FINANCIAL REPORT FIRST-HALF FISCAL 2021

Six months ended February 28, 2021

sodexo
QUALITY OF LIFE SERVICES

Press Release

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QUALITY OF LIFE SERVICES

Sodexo First Half Fiscal 2021 Results: rebound in profitability and strong free cashflow

- Improving organic revenue trend quarter by quarter, at -21.7% for H1
- Underlying operating profit margin at 3.1%, large beat on assumptions
- Exceptional free cashflow generation for a first half
- Assumptions:
  - H2 Organic revenue growth between +10 and +15%
  - H2 Underlying operating profit margin at around 3.1% at constant rate
  - Cash conversion more than 100% for the full year

Issy-les-Moulineaux, April 1, 2021 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At the Board of Directors meeting held on March 31, 2021 and chaired by Sophie Bellon, the Board closed the Consolidated accounts for the First half Fiscal 2021 ended February 28, 2021.

Financial performance for First half Fiscal 2021

(in millions of euro)	H1 FISCAL 2021	H1 FISCAL 2020	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	**8,595**	11,692	*-26.5%*	*-21.7%*
UNDERLYING OPERATING PROFIT	**265**	**685**	*-61.4%*	*-55.2%*
UNDERLYING OPERATING PROFIT MARGIN	***3.1%***	***5.9%***	**-280 bps**	**-250 bps**
Other operating expenses	(128)	(66)		
OPERATING PROFIT	**136**	**619**	*-78.0%*	*-73.2%*
Net financial expense	(50)	(67)		
Tax charge	(53)	(161)		
GROUP NET PROFIT	**33**	**378**	*-91.3%*	*-86.6%*
EPS *(in euro)*	**0.23**	**2.59**	*-91.3%*	
UNDERLYING NET PROFIT	**128**	**424**	*-69.9%*	*-63.6%*
UNDERLYING EPS *(in euro)*	0.87	2.91	*-69.9%*	

Sodexo CEO Denis Machuel said:

"Our actions to renegotiate our client contracts, strictly control our costs, and implement the GET restructuring program are clearly visible in our better than expected Underlying operating profit margin of 3.1%.

In the Second half, year on year organic growth rate will be very positive. However, given the new waves of the pandemic, we do not expect a significant improvement in revenue volumes from the first half. We are redoubling our efforts and focus on execution to offset the traditional seasonality gap between First and Second half Underlying operating profit margin.

We are confident that pent-up demand will ensure a strong pick-up in all segments and activities once the pandemic is over. I am very proud of how our organization is totally mobilized to fully benefit from these opportunities, and I warmly thank our teams for their impressive engagement in the field with our clients."

Highlights of the period

- First half Fiscal 2021 Group revenue was 8,595 million euro, down -26.5%, still significantly impacted by the Covid-19 crisis. The currency effect and in particular the weakness of the Dollar and the Real, accounted for -4.8%. The net M&A contribution was negligible. As a result, Group organic revenue decline was -21.7%, compared to -27.5% in Second half Fiscal 2020.
- **On-site Services** organic revenue decline was -22.2%, with consistent quarterly improvement, after a First quarter down -23.3%, or -22.1% excluding the Rugby World Cup effect, and Second quarter Fiscal 2021 down -21.0%. The key elements of the half-year were:
  - In Business & Administrations, organic decline was -26.5%, still significantly impacted by the Covid-19 crisis due to the high level of working from home in Corporate Services and the number of closed sites in Sports & Leisure, and particularly in North America. Energy & Resources and Government & Agencies remained solid, up +4.3%, during the First half.
    Europe showed more resilience compared to North America. Asia-Pacific, Latam, Middle East and Africa region returned to growth.
  - In Healthcare & Seniors, organic decline was -2.1%. Hospitals are still suffering from the pandemic related weakness in retail sales. However, the segment was boosted by the Rapid Testing Centers contract in the UK.
  - In Education, organic decline was -31.9%. While there was a return to school from September in Europe and Asia, schools were predominantly closed in North America. Weak activity in Universities due to virtual learning was further impacted by a lower number of days, particularly in the second quarter due to a prolonged winter break.
  - **Key Performance Indicators for the First half** were also impacted by the pandemic:
    - Client retention was down -30 bps to 97.5%, impacted by the British Government's return to self-operation of the Transforming Rehabilitation contract. Excluding this account loss, retention would have been up by +20 bps.
    - New sales development was down -10 bps at 2.8%, but with much enhanced signing discipline, particularly regarding margins.
    - Same site sales decline was at -22.7%, reflecting the substantial loss of food volumes, while Facilities Management Services remains solid.
- **Benefits & Rewards Services** was more resilient with an organic revenue decline of -8.1%. There was a slight deterioration in the second quarter trend, relative to the first quarter, due to the second wave lockdowns from November in most countries in Europe, delaying reimbursement volumes.

- **Underlying operating margin** was 3.1%, better than our assumptions and the -1.9% negative margin in Second half Fiscal 2020. This significant improvement in performance is the result of the many contract renegotiations since March 2020, prolonged furlough in some countries, the first results of the restructuring program and very strict cost control.
- **Other operating expenses (net)** amounted to 128 million euro, up significantly against the previous year, reflecting the implementation of the ongoing 350 million euro GET restructuring program started in the Second half last year. Restructuring costs amounted to 107 million euro, after 158 million euro in the Second half Fiscal 2020. The remaining 85 million euro is expected to be incurred in the Second half.
- **Reported net profit** was positive at 33 million euro and basic EPS was €0.23, both down -91.3% year on year. Underlying Net profit totaled 128 million euro, against the 424 million euro pre-crisis net profit in First half Fiscal 2020.
- **Free cash flow** at 237 million euro was much better than expected helped by a positive change in working capital of 41 million euro, boosted by strict management of receivables, Benefits & Rewards due to lower reimbursement flows, and continued Government support in terms of payment delays . In addition, net capex was exceptionally low at 86 million euro, due in particular to delays in client investments.
- Consequently, **net debt** has fallen year on year and since the beginning of the fiscal year to 1.7 billion euro, with the gearing ratio at 57%, against 50% pre-crisis in February 2020 and 67% in August 2020. The net debt ratio[1] at the end of the period was impacted significantly by the reduction in the rolling twelve-month Underlying EBITDA, to reach 3.8x against 1.3x at the end of First half Fiscal 2020 and 2.1x at the end of Fiscal 2020.
- During the quarter, Sodexo reinforced its **commitment to reducing its environmental footprint**:
  - Sodexo joined the Climate Group's RE100 initiative, committing to switch to 100% renewable electricity by 2025. This commitment covers Sodexo's directly operated sites under the Scope 1 and Scope 2 activities as per the GHG Protocol guidelines.
  - Since March 1, 2021, Sodexo has been phasing out five key single-use plastic Foodservice items from its on-site operations in Europe, with only paper, cardboard, wood or fiber-based options available in its supply catalog. The move goes beyond upcoming EU legislation by removing takeaway bags in addition to straws, plates, cutlery and stirrers.

  In March 2021, Sodexo entered the new Euronext CAC40 ESG index, created in response to the growing market demand for sustainable investments. Being part of the index recognizes Sodexo commitment and initiatives for a sustainable global economy.

Outlook

While confidence is high in a rapid recovery once vaccination is fully deployed, in the short-term, the situation remains volatile, particularly in Europe with the new waves of the pandemic. As a result, we expect little improvement in the quarter on quarter trends through to the fiscal year end in August.

The Group will continue to renegotiate its contracts to ensure the best possible level of profitability, to deliver its restructuring measures and activate all government support available.

[1] *See APM definitions*

In this context,

- **Second half Fiscal 2021 organic growth is expected between +10 and +15%.**
- **After the strong performance in the First half, cost containment and restructuring should offset the traditional seasonality gap between First half and Second half margins, so that the Second half Fiscal 2021 underlying operating margin should be around 3.1%, at constant rates.**
- **After an exceptional free cashflow performance in the First half, our objective for the year is to achieve a cash conversion of more than 100%.**

Looking further out, on the basis that the pandemic will be over by 2021 calendar year end, the Group aims to return to sustained growth and to rapidly increase the Underlying operating margin back over the pre-Covid level.

The Board and the Executive Committee extend their sincere thanks to all employees who have collectively contributed to the improved financial performance in First half Fiscal 2021.

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 H1 Fiscal 2021 results. Those who wish to connect:

- from the UK may dial +44 (0) 2071 928 338, or
- from France +33 (0) 1 70 70 07 81, or
- from the USA +1 646 741 3167,
- followed by the access code **52 65 589**.

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 2021 financial calendar

Fiscal 2021 Nine Months Revenues	July 1, 2021
Fiscal 2021 Annual Results	October 28, 2021
Fiscal 2021 Annual Shareholders Meeting	December 14, 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 64 countries, Sodexo serves 100 million consumers each day through its unique combination of On-site Services, Benefits & Rewards Services and Personal & 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 420,000 employees throughout the world.

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

Key figures

19.3 billion euro in Fiscal 2020 consolidated revenues

420,000 employees as at August 31, 2020

#1 France-based private employer worldwide

64 countries

100 million consumers served daily

12.1 billion euro in market capitalization (as at March 31, 2021)

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1

ACTIVITY REPORT FOR FIRST HALF FISCAL 2021

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QUALITY OF LIFE SERVICES

First half Fiscal 2021 Activity Report

(September 1, 2020 to February 28, 2021)

Revenues

REVENUES BY SEGMENT (In millions of euro)	H1 FY21	H1 FY20	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	**4,280**	6,186	-26.5%	+0.1%	-4.4%	-30.8%
Healthcare & Seniors	**2,338**	2,538	-2.1%	0.0%	-5.8%	-7.9%
Education	**1,620**	2,528	-31.9%	-0.3%	-3.7%	-35.9%
On-site Services	**8,238**	**11,252**	**-22.2%**	**0.0%**	**-4.6%**	**-26.8%**
Benefits & Rewards Services	**359**	**443**	**-8.1%**	**+0.5%**	**-11.4%**	**-19.0%**
Elimination	**-2**	**-3**				
TOTAL GROUP	**8,595**	**11,692**	**-21.7%**	**0.0%**	**-4.8%**	**-26.5%**

First half Fiscal 2021 Group revenue was 8,595 million euro, down -26.5%, still significantly impacted by the Covid-19 crisis. The currency effect and in particular the weakness of the dollar and the Real, accounted for -4.8%[1]. The net M&A contribution was negligible. As a result, Group organic revenue decline was -21.7%. This compared with an organic decline of -27.5% in the Second half Fiscal 2020. Importantly, there has been consistent quarter on quarter improvement in trends, since the start of the Covid crisis, even though the second quarter was impacted a bit more by the second wave, in Education, Corporate Services and Benefits & Rewards Services.

	ACTUALS			
Revenue organic growth	Q3 trend* FY2020	Q4 FY2020	Q1 trend* FY2021	Q2 FY2021
Business & Administrations	**-34%**	**-29.8%**	**-25.6%**	**-25.3%**
Of which Corporate Services	-32%	-25%	-24%	-25%
Of which Sports & Leisure	-100%	-91%	-85%	-82%
Education	**-65%**	**-35.7%**	**-31.2%**	**-32.7%**
Of which Schools	-58%	-23%	-21%	-18%
Of which Universities	-71%	-48%	-39%	-46%
Healthcare & Seniors	**-15%**	**-9.1%**	**-3.5%**	**-0.6%**
On-site Services	**-36%**	**-25.4%**	**-22.1%**	**-21.0%**
Benefits & Rewards Services	**-27%**	**-15.1%**	**-5.6%**	**-10.2%**
Group	**-36%**	**-24.9%**	**-21.5%**	**-20.6%**

* restated in Q3 FY20 for 2 weeks which were pre-lockdown in March and in Q1 FY21 to exclude the impact of the Rugby World Cup (RWC) in the previous year.

[1] *For further detail on currencies, please see page 17 of this document.*

Brexit:

The United Kingdom has now left the European Union. Sodexo has been present in the United Kingdom since 1988 and has around 31,000 employees there today. The Group's business is not materially impacted by the United Kingdom leaving the European Union. Sodexo is a local player, working with local suppliers and employees, and very often for Government authorities and Government services. In the UK, traditionally, a large part of the services is FM Services, which have demonstrated their resilience in the current Covid-19 crisis. Our supply chain teams have planned extensively for EU exit and since 1 January. As a result, we have not suffered any significant disruption to our supply chains. Volumes have been low, however, as a result of Covid restrictions and we continue to monitor the situation closely (particularly in relation to fresh produce) as restrictions are eased and volumes increase. We are confident that the planning we have carried out and the close relationships we have with our supply chain partners will stand us in good stead. As usual, growth in activity will remain dependent upon outsourcing trends, growth in GDP and employment in the country.

On-site Services

On-site Services organic revenue decline was -22.2%, impacted by the Covid crisis but demonstrating a consistent improvement in the trend quarter by quarter, even though the second quarter was impacted by the second wave in Europe, in particular in Corporate Services and UK Schools and a longer winter break in American Universities. While Foodservices were down -35.1%, Facilities Management Services remained very resilient with revenues up +2.9%. As a result, Facilities Management Services accounted for 45% of total On-site sales during the First half.

Key Performance Indicators for the First half were also impacted by the pandemic:

- Client retention was down -30 bps to 97.5%, impacted by the British Government's return to self-operation of the Transforming Rehabilitation contract. Excluding this account loss, retention would have been up +20 bps.
- New sales development was down -10 bps at 2.8%, but with much enhanced signing discipline, particularly regarding margins.
- Same site sales decline at - 22.7 %, reflected by the Covid impact particularly on Food volumes, while Facilities Management Services remains solid.
- Healthcare North America has had a good start to the year with an improvement of +80 bps in retention and +60 bps in development.
- Focus and discipline has increased during the period, with gross margins of lost accounts down -150 bps, new signatures up +40 bps, and mobilizations up +140 bps.

On-site Services Revenues by region

REVENUES BY REGION *(In millions of euro)*	**H1 FY21**	**H1 FY20**	**ORGANIC GROWTH**
North America	**3,174**	5,100	-32.6%
Europe	**3,528**	4,388	-18.4%
Asia-Pacific, Latam, Middle East and Africa	**1,535**	1,763	-0.5%
ON-SITE SERVICES TOTAL	**8,238**	**11,252**	**-22.2%**

REVENUES BY REGION *(In millions of euro)*	Q2 FY21	Q2 FY20	ORGANIC GROWTH
North America	**1,486**	2,402	-32.1%
Europe	**1,721**	2,110	-16.8%
Asia-Pacific, Latam, Middle East and Africa	**767**	868	+0.4%
ON-SITE SERVICES TOTAL	**3,974**	**5,380**	**-21.0%**

In Asia-Pacific, Latam, Middle East and Africa, activity is trending down only -0.5% in the First half, reflecting a return to growth in the second quarter. Strong growth in China and Latin America is compensating the ongoing weakness in India and the flattening out of growth in Australia, as demand for extra Covid-related services subsided. In Europe, after a strong start in the first quarter with the reopening of schools and offices, the second wave impacted the second quarter performance particularly in Schools in the UK and Corporate Services more generally. The performance in North America remained very weak, down -32.6%, still very impacted by the situation in Sports & Leisure and the very slow return to sites in Education and Corporate Services.

Business & Administrations

REVENUES BY REGION *(In millions of euro)*	H1 FY21	H1 FY20	ORGANIC GROWTH
North America	**828**	1,658	-46.0%
Europe	**2,084**	2,984	-28.9%
Asia-Pacific, Latam, Middle East and Africa	**1,369**	1,544	+0.4%
BUSINESS & ADMINISTRATIONS TOTAL	**4,280**	**6,186**	**-26.5%**

REVENUES BY REGION *(In millions of euro)*	Q2 FY21	Q2 FY20	RESTATED ORGANIC GROWTH
North America	**405**	804	-45.0%
Europe	**1,004**	1,425	-27.6%
Asia-Pacific, Latam, Middle East and Africa	**687**	761	+1.0%
BUSINESS & ADMINISTRATIONS TOTAL	**2,095**	**2,991**	**-25.3%**

First half Fiscal 2021 **Business & Administrations** revenues totaled **4.3 billion euro**, down organically by -26.5%.

In **North America**, the organic decline remained significant at **-46.0%.** While the trend in Energy & Resources and Government & Agencies segments is improving, Sports & Leisure sites are still largely closed and Corporate Services is still impacted in Foodservices by office closures and has shown no improvement in trend relative to the previous quarter.

In **Europe,** sales were down **-28.9%** organically, with the second quarter slightly better than the first which had been impacted by the negative comparison of the RWC. The trend improved in all sub-segments, except in Corporate Services impacted by the second wave lockdowns from November. Facilities Management services and Global accounts continue to be more resilient in this environment.

In **Asia-Pacific, Latam, Middle East and Africa,** organic growth was **+0.4%,** thanks to a return to growth in the second quarter. Energy & Resources continued to generate solid growth but lower than in the previous quarters as demand for extra Covid-related services subsided, particularly in Australia. China and Latam remain very strong across the board, somewhat offset by India which is still severely impacted by the pandemic.

Healthcare & Seniors

REVENUES BY REGION *(In millions of euro)*	H1 FY21	H1 FY20	ORGANIC GROWTH
North America	**1,297**	1,555	-9.8%
Europe	**910**	819	+12.7%
Asia-Pacific, Latam, Middle East and Africa	**131**	164	-3.6%
HEALTHCARE & SENIORS TOTAL	**2,338**	**2,538**	**-2.1%**

REVENUES BY REGION *(In millions of euro)*	Q2 FY21	Q2 FY20	RESTATED ORGANIC GROWTH
North America	**643**	774	-8.9%
Europe	**467**	408	+15.5%
Asia-Pacific, Latam, Middle East and Africa	**66**	82	-2.8%
HEALTHCARE & SENIORS TOTAL	**1,177**	**1,264**	**-0.6%**

Healthcare & Seniors First half revenues were **2.3 billion euro**, down -2.1% organically, with a significant improvement in the Second quarter versus the First quarter.

Organic decline in **North America** was **-9.8%,** improving very progressively quarter on quarter. Seniors performance and cross-selling of extra services remain solid. However, there is still no sign of any improvement in retail sales which have significantly reduced since the start of the pandemic. Development is picking up with some encouraging new wins.

In **Europe,** organic growth of **+12.7**%, and +15.5% in the Second quarter, reflects the ramping up of the Covid-19 rapid testing centers contract in the UK. Seniors activity is more or less back to previous year levels. However, with the second and third waves, activity is suffering from the lower levels of elective surgery and slower than expected mobilization of new contracts.

In **Asia-Pacific, Latam, Middle East and Africa,** the organic decline was better in the second quarter at -2.8%, with a return to growth in China, against a significantly Covid-impacted comparable base.

Education

REVENUES BY REGION *(In millions of euro)*	H1 FY21	H1 FY20	ORGANIC GROWTH
North America	**1,050**	1,887	-39.7%
Europe	**535**	585	-8.3%
Asia-Pacific, Latam, Middle East and Africa	**35**	55	-15.0%
EDUCATION TOTAL	**1,620**	**2,528**	**-31.9%**

REVENUES BY REGION *(In millions of euro)*	Q2 FY21	Q2 FY20	RESTATED ORGANIC GROWTH
North America	**438**	824	-41.3%
Europe	**250**	277	-9.4%
Asia-Pacific, Latam, Middle East and Africa	**14**	24	-6.7%
EDUCATION TOTAL	**703**	**1,125**	**-32.7%**

First half Fiscal 2021 Revenues in **Education** were **1.6 billion euro**, down -31.9% organically.

In **North America,** the segment remains severely impacted by the pandemic with an organic decline of **-39.7%**. The second quarter trend was slightly worse than the first quarter due to longer than usual winter break at the University representing 14 days less days in the quarter. Schools are progressively reopening but the majority remained closed for most of the period.

In **Europe**, the organic decline was limited to **-8.3%**. While in France fully reopened from September, schools in other countries reopened progressively during the first quarter, even if Covid-19 contaminations are forcing some classes to close without warning. The second quarter trend deteriorated slightly due to the second wave closures of UK schools.

In **Asia-Pacific, Latam, Middle East and Africa**, the organic decline remained high at **-15.0%,** despite a significant improvement in the trend in Q2, down only -6.7%. The collapse of the activity in India is not yet compensated by the progressive reopening in China, hampered by low activity in the international schools.

Benefits & Rewards Services

Benefits & Rewards Services revenue amounted to 359 million euro, down -8.1% organically and -19% including the negative currency impact of -11.4%, principally due to the Brazilian real and the Turkish lira.

Revenues

REVENUES BY ACTIVITY *(In millions of euro)*	**H1 FY21**	**H1 FY20**	**ORGANIC GROWTH**
Employee Benefits	**275**	348	-8.4%
Services Diversification	**84**	96	-7.2%
BENEFITS & REWARDS SERVICES	**359**	**443**	**-8.1%**

REVENUES BY ACTIVITY (In millions of euro)	**Q2 FY21**	**Q2 FY20**	**ORGANIC GROWTH**
Employee Benefits	**145**	188	-11.8%
Services Diversification	**45**	49	-3.9%
BENEFITS & REWARDS SERVICES	**190**	**238**	**-10.2%**

In the first half, **Employee Benefits** revenues were down **-8.4%** organically**,** compared to +0.2% in issue volume (5.9 billion euro). This is a significant improvement relative to the Second half Fiscal 2020 trend but represents a slowdown in the second quarter relative to the first quarter. Merchant reimbursements slowed down significantly from November due to lockdowns in Europe.

Services Diversification was down **-7.2 %** due to the continued difficulties in the Health & Wellness and Mobility markets in most countries, due to the closure of most sporting facilities and the lack of business travel. Fuel & Fleet provided more resilience. Public benefits are up strongly in all regions. The trend was significantly better in the second quarter, down only -3.9% due to a return to growth in Incentive & Recognition.

REVENUES BY REGION *(in millions of euro)*	**H1 FY21**	**H1 FY20**	**ORGANIC GROWTH**
Europe, USA and Asia	**242**	270	-7.0%
Latin America	**116**	173	-10.1%
BENEFITS & REWARDS SERVICES	**359**	**443**	**-8.1%**

REVENUES BY REGION (in millions of euro)	Q2 FY21	Q2 FY20	ORGANIC GROWTH
Europe, USA and Asia	**130**	150	-10.0%
Latin America	**60**	88	-10.7%
BENEFITS & REWARDS SERVICES	**190**	**238**	**-10.2%**

In **Europe, Asia and USA,** First half Fiscal 2021 revenues declined by **-7.0%** organically, reflecting a deterioration in the trend in the second quarter, down -10%, after a better first quarter down only -3.2%. After a solid recovery in September and October in Europe, the trend reversed in November due to the second round of lockdowns and restaurant closures. In China and Turkey, issue and reimbursement volumes were also more modest in the second quarter after the catch-up in the first quarter. Growth in India remained strong for meal benefits.

In **Latin America,** sales declined **-10.1%.** Overall, issue volumes and reimbursement volumes were stable in the region. Revenues in Brazil were impacted by the highly competitive environment, while interest rates are stabilizing from quarter to quarter. The momentum in the rest of the region remained solid, except in Chile still significantly impacted by the pandemic.

REVENUES BY NATURE *(In millions of euro)*	H1 FY21	H1 FY20	ORGANIC GROWTH
Operating Revenues	**339**	412	-7.4%
Financial Revenues	**20**	31	-17.9%
BENEFITS & REWARDS SERVICES	**359**	**443**	**-8.1%**

REVENUES BY NATURE (In millions of euro)	Q2 FY21	Q2 FY20	ORGANIC GROWTH
Operating Revenues	**180**	223	-10.1%
Financial Revenues	**11**	15	-13.1%
BENEFITS & REWARDS SERVICES	**190**	**238**	**-10.2%**

The decline in **Operating revenues** was **-7.4%. Financial revenues** were down more significantly by **-17.9%**, impacted by the decline in interest rates, particularly in Brazil. However, as rates have stabilized since July 2020, the year on year comparison is easing each quarter.

Underlying operating profit

First half Fiscal 2021 Underlying operating profit amounted to 265 million euro, down -61.4% compared to the revenue decline of -26.5%. As a result, the Underlying operating margin was 3.1%, down -280 bps, exacerbated by currency mix effects for -30 bps. This performance represents a major improvement compared to the loss in second half Fiscal 2020 and is the result of the many contract renegotiations since March 2020, government furlough in some countries, the first results of the restructuring program and very strict cost control.

Underlying Operating profit by activity

(in millions of euro)	**UNDERLYING OPERATING PROFIT H1 FISCAL 2021**	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	**UNDERLYING OPERATING PROFIT MARGIN H1 FISCAL 2021**	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
Business & Administrations	16	-93.4%	-90.1%	0.4%	- 360 bps	- 340 bps
Healthcare & Seniors	149	-6.6%	-0.9%	6.4%	+10 bps	+10 bps
Education	69	-67.2%	-64.9%	4.3%	- 410 bps	- 400 bps
ON-SITE SERVICES	**235**	**-61.9%**	**-58.1%**	**2.9%**	**- 260 bps**	**- 260 bps**
BENEFITS & REWARDS SERVICES	**85**	**-36.5%**	**-19.1%**	**23.6%**	**- 650 bps**	**- 360 bps**
Corporate expenses & Intragroup eliminations	-55	+13.4%	+12.9%	-		
UNDERLYING OPERATING PROFIT	**265**	**-61.4%**	**-55.2%**	**3.1%**	**- 280 bps**	**- 250 bps**

The First half Underlying operating profit margin in On-site Services, **excluding the currency effect,** was down -260 bps, impacted by the significant decline in revenues due to the Covid crisis. Segment performance is as follows:

- **Business & Administrations:** Underlying operating profit margin was slightly positive, at 0.4% down -340 bps relative to the First half Fiscal 2020. While Sports & Leisure generated a loss due to the very significant decline in activity and its incompressible residual costs, the other sub-segments were all positive, with Government & Agencies and Energy & Resources actually increasing their margins.
- **Healthcare & Seniors:** the Underlying operating profit margin was 6.4%, up +10 basis points against the previous year, with improvement in each region. This solid performance is the result of strong execution on staffing and food costs in a particularly difficult environment and a positive contribution from net new business and cross-selling.
- **Education:** the Underlying operating profit margin was 4.3%, down -400 bps relative to the previous period. The return to positive margins reflects the results of the contract negotiations and the better volumes in Europe.
- In **Benefits & Rewards Services**, the Underlying operating profit margin came out at 23.6% down -360 bps excluding a very significant currency mix effect but up +260 bps relative to the Second half Fiscal 2020. This performance is a result of lower production costs linked to the increasing share of digital, the first results of the restructuring program and very strict control of SG&A costs.

Group net profit

(in millions of euro)	H1 FISCAL 2021	H1 FISCAL 2020	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	**8,595**	11,692	*-26.5%*	*-21.7%*
UNDERLYING OPERATING PROFIT	**265**	**685**	*-61.4%*	*-55.2%*
UNDERLYING OPERATING PROFIT MARGIN	***3.1%***	***5.9%***	**- 280 bps**	**- 250 bps**
Other operating expenses	(128)	(66)		
OPERATING PROFIT	**136**	**619**	*-78.0%*	*-73.2%*
Net financial expense	(50)	(67)		
Tax charge	(53)	(161)		
Effective tax rate	*63.0%*	*29.3%*		
GROUP NET PROFIT	**33**	**378**	*-91.3%*	*-86.6%*
EPS *(in euro)*	**0.23**	**2.59**	*-91.3%*	
UNDERLYING NET PROFIT	**128**	**424**	*-69.9%*	*-63.6%*
UNDERLYING EPS *(in euro)*	0.87	2.91	*-69.9%*	

Other operating income and expenses were -128 million euro, against -66 million euro in the previous year period, reflecting the First half Fiscal 2021 costs of the GET restructuring program amounting to 107 million euro, against 33 million euro in the previous year.

(in millions of euro)	H1 FISCAL 2021	H1 FISCAL 2020
Underlying Operating profit	**265**	**685**
Other operating income	**8**	**5**
Gains related to consolidation scope changes	3	2
Gains on changes of post-employment benefits	4	4
Other operating expenses	**(136)**	**(71)**
Restructuring and rationalization costs	(107)	(33)
Acquisition-related costs	(2)	(5)
Losses related to consolidation scope changes	(1)	(1)
Losses on changes of post-employment benefits	(1)	(2)
Amortization of acquired intangible assets and impairment of goodwill and non-current assets	(21)	(20)
Other	(3)	(11)
Other Operating income and expenses	**(128)**	**(66)**
Operating Profit	**136**	**619**

As a result, the **Operating Profit** was 136 million euro against 619 million euro in the previous period.

Net financial expenses were 50 million euro, down 17 million euro year on year essentially due to the reimbursement of the USPP debt and an average blended cost of debt of 1.6%, compared 2.2% as of February 29, 2020 and stable compared to August 31, 2020.

The tax charge in First half Fiscal 2021 amounted to 53 million euro, down 108 million euro relative to the previous period. The effective tax rate was strongly affected by the non-recognition of deferred tax assets in France due to the lack of prospect of short-term recoverability. Excluding the tax impact of the Other Operating Income & Expenses, the Underlying effective tax rate would have been 40.7% against 29.3% in First half Fiscal 2020.

Profit attributed to non-controlling interests was 2 million euro, against 17 million euro in the previous year. As a result, **Group net profit** was 33 million euro and **EPS** is €0.23.

Underlying net profit (adjusted for Other operating income and expenses at a normalized tax rate) amounted to 128 million euro, compared to 424 million euro in the previous period. **Underlying EPS** was €0.87 against €2.91 in the previous period.

Consolidated financial position

Cash flows

(in millions of euro)	H1 FISCAL 2021	H1 FISCAL 2020
Operating cash flow	405	791
Change in working capital excluding change in BRS financial assets*	41	(647)
IFRS 16 Leases outflow	(123)	(120)
Net capital expenditure	(86)	(268)
FREE CASH FLOW	**237**	**(243)**
Net acquisitions	(10)	(13)
Share buy-backs/ Treasury stock	(11)	(39)
Dividends paid to shareholders	-	(425)
Other changes (including scope and exchange rates)	(28)	(140)
(INCREASE)/DECREASE IN NET DEBT since August 31	**187**	**(860)**

* Excluding change in financial assets related to the Benefits & Rewards Services activity (€(42)m in H1 Fiscal 2021 and +€104m in H1 Fiscal 2020).
Total change in working capital as reported in consolidated accounts: in H1 Fiscal 2021: €(1)m = €41m+€(42)m and in H1 Fiscal 2020: €(543)m = €(647)m+ €104m

First half Fiscal 2021 Free cash flow was much better than expected, helped by a positive change in working capital and a significant reduction in capital expenditure.

While Operating cash flow totaled 405 million euro, against 791 million euro in the same period last year, the Working capital variation was a positive 41 million euro, despite the normally negative seasonality impact, against an outflow of 647 million euro in the First half Fiscal 2020.
This performance was boosted by strict management of receivables, Benefits & Rewards due to lower reimbursement flows, continued Government support in terms of payment delays.

Net capital expenditure was at 86 million euro representing only 1% of revenues, against 268 million euro in the first half Fiscal 2020, or 2.3% of revenues, due to delays in client investments and a refund of rights fees from the Tokyo Olympics organizing committee, these fees having become variable as part of the new contract.

As a result, Free cashflow was 237 million euro. Both On-site Services and Benefits & Rewards Services generated free cashflow.

Prolongation of the pandemic has helped to delay the expected non-recurrent elements into the second half of the year; refunds of the Tokyo Olympics hospitality packages have been lower than expected, some of the restructuring in Europe is delayed into the second half, and Covid-related government support has been further extended.

The major change in other cashflow items in First half Fiscal 2021 was the lack of a dividend pay-out on Fiscal 2020 earnings, compared to the 425 million euro payment in First half Fiscal 2020.
Net acquisitions and disposals remained at a very low level, at 10 million euro. Share buy-backs were limited to covering future expected performance share attributions. The 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 fell by 187 million euro from Fiscal 2020 year-end, to 1,681 million euro as at February 28, 2021.

Condensed consolidated statement of financial position at February 28, 2021

(in millions of euro)	FEBRUARY 28, 2021	FEBRUARY 29, 2020
Non-current assets	9,766	10,949
Current assets excluding cash	4,943	5,926
Restricted cash Benefits and Rewards Services	795	563
Financial assets Benefits and Rewards Services	342	426
Cash	2,210	1,685
TOTAL ASSETS	**18,056**	**19,549**

(in millions of euro)	FEBRUARY 28, 2021	FEBRUARY 29, 2020
Shareholders' equity	2,917	4,098
Non-controlling interests	15	48
Non-current liabilities	6,238	6,058
Current liabilities	8,886	9,345
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,056**	**19,549**
GROSS DEBT excluding IFRS16	**5,005**	**4,697**
NET DEBT excluding IFRS16	**1,681**	**2,074**
GEARING	**57%**	**50%**
NET DEBT RATIO[1]	**3.8**	**1.3**

As of February 28, 2021, net debt was 1,681 million euro, lower than at the same period the previous year and at August 31, 2020. Gearing was 57% versus 50% last year and 67% at year-end Fiscal 2020. The net debt ratio at 3.8x is particularly high, as it is based on a rolling 12-month Underlying EBITDA.

At the end of the period, the Group had unused lines of credit totaling 1.9 billion euro.

The operating cash position totaled 3,324 million euro as of February 28, 2021, including bank overdrafts for 23 million euro. The Benefits & Rewards Services position was 2,226 million euro, including 795 million euro of restricted cash and 342 million euro of financial assets of more than three months. With this operating cash and client receivables of 1,455 million euro, compared to voucher liabilities payable of 3,435 million euro, the Benefits & Rewards Services asset to liability coverage is 107%, stable compared to the level at Fiscal 2020 year end.

Total liquidity amounts to 5.3 billion euro at the end of the period.

Executive Committee evolution

During the quarter, there have been several changes within the Executive Committee:

- Anne Bardot has been appointed Chief Communications Officer, replacing Dianne Salt who has left the company to return to Canada.
- Cathy Desquesses, Chief People Officer, is leaving the company to pursue her career in a different country and industry. The appointment of her replacement will be announced in due course.
- After 24 years in the Group, Satya Menard, CEO Schools Worldwide and Universities rest of the world has left the company to pursue his career in a different country and industry. The appointment of his replacement will be announced in due course.

[1] *See APM definitions*

Related party transactions

The main related party transactions are presented in Note 9.4 to the First half Fiscal 2021 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 2020 Universal Registration Document filed with the *Autorité des marchés financiers* (AMF) on November 23, 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 Benefits & 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 FISCAL 21	AVERAGE RATE H1 FISCAL 20	AVERAGE RATE H1 FISCAL 21 VS. H1 FISCAL 20	CLOSING RATE H1 FISCAL 21 AT 28/02/2021	CLOSING RATE FISCAL 20 AT 31/08/20	CLOSING RATE 28/02/21 VS. 31/08/20
U.S. DOLLAR	**1.197**	1.105	**-7.7%**	**1.212**	1.194	**-1.5%**
POUND STERLING	**0.897**	0.862	**-3.9%**	**0.871**	0.896	**+2.9%**
BRAZILIAN REAL	**6.554**	4.602	**-29.8%**	**6.664**	6.474	**-2.9%**

Sodexo operates in 64 countries. The percentage of total revenues and Underlying operating profit denominated in the main currencies are as follows:

H1 FY2021	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. DOLLAR	**35%**	**46%**
EURO	**26%**	**-26%**
UK POUND STERLING	**11%**	**10%**
BRAZILIAN REAL	**4%**	**24%**

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 in Argentina Peso figures for First half Fiscal 2021 and First half Fiscal 2020 have been converted at the exchange rate of
1€ = 109.280 ARS vs 68.248 ARS for First half Fiscal 2020.

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 2021	H1 2020
Gearing ratio	Gross borrowings [1] – operating cash [2] / Shareholders' equity and non-controlling interests	57%	50%
New net debt ratio	Gross borrowings [1] – operating cash [2] / Rolling 12-month Underlying EBITDA [3]	3.8	1.3

Financial Ratio Reconciliation

		H1 2021	H1 2020
(1) **Gross borrowings**	Non-current borrowings	4,398	3,928
	+ current borrowings excluding overdrafts	641	796
	- derivative financial instruments recognized as assets	(34)	(27)
		5,005	**4,697**
(2) **Operating cash**	Cash and cash equivalents	2,210	1,685
	+ restricted cash and financial assets related to the Benefits and Rewards Services activity	1,137	989
	- bank overdrafts	(23)	(51)
		3,324	**2,623**
(3) **Rolling 12-month Underlying EBITDA**	Underlying operating profit (H2 +H1)	149	1,238
	+ depreciation and amortization (H2 + H1)	580	469
	- lease payments (H2 +H1)	289	131
		440	**1,577**

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 in Argentina Peso, figures for H1 FY 2021 and H1 FY 2020 have been converted at the exchange rate of 1€ = 109.280 ARS vs 68.248 ARS for H1 FY 2020.

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 in Argentina Peso figures for H1 FY 2021 and H1 FY 2020 have been converted at the exchange rate of 1€ = 109.280 ARS vs 68.248 ARS for H1 FY 2020.

Reimbursement volume

- Reimbursement volume corresponds to the total face value of service vouchers, cards and digitally delivered services (Benefits and Rewards Services activity) reimbursed to the Merchants.

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 2021 figures at H1 FY 2020 rates, except for countries with hyperinflationary economies.

2

FIRST HALF FISCAL 2021 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in millions of euro)	NOTES	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
REVENUES	3	**8,595**	**11,692**
Cost of sales	4.1	(7,415)	(9,964)
GROSS PROFIT		**1,181**	**1,729**
Selling, General and Administrative costs	4.1	(918)	(1,046)
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business		2	2
UNDERLYING OPERATING PROFIT		**265**	**685**
Other operating income	4.2	8	5
Other operating expenses	4.2	(136)	(71)
OPERATING PROFIT	**3**	**136**	**619**
Financial income	7.1	12	16
Financial expenses	7.1	(62)	(83)
Share of profit of other companies consolidated by the equity method		2	3
PROFIT FOR THE PERIOD BEFORE TAX		**88**	**556**
Income tax expense	2.2 and 9.1	(53)	(161)
NET PROFIT FOR THE PERIOD		**35**	**395**
Of which:			
Attributable to non-controlling interests		2	17
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**33**	**378**
BASIC EARNINGS PER SHARE *(in euro)*	8.2	**0.23**	**2.59**
DILUTED EARNINGS PER SHARE *(in euro)*	8.2	**0.22**	**2.55**

Sodexo QUALITY OF LIFE SERVICES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	**FIRST HALF FISCAL 2021**	**FIRST HALF FISCAL 2020**
NET PROFIT FOR THE PERIOD	**35**	**395**
Components of other comprehensive income that may be reclassified subsequently to profit or loss		
Change in fair value of cash flow hedge instruments	1	-
Change in fair value of cash flow hedge instruments reclassified to profit or loss	-	-
Currency translation adjustment	(21)	(26)
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	2
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan obligation	(37)	(73)
Change in fair value of financial assets revalued through other comprehensive income	136	(96)
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	7	12
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX	**88**	**(181)**
COMPREHENSIVE INCOME	**123**	**214**
Of which:		
Attributable to equity holders of the parent	121	196
Attributable to non-controlling interests	2	18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of euro)	NOTES	FEBRUARY 28, 2021	AUGUST 31, 2020
Goodwill		5,781	5,764
Other intangible assets		661	673
Property, plant and equipment		529	566
Right-of-use assets relating to leases		1,221	1,321
Client investments		551	575
Companies accounted for using the equity method		63	60
Financial assets	7.3	750	601
Derivative financial instrument assets	7.3	16	11
Other non-current assets		23	22
Deferred tax assets		171	137
NON-CURRENT ASSETS		**9,766**	**9,730**
Financial assets		39	40
Derivative financial instrument assets	7.3	18	11
Inventories		245	259
Income tax receivable		131	113
Trade and other receivables	4.3	4,509	4,070
Restricted cash and financial assets related to the Benefits & Rewards Services activity	4.4	1,137	1,103
Cash and cash equivalents	7.2	2,210	2,027
CURRENT ASSETS		**8,290**	**7,623**
TOTAL ASSETS		**18,056**	**17,353**

Shareholders’ equity and liabilities

(in millions of euro)	NOTES	FEBRUARY 28, 2021	AUGUST 31, 2020
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		2,079	1,920
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENTS		**2,917**	**2,758**
NON-CONTROLLING INTERESTS		**15**	**15**
SHAREHOLDERS’ EQUITY	8	**2,932**	**2,773**
Long-term borrowings	7.4	4,381	4,975
Derivative financial instrument liabilities	7.4	17	13
Long-term lease liabilities		1,034	1,126
Employee benefits		360	344
Other non-current liabilities		231	196
Non-current provisions		89	84
Deferred tax liabilities		125	97
NON-CURRENT LIABILITIES		**6,238**	**6,834**
Bank overdrafts		23	6
Short-term borrowings	8.4	636	21
Derivative financial instrument liabilities	8.4	5	6
Short-term lease liabilities		218	231
Income tax payable		162	174
Current provisions	7.1	227	171
Trade and other payables	4.3	4,181	4,020
Vouchers liabilities		3,435	3,117
CURRENTS LIABILITIES		**8,886**	**7,745**
TOTAL SHAREHOLDER’S EQUITY AND LIABILITIES		**18,056**	**17,353**

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	NOTES	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Operating profit		**136**	**619**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment and right-of-use assets relating to leases [1]		290	330
Provisions		58	3
(Gains) losses on disposals		(1)	1
Other non-cash items		21	21
Dividends received from companies accounted for using the equity method		2	0
Net interest expense paid		(10)	(38)
Interests paid on lease liabilities		(10)	(11)
Income tax paid		(82)	(136)
Operating cash flow		**405**	**791**
Change in inventories		13	(5)
Change in trade and other receivables		(484)	(755)
Change in trade and other payables		184	(106)
Change in vouchers payable		329	219
Change in financial assets related to the Benefits & Rewards Services activity		(42)	104
Change in working capital from operating activities		**(1)**	**(543)**
NET CASH PROVIDED BY OPERATING ACTIVITIES		**404**	**248**
Acquisitions of property, plant and equipment and intangible assets		(137)	(236)
Disposals of property, plant and equipment and intangible assets		37	10
Change in client investments		14	(35)
Change in financial assets and share of companies accounted for using the equity method		(9)	(32)
Business combinations		(19)	(14)
Disposals of activities		8	0
NET CASH USED IN INVESTING ACTIVITIES		**(105)**	**(307)**
Dividends paid to Sodexo S.A. shareholders	8.1	-	(425)
Dividends paid to non-controlling shareholders of consolidated companies		(8)	(7)
Purchases of treasury shares	8.1	(11)	(39)
Sales of treasury shares	8.1	4	-
Change in non-controlling interests		(2)	(21)
Proceeds from borrowings	7.4	3	850
Repayment of borrowings	7.4	(6)	(245)
Repayment of lease liabilities		(123)	(126)
NET CASH PROVIDED BY/ (USED IN) FINANCING ACTIVITIES		**(144)**	**(14)**
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH		**11**	**(40)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**166**	**(113)**
NET CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**2,021**	**1,746**
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**7.2**	**2,187**	**1,633**

(1) Including 127 million euro corresponding to the depreciation of the right-of-use assets recognized in First Half Fiscal 2021 pursuant to IFRS 16 (129 million euro recognized for First Half Fiscal 2020).

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	8.1							
Shareholders' equity as of August 31, 2020	**147,454,887**	**590**	**248**	**3,162**	**(1,242)**	**2,758**	**15**	**2,773**
Net profit for the period				33	-	33	2	35
Other comprehensive income (loss), net of tax				109	(21)	88	-	88
Comprehensive income				**142**	**(21)**	**121**	**2**	**123**
Dividends paid				-	-	-	(4)	(4)
Treasury share transactions (net of income tax)				(8)	-	(8)	-	(8)
Share-based payment (net of income tax)				22	-	22	-	22
Change in ownership interest without any change of control				-	-	-	2	2
Other (1)				24	-	24	-	24
Shareholders' equity as of February 28, 2021	**147,454,887**	**590**	**248**	**3,342**	**(1,263)**	**2,917**	**15**	**2,932**

(1) 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	8.1							
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) Impact of First-time application of IFRIC 23 "Uncertainty over income tax treatments".
(2) Including the effects of hyperinflation.

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, 2020 to February 28, 2021 were reviewed by the Board of Directors on March 31, 2021.

The numbers shown in the tables were prepared in thousands of euro and are presented in millions of euro (unless otherwise indicated).

NOTE 1 SIGNIFICANT EVENTS

1.1 Impact of the Covid-19 Pandemic

The Group activity in First Half Fiscal 2021 remains significantly impacted by partial or total site closures and cancellation or postponements of events imposed by public measures in most countries.

Since the start of the Covid-19 health crisis, the Group is mobilized to ensure business continuity and results through:

- negotiations with clients to revise contractual conditions terms where volumes and health measures no longer allow to meet profitability objectives;
- strict management of on-site costs and administrative costs, especially with the continued deployment of GET (Group Effectiveness and Transformation) program initiated during the second half of Fiscal 2020 to protect profitability going forward and enable it to remain agile (see below);
- close monitoring of capital expenditures and cash position;
- management of aids offered by government authorities on direct and indirect taxes, social charges, and employee relief funds programs.

Despite the start of the second epidemic wave in November 2020 in most geographies and the uncertainty around the evolution of the pandemic, all regions are recording a lower decrease in revenues and better results, even though the North American activities remain very impacted by the Covid-19 pandemic, particularly in Education, Corporate Services and Sports & Leisure segments.

Management of liquidity

With sufficient cash flows provided by operating activities for investments and acquisitions, the Group's financial situation remains solid. As mentioned in note 7.4, the Group has access to credit facilities that can be utilized at any time as needed for 1.9 billion euro (the confirmed credit facilities are unutilized as of February 28, 2021). Furthermore, with an operating cash of 3.3 billion euro, the Group has access to 5.3 billion euro of liquidity as of February 28, 2021.

Therefore, as of the date the consolidated financial statements were approved by the Board of Directors, the Group considers there is no risk of going concern.

Restructuring cost and right-sizing costs

In continuation of the rigorous measures put in place from the beginning of the pandemic, the restructuring measures of GET program continued during First Half Fiscal 2021 to protect margins going forward and to reinforce the Group's agility to adapt to the new environment and seize new market opportunities.

These rigorous measures, implemented in all segments and activities to adjust on-site staff costs, as government employment measures progressively fall away, and to sustainably reduce the Selling, General and Administrative costs through the simplification of the Group structures resulted in the recognition in Other operating expenses of 107 million euro during First Half Fiscal 2021 (see note 4.2 "Other operating income and expenses").

NOTE 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 General Principles

The condensed interim consolidated financial statements for the six months ended February 28, 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting", as published by the IASB and endorsed by the European Union. They do not include all the disclosures required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements of the Sodexo Group for the fiscal year ended August 31, 2020.

The accounting policies applied by the Group in the condensed interim consolidated financial statements for the six months ended February 28, 2021 are the same as those used in the annual consolidated financial statements for the fiscal year ended August 31, 2020, with the exception of the specific requirements of IAS 34 (see note 2.2).

The Group has not applied any IFRSs that had not yet been approved by the European Union as of February 28, 2021. The Group has not elected to early adopt any standards or interpretations whose application is not mandatory in Fiscal 2021.

New amendments effective as of September 1, 2020 did not have a material impact on interim consolidated financial statements of the Group.

2.2 Specific interim reporting requirements

Income tax expense

Income tax expense (current and deferred) in the condensed interim consolidated financial statements is computed by applying an estimated average annual tax rate for the current fiscal year to each tax reporting entity's pre-tax profit for the first half of the year as adjusted, where applicable, for the tax effect of any specific events that may have occurred during the period. The resulting deferred 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, 2020. The actuarial projections are updated to take into account any material changes to assumptions or one-off impacts (discount rates, applicable legislation…) during the six-month period.

2.3 Use of estimates

The preparation of the condensed interim consolidated financial statements requires the management of Sodexo and its subsidiaries to make estimates and assumptions that may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenues and expenses for the period.

These estimates and judgments are updated continuously based on past experience and on various other factors considered reasonable in view of the situation prevailing as of February 28, 2021 and are the basis for the assessments of the carrying amount of assets and liabilities. Unpredictability generated by Covid-19 pandemic made the use of estimations and hypothesis a key factor in the establishment of the condensed interim consolidated financial statements as of February 28, 2021.

Final amounts may differ substantially from these estimates if assumptions or circumstances change.

Significant items subject to such estimates and assumptions are the same as those described in the consolidated financial statements for the year ended August 31, 2020 (valuation of current and non-current assets, assessment of deferred tax assets recoverability, valuation of financial assets measured at fair value, provisions – including uncertain tax treatments – and litigations, assessment of the lease term in measuring the lease liabilities and related right-of-use assets, post-employment defined benefit plan assets and liabilities, and share-based payments).

NOTE 3 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.

3.1 By business segment

FIRST HALF FISCAL 2021 *(in millions of euro)*	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTHCARE & SENIORS	EDUCATION	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	CONSOLIDATED TOTAL
Revenues (third-party)	8,238	4,280	2,338	1,620	357	-	8,595
Inter-segment sales (Group)	-	-	-	-	2	(2)	-
TOTAL REVENUES	**8,238**	**4,280**	**2,338**	**1,620**	**359**	**(2)**	**8,595**
UNDERLYING OPERATING PROFIT (1)	**235**	**16**	**149**	**69**	**85**	**(55)**	**265**

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

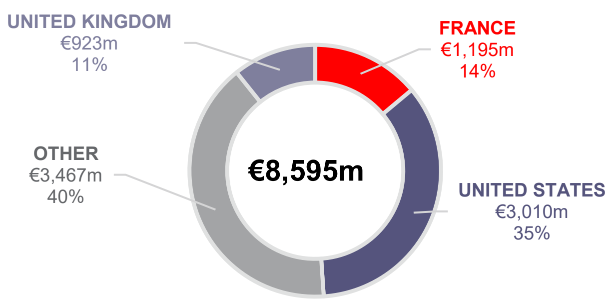
FIRST HALF FISCAL 2020 *(in millions of euro)*	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTHCARE & SENIORS	EDUCATION	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	CONSOLIDATED TOTAL
Revenues (third-party)	11,252	6,186	2,538	2,528	440	-	11,692
Inter-segment sales (Group)	-	-	-	-	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 accounted for using the equity method that directly contribute to the Group's business and excluding other operating income and expenses.*

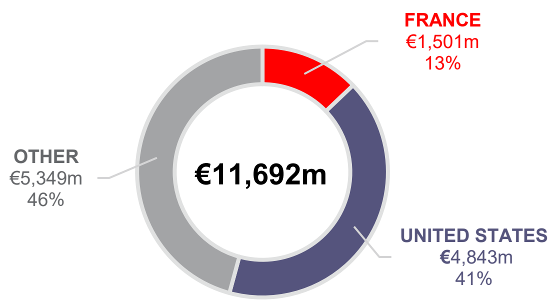
3.2 By significant country

The Group's operations are spread across 64 countries, including three that each represent over 10% of consolidated revenues in First Half Fiscal 2021: France (the Group's home country), the United States and the United Kingdom (only France and United States exceeded this threshold in First Half Fiscal 2020). Revenues in these countries are as follows:

Revenues by significant country
First Half Fiscal 2021



Revenues by significant country
First Half Fiscal 2020



3.3 By line of services

Revenues by line of services are as follows:

(in millions of euro)	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Food services	4,510	7,425
Facilities Management services	3,728	3,827
ON-SITE SERVICES	**8,238**	**11,252**
BENEFITS & REWARDS SERVICES	**359**	**443**
Eliminations	(2)	(3)
TOTAL CONSOLIDATED REVENUES	**8,595**	**11,692**

NOTE 4 OTHER OPERATING INFORMATION

4.1 Operating expenses by nature

(in millions of euro)	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Employee costs	**(4,665)**	**(5,646)**
- Wages and salaries	*(3,590)*	*(4,383)*
- Other employee costs (1)	*(1,075)*	*(1,263)*
Purchases of consumables and change in inventory	**(1,916)**	**(3,088)**
Depreciation, amortization, and impairment losses (2)	**(306)**	**(312)**
Rent and attached charges (3)	**(48)**	**(302)**
Net Gain (Loss) on assets disposals	**(2)**	**(2)**
Other operating expenses (4)	**(1,523)**	**(1,724)**
TOTAL NET OPERATING EXPENSES	**(8,460)**	**(11,075)**

(1) Including costs associated with defined benefit plans, defined contribution plans and free share plans.

(2) Including the depreciation of right-of-use assets relating to lease contracts of 127 million euro in First Half Fiscal 2021 (129 million euro in First Half Fiscal 2020).

(3) Corresponds to rent not included in the measurement of the lease liabilities, primarily variable lease payments (commissions based on performance indicators of locations operated under concession arrangements), as well as lease expenses relating to short-term lease contracts and lease contracts of low value assets. The decrease observed over the period relates mainly to the variable part of commissions due under concession arrangements and is explained by the decrease in revenues of the sites concerned.

(4) Other expenses mainly include professional fees, other purchases used for operations, sub-contracting costs and travel expenses.

4.2 Other operating income and expenses

(in millions of euro)	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Gains on changes of post-employment benefits	4	4
Gains related to consolidation scope changes	2	2
Gains on assets disposal	1	-
Other	0	0
OTHER OPERATING INCOME	**8**	**5**
Restructuring and rationalization costs (1)	(107)	(33)
Amortization of purchased intangible assets and impairment of goodwill and non-current assets	(21)	(20)
Acquisition-related costs	(2)	(5)
Losses on changes of post-employment benefits	(1)	(2)
Losses related to consolidation scope changes	(1)	(1)
Losses on assets disposal	-	-
Other	(3)	(11)
OTHER OPERATING EXPENSES	**(136)**	**(71)**
TOTAL OPERATING INCOME AND EXPENSES	**(128)**	**(66)**

(1) Mainly corresponds to restructuring measures of GET program (see notes 1 and 6).

4.3 Trade and other receivables and payables

Income tax, trade and other receivables

	FEBRUARY 28, 2021			AUGUST 31, 2020		
(in millions of euro)	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Income tax receivable	**131**	**-**	**131**	**113**	**-**	**113**
Advances to suppliers	14	0	14	5	-	5
Trade receivables	4,062	(162)	3,900	3,622	(145)	3,478
Other operating receivables	407	(13)	394	373	(13)	360
Prepaid expenses	197	-	197	198	-	198
Non-operating receivables	4	(0)	4	28	-	28
Trade and other receivables	**4,683**	**(175)**	**4,509**	**4,226**	**(157)**	**4,070**

The maturities of trade receivables as of February 28, 2021 and as of August 31, 2020 respectively were as follows:

(in millions of euro)	FEBRUARY 28, 2021		AUGUST 31, 2020	
	Gross amount	Impairment	Gross amount	Impairment
Less than 3 months past due	416	(5)	403	(8)
More than 3 months and less than 6 months past due	63	(14)	81	(17)
More than 6 months and less than 12 months past due	48	(16)	58	(13)
More than 12 months past due	114	(81)	104	(81)
Total trade receivables past due	**641**	**(115)**	**646**	**(120)**
Total trade receivables not yet due	3,421	(47)	2,975	(25)
Total Trade receivables	**4,062**	**(162)**	**3,622**	**(145)**

During the fiscal years presented, the Group has not recorded any significant change in the impacts related to financial failures of its clients. In addition, given the geographic dispersion of the Group's activities and the wide range of client industries, there is no material concentration of risk in individual receivables due but not written down.

Trade and other payables

(in millions of euro)	FEBRUARY 28, 2021	AUGUST 31, 2020
Operating payables	189	183
Non-operating payables	43	13
Other non-current liabilities	**231**	**196**
Trade payables	1,964	1,899
Employee-related liabilities	1,119	1,026
Advances from clients	393	447
Tax liabilities	401	335
Other operating payables	150	134
Deferred revenues	121	115
Non-operating payables	33	63
Trade and other current payables	**4,181**	**4,020**

4.4 Benefits & Rewards Services activity

(in millions of euro)	FEBRUARY 28, 2021	AUGUST 31, 2020
Trade and other receivables	1,455	1,274
Trade and other payables (1)	(296)	(293)
Vouchers liabilities (2)	(3,435)	(3,117)
Vouchers in circulation	*(2,823)*	*(2,604)*
Vouchers payables	*(442)*	*(352)*
Other (1)	*(170)*	*(161)*
Working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	**(2,276)**	**(2,136)**
Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,137	1,103
Restricted cash	*795*	*770*
Market securities > 3 months	*342*	*333*
Cash and cash equivalents (1)	1,109	996
Bank overdrafts	(19)	(16)
Operating cash assets of the Benefits & Rewards Services activity	**2,226**	**2,082**

(1) Including intragroup transactions.

(2) Vouchers liabilities are accounted at fair value as current liabilities, which is the face value of vouchers in circulation and of vouchers back at Sodexo and not yet reimbursed.

NOTE 5 IMPAIRMENT OF NON-CURRENT ASSETS

During the first half of the year, the Group carried out a review of impairment triggers likely to lead to a decrease in the recoverable value of its tangible and intangible assets.

In particular, Sodexo analyzed the performance of its operating segments (groups of CGUs at which goodwill is monitored) during the first half compared to the estimates used during the Fiscal 2020 annual closing for impairment testing. The Group has also analyzed the evolution since August 31, 2020 of the main financial parameters (discount rate and long-term growth rate).

Despite the uncertainty around the evolution of the pandemic, the Group's management has concluded that there was no evidence of triggers indicating a decrease in the recoverable value of its operating segments as of February 28, 2021 compared to August 31, 2020. The annual review of the carrying amount of goodwill and other intangible assets will be realized during the fourth quarter of Fiscal 2021.

Over the period, the Government Services and Energy & Resources segments have been resilient, and the Healthcare & Seniors and Education segments have been gradually improving. With respect to Corporate Services, faced with the new environment and in particular the work from home trend, the estimated impact on the segment total revenues is limited to less than 10% in the mid-term. Furthermore, the Group intends to take advantage of new opportunities, in particular through:

- new food offers including even more sustainable food with new operating and commercial models and the complementarity of the Benefits & Rewards Services supported by the latest technological innovations;
- more agile workspace management solutions integrating additional services;
- its offer of facilities management services, the demand for which is growing.

Only the Sports & Leisure segment remains fragile over the period, in line with projections, although the trend has improved compared to the second half of Fiscal 2020.

In addition, the Group believes that the exit of the United Kingdom from the European Union should not materially impact its business, since Sodexo 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 Brexit on food prices and availability for our clients.

NOTE 6 PROVISIONS, LITIGATION AND CONTINGENT LIABILITIES

6.1 Provisions

(in millions of euro)	AUGUST 31, 2020	Increases/charges	Reversals with utilization	Reversals without utilization	Changes in scope of consolidation	Currency translation adjustment and other	FEBRUARY 28, 2021
Reorganization costs (1)	81	91	(22)	(1)	-	2	151
Employee claims and litigation	42	5	(9)	(1)	-	(0)	37
Contract termination and loss-making contracts	37	5	(9)	(1)	-	0	33
Tax and social security exposures (2)	27	3	(0)	(0)	-	(0)	30
Client/supplier claims and litigation	18	6	(6)	(1)	-	(0)	17
Negative net assets of associates (3)	7	-	-	-	-	(0)	6
Other provisions	43	7	(7)	(2)	(0)	0	41
Total Provisions	**255**	**117**	**(52)**	**(6)**	**-**	**1**	**316**

(1) Mainly consists of the restructuring costs and right-sizing. The increase of the period corresponds to the execution of GET program (see note 1).

(2) Tax exposures excluding liabilities for uncertain income tax treatment (uncertain income tax liabilities have been reclassified in Income tax payable from September 1, 2019 in accordance with IFRIC 23).

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

6.2 Litigation

Disputes with Brazilian tax authorities

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 80 million euro (breaking down as 22 million euro in principal and 58 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, after consulting its advisers, that the risk of change in this judgement is low.

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 47 million euro as of February 28, 2021 (49 million euro as of August 31, 2020).

In addition, 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 still ongoing but suspended pending the decision of the Superior Courts (which will judge in law on another taxpayer). Based on the opinion of its tax advisers, 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.

Dispute with the French Competition Authority

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 SA. Following the hearing of the parties concerned, 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. The Group contested both grievances in its response filed on April 29, 2019. As of December 17, 2019, the French Competition Authority 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. Given the significant impact of the Covid-19 pandemic on the Group's activities and performance, Sodexo requested and obtained from the Tax Administration, subject to the establishment of a guarantee for the same amount, the deferred payment of the fine without penalty. The settlement date has been set for December 15, 2021.

Nevertheless, Sodexo strongly contests this decision, which shows an erroneous assessment of the practices in question and of the functioning of the market and has therefore appealed against this decision to the Paris Court of Appeal. The Group, after consulting its legal advisers, considers that it has serious arguments that could lead to an annulment or a reform of the decision of the Competition Authority. As a result, no provision has been recorded for this dispute.

Dispute in Hungary

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.

The decision rendered, in Sodexo's favor, provide a payment without interest of approximately 73 million euro by 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. The procedure is still ongoing.

Other

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 Group 's knowledge, there have been no other governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threaten to be pending 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 other litigations arising from its 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.

NOTE 7 CASH AND CASH EQUIVALENTS, FINANCIAL ASSETS AND LIABILITIES, AND FINANCIAL INCOME AND EXPENSES

7.1 Financial income and expenses

(in millions of euro)	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Gross borrowing cost [1]	(42)	(60)
Interest income from short-term bank deposits and equivalent	4	11
NET BORROWING COST	**(37)**	**(49)**
Interest on financial lease liabilities	(10)	(11)
Net foreign exchange gains/(losses)	(2)	(3)
Net interest cost on net defined benefit plan obligation	(1)	(2)
Interest income from loans and receivables at amortized cost	2	2
Change in fair value of derivative financial instruments not qualified for hedge accounting	-	-
Other financial income	5	2
Other financial expenses	(6)	(6)
TOTAL FINANCIAL INCOME AND EXPENSES	**(50)**	**(67)**
Of which Financial income	**12**	**16**
Of which Financial expenses	**(62)**	**(83)**

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

7.2 Cash and cash equivalents

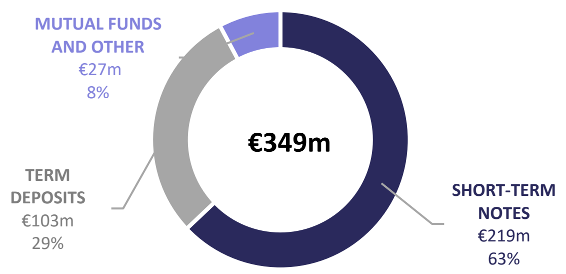
(in millions of euro)	FEBRUARY 28, 2021	AUGUST 31, 2020
Marketable securities	349	354
Cash [1]	1,861	1,673
CASH AND CASH EQUIVALENTS	**2,210**	**2,027**
Bank overdrafts	(23)	(6)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS [2]	**2,187**	**2,021**

(1) Including 15 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), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations..

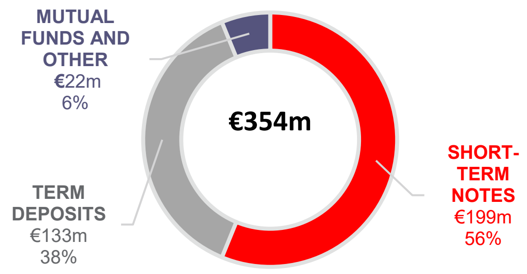
(2) The Group's international cash pool has negative cash positions in U.S. dollars for the equivalent of 923 million euro, in Sterling Pounds for the equivalent of 45 million euro and in other currencies for the equivalent of 28 million euro, partly offset by a positive cash position in euro of 996 million euro.

Marketable securities comprised:

Marketable securities
February 28, 2021



Marketable securities
August 31, 2020



7.3 Financial assets

Measurement of Bellon SA Securities

The Group holds, through its wholly owned subsidiary Sofinsod, a 19.61% stake in Bellon SA, a company that controls Sodexo SA with 42.75% of its shares and 57.61% of its voting rights exercisable on February 28, 2021. This shareholding does not give the Group significant influence over Bellon SA, as voting rights attached to Bellon SA shares cannot be exercised by Sofinsod, in accordance with the provisions of Article L. 233-31 of Code de Commerce

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 S.A. 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 28, 2021 and August 31, 2020).

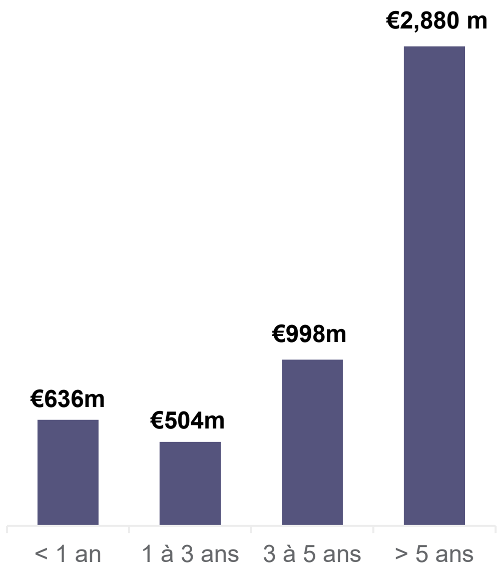
As of February 28, 2021, the fair value of the investment is assessed at 553 million euro (410 million euro as of August 31, 2020), and its change since the opening of the year has been recorded in other non-recyclable items of comprehensive income (OCI).

7.4 Borrowings

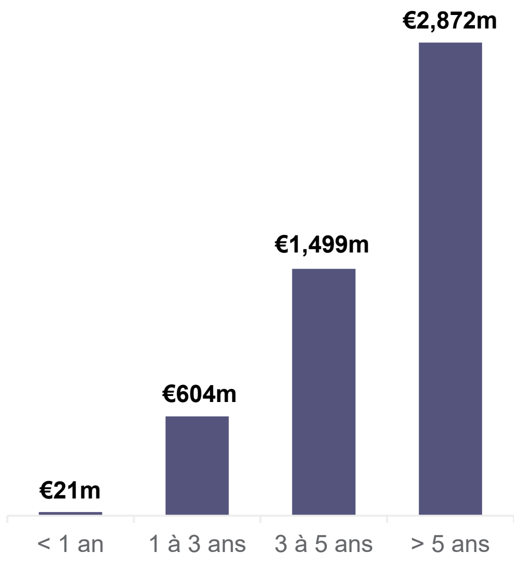
(in millions of euro)	AUGUST 31, 2020	Increases	Repayments	Changes in scope of consolidation	Currency translation adjustment	Discounting effects and other	FEBRUARY 28, 2021
Bond issues [1]	4,960	32	(12)	-	8	-	4,988
Private Placements and bank borrowings	6	3	(6)	-	0	-	3
Other borrowings	29	2	(1)	-	0	(5)	26
TOTAL BORROWINGS	**4,996**	**37**	**(19)**	**-**	**8**	**(5)**	**5,018**
Net fair value of derivative financial instruments	(4)	(0)	2	-	(9)	(1)	(13)
TOTAL BORROWING INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**4,992**	**37**	**(17)**	**-**	**(1)**	**(5)**	**5,005**

(1) As of February 28, 2021, accrued interests on bond issues amount to 35 million euro (18 million euro as of August 31, 2020).

Maturity of borrowings
as of February 28, 2021



Maturity of borrowings
as of August 31, 2020



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

As of February 28, 2021, and as of August 31, 2020, 100% of the Group's borrowings were at fixed rate. The average rate of interest as of February 28, 2021 is 1.6% (1.6% as of August 31, 2020). 94% of Group's borrowings (excluding derivative financial instruments and bank overdrafts) as of February 28, 2021 are issued in euro (94% as of August 31, 2020).

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all the borrowings.

None of the bond issues have a financial covenant.

July 2011 multicurrency confirmed credit facility

As of February 28, 2021, and as of August 31, 2020, Sodexo S.A. contracted a multicurrency credit facility of 589 million euro plus 785 million U.S. dollars, with a maturity date of July 2025, with the option to extend the maturity by one year, up to July 2026.

No amounts had been drawn down on the facility as of either February 28, 2021 or August 31, 2020.

Bilateral confirmed credit facility

As of February 28, 2021, the Group has five bilateral confirmed credit facility:

- two 150-million-euro bilateral confirmed credit facility, both are due to expire in December 2023;
- 150-million-euro bilateral confirmed credit facility expiring in February 2024;
- 150-million-euro facility due to mature in May 2021;
- 100-million-euro bilateral confirmed credit facility expiring in September 2021, renewed on January 2021.

No amounts had been drawn down on any of these facilities as of February 28, 2021 and as of August 31, 2020.

Commercial paper

As of February 28, 2021, borrowings under the Sodexo S.A. and Sodexo Finance commercial paper programs are nil (nil as of August 31, 2020).

NOTE 8 EQUITY AND EARNINGS PER SHARE

8.1 Equity

Composition of share capital and treasury shares

(number of shares)	FEBRUARY 28, 2021	AUGUST 31, 2020
Share Capital [1]	147,454,887	147,454,887
Treasury shares [2]	1,524,876	1,442,351
Outstanding shares	145,930,011	146,012,536

(1) with a par value of 4 euro each.

(2) Treasury shares value of 146 million euro *as of February 28, 2021 (138 million euro as of August 31, 2020).*

Dividends

	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Dividends paid *(in millions of euro)*	-	425
Dividend per share *(in euro)*	-	2.9

8.2 Earnings per share

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

	FIRST HALF FISCAL 2021	FIRST HALF FISCAL 2020
Profit for the year attributable to equity holders of the parent *(in millions of euro)*	**33**	**378**
Basic weighted average number of shares	146,001,603	145,868,679
BASIC EARNINGS PER SHARE [1] *(in euro)*	**0.23**	**2.59**
Average dilutive effect of free share plans	1,745,611	2,397,375
Diluted weighted average number of shares	147,747,216	148,266,054
DILUTED EARNINGS PER SHARE [1] *(in euro)*	**0.22**	**2.55**

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

All the Group's free share plans had a dilutive impact in First Half Fiscal 2021 and in First Half Fiscal 2020.

NOTE 9 OTHER INFORMATION

9.1 Income tax

The 29.3% effective tax rate for First Half Fiscal 2021 increased to 63.0% in First Half Fiscal 2020 mainly due to the non-recognition of deferred tax assets in the French Tax Group.

9.2 Free share grants

On November 25, 2020, the Board of Directors decided to grant free shares to certain Group employees. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date and some are subject to a performance condition. The shares granted under this plan sum up to 922,840 shares for an amount of 4.5 million euro for First Half Fiscal 2021.

9.3 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, 2020 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.

9.4 Related party information

Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in note 14.3, "Related parties" to the consolidated financial statements for the fiscal year ended August 31, 2020.

Principal shareholder

As of February 28, 2021, Bellon SA held 42.75% of the capital of Sodexo and 57.61% of the exercisable voting rights. During First Half Fiscal 2021, Sodexo paid fees of 1.8 million euro (1.5 million euro for First Half Fiscal 2020) under the assistance and advisory services contract with Bellon SA.

No dividend was paid by Sodexo S.A. over the period.

9.5 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 28, 2021	AVERAGE RATE FOR FIRST HALF FISCAL 2021	CLOSING RATE AS OF AUGUST 31, 2020	CLOSING RATE AS OF FEBRUARY 29, 2020	AVERAGE RATE FOR FIRST HALF FISCAL 2020
DOLLAR (USD)	1.212	1.197	1.194	1.098	1.105
LIVRE (GBP)	0.871	0.897	0.896	0.853	0.862
REAL (BRL)	6.664	6.554	6.474	4.923	4.602

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 period from September 1, 2020 to February 28, 2021

This is a free translation into English of the statutory auditors' review report on the interim financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional 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 period from September 1, 2020 to February 28, 2021;

– the verification of the information contained in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements have been prepared and reviewed under specific conditions. This crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors and were reviewed by the Board of Directors. 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 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements 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, March 31st, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG S.A.*
Stéphane Basset	Bardadi Benzeghadi	Caroline Bruno-Diaz

4

STATEMENT OF RESPONSIBILITY FOR THE FIRST HALF FISCAL 2021 FINANCIAL REPORT

GROUP CHIEF EXECUTIVE OFFICER

RESPONSIBILITY FOR THE FIRST HALF FISCAL 2021 FINANCIAL REPORT

Issy-les-Moulineaux, April 1, 2021

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

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