

Issy-les-Moulineaux, October 26, 2023
Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY)

Sodexo: Fiscal 2023 Results above guidance, Pluxee full spin-off expected early 2024

Strong Group⁽¹⁾ performance

- Group¹ organic revenue growth +11.6%,
Group¹ Underlying operating profit margin 5.6%, +60bps
- Pluxee organic revenue growth +26.9%,
Pluxee Underlying operating profit margin 33.1%, +450bps

Pluxee full spin-off and listing expected early 2024, subject to customary steps and market conditions

At the Board of Directors meeting held on October 25, 2023, chaired by Sophie Bellon, the Board closed the Sodexo Consolidated accounts for Fiscal 2023 ended August 31, 2023.

In the context of the spin-off, Pluxee has been classified as a discontinued operation in the Fiscal 2023 Sodexo consolidated financial statements.

Fiscal 2023 key figures and highlights

(in million euros)	FISCAL 2023			FISCAL 2022		
	SODEXO (CONTINUING OPERATION)	PLUXEE (DISCONTINUED OPERATION)	ELIMINATION	GROUP ⁽¹⁾	GROUP	DIFFERENCE
Revenue	22,637	1,099	(9)	23,727	21,125	+12.3%
Organic revenue growth	+11.0%	+26.9%		+11.6%	+16.9%	
UNDERLYING OPERATING PROFIT	976	364	(5)	1,335	1,059	+26.1 %
UNDERLYING OPERATING PROFIT MARGIN	4.3%	33.1%		5.6%	5.0%	+60 bps
NET PROFIT (GROUP SHARE)	560	234	0	794	695	+14.2%
EPS (in euros)				5.44	4.75	+14.5%
UNDERLYING NET PROFIT				908	699	+29.9%
Underlying EPS (in euros)				6.21	4.78	+29.9%
DIVIDEND (in euros)				3.10	2.40	+29.2%

- Fiscal 2023 performance was above guidance which was upgraded progressively during the year with :

- Group⁽¹⁾:
 - Organic revenue growth at +11.6%, compared to revised guidance of close to +11%;
 - Underlying operating profit margin at 5.6%, compared to revised guidance at 5.5%, at constant rates.

⁽¹⁾ For the purposes of clarity, Group includes Pluxee before classification as discontinued operation.

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- **Pluxee⁽²⁾:**
 - Organic revenue growth at +26.9% compared to revised guidance of above +20%;
 - Underlying operating profit margin at 33.1%, vs revised guidance of above 32% at constant rates.
 - Underlying Group⁽¹⁾ net profit reached 908 million euros and underlying EPS of 6.21 euros. The proposed dividend is 3.10 euros, up +29%.
 - Net debt fell to 1.1 billion euros as a result of positive cashflow, and the net debt ratio fell to 0.7x vs 1x the previous year, below the target 1-2x range.

Sodexo Chairwoman and CEO Sophie Bellon said:

"In Fiscal 2023, we have made good progress in the execution of our strategy which confirms the momentum of the last 2 years. We are on track to recover agility and profitable growth. Everyday, the transfer of operational accountability in the regions enables faster decision-making and increased mutualization.

The North American recovery is coming through, with solid growth in volumes, good commercial momentum and enhanced operational execution.

The transformation of our food offers is progressing in all geographies along with our approach to grow more selectively our FM business, which is now visible in contract signings.

Our perseverance on client retention is consistently paying off with another record year at 95.2%, and I am confident that in time, we will further raise the bar to 96%.

The Pluxee full spin-off is expected to be completed early 2024.

And we have continued to actively manage our portfolio with for example the recently announced sale of the Homecare activities.

I would like to warmly thank our teams for this strong year. Thanks to their hard work and unprecedented engagement, we exceeded our guidance while executing at pace on our strategy. We are set up to continue to achieve solid and profitable growth and to deliver on our ambition to be the leader in sustainable food and valued experiences at every moment in life: learn, work, heal and play."

⁽¹⁾ For the purposes of clarity, Group includes Pluxee before classification as discontinued operation.

⁽²⁾ Before classification as discontinued operation and reported as part of the Sodexo group

Sodexo Fiscal 2023 key figures and highlights (with Pluxee as discontinued operation)

(in million euros)	FISCAL 2023	FISCAL 2022 restated	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	22,637	20,263	+11.7%	+10.2%
Organic growth	+11.0%	+17.0%		
UNDERLYING OPERATING PROFIT	976	815	+19.8%	+17.2%
UNDERLYING OPERATING PROFIT MARGIN	4.3%	4.0%	+30 bps	+30 bps
Other operating income and expenses	(129)	(3)		
OPERATING PROFIT	847	812	+4.3%	+2.5%
NET PROFIT FROM CONTINUING OPERATIONS	560	514	+8.9%	+8.7%
PLUXEE NET PROFIT	234	181	+29.3%	+25.6%
GROUP NET PROFIT	794	695	+14.2%	+12.9%
EPS (in euro)	5.44	4.75	+14.5%	
UNDERLYING NET PROFIT FROM CONTINUING OPERATIONS	659	525	+25.5%	+24.1%
PLUXEE UNDERLYING NET PROFIT	249	174	+43.1%	+38.9%
GROUP UNDERLYING NET PROFIT	908	699	+29.9%	+27.8%
UNDERLYING EPS (in euro)	6.21	4.78	+29.9%	

Given the proximity of the Pluxee spin-off and the support from Bellon SA for the operation, Pluxee is accounted for as a discontinued operation and therefore is consolidated in the P&L at the net profit level. As a result, the commentary down to net profit includes only the Sodexo continued operations.

- Sodexo continued operations Fiscal 2023 consolidated revenues reached 22.6 billion euros, up +11.7% year-on-year driven by organic growth of +11%, a positive currency impact of +1.5% and a net contribution from acquisitions and disposals of -0.8%.
- The First half benefited from the ongoing post-Covid recovery and more than 5% pricing, to pass inflation. Growth remained very solid in the second half, at +9.9% in Q3 and +8.1% in Q4, due to ongoing volume growth in most segments and geographies and continued pricing contribution of more than 5%. Excluding an accounting change related to the revenue recognition in a large contract which impacted the fourth quarter by -2.3%, Underlying organic growth exit rate was in fact +10.4% in the fourth quarter, a positive trend for beginning of Fiscal 2024.

By geography, for the full year:

- In **North America**, organic growth was **+13.9%** with strong growth in all segments, and in particular in Business & Administrations due to the continued return to office and strong attendance and average spend in Sodexo Live!
- In **Europe**, organic growth was **+7.5%**, or **+10.6%** excluding the end of the testing centers contract in the UK. All segments contributed even though Education was impacted by strikes in Q3 and delayed price increases, particularly in France.
- In **Rest of the World**, organic growth was **+11.5%**, or **+14.6%** excluding the accounting adjustment. Growth was very strong in all regions in Corporate Services and Energy & Resources, except in China where the post-Covid macro economic environment is impacting Business & Administrations. Education growth was very strong in India and China.

- **Solid net new signings:**
 - **Client retention rate** was a record 95.2%, +70 bps higher than the previous year which was already a record level.
 - **New development** was 7%, in the 7-8% range. New wins including cross-selling reached 1.7 billion euros up against 1.5 billion euros the previous year, and with enhanced profitability.
 - As a result, the **net new business** signed during the year was positive at 2.2% compared to 2% in the previous year and this will contribute to Fiscal 2024 growth.
- **Sodexo continued operations Underlying operating profit** was 976 million euros, up +19.8% and the **Underlying operating margin** was 4.3%, up +30 bps. This significant increase in margin was due to an improvement in North America of +30 bps and Rest of the World of +40 bps offsetting a -20 bps reduction in Europe. This zone was temporarily impacted by delays in passing through price increases in the public sector in France, Italy and Belgium, and the end of the testing centers contract which had a high flow-through. HQ costs were also down significantly.
- Sodexo continued operations **Other operating expenses (net)** amounted to 129 million euros against 3 million euros in Fiscal 2022. This year, the costs were linked to restructuring due to the change in organization, M&A costs and one-off Pluxee spin-off costs.
- Sodexo continued operations **Net Income** was 560 million euros, up +8.9% and Underlying net profit was 659 million euros up +25.5%.
- Pluxee contributed 234 million euros to Net profit in Fiscal 2023, up +29.3% year-on-year, and 249 million euros to Underlying net profit, up +43.1%. The significant increase in this contribution reflects the combination of +26.9% organic revenue growth, boosted by higher interest rates, higher face values, strong new business in most regions and, regulation changes in Brazil. The Underlying operating margin increase was also substantial, up +450bps improvement to 33.1%.
- As a result, Sodexo **Net profit** reached 794 million euros and **Underlying net profit** 908 million euros, resulting respectively in an **EPS** of 5.44 euros and 6.21 euros.
- The Board proposes a **dividend** of 3.10 euros, up +29%, representing a pay-out ratio of 50%, in line with Sodexo's dividend policy. This will be proposed at the Shareholders meeting on December 15, 2023.
- Sodexo continued operations **Free cash flow** was 374 million euros up from 326 million euros the previous year and despite a 33% increase in Capex, linked to some particularly large client investments. Gross capex was 520 million euros, or 2.3% of revenues against 2% in Fiscal 2022. Pluxee free cash flow was also very strong at 438 million euros, up from 305 million euros in Fiscal 2022. As a result, Group total Free cash flow was 812 million euros
- Sodexo continued operations **Net debt** (adjusted to reflect the post-spin-off situation) was 2.9 billion euros at the end of the year. Both Sodexo continuing operations and the Group⁽¹⁾ showed strong deleveraging during Fiscal 2023. Sodexo will continue to target a mid-term range of 1-2x for the net debt ratio.

	Sodexo continuing operation		Group ⁽¹⁾	
(in million euros)	Fiscal 2023	Fiscal 2022 (restated)	Fiscal 2023	Fiscal 2022
Net debt (adjusted)	2,918	3,508	1,075	1,268
Net debt/EBITDA (adjusted)	2.4x	3.4x	0.7x	1.0x

- In anticipation of the full spin-off of Pluxee, Sodexo has elected to redeem, on November 10, 2023 all of its 300 million euros 1.125 per cent Bonds series due May 22, 2025 pursuant to the terms and conditions of these Bonds.

CSR results mirror the good financial performance

In Fiscal 2023, Sodexo's solid financial performance was accompanied by continued progress on its sustainability commitments:

- **Record performance on safety of our People.** At the end of Fiscal 2023, Sodexo reached a record 0.55 Lost Time Injury Rate (LTIR), representing a -15.4% reduction compared to Fiscal 2022. The severity of Lost time injuries also reached a record level reduction of -52% compared to the previous year.
- **82.5% Employee engagement** confirming renewed confidence in Sodexo and its trajectory. The engagement rate was up +4.2 points compared to 2021, exceeding the 2025 objective of 80%. For this 10th engagement survey, the participation rate reached an all time high of 70.3%, up +10.3 points compared to the 2021 survey, with 243,000 participants across the Group.
- **Increased share in renewable electricity in our direct operations.** Further progress has been achieved in the share of the Group's direct electricity consumption that is renewable at 55%, well above the 40% target for the year and therefore facilitating the achievement of our target of 100% by 2025.
- **The year-on-year Scope 1, 2 and 3 reduction in GHG emissions was -5.4% in Fiscal 2023 while the reduction compared to 2017 was at -20.7%.** Sodexo emissions targets have been validated by the SBTi in 2019. Because our journey started early on and following the SBTi guidelines, Sodexo has rebased its emissions since 2017. The effect of this rebaselining implies a significant reduction of the 2017 baseline numbers. As a result, at the end of Fiscal 2023, Scope 1&2 GHG emissions are down -32.9% relative to the new 2017 base line, on track to reach our reduction target of -34% in 2025. The Scope 3, -34% reduction target should be reached in Fiscal 2026. The current reduction trajectory is aligned with the SBTi recommended pathway for the 1.5° trajectory.

Sodexo Governance

At the Shareholders meeting on December 15, 2023, the following renewals and appointments will be proposed:

- Sophie Bellon, who should she be reelected will then be reappointed Chairwoman and CEO.
- Nathalie Bellon-Szabo, who will then be confirmed as member of the Nominating Committee.
- Federico J. González Tejera, who will then be confirmed as member of the Compensation Committee.
- Françoise Brougher's term expires after the 2023 Shareholders meeting. No longer considered as an independent Director, she will not be seeking renewal. Sophie Bellon and the other members of the Board thank her for her very dedicated support of and strong contribution to the Company and the Board over these last 12 years.
- The appointment of a new independent Director, Gilles Pélisson will be presented for election at the Shareholders meeting. Since 2016 and until recently, Gilles Pélisson was Chairman of the Board and Chief Executive Officer of the commercial television network and production group, TF1. Before joining TF1, Gilles Pélisson was Chairman and CEO in several international, listed companies such as Accor, Euro Disney and Bouygues Telecom. Gilles Pélisson was also board member for Bic, Lucien Barrière Group, NH Hoteles and Sun Resort International. He is currently the Lead independent director of Accenture PLC (United States) and Chairman of the Lyfe Institute (formerly Paul Bocuse Institute), a management school in hospitality and culinary arts. Gilles Pélisson will bring 40 years of extensive operational experience in international environments in the services industry, as well as a thorough understanding of corporate governance. Should his appointment be approved at the Shareholders meeting, he will become Chairman of the Nominating Committee.

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- As part of the review of the committees, the Board of Directors endorsed the appointment of François-Xavier Bellon and Jean-Baptiste Chasseloup de Chatillon as members of the Compensation Committee.

Sodexo* Outlook

*excluding Pluxee

Given the strategic progress made in Fiscal 2022 and 2023, Sodexo is on track to pursue its recovery in North America, enhance efficiency and agility, continue to transform the food offers and operations and grow selectively in Facilities Management. Commercial excellence, data and digital investments and supply management support, will all contribute to better commercial momentum and better margins.

The Underlying revenue organic growth exit rate in the fourth quarter of Fiscal 2023 was over +10%. With continued inflation being passed through, pricing is expected to average out at 3-4% for Fiscal 2024. The contribution from net new business should be above 2%, amplified by cross-selling.

As a result, Sodexo (excluding Pluxee) Fiscal 2024 and 2025 guidance:

- **Organic revenue growth should be between +6 and +8% per annum;**
- **Underlying operating profit margin should continue to grow by +30-40 bps per annum, at constant rates.**

Pluxee full Spin-off

The project to spin-off Pluxee has advanced significantly.

The listing is expected early 2024 on Euronext Paris, subject to approval of the listing prospectus by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and its passporting to the French Autorité des marchés financiers, the Euronext admission decision and market conditions.

Existing double voting rights of Sodexo shareholders will be maintained at Pluxee, which will be legally registered in the Netherlands allowing Bellon SA to continue playing a long-term controlling shareholder role in Pluxee. Tax residency will remain in France.

The proposed **full spin-off** will be put to a shareholder vote during a dedicated General Meeting to be held early 2024.

Pluxee plans to hold a **Capital Markets Day** shortly before the dedicated General Meeting to present its strategic plan and the next phase of value creation. The Fiscal 2024 and mid-term guidance will be provided on this occasion.

The spin-off will have no significant tax impact for Sodexo and its shareholders, at least in France and in the USA.

Pluxee will be allocated a portion of Sodexo's current indebtedness for a total amount of 0.6 billion of euros and Pluxee proforma capital structure will be consistent with a strong Investment Grade credit rating.

The Board of Pluxee will be comprised of:

- an Executive Chairman: Didier Michaud-Daniel;
- 4 Bellon family Board members;
- 5 Independent Board members.

The Animation (services) contract between Bellon SA and Pluxee will be similar to that of Sodexo.

BNP Paribas, Citigroup, J.P. Morgan and Société Générale are acting as Lead Equity Capital Market Advisors to Sodexo and Pluxee, and Goldman Sachs and Natixis are acting as Other Equity Capital Market Advisors, in the contemplated listing of Pluxee.

The Group has signed 2 new banking facilities for Pluxee to ensure it has a solid and flexible financing structure in place post the listing. These comprise a €650m 5-year Revolving Credit Facility and a €1.5bn 12-month Bridge Facility. The RCF facility will provide liquidity headroom for Pluxee. The bridge facility will be used to repay existing intercompany debt, and is intended to be refinanced by a bond market issuance in due course and subject to market conditions. BNP Paribas and Société Générale are acting as Coordinators, Mandated Lead Arrangers and Bookrunners, and each of Banco Santander, S.A., Citibank, N.A., London Branch, J.P. Morgan SE, Crédit Industriel et Commercial and ING Bank N.V., French Branch are acting as Mandated Lead Arrangers.

Conference call

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

Those who wish to connect:

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

Access Code: 07 26 13

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

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

Sodexo Fiscal 2024 financial calendar

Fiscal 2023 Annual Shareholders Meeting	December 15, 2023
Fiscal 2024 First quarter Revenues	January 5, 2024
Fiscal 2024 First half Results	April 5, 2024
Fiscal 2024 Third quarter Revenues	July 2, 2024
Fiscal 2024 Full year Results	October 24, 2024
Fiscal 2024 Annual Shareholders Meeting	December 17, 2024

These dates are indicative and may be subject to change without notice. Regular updates are available in the calendar on our website www.sodexo.com

About Sodexo

Founded in Marseille in 1966 by Pierre Bellon, Sodexo is the global leader in sustainable food and valued experiences at every moment in life: learn, work, heal and play. The Group stands out for its independence, its founding family shareholding and its responsible business model. Its portfolio of activities includes Sodexo Food and Facilities Management Services and Pluxee Employee Benefit Solutions, activity for which the Group announced a spin-off and listing project in early 2024. This diversified offer meets all the challenges of everyday life with a dual goal: to improve the quality of life of our employees and those we serve, and contribute to the economic, social and environmental progress in the communities where we operate. For Sodexo, growth and social commitment go hand in hand. Our purpose is to create a better everyday for everyone to build a better life for all.

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

Sodexo Key figures

- 22.6 billion euros Fiscal 2023 consolidated revenues
- 430,000 employees as at August 31, 2023
- #1 France-based private employer worldwide
- 45 countries
- 80 million consumers served daily
- 14.3 billion euros in market capitalization (as at October 25, 2023)

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Disclaimer

This press release contains forward-looking statements, including on the proposed spin-off and listing of Benefits & Rewards Services. Forward-looking statements give the current expectations and projections of Sodexo relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “estimate,” “plan,” “project,” “will,” “should,” “would,” “could” and other words and terms of similar meaning. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Sodexo’ control that could cause the Sodexo’ actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include those discussed or identified under section 6.4.3 of the Universal Registration Document of Sodexo, filed with the French Autorité des marchés financiers (AMF) on 9 November 2022 and available on the Company’s website (www.sodexo.com) and the AMF’s website (www.amf-france.org). Such forward-looking statements are based on numerous assumptions regarding Sodexo’ present and future business strategies and the environment in which it will operate in the future.

Accordingly, readers of this press release are cautioned against relying on these forward-looking statements.

These forward-looking statements are made as of the date of this press release. This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.

In advance of the spin-off, Pluxee will publish a prospectus that has been approved by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) and passported to the French Autorité des marchés financiers. The prospectus will include special purpose financial statements for Pluxee on a stand-alone basis for the fiscal years 2021, 2022 and 2023 under International Financial Reporting Standards as adopted by the European Union. As Pluxee did not operate on a stand-alone basis in the past, the historical financial information to be included in the prospectus may deviate from the Pluxee results presented as part of the Sodexo group results.



Fiscal 2023 Activity Report

1 Fiscal 2023 Performance of Sodexo (with Pluxee as discontinued operations)

1.1 Consolidated income statement

(in million euros)	FISCAL 2023	FISCAL 2022 restated	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	22,637	20,263	+11.7%	+10.2%
Organic growth	+11.0%	+17.0%		
UNDERLYING OPERATING PROFIT	976	815	19,7%	+17.1%
UNDERLYING OPERATING PROFIT MARGIN	4.3%	4.0%	+30 bps	+30 bps
Other operating income and expenses	(129)	(3)		
OPERATING PROFIT	847	812	+4.3%	+2.5%
Net financial expense	(101)	(87)		
Net income before tax & shares accounted for equity method	737	718		
Tax charge	(181)	(206)		
CONTINUING OPERATIONS NET PROFIT (GROUP SHARE)	560	514	+8.9%	+8.7%
PLUXEE NET PROFIT (GROUP SHARE)	234	181	+29.3%	+25.6%
GROUP NET PROFIT (GROUP SHARE)	794	695	+14.2%	+12.9%
EPS (in euro)	5.44	4.75		
CONTINUING OPERATIONS UNDERLYING NET PROFIT	659	525	+25.5%	+24.1%
PLUXEE UNDERLYING NET PROFIT	249	174	+43.1%	+38.9%
GROUP UNDERLYING NET PROFIT	908	699	+29.9%	+27.8%
Underlying EPS (in euro)	6.21	4.78		

1.2 Revenues

Continuing activity revenues by zone

REVENUES (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
North America	10,479	8,828	+13.9%	+0.6%	+4.2%	+18.7%
Europe	8,071	7,774	+7.5%	-2.0%	-1.7%	+3.8%
Rest of the World	4,087	3,661	+11.5%	-1.5%	+1.6%	+11.7%
SODEXO Continuing operations	22,637	20,263	+11.0%	-0.8%	+1.5%	+11.7%

Fiscal 2023 Sodexo continuing activities consolidated revenues reached 22.6 billion euros, up +11.7% year-on-year, driven by organic growth of +11.0%, positive currency impact of +1.5% and net contribution from acquisitions and disposals of -0.8%.

Fiscal 2023 organic revenue growth was up +11.0%, benefiting from higher attendance and average spend related to post-Covid ramp-up in Corporate Services, Sports & Leisure and Universities, as well as a consistent pricing effect of more than 5% throughout the year. Net new business contribution accelerated quarter on quarter to reach 2% in the second half. The end of the Testing Centers contract in the UK impacted the first three quarters and accounted for -1.2% in the full year organic growth. Finally, an accounting change related to the revenue recognition in a large Energy & Resources contract affected the organic growth of the year by -0.5%, and by -2.3% for the fourth quarter alone where the change was implemented retroactively for the full year.

Organic growth was boosted by a strong recovery in Food services up +16%. FM services were up +3%, or +6% excluding the impact of the end of the Testing Centers contract in the UK. Food services represented 64% of total On-Site revenues during the period, increasing from 60% in Fiscal 2022, and almost back up to pre-Covid levels.

Key performance indicators improved significantly in Fiscal 2023:

- client retention rate reached a record at 95.2%, up +70 bps compared to the previous year, which was already the highest rate ever. This performance was the result of the strong focus and discipline of the teams, and improvement in processes that have been implemented over the last years.

- new sales development was 7.0%, down -50bps versus last year in percentage of prior year revenue, but up in value and in the target range of 7-8%. Total new signings during the year, including cross-selling, amounted to 1.7 billion euros compared to 1.5 billion euros in Fiscal 2022.
- as a result, the net new business signed during the year was more than 2% for the second year in a row, demonstrating the ability of the business to generate consistent net new development to sustain future growth.

North America

REVENUES BY SEGMENT (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH
Business & Administrations	3,866	2,983	+23.4%
Healthcare & Seniors	3,440	3,047	+8.8%
Education	3,173	2,798	+9.1%
NORTH AMERICA TOTAL	10,479	8,828	+13.9%

Fiscal 2023 **North America** revenues totaled **10.5 billion euros**, up +13.9% organically. This strong growth resulted from the post-Covid recovery in the first half, and the acceleration of revenue contribution from net development and cross-selling in the second half. The growth was also driven by consistent 5% of price revisions throughout the fiscal year, although with a slight decrease in the fourth quarter as the cost inflation drivers on cost plus accounts declined.

Organic growth in **Business & Administrations** was +23.4%, boosted by the return to the office and new contracts in Corporate Services, increased activity in Sports events, convention centers and airport lounges, with increased passenger counts and higher spend per capita, as well as inflation pass-through. Although coming from a smaller base, Convenience solutions and Entegra also contributed to the momentum with strong organic growth.

In **Healthcare & Seniors**, revenues were up +8.8% organically, driven by price increases, cross-selling and retail volume improvement. The net new development contribution has accelerated through-out the year with the full impact of the Ardent mobilization, now visible in the second half.

In **Education**, organic growth was up +9.1% compared to the previous year, driven by Universities up +13.4%, benefiting from strong attendance levels, price increases, and a higher level of board plans, retail sales and event catering. In Schools, growth was slightly negative, the impact of price adjustments being offset by decreases in meal volumes related to the reduction of government waiver eligibility for students.

Europe

REVENUES BY SEGMENT (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH
Business & Administrations	5,337	4,898	+12.2%
Healthcare & Seniors	2,026	2,106	-2.4%
Education	708	769	+4.4%
EUROPE TOTAL	8,071	7,774	+7.5%

Fiscal 2023 **Europe** revenues totaled **8.1 billion euros**, up +7.5% organically, or +10.6% excluding the impact of the end of the Testing Centers. The growth was driven by strong price revisions, continued improvement in return to the office and very strong Sports & Leisure activity. Thanks to a strong fourth quarter in Sports & Leisure in France and new business in Government in the United Kingdom, combined with high level of growth in Corporate services, organic growth in the fourth quarter in Europe was +9.0%, trending favorably compared to the third quarter which was at +6.9% excluding the impact of Testing Centers affected by strikes and bank holidays.

In **Business & Administration**, organic growth was +12.2%, boosted by strong price revisions, continued improvement in the return to the office, significant IFM project works and retail picking up, particularly in Continental Europe. Sports & Leisure growth was very strong, boosted by record sales in tourism in France, sports events (Roland Garros and Tour de France), and an increase in number and size of corporate events.

This was somewhat offset by contract losses in Energy & Resources in Northern Europe.

In **Healthcare & Seniors**, organic growth of -2.4% was impacted by the end of the Testing Centers. The rest of the business was +9.1%, with the contribution of new openings and solid occupancy in Seniors particularly in France.

Organic revenue growth in **Education** was +4.4%, reflecting in the first half some volume recovery following the impact of Covid lock downs in the previous year. The third quarter was affected by strikes in France and an overall increase in bank holidays, offset in the fourth quarter by positive impact of working days. Pricing contribution was lower than in most segments, particularly in France where passing on inflation was hampered by the use of inadequate indices. Revenues decreased by 61 million euros compared to prior year due to the disposal of the Childcare business during Fiscal 2022.

Rest of the World

REVENUES BY SEGMENT (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH
Business & Administrations	3,659	3,285	+11.5%
Healthcare & Seniors	337	305	+6.2%
Education	91	70	+35.1%
REST OF THE WORLD TOTAL	4,087	3,661	+11.5%

Fiscal 2023 **Rest of the World** revenues were **4.1 billion euros**. Organic Growth was up +11.5%. Excluding a change in revenue recognition on project works of one of our large Energy & Resources contracts, from a gross to net basis reflecting the changes in the way we operate this contract, the organic growth would have been +14.6%. The change was implemented during the fourth quarter, with retroactive impact for the full year.

Business & Administrations organic growth was up +11.5%, impacted by the accounting change, but +14.9% excluding this effect, driven by an increase in project works and successful negotiations on price adjustments in Energy & Resources,

impact of the new openings and strong pricing in Corporate Services and mining in Latin America and Brazil, and strong performance in India and South East Asia, in particular in the tech sector.

Healthcare & Seniors revenue was +6.2% organically, with good development in India and China, partly offset by a decrease in Brazil as a result of the exit of several low performing contracts.

Education organic growth was +35.1%, with all schools reopened in China and strong volume growth in India.

1.3 Underlying Operating Profit

Fiscal 2023 Sodexo excluding Pluxee Underlying operating profit was 976 million euros, up +19.7%, or +17.1% excluding the currency effect. The Underlying operating profit margin,

including Corporate expenses, was 4.3%, up +30 bps. The currency mix effect was negligible.

(in million euros)	UNDERLYING OPERATING PROFIT FISCAL 2023	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN FISCAL 2023	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
North America	582	+23.6%	+18.7%	5.6%	+30 bps	+20 bps
Europe	299	-0.5%	+2.2%	3.7%	-20 bps	-20 bps
Rest of the World	192	+23.1%	+19.2%	4.7%	+40 bps	+30 bps
UNDERLYING OPERATING PROFIT BEFORE CORPORATE COSTS	1,073	+15.8%	+13.6%	4.7%	+10 bps	+10 bps
Corporate expenses	(97)	-13.4%	-13.4%			
UNDERLYING OPERATING PROFIT (continuing activities)	976	+19.7%	+17.1%	4.3%	+30 bps	+30 bps

The increase in profitability in Fiscal 2023 was driven by operating leverage from higher revenue, especially in North America, combined with rigorous inflation management including sustained price increases and mitigation actions, improved supply chain economics, and disciplined corporate cost management.

- **North America** Underlying operating profit increased by +23.6% and the Underlying operating margin was up +30 bps to 5.6%, despite strong inflationary pressure, mobilization costs in Healthcare and additional investments to support growth. Leverage on the volume recovery, combined with operational efficiencies including supply chain optimization, improved workforce retention and recruitment, labor scheduling and attendance forecasting contributed to the increase in profitability.
- In **Europe**, the -0.5% decrease in Underlying operating profit (or +2.2% increase excluding the currency effect) resulted in a margin of 3.7%, down -20 bps. In a highly inflationary environment, and despite strong mitigation efforts, margins were temporarily affected in public contracts in France, Italy and Belgium where price adjustments lagged food cost inflation. In addition, the Testing Centers contract had high margin flow through and stopped during the third quarter of last year.
- In **Rest of the World**, Underlying operating profit was up +23.1% and the margin up +40 bps to 4.7% thanks to operating leverage in most countries, and successful price negotiations in Australia.

1.4 Net profit from Continuing activities

(in million euros)	FISCAL 2023	FISCAL 2022 restated	DIFFERENCE	DIFFERENCE CONSTANT RATES
UNDERLYING OPERATING PROFIT	976	815	+19.7%	+17.1%
Net scope change impacts	(7)	52		
Restructuring and rationalization costs	(45)	(4)		
Amortization of purchased intangible assets	(36)	(36)		
M&A costs, Spin-off costs & Other	(41)	(15)		
OTHER OPERATING INCOME AND EXPENSES	(129)	(3)		
OPERATING PROFIT	847	812	+4.3%	+2.5%
Net financial expense	(101)	(87)		
Pre-tax profit excluding share of profit from Equity method companies	737	718		
Tax charge *	(181)	(206)		
NET INCOME GROUP	560	514		
UNDERLYING NET PROFIT	659	525	+25.5%	+24.1%

*Fiscal 2023 effective tax rate is 24.6%, compared to an ETR of 28.8% in Fiscal 2022.

Other operating income and expenses of Sodexo excluding Pluxee amounted to **-129 million euros** compared to -3 million euros in the previous year. This significant increase is due to M&A costs, one-off spin-off costs of Pluxee this year (12 million euros) and restructuring costs principally related to the change in organization from global segments to geographies. Prior year also benefited from 52 million euros of net gains related to the disposals program, including the Childcare business.

As a result, the **Operating Profit** is **847 million euros** compared to 812 million euros in the previous year.

Fiscal 2023 Net financial expenses increased to 101 million euros against 87 million euros in the previous year. The increase is mainly due to 14 million euros costs linked to the bond consent process related to the spin-off project of Pluxee. The blended cost of debt at Fiscal 2023 year-end was at 1.7%, 10 basis points higher than at Fiscal 2022 year end, mainly due to the increased costs associated with the USD floating rates swaps.

The tax charge was down significantly to 181 million euros, despite a higher pre-tax profit, leading to an Effective Tax Rate of

24.6% against 28.8% in the prior year. This improvement is explained by the decrease in the CVAE rate in France and the better pre-tax results in France where deferred tax assets are not recognized. In addition, improved financial outlook in some geographies (mainly Germany and Netherlands) have led to a recognition of deferred tax assets related to prior years losses, excluding which, the Effective Tax Rate would have been of 25.5%.

The share of profit of other companies accounted for using the equity method was 12 million euros, slightly up compared to 8 million euros last year. Profit attributed to non-controlling interests was 8 million euros compared to the previous year amount of 6 million euros.

As a result, Sodexo continuing operations net income amounted to 560 million euros, against 514 million euros in Fiscal 2022. Underlying net profit adjusted for Other operating income and expenses net of tax reached 659 million euros, compared to 525 million euros in Fiscal 2022.

1.5 Net profit from discontinued operation (Pluxee)

The following income statement for Pluxee is built by difference between Group (before classification of Pluxee as discontinued operation) and Sodexo income statement under IFRS 5. Therefore, it does not reflect Pluxee stand-alone. Notably, it is pre-Group Corporate cost allocation, and the Effective Tax Rate is under-estimated.

Pluxee Consolidated Income statement

(in million euros)	FISCAL 2023	FISCAL 2022 restated	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	1,099	865	+27.1%	+26.5%
Organic revenue growth	+26.9%	+14.2%		
UNDERLYING OPERATING PROFIT	364	248	+47.0 %	+47.3%
UNDERLYING OPERATING PROFIT MARGIN	33.1%	28.6%	+450 bps	+480 bps
Other operating expenses	(30)	(3)	+900.0 %	+867.3 %
OPERATING PROFIT	334	245	+36.6%	+37.4%
Net financial expense	(18)	(3)		
Net income before tax & shares accounted for equity method	316	242		
Tax charge	(80)	(58)		
PLUXEE NET PROFIT (GROUP SHARE)	234	181	+29.3%	+25.6%
PLUXEE UNDERLYING NET PROFIT	249	174	+43.1%	+38.9 %

Fiscal 2023 Pluxee revenue amounted to 1,099 million euros, up +27.1%, helped by a +0.6% impact from currencies. As a result, organic growth was +26.9%.

REVENUES BY ACTIVITY (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH
Employee Benefits	916	711	+28.5%
Services Diversification*	183	154	+19.8%
PLUXEE	1,099	865	+26.9%

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

Employee Benefits organic growth was +28.5%, accelerating quarter by quarter, and reaching +35.7% in the fourth quarter. Issue volume amounted to 16.6 billion euros for the year and was up +13.8% organically, boosted by double digit growth across all the product range supported by strong portfolio growth and a dynamic trajectory in face value, especially in Brazil.

Services Diversification was up +19.8% organically for the year, resulting from the strong performance of public benefits, boosted by two major contracts in Austria and Romania.

REVENUES BY REGION (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH
Europe, USA and Asia	669	558	+24.7%
Latin America	430	307	+31.0%
PLUXEE	1,099	865	+26.9%

Organic revenue growth was strong across all geographies, respectively +24.7% in Europe, USA and Asia, and +31.0% in Latin America. This performance was due to strong growth in all major markets supported by a solid portfolio development and

increase face values. In addition, the positive impact of change in regulation in Brazil and the contribution from rising interest rates through out the fiscal year also helped.

REVENUES BY NATURE (in million euros)	FISCAL 2023	FISCAL 2022	ORGANIC GROWTH
Operating Revenues	953	804	+18.0%
Financial Revenues	146	61	+145.6%
PLUXEE	1,099	865	+26.9%

Operating revenues organic growth was +18.0%, fueled by the face value increase and positive net new development.

Financial revenues organic growth was +145.6%, due to the further increase in interest rates in the Euro zone and Central Europe.

Underlying operating profit was up +47.0%. The margin increased to 33.1% up +450 bps or +480 bps excluding currencies, resulting from operating leverage, fueled by strong growth in business volumes across all regions, despite sustained investments in Tech & Digital, and significant increase in interest rates boosting financial revenues and margins.

Pluxee Other operating income and expenses include 19 million euros of spin-off costs.

The increase in Pluxee net financial expense is the result of the intercompany debt costs.

The tax charge was up to 80 million euros.

As a result, Pluxee net income (group share) amounted to 234 million euros, against 181 million euros in Fiscal 2022. Given the accounting of Pluxee as discontinued operations, the net income is presented in the Group Income Statement on a separate line after income from continuing operations.

2 Consolidated financial position

(with Pluxee as discontinued operations)

2.1 Cash flows

(in million euros)	FISCAL 2023	FISCAL 2022 restated
Operating cash flow	1,130	977
Change in working capital	(222)	(193)
IFRS 16 leases outflow	(186)	(196)
Net capital expenditure	(348)	(262)
Free cash flow from continuing operations⁽¹⁾	374	326
Net acquisitions	(21)	(41)
Share buy-backs/Treasury stock	(57)	(13)
Dividends paid to shareholders	(352)	(294)
Other changes (including scope and exchange rates) ⁽²⁾	646	2
(Increase)/decrease in net debt from continuing operations	590	(20)
Pluxee Free cash flow (discontinued operation)	438	305
Pluxee (Increase)/decrease in net debt (discontinued operation) ⁽²⁾	(397)	230
Group Free cash flow	812	631
Group (Increase)/decrease in net debt	193	210

(1) The Group does not believe the accounting treatment introduced by IFRS16 modifies the operating nature of its lease transactions. Accordingly, to ensure the Group's performance measures continue to best reflect its operating performance, the Group considers repayments of lease liabilities as operating items impacting the Free cash flow, which integrates all lease payments (fixed or variable). To be consistent, the lease liabilities are not included in Net debt (treated as operating items).

(2) includes debt push-down from Sodexo to Pluxee for 0.6 billion euros

Free cash flow from continuing operations, adjusted for IFRS16, was 374 million euros against 326 million euros in Fiscal 2022.

Operating cash flow improved to 1,130 million euros against 977 million euros in the previous year, as a result of the improvement in Underlying operating profit.

The Working capital outflow in Fiscal 2023 of 222 million euros was similar to last year. It was affected by some residual unwinding of government Covid-linked payment delays in North America and Northern Europe, a change in supplier payment delays in Europe, as well as significant payroll timing impact in North America.

Net capital expenditure, including client investments, increased to 348 million euros, and 1.5% of revenues, compared to 262 million euros in the preceding year, at 1.3% of revenues. Gross capex was 520 million euros, or 2.3% of revenues of which more than 85% was client facing investments. The increase in capital expenditure compared to the prior year is mainly coming from more significant client investments in North America, in

the Education and Healthcare segments, in particular with the Ardent contract, in Australia in Mining and in the UK related to new sales in Government and Healthcare. M&A activity was limited in Fiscal 2023 with net acquisition spend of 21 million euros.

In order to project the post spin-off financial position, intragroup loans and deposits between Sodexo and Pluxee are considered as settled as at August 31, 2023 in this table, even though they will be settled only just prior to the listing date of Pluxee. As a consequence, Other changes includes in Fiscal 2023 a 0.6 billion euros debt push-down to Pluxee.

The resulting restated net debt from continuing activities reduced by 590 million euros ending the year to 2,918 million euros at August 31, 2023.

Pluxee net debt increased by 397 million euros due to the 610 millions d'euros debt push-down (considered as settled as of August 31, 2023).

2.2 Adjusted condensed consolidated statement of financial position at August 31, 2023

(in million euros)	AUGUST 31, 2023 ⁽¹⁾	AUGUST 31, 2022	(in million euros)	AUGUST 31, 2023 ⁽¹⁾	AUGUST 31, 2022
Non-current assets	9,406	10,785	Shareholders' equity	4,542	4,415
Current assets excluding cash	4,044	5,648	Non-controlling interests	12	10
Interco loans / deposits with Pluxee	1,215	—	Non-current liabilities	6,440	7,223
Restricted cash + financial assets Pluxee	—	1,257	Current liabilities	5,481	9,272
Cash	1,455	3,225	Liabilities held for sale	5,534	—
Assets held for sale	5,889	5	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,009	20,920
TOTAL ASSETS	22,009	20,920	Borrowings	5,588	5,742
			Net debt (adjusted⁽¹⁾)	2,918	1,268
			Gearing (adjusted⁽¹⁾)	64%	29%
			Net debt ratio (adjusted⁽¹⁾)	2.4x	1.0x

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

Reconciliation of balance sheet accounts as of August 31, 2023

(in million euros)	Consolidated financial position as published	Adjustment	Adjusted Consolidated financial position
Interco loans to Pluxee	—	1,215	1,215
Cash	2,025	(570)	1,455
Assets held for sale	5,319	570	5,889
Liabilities held for sale	4,319	1,215	5,534

As of August 31, 2023, Sodexo continuing operations net debt (adjusted to reflect the post spin-off situation) was 2,918 million euros, up significantly compared to the previous year at 1,268 million euros, which still included the Pluxee cash. As a result, gearing is at 64% and the net debt ratio is 2.4x for Sodexo continuing operations, compared to 1.0x last year for the Group including Pluxee. Restated with Pluxee as discontinued operations, net debt at the end of Fiscal 2022 would have been 3 508 million euros and the net debt ratio 3.4x.

Fiscal 2023 Net debt is shown adjusted post spin-off, including Sodexo continuing activities net debt reduction of 0.6 billion euros due to the push-down to Pluxee.

At year end, Sodexo continuing operations gross debt of 5.6 billion euros was 72% euro-denominated, 21% dollar-denominated and 6% sterling denominated, with an average maturity of 3.8 years, 95% at fixed rates and 100% covenant-free.

By the end of Fiscal 2023, Operating cash of Sodexo continuing operations adjusted post spin-off reached a total of 1,455 million euros.

At the year end, unused credit lines totaled 1.8 billion euros.

2.3 Acquisitions and disposals for the period

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

2.4 Earnings per share

Published EPS was 5.44 euros against 4.75 euros in Fiscal 2022. The weighted average number of shares for Fiscal 2023 was more or less stable at 146,127,620 compared to 146,295,576 shares for Fiscal 2022. Underlying EPS was 6.21 euros, up +30% compared to the prior year.

2.5 Proposed dividend

The Board of Directors has proposed a dividend of 3.10 euros, up +29.2% compared to Fiscal 2022, in line with our policy of a pay-out-ratio of 50% of Underlying net profit.

2.6 Currency effect

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

1€=	AVERAGE RATE FY 2023	AVERAGE RATE FY 2022	AVERAGE RATE FY 2023 VS. FY 2022	CLOSING RATE AT 08/31/2023	CLOSING RATE AT 08/31/2022	CLOSING RATE 08/31/2023 VS. 08/31/2022
U.S. dollar	1.059	1.101	+4.0%	1.087	1.000	-8.0%
Pound Sterling	0.871	0.846	-2.8%	0.857	0.860	0.4%
Brazilian real	5.403	5.772	+6.8%	5.308	5.148	-3.0%

The +1.5% positive impact of currencies on Sodexo continuing activities Fiscal 2023 revenues is linked to the weakness of the euro against the U.S. dollar during the first half of the year. However, the euro has been increasing since the end of the first half Fiscal 2023 and therefore the currency impact is negative in the second half. On the other hand, UK sterling was down -2.8%

during the year, explaining a negative impact of currencies in Europe. The impact of currency mix on the Underlying operating margin was negligible. Group net income was impacted by a negative currency impact of -1.3%, mainly coming from Pluxee discontinued operations.

Sodexo (continuing activities) operates in 45 countries. The percentage of total revenues and Underlying operating profit denominated in the main currencies are as follows:

FISCAL 2023	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	44%	63%
Euro	23%	-4%
UK pound Sterling	8%	11%
Brazilian real	4%	8%

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

2.7 Outlook

Given the strategic progress made in Fiscal 2022 and 2023, Sodexo is on track to pursue its recovery in North America, enhance efficiency and agility, continue to transform the food offers and operations and grow selectively in Facilities Management. Commercial excellence, data and digital investments and supply management support, will all contribute to better commercial momentum and better margins.

The Underlying revenue organic growth exit rate in the fourth quarter of Fiscal 2023 was over +10%. With continued inflation being passed through, pricing is expected to average out at 3-4% for Fiscal 2024. The

contribution from net new business should be above 2%, amplified by cross-selling.

As a result, Sodexo (excluding Pluxee) Fiscal 2024 and 2025 guidance:

- Organic revenue growth should be between +6 and +8% per annum;
- Underlying operating profit margin should continue to grow by +30-40 bps per annum, at constant rates.

2.8 Subsequent events

In July 2023 the Company launched a consent solicitation process relating to its 4.4 billion euros of outstanding EUR and GBP bonds, in order to seek certain approvals and waivers to proceed with the proposed spin-off of the Benefits & Rewards Services activity (Pluxee). The proposal was approved in relation to 7 out of the 8 bonds series. The consent solicitation in relation to the 300 million euros 1.125% bonds due May 22, 2025 (the "May 2025 Bonds") was terminated and, on October 25, 2023, the Board of Directors decided to redeem the May 2025 Bonds and to publish the make-whole redemption notice on October 26, 2023. Sodexo will redeem the total aggregate principal amount of the May 2025 Bonds outstanding on November 10, 2023.

End of July 2023, Sodexo has signed an agreement for the acquisition of A.H. Management, independent convenience solutions, to accelerate food transformation and development in North America. A.H. Management, the premier convenience solutions operator in the Chicago region and Southeast Wisconsin, is one of the largest operators in the Mid-West. This acquisition, closed September 2023, will extend InReach's offerings in the fast-growing North American convenience market.

At the end of September 2023, the Group signed a disposal agreement for its worldwide Home care services including subsidiaries in the United States, in the United Kingdom, and in Scandinavian countries. The transaction is subject to the satisfaction of customary closing conditions and is expected to be finalized by the end of the calendar year.

2.9 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

Please refer to Chapter 4, 4.3.1.

Free cash flow

Please refer to the section entitled Consolidated financial position.

Growth excluding currency effect

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

Issue volume

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

Net debt

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

Organic growth

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

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

Underlying net profit

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

Underlying net profit per share

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

Underlying operating profit margin

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

Underlying operating profit margin at constant rates

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



Fiscal 2023 Condensed consolidated financial statements

Notes to the Financial Statements will be found in the Universal Registration Document to be published on November 3, 2023

The comparative period presented in the consolidated income statement and in the consolidated cash flow statement disclosed in the document has been restated to reflect the classification as discontinued operations of Benefit & Rewards Service activity (Pluxee) in accordance with IFRS 5 "Assets held for sale and discontinued operations". Restatements of previously published information are disclosed in note 3.2.

1. Consolidated income statement

(in millions euro)	FISCAL 2023	FISCAL 2022 IFRS 5 restated
Revenues	22,637	20,263
Cost of sales	(19,917)	(17,807)
Gross profit	2,720	2,456
Selling, General and Administrative costs	(1,753)	(1,648)
Share of profit of companies accounted for using the equity method that directly contribute to the Group's business	9	7
Underlying operating profit	976	815
Other operating income	4	102
Other operating expenses	(133)	(105)
Operating profit	847	812
Financial income	90	36
Financial expenses	(191)	(123)
Share of profit of other companies accounted for using the equity method	3	1
Profit for the year before tax	749	726
Income tax expense	(181)	(206)
Net profit of the year from continuing operations	568	520
Net profit of the year from discontinued operations	236	184
Net profit for the year	804	704
Of which:		
Profit attributable to non-controlling interests	10	9
Net profit of the year from continuing operations – Attributable to non-controlling interests	8	6
Net profit of the year from discontinued operations – Attributable to non-controlling interests	2	3
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	794	695
Net profit of the year from continuing operations – Attributable to equity holders of the parent	560	514
Net profit of the year from discontinued operations – Attributable to equity holders of the parent	234	181
Basic earnings per share (in euros)	5.44	4.75
Net profit of the year from continuing operations, Group share per share (in euros)	3.83	3.51
Net profit of the year from discontinued operations, Group share per share (in euros)	1.61	1.24
Diluted earnings per share (in euros)	5.38	4.69
Net profit of the year from continuing operations, Group share diluted per share (in euros)	3.80	3.47
Net profit of the year from discontinued operations, Group share diluted per share (in euros)	1.58	1.22

2. Consolidated statement of comprehensive income

(in millions euro)	FISCAL 2023	FISCAL 2022 IFRS 5 restated
NET PROFIT FOR THE YEAR	804	704
Components of other comprehensive income that may be reclassified subsequently to profit or loss	(398)	715
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	(398)	686
Currency translation adjustment reclassified to profit or loss	—	29
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss	—	—
Share of other components of comprehensive income (loss) of companies accounted for using the equity method, net of tax	—	—
Components of other comprehensive income that will not be reclassified subsequently to profit or loss	125	129
Remeasurement of defined benefit plan obligation	(104)	87
Change in fair value of financial assets revalued through other comprehensive income	197	65
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	32	(23)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX	(273)	844
COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	293	1,312
COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	238	236
COMPREHENSIVE INCOME	531	1,548
Of which:		
Attributable to equity holders of the parent	523	1,534
Comprehensive income from continuing operations – Attributable to equity holders of the parent	285	1,302
Comprehensive income from discontinued operations – Attributable to equity holders of the parent	238	232
Attributable to non-controlling interests	8	14
Comprehensive income from continuing operations – Attributable to non-controlling interests	8	10
Comprehensive income from discontinued operations – Attributable to non-controlling interests	—	4

3. Consolidated statement of financial position

Assets

(in millions euro)	AUGUST 31, 2023	AUGUST 31, 2022
Goodwill	5,568	6,611
Other intangible assets	448	678
Property, plant and equipment	510	510
Right-of-use assets relating to leases	787	895
Client investments	687	667
Investments in companies accounted for using the equity method	66	73
Non-current financial assets	1,071	1,025
Other non-current assets	77	172
Deferred tax assets	192	154
NON-CURRENT ASSETS	9,406	10,785
Financial assets	74	57
Inventories	324	352
Income tax receivable	84	171
Trade and other current operating assets	3,562	5,068
Restricted cash and financial assets related to the Benefits & Rewards Services activity	—	1,257
Cash and cash equivalents	2,025	3,225
Assets held for sale or for distribution	5,319	5
CURRENT ASSETS	11,388	10,135
TOTAL ASSETS	20,794	20,920

Shareholders' equity and liabilities

(in millions euro)	AUGUST 31, 2023	AUGUST 31, 2022
Share capital	590	590
Additional paid-in capital	248	248
Reserves and retained earnings	3,704	3,577
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	4,542	4,415
NON-CONTROLLING INTERESTS	12	10
SHAREHOLDERS' EQUITY	4,554	4,425
Long-term borrowings	5,056	5,709
Long-term lease liabilities	683	759
Employee benefits	265	282
Other non-current liabilities	174	197
Non-current provisions	110	115
Deferred tax liabilities	152	161
NON-CURRENT LIABILITIES	6,440	7,223
Bank overdrafts	—	8
Short-term borrowings	537	35
Short-term lease liabilities	148	184
Income tax payable	177	207
Current provisions	79	99
Trade and other payables	4,540	5,230
Voucher liabilities	—	3,509
Liabilities directly associated with assets held for sale or for distribution	4,319	—
CURRENT LIABILITIES	9,800	9,272
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	20,794	20,920

4.1.4 Consolidated cash flow statement

(in millions euro)	FISCAL 2023	FISCAL 2022
Operating profit	847	812
Depreciation, amortization and impairment of intangible assets, property, plant and equipment and right-of-use assets*	458	457
Provisions	(17)	(53)
(Gains) losses on disposals	11	(51)
Other non-cash items	31	28
Dividends received from companies accounted for using the equity method	8	6
Net interest expense paid	(66)	(55)
Interests paid on lease liabilities	(19)	(16)
Income tax paid	(123)	(151)
Operating cash flow	1,130	977
Change in inventories	(11)	(72)
Change in trade and other current operating assets	(204)	(470)
Change in trade and other payables	(7)	349
Change in working capital from operating activities	(222)	(193)
Net cash provided by operating activities from continuing operations	908	784
Net cash provided by operating activities from discontinued operations	468	251
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,376	1,035
Acquisitions of property, plant and equipment and intangible assets	(338)	(266)
Disposals of property, plant and equipment and intangible assets	33	17
Change in client investments	(43)	(13)
Change in financial assets and share of companies accounted for using the equity method	(36)	(61)
Business combinations	(21)	(126)
Disposals of activities	—	80
Net cash used in investing activities from continuing operations	(405)	(369)
Net cash used in investing activities from discontinued operations	(121)	(17)
NET CASH USED IN INVESTING ACTIVITIES	(526)	(386)
Dividends paid to Sodexo S.A. shareholders	(352)	(294)
Dividends paid to non-controlling shareholders of consolidated companies	(6)	(3)
Purchases of treasury shares	(57)	(13)
Sales of treasury shares	7	6
Change in non-controlling interests	(12)	—
Proceeds from borrowings	544	111
Repayment of borrowings	(550)	(699)
Repayments of lease liabilities	(186)	(196)
Net cash provided by/(used in) financing activities from continuing operations	(612)	(1,088)
Net cash provided by/(used in) financing activities from discontinued operations	(34)	(21)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(646)	(1,109)
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH	(191)	145
Net effect of exchange rates and other effects on cash from continuing operations	(156)	100
Net effect of exchange rates and other effects on cash from discontinued operations	(35)	45
CHANGE IN NET CASH AND CASH EQUIVALENTS	13	(315)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,217	3,532
NET CASH AND CASH EQUIVALENTS, END OF YEAR	3,230	3,217
of which Net cash and cash equivalents from continuing operations, end of year	2,025	2,274
of which Net cash and cash equivalents from discontinued operations, end of year	1,205	943

* Including 188 million euros corresponding to the depreciation of right-of-use assets recognized in Fiscal 2023 pursuant to IFRS 16 (200 million euros recognized in Fiscal 2022).

5. Consolidated statement of changes in shareholders' equity

(in millions euro)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY		
						ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Shareholders' equity as of August 31, 2022	147,454,887	590	248	3,992	(415)	4,415	10	4,425
Net profit for the year				794		794	10	804
Other comprehensive income (loss), net of tax				125	(396)	(271)	(2)	(273)
Comprehensive income				919	(396)	523	8	531
Dividends paid				(352)		(352)	(7)	(359)
Treasury share transactions				(52)		(52)		(52)
Share-based payment (net of income tax)				45		45		45
Change in ownership interest without any change of control				(36)		(36)	2	(34)
Other				(1)		(1)	(1)	(2)
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2023	147,454,887	590	248	4,514	(811)	4,542	12	4,554

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

* Corresponding to the application of the IFRS Interpretation Committee decisions issued in March, providing details on the accounting for configuration and customization costs of SaaS (Software as a Service) type software, and in April 2021, clarifying the calculation methods, in application of IAS 19 "Employee benefits", for certain commitments relating to defined benefit plans.

6. Financial ratios

The key indicators 2022 used for below ratios have been calculated from an adjusted 2022 balance sheet, including the same restatements as the one reported in the 2023 adjusted balance sheet (see Note 3.3.2) such as: Pluxee presented as assets and liabilities held for sale or for distribution and internal transactions not eliminated between Sodexo and Pluxee (loan for 478 million euros in 2022 and Pluxee deposits in Sodexo cash-pooling for 564 million euros reported as cash reduction)

		FISCAL 2023	FISCAL 2022 adjusted
Gearing ratio	Borrowings (1) – operating cash (2) Shareholders' equity and non-controlling interests	64.1%	79.3%
Net debt ratio	Borrowings (1) – operating cash (2) Underlying EBITDA (underlying operating profit before Interest, Taxes, Depreciation and Amortization) (3)	2.4	3.4
Debt coverage	Borrowings Operating cash flow	4,9 years	5,8 years
Financial independence	Long-term borrowings Shareholders' equity and non-controlling interests	111.0%	128.0%
Return on equity	Profit attributable to equity holders of the parent Equity attributable to equity holders of the parent (before profit for the period)	21.2%	18.7%
ROCE (Return on capital employed)	Underlying operating profit after tax (4) Average capital employed (5)	11.3%	9.9%
Interest cover	Operating profit Net borrowing cost	11.5	10.2

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

(in millions euro)		FISCAL 2023	FISCAL 2022 adjusted
(1) Borrowings ⁽¹⁾	Long-term borrowings	5,056	5,665
	+ Short-term borrowings	537	34
	- Derivative financial instruments recognized as assets	(5)	(3)
	BORROWINGS	5,588	5,696
(2) Operating cash	Cash and cash equivalents	2,025	2,282
	Pluxee deposits	(570)	(564)
	Loans with Pluxee	1,215	478
	- Bank overdrafts	—	(8)
	OPERATING CASH	2,670	2,188
(3) Underlying EBITDA	Underlying operating profit	976	815
	+ Depreciation and amortization	422	420
	- Lease payments	203	213
	UNDERLYING EBITDA (UNDERLYING OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION)	1,195	1,022
(4) Underlying operating profit after tax	Underlying operating profit	976	815
	Underlying Effective tax rate ⁽⁴⁾	25.7%	27.5%
	UNDERLYING OPERATING PROFIT AFTER TAX	725	591
(5) Average capital employed ⁽²⁾	Property, plant and equipment	504	473
	+ Right-of-use assets relating to leases	829	865
	+ Leases liabilities	(873)	(905)
	+ Goodwill	5,758	5,589
	+ Other intangible assets	475	494
	+ Client investments	677	614
	+ Working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	(1,031)	(1,234)
	+ Impact of assets held for sale net of liabilities ⁽³⁾	72	78
	AVERAGE CAPITAL EMPLOYED	6,410	5,974

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

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

(3) Reinstatement of the capital employed of Homecare services which gave rise to classification in assets held for sale and related liabilities as of August 31, 2023 and Childcare activity as of August 31, 2022.

(4) Below the underlying effective tax rate calculation:

(in millions euro)	FISCAL 2023			FISCAL 2022		
	PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	INCOME TAX	RATE	PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	INCOME TAX	RATE
EFFECTIVE	737	(181)	24.6%	718	(206)	28.8%
<i>Adjustments:</i>						
Restructuring costs	47	(12)		8	(2)	
Impairment losses and amortization of intangible assets relating to client relationships and trademarks	36	(9)		36	(9)	
Non recognition of non recurrent deferred taxes	—	(7)		—	1	
Others	60	(17)		(41)	19	
UNDERLYING	880	(226)	25.7%	722	(198)	27.5%