchase option being exercised;
- any other contractual modification, such as the scope of the underlying asset.

As of February 29, 2020, the lease liabilities amount to 1,404 million euro, including 1,168 million euro in non-current lease liabilities and 237 million euro in current lease liabilities. The change in lease liabilities during the First Half of Fiscal 2020 breaks down as follows:

(in millions of euro)	FEBRUARY 29, 2020
Lease liabilities as of September 1, 2019	**1,495**
Increase [(1)]	42
Repayment of the principal	(137)
Translation adjustments	4
Change in scope of consolidation	-
Other movements	-
Lease liabilities as of February 29, 2020	**1,404**

[(1)] Impact of new leases entered into, rent indexation, contractual modifications, as well as changes in assessment of the likelihood that renewal and termination options will be exercised.

Right-of-use assets relating to leases

Accounting principles and policies

A right-of-use asset is recognized for each lease contract (except for those covered by the exemptions), as a counterpart of the lease liability. This right-of-use asset is measured as the initial amount of the lease liability (assessed as specified above) plus, where applicable, the initial direct costs incurred in obtaining the contract (fees and administrative costs), the advance lease payments made to the lessor and the estimated costs to be incurred in restoring the underlying asset to the condition required by the terms and conditions of the contract.

The right-of-use asset is depreciated on a straight-line basis over the lease term used to measure the lease liability and, when necessary, is subject to impairment tests according to the same rules as those used for intangible assets and property, plant and equipment. The carrying amount is subsequently adjusted to reflect the change in the lease liability arising from amendments to the lease provisions and other remeasurement events (see above).

Right-of-use assets break down as follows, by type of underlying asset:

	FEBRUARY 29, 2020		
(in millions of euro)	GROSS BOOK VALUE	DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
Land and buildings	587	(50)	536
Sites and spaces operated under concession agreements	823	(52)	770
Vehicles	104	(23)	81
Equipment	15	(6)	10
TOTAL RIGHT-OF-USE ASSETS	**1,530**	**(133)**	**1,397**

6.4.12. Related party information

Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in note 4.25, "Related parties" to the consolidated financial statements for the fiscal year ended August 31, 2019.

Principal shareholder

As of February 29, 2020, Bellon SA held 42.22% of the capital of Sodexo and 56.70% of the exercisable voting rights.

During the First Half of Fiscal 2020, Sodexo paid fees of 1.5 million euro (1.7 million euro for the First Half of Fiscal 2019) under the assistance and advisory services contract with Bellon SA.

Bellon SA received dividends of 181 million euro on its Sodexo SA shares in February 2020.

6.4.13. Other disclosures

Free share grants

On September 6, 2019, the Board of Directors decided to grant up to 10,000 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 are subject to a performance condition.

Members of the Board of Directors and the Executive Committee, Chief Executive Officer

There were no significant changes from the fiscal year ended August 31, 2019 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 Executive Committee, or to the Chief Executive Officer.

Disputes and litigation

- The Company is in dispute with the Brazilian tax authorities regarding the tax deductibility of the amortization of goodwill recognized on the purchase of VR in March 2008. For the record, in Fiscal year 2017, Sodexo Pass do Brasil received a tax reassessment notice from the Brazilian tax authorities for fiscal years 2010, 2011 and 2012 relating to the deductibility for tax purposes of the amortization of goodwill recognized on the purchase of VR in March 2008. The reassessment amounted to 92 million euro (breaking down as 30 million euro in principal and 62 million euro in penalties and late payment interest).

  Sodexo Pass do Brasil is firmly disputing this reassessment, which the Brazilian tax authorities originally envisaged during a previous tax audit covering fiscal years 2008 and 2009 but then abandoned. The Company considers that the goodwill amortization was valid, both in terms of its underlying reasons and the way it has been recorded. Therefore, the Company considers that there is a strong probability of winning the dispute with the tax authorities, and this has been confirmed by its tax advisors. Consequently, no provision was recorded for this dispute in the consolidated statement of financial position as of August 31, 2017.

  This dispute was presented on August 14, 2018 for a judgment of the competent administrative court. The court ruled in favor of Sodexo Pass do Brasil as it considered that the goodwill and corresponding amortization were legitimately recognized on the acquisition of VR. The judgment therefore confirms that Sodexo Pass do Brasil acquired a full business structure when it purchased VR.

  This judgment can be reversed on appeal. The Group believes, however, that the risk of change in this judgement is low.

  In addition, 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 financial periods concerned, in accordance with the IFRS rules. The balance of the related deferred tax liability amounts to 64 million euro as of February 29, 2020 (69 million euro as of August 31, 2019).

- In the context of the litigation initiated in 2015 by *Octoplus*, an adverse decision against meal voucher issuers was issued on December 17, 2019 by the French Competition Authority, which fined Sodexo Pass France, jointly and severally with Sodexo S.A., 126 million euro. Sodexo Pass France and Sodexo S.A. received notification of this decision on February 6, 2020. Sodexo has appealed this decision to the Paris Court of Appeal. After consultation with its legal advisors, the Group considers that it has strong arguments that may lead to the annulment or alteration of the French Competition Authority decision. As a result, no provision has been made for this litigation as at February 29, 2020.

- In Brazil, Sodexo and its main competitors have a different interpretation from that of the Tax Administration on the deductibility of PIS / COFIN on certain purchases that are made at a zero rate. Proceedings are pending before the Superior Courts and, based on the opinion of our counsel, the Group considers that its chances of success in these proceedings are good and therefore did not consider necessary at this stage to provision for appropriations deducted to date.

- On January 28, 2019, the International Center for Settlement of Investment Disputes (ICSID) delivered its decision in Sodexo's arbitration claim against the Hungarian State in the Group's favor. Due to changes in the regulatory and fiscal environment in Hungary related to the issuance of food and meal vouchers, Sodexo had filed a claim for ICSID arbitration in July 2014 against the Hungarian state.

  This decision represents an important step in the process of resolving this dispute. However, the Hungarian state having applied for annulment of this decision on May 27, 2019, the Group has considered it was too early to record an income based on the decision of ICSID.

Group subsidiaries are also subject to tax audits that may result in reassessments. The main proceedings are described above. In each case, the risk is assessed by management and its advisors, and any estimated charge which could potentially result from such audits are recorded as provisions or tax liabilities.

To the best of the Company's knowledge, there have been no other governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which Sodexo is aware) which may have, or have had in the past 12 months, material effects on Sodexo and/or the Group's financial position or profitability.

Sodexo is also involved in litigation arising from its ordinary activities. The Group does not believe that liabilities relating to such litigation will in aggregate be material to its activities or to its consolidated financial position.

6.4.14. Subsequent events

The COVID-19 health crisis experienced from January 2020 has worsened over the last weeks, impacting the activities in all regions in which the Group is operating. From January 2020, the Group has implemented a set of actions in order to ensure business continuity and protect its employees and consumers, in compliance with its Group Health and Security policy and in application of the directives and guidelines of health organizations and local authorities.

To limit the spread of COVID-19, officially designated as pandemic by World Health Organization on March 11, 2020, different measures have been gradually implemented in many countries in which the Group operates, requiring sites closures and cancellation or postponements of events.

Even if the impact on the First Half of Fiscal 2020 performance is limited, the Group is closely monitoring the situation and is mobilized to ensure business continuity and results through a set of rigorous actions:

- Precise and proactive management of our workforce to adapt to the rapidly changing contexts;
- Strict management of our cash position (focusing on client receivables and delaying capital expenditures spend);
- Close proximity to our supply chain to ensure business continuity and flexibility;
- Rigorous follow-up on the execution of our services with strong contract management;
- Strict management of our general and administrative costs;

- Close monitoring of all possible relief from authorities on direct and indirect taxes, social charges and employee relief funds.

Considering the variety of situations the Group is facing (decline in traffic, full or partial closure of sites, and variability between sites, countries and regions) and the difficulty in assessing the duration of the health crisis is a challenge, it is not possible at this stage to precisely evaluate the impact on the Group's financial results in the second half of the year.

However, the Group confirms its confidence in its resilience and considers that the current situation does not jeopardize the positive mid-term perspectives and potential of Sodexo.

In addition, with cash flows covering investments, acquisitions and the dividend, the Group's financial situation remains strong. Moreover, as mentioned in note 6.4.9, the Group has access to confirmed credit facilities that can be drawn down at any time according to its needs (the confirmed credit facilities are undrawn as of February 29, 2020).

3

STATUTORY AUDITORS' REPORT

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

KPMG Audit
Department of KPMG S.A.
Tour Eqho – 2, avenue Gambetta
92066 Paris La Défense Cedex
France

Statutory Auditors' review report on the interim financial information

For the six months ended February 29, 2020

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

SODEXO
255 Quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
France

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting 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 interim consolidated financial statements of Sodexo for the six months ended February 29, 2020;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors and were reviewed by the Board of Directors on April 8, 2020 based on the information available at that date and in the evolving context of the Covid-19 pandemic. Our role is to express a conclusion on these financial statements based on our review.

I – 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 enquiries, 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 interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to the note 6.2.2 "*New standards and interpretations applied*" to the condensed half-year consolidated financial statements which describe the adoption as of September 1, 2019 of the standard IFRS 16 "*Leases*" and the interpretation IFRIC 23 "*Uncertainty over income tax treatments*".

II - Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements prepared under the responsibility of the Board of Directors on April 8, 2020 and subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, April 8, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit

KPMG Audit
Department of KPMG S.A.

Stéphane Basset

Caroline Bruno-Diaz

4

STATEMENT OF RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT

GROUP CHIEF EXECUTIVE OFFICER

RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

Issy-les-Moulineaux, April 9, 2020

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.

Denis Machuel
Chief Executive Officer

255 Quai de la Bataille de Stalingrad – 92866 Issy-les-Moulineaux Cedex 9 - France
Tel.: +33 (0)1 30 85 75 00

Sodexo SA with a capital of 589,819,548 € - 301 940 219 R.C.S. Nanterre
www.sodexo.com