Press Release

QUALITY OF LIFE SERVICES

Sodexo Fiscal 2021 Results: Solid pick-up in activity and better than expected performance

- Revenue trend improved quarter by quarter, +18.1% in H2
- H2 UOP margin +20bps versus guidance at constant rates
- Exceptional cash conversion, net debt ratio at 1.7 back in target range of 1-2
- Dividend €2: €1.20 as per the dividend policy, plus a very exceptional €0.80 linked to the disposal program
- 2022 Guidance:
  - Organic revenue growth of +15% to +18%
  - Underlying operating profit margin close to 5%, at constant rates

Issy-les-Moulineaux, October 27, 2021 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At the Board of Directors meeting held on October 26, 2021 and chaired by Sophie Bellon, the Board closed the Consolidated and Company accounts for the fiscal year ended August 31, 2021.

Financial performance for Fiscal 2021

(in millions of euro)	AUGUST 31, 2021	AUGUST 31, 2020	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	**17,428**	**19,321**	-9.8%	-5.8%
UNDERLYING OPERATING PROFIT	**578**	**569**	**+1.6%**	**+12.4%**
UNDERLYING OPERATING PROFIT MARGIN	***3.3%***	***2.9%***	**+ 40 bps**	**+ 60 bps**
Other operating expenses	**(239)**	(503)		
OPERATING PROFIT	**339**	**65**	**+417.8%**	**+485.9%**
Net financial expense	**(106)**	(291)		
Tax charge	**(101)**	(98)		
GROUP NET PROFIT	**139**	(315)		
EPS *(in euro)*	**0.95**	(2.16)		
UNDERLYING NET PROFIT	**346**	**306**	**+13.1%**	**+30.5%**
UNDERLYING EPS *(in euro)*	**2.37**	2.10	+13.0%	
Dividend per share (*in euro*)	**2.00**[1]	0.00		
Free cash flow	**483**	72		
Cash conversion	**347%**	NA		
Net Debt Ratio (*x*)	**1.7**	2.1		

[1] *Proposed dividend at Shareholders Meeting on December 14th, 2021*

Sodexo Chairwoman and Interim CEO Sophie Bellon said:

"Organic growth was better than expected in both halves. Recovery in revenues has been progressive, quarter on quarter. By the fourth quarter, the Group reached 87% of Fiscal 2019 activity, with Healthcare, Schools and Benefits & Rewards Services already back up at pre-covid levels.

Our actions to renegotiate our client contracts, strictly control costs and implement the GET[1] efficiency program are clearly visible in our better-than-expected Underlying operating profit margin. The step-up in the second half is significant given the traditional 100bps shortfall between the first and second halves.

Our cashflow has been very positive with a debt ratio, at 1.7, and liquidity stronger than ever at 6.4 billion euro.

The recovery is continuing into Fiscal 2022, with ongoing growth and margin improvement.

Our teams are focused on client retention, consumer satisfaction, growth opportunities, operational excellence, and employee engagement. We are also accelerating our transformation to meet the new demands of consumers for digitized, convenient, varied and healthy food, with holistic offers, adapted to more hybrid environments.

We are also actively managing our portfolio of services and activities to enhance the Group's performance.

We thank all our 412,000 employees for their impressive engagement to our clients and consumers. We also thank our shareholders for their support in this crisis and propose to resume our dividend policy this year."

Highlights of the period

- **Fiscal 2021 consolidated revenues** was 17.4 billion euro, down -9.8% year-on-year including a negative net contribution from acquisitions and disposals of -0.2% and a negative currency impact of -4%. As a result, the organic decline was -5.6%, with the combination of a first half down -21.7%, followed by a second half up +18.1% as the comparable base reflected the start of the pandemic in the previous year, better than guidance.
- **On-site Services revenues** declined by -6.0% overall for the year. Following the deepest downturn ever registered by the Group due to the pandemic in the second half Fiscal 2020, activity has picked up progressively quarter by quarter, reaching 87% of pre-Covid Fiscal 2019 revenues at constant rates, by the fourth quarter. Healthcare & Seniors picked back up to 100%, and Schools to 99% (of pre-Covid levels). However Business & Administrations remained impacted by the slow return to work in Corporate Services, which was at 79% (of pre-Covid levels), and the recovery in Sports & Leisure, at only 43% (of pre-Covid levels) which really only started from July in Sports events, while the Convention Centre activity is only just seeing the recovery in reservations.
    - **Key Performance Indicators** continued to be impacted by the pandemic, even though there are clear signs of an improvement in quality:
        - client retention rate at the end of the year was 93.1%, down -40 bps, compared to the previous year. However, this included the impact of the British Government's decision to take back the Transforming Rehabilitation contracts which accounted for 40 bps. Excluding this contract, retention would have been flat. While retention was better in most segments and most geographies, and particularly in Healthcare and Universities in North America, the performance was impacted by the loss of a large Schools contract in North America in the last month of the year.

[1] *GET efficiency plan of 350 million euro, launched in H2 2020, to structurally reduce SG&A and protect gross margins*

  - new sales development was up +110 bps at 6%, with a solid contribution from all segments. The quality continues to improve with an increase in the average gross margin of +80 bps.
  - although same site sales were down -6.3%, the performance was better than in the previous year at -11.9% reflecting the recovery in volumes in the second half and more cross-selling of services on existing sites.

- **Fiscal 2021 Benefits & Rewards Services revenue** was up +3.9% organically, with the first half down -8.1% and a second half up +18.2%. Employee benefits organic growth was +3.8% compared to an issue volume up +5.2%, the performance gap being attributable in particular to delayed reimbursement volumes during the year due to the closure of restaurants during confinement. Services Diversification was up +4%. Growth in Europe, USA and Asia was positive at +6.4% whereas, Latin America was down due to fierce competitive pressures in Brazil.

- **Fiscal 2021 Underlying operating profit** was 578 million euro, up +1.6%, or +12.4% excluding the currency effect. The Underlying operating margin was 3.3%, up +40 bps or +60 bps excluding the currency mix effect. Despite the traditional seasonal gap in the second half margin versus the first half, particularly in Education, the performance improved, from 3.1% in first half Fiscal 2021 to 3.5% in the second half Fiscal 2021, or 3.7% at constant rates, +20 bps better than guidance. The significant step-up in the underlying operating margin since the second half Fiscal 2020 at -1.5% reflects the improvement in activity levels, very tight cost control, numerous contract renegotiations in the On-site activities, more active portfolio management, and the contribution from the GET restructuring program.

- **Other operating expenses (net)** amounted to 239 million euro compared to 503 million euro in the previous year. The GET program represented a further 153 million euro of restructuring costs in Fiscal 2021, compared to a total amount of restructuring costs of 191 million euro in the previous year.

- **Group net profit** was 139 million euro, compared to a net loss of 315 million euro in Fiscal 2020. Underlying net profit adjusted for Other Operating income and expenses net of tax amounted to 346 million euro, compared to 306 million euro in Fiscal 2020, up +13.1% at current rates and +30.5% at constant rates.

- **Free cash flow** for the full year reached 483 million euro, representing a cash conversion of 347%, well above the objective of 100%, reflecting improvements in operating cashflow, working capital and lower capex. This performance is also attributable in part to delays in certain specific elements such as the cashing out of the restructuring costs and the reimbursement of government Covid-linked aid and the Tokyo Olympics hospitality packages, now expected to come out in Fiscal 2022.

- Consequently, **net debt** has fallen year on year from 1.9 billion euro to 1.5 billion euro, representing a gearing of 47%, and a net debt ratio[1] of 1.7, back into the target range of between 1 and 2.

- The Board has decided to propose a Fiscal 2021 **dividend** of 2.00 euro, which includes a recurring 1.20 euro, reflecting the dividend policy of a pay-out ratio of 50% of Underlying net profit, and a very exceptional non-recurring element of 0.80 euro, reflecting the distribution of the cash related to the disposals program of about 120 million euro.

- **Portfolio management**
  - As part of the simplification of the On-site services, the Group has continued to reduce the number of countries in which it is present, now down to 56 from 80 at the start of 2018. This process has led to a more disciplined approach to reduce the Group's presence in certain smaller countries, where either the size, or the growth opportunities were lacking.

[1] *See definition in appendix / Alternative Performance Measure Definitions*

- A decision was made in July 2021 to enter into exclusive negotiations to combine the childcare activities with those of the Grandir group, thereby creating an ambitious project to become a global early education leader. Sodexo will maintain a minority stake in the new childcare entity to ensure a smooth transition. The transaction is expected to be finalized during First-half 2022.
- Rydoo, the Group's business travel and expense management activities, has been sold to the global investment firm Marlin Equity Partners, due to the sizeable investments required to sustain the business model.
- As part of the Group's portfolio management program, the Board of Directors has confirmed that it is necessary to accelerate the growth and diversification plans of Benefits & Rewards Services and has therefore decided to explore a number of strategic options to enhance support, focus and resources of Benefits & Rewards Services, while retaining control.
  The Group will keep the market informed of the evolution of this project.

- During the quarter, Sodexo also reinforced **its commitments to reduce its environmental footprint**. Sodexo is advancing along its Better tomorrow 2025 roadmap, which is guiding our route towards our nine objectives set in 2017. Some of these objectives are more challenging than others, but despite the pandemic, there are great things being achieved in Fiscal 2021:
  - We have an Employee engagement target at 80% for 2025. In the latest survey we reached 78.3%, coming out of the pandemic, and just slightly below last year's level of 80.1% in the midst of the pandemic.
  - We are also doing well in integrating SMEs into our value chain, reaching a value of 6.9 billion euro in Fiscal 2021, up from 4.5 billion euro in the previous year, and on track for 10 billion euro by 2025.
  - In Fiscal 2021 Scope 3 supply chain carbon emissions are down 23.2% versus the base line of 2017. The 2025 objective is to achieve a 34% reduction in total Scope 1, 2 and 3 emissions against the base line. This target has been approved by the Science Based Targets initiative (SBTi) and is in accordance with the Paris Agreement 1.5°C scenario. Since 2017, Sodexo has already reduced its direct greenhouse gas emissions (Scopes 1 and 2) by 37.2%, more than the objective.
  - Waste reduction of 48% has been achieved in the 878 sites reporting in Fiscal 2021, in line with the 2025 objective of 50%. Despite the program delay due to a lot of sites being closed or at very low levels of activity, implementation is now picking up fast. We had 878 reporting in Fiscal 2021 vs 291 in Fiscal 2020. Currently we are getting to 1300 sites deployed.
  - This year we have introduced a new KPI, which we have been putting in place for several years. Today, 73.8% of our sites provide consumers with a healthy lifestyle option. This compares to our 2025 objective of 100%.
- **Organizational changes for transition**

Sophie Bellon took over as Interim Chief Executive Officer on the departure of Denis Machuel on September 30, 2021. The key elements of this transition are:

- To enhance efficiency in Schools and Government & Agencies, the segments will now be managed locally. As a result, each Region/Country chair will be responsible for the segment in their region. These two segments are present in size in North America, the UK and France.
- A Transition Committee, composed of 12 people and chaired by Sophie Bellon, has been created to steer progress on the priorities defined for the transition period, manage business performance and prioritize projects and investments. This committee is composed of representatives of the activities, segments, regions and functions. Key Strategic priorities of the Transition Committee during the transition period are:

- Boost US growth,
- Accelerate the food model transformation,
- Manage more actively our portfolio,
- Enhance the effectiveness of our organization.

- **Evolution of the Board of Directors**
  - Emmanuel Babeau has decided not to seek reelection at the next Shareholders Meeting due to increased responsibilities at PMI. The Board warmly thanks Emmanuel Babeau for his extensive contribution to the Board's discussions, in particular, on performance, strategy and financial matters, as well as his active participation on the Audit and Compensation Committees.
  - Jean-Baptiste Chasseloup de Chatillon will be proposed as a new member of the Board and Audit Committee. He is Executive Vice President and Chief Financial Officer of Sanofi, since 2018. Before joining Sanofi, Jean-Baptiste Chasseloup de Chatillon was finance director and member of the Management board and Executive committee of PSA-Peugeot Citroën, where he spent nearly 30 years in different finance, commercial and operational roles in several European countries. He brings significant experience in mergers and acquisitions, organizations' transformation, financing and information technology.
  - Should all the resolutions concerning the appointment and reelection of Board members be approved at the Shareholders Meeting, 70% of its elected members will be independent and 60% will be women.
  - Luc Messier will join the Nominating Committee. He will bring his strong understanding of different cultures given his experience living and working in several countries in Europe, Asia, and North America. The committee now has a majority of independent members and remains chaired by an independent Director.

Outlook

Massive deployment of the vaccination in many countries has led to reopening or ramping-up of sites in all our major markets, some segments and activities faster than others. Benefits & Rewards Services has also seen its merchant revenues picking up with the reopening of restaurants.

In this context, we remain confident in our capacity to continue the recovery to pre-covid levels with:

- **Fiscal 2022 organic growth expected between +15 and +18%.**
- **Fiscal 2022 Underlying operating margin of close to 5%, at constant rates.**

Looking further out, we expect On-site services to exceed pre-Covid levels and the performance of Benefits & Rewards Services to accelerate out of the crisis. Our aim is that the Group rapidly returns to regular and sustained growth and over the pre-Covid Underlying operating margin. The boost in US growth, accelerated deployment of the new food model, active portfolio management, a more effective organization and the structural reduction in SG&A will all contribute.

Conference call

Sodexo will hold a conference call (in English) today at 9:00 a.m. (Paris time), 8:00 a.m. (London time) to comment on its Fiscal 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 **13 79 054**.

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 2022 financial calendar

Fiscal 2021 Annual Shareholders Meeting	December 14, 2021
Fiscal 2022 1st quarter Revenues	January 6, 2022
Fiscal 2022 1st half Results	April 1,2022
Fiscal 2022 3rd quarter Revenues	July 1, 2022
Fiscal 2022 Annual Results	October 26, 2022
Fiscal 2022 Annual Shareholders Meeting	December 15, 2022

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

About Sodexo

Founded in Marseille in 1966 by Pierre Bellon, Sodexo is the global leader in services that improve Quality of Life, an essential factor in individual and organizational performance. Operating in 56 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, childcare 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 412,000 employees throughout the world.

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

Key figures

17.4 billion euro Fiscal 2021 consolidated revenues

412,000 employees as at August 31, 2021

#1 France-based private employer worldwide

56 countries

100 million consumers served daily

11.5 billion euro in market capitalization (as at October 26, 2021)

Contacts

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ACTIVITY REPORT FOR FISCAL 2021

1. Fiscal year performance

1.1 Consolidated income statement

(in millions of euro)	AUGUST 31, 2021	AUGUST 31, 2020	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	17,428	19,321	-9.8 %	-5.8 %
UNDERLYING OPERATING PROFIT	**578**	**569**	**+1.6 %**	**+12.4 %**
UNDERLYING OPERATING PROFIT MARGIN	**3.3 %**	**2.9 %**	**+ 40 bps**	**+ 60 bps**
Other operating expenses	(239)	(503)		
OPERATING PROFIT	**339**	**65**	**+417.8 %**	**+485.9 %**
Net financial expense	(106)	(291)		
PRE-TAX PROFIT excluding share of profit from Equity method companies	229	(230)		
Tax charge*	(101)	(98)		
GROUP NET PROFIT	**139**	**(315)**		
EPS (in euro)	**0.95**	**(2.16)**		
UNDERLYING NET PROFIT	**346**	**306**	**+13.1 %**	**+30.5 %**
Underlying EPS (in euro)	**2.37**	**2.10**	**+13.0 %**	

* Fiscal 2021 Underlying effective tax rate is around 30%, stable relative to Fiscal 2020.

1.2 Currency effect

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

1€=	AVERAGE RATE FY 2021	AVERAGE RATE FY 2020	AVERAGE RATE FY 2021 VS. FY 2020	CLOSING RATE FY 2021 AT 31/08/2021	CLOSING RATE FY 2020 AT 31/08/20	CLOSING RATE 31/08/2021 VS. 31/08/2020
U.S. dollar	1.197	1.115	-6.9 %	1.183	1.194	+0.9%
Pound sterling	0.878	0.876	-0.2 %	0.859	0.896	+4.3%
Brazilian real	6.441	5.255	-18.4 %	6.139	6.474	+5.5%

The impact of currencies this year is linked to the decline in the US dollar of -6.9% and the Brazilian real of -18.4% cumulating in a -4% negative impact on revenues and 20 bps on the Underlying operating margin.

Sodexo operates in 56 countries. The percentage of total revenues and underlying operating profit denominated in the main currencies are as follows:

FISCAL 2021	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	36 %	42 %
Euro	25 %	-24 %
UK pound sterling	11 %	17 %
Brazilian real	5 %	23 %

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.

1.3 Revenues

REVENUES BY ACTIVITY

REVENUES (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	8,884	10,265	-9.7 %	-0.4 %	-3.4 %	-13.5 %
Healthcare & Seniors	4,762	4,815	+3.1 %	+0.3 %	-4.5 %	-1.1 %
Education	3,041	3,475	-7.6 %	-0.6 %	-4.3 %	-12.5 %
ON-SITE SERVICES	**16,687**	**18,554**	**-6.0 %**	**-0.3 %**	**-3.8 %**	**-10.1 %**
BENEFITS & REWARDS SERVICES	**745**	**773**	**+3.9 %**	**+0.1 %**	**-7.6 %**	**-3.6 %**
Elimination	(3)	(5)				
TOTAL GROUP	**17,428**	**19,321**	**-5.6 %**	**-0.2 %**	**-4.0 %**	**-9.8 %**

Fiscal 2021 consolidated revenues was 17.4 billion euro, down -9.8% year-on-year including a negative net contribution from acquisitions and disposals of -0.2% and a negative currency impact of -4%. As a result, the organic decline was -5.6%, with the combination of a first half down -21.7%, followed by a second half up +18.1% as the comparable base was already impacted by the pandemic.

REVENUES (in millions of euro)	H1 FY 2021	H1 FY 2020	ORGANIC GROWTH	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
Business & Administrations	4,280	6,186	-26.5 %	4,603	4,079	+14.6%
Healthcare & Seniors	2,338	2,538	-2.1 %	2,424	2,276	+8.7%
Education	1,620	2,528	-31.9 %	1,421	947	+55.2%
ON-SITE SERVICES	**8,238**	**11,252**	**-22.2 %**	**8,449**	**7,302**	**+18.0%**
BENEFITS & REWARDS SERVICES	**359**	**443**	**-8.1 %**	**386**	**330**	**+18.2%**
Elimination	(2)	(3)		(2)	(2)	
TOTAL GROUP	**8,595**	**11,692**	**-21.7 %**	**8,833**	**7,629**	**+18.1%**

On-site Services

On-site Services revenues declined by -6.0% overall for the year. Following the deepest downturn ever registered by the Group due to the pandemic in the second half Fiscal 2020, activity has picked up progressively quarter by quarter, reaching 87% of pre-Covid Fiscal 2019 revenues at constant rates, by the fourth quarter. While Healthcare & Seniors picked back up to 100%, and Schools to 99% (of pre-Covid levels), Business & Administrations remained impacted by the slow return to work in Corporate Services, which was at 79% (of pre-Covid levels), and the recovery in Sports & Leisure at only 43% (of pre-Covid levels), which really only started from July in Sports events, while the Convention center activity is only just starting to see the recovery in reservations.

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

AT CONSTANT RATES	% of Fiscal 2019 revenues Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021
Business & Administrations	**71 %**	**70 %**	**78 %**	**78 %**	**78 %**	**82 %**
Of which Corporate Services	73 %	74 %	79 %	78 %	75 %	79 %
Of which Sports & Leisure	16 %	9 %	14 %	17 %	22 %	43 %
Education	**46 %**	**64 %**	**72 %**	**68 %**	**79 %**	**85 %**
Schools	52 %	78 %	87 %	84 %	88 %	99 %
Universities	41 %	52 %	61 %	54 %	72 %	71 %
Healthcare & Seniors	**88 %**	**92 %**	**97 %**	**100 %**	**96 %**	**100 %**
On-site Services	**70 %**	**75 %**	**81 %**	**81 %**	**83 %**	**87 %**
Benefits & Rewards Services	**77 %**	**95 %**	**99 %**	**94 %**	**96 %**	**97 %**
Group	**70 %**	**75 %**	**81 %**	**82 %**	**83 %**	**87 %**

During the year, Facilities Management services were up +6.9%, particularly resilient during the crisis, while Food services were down -14.5% despite a +24.5% increase in the second half, as the comparable base more favorable. In the fourth quarter, FM services had reached 110% of Fiscal 2019 revenues, Food services remained at 73%.

Key performance indicators continued to be impacted by the pandemic, even though there are clear signs of an improvement in quality:

- client retention rate at the end of the year was 93.1%, down -40 bps, compared to the previous year. However, this included the impact of the British Government's decision to take back the Transforming Rehabilitation contracts which accounted for 40 bps. Excluding this contract, retention would have been flat. While retention was better in most segments and most geographies, and particularly in Healthcare and Universities in North America, the performance was impacted by the loss of a large schools contract in North America in the last month of the year,
- new sales development was up +110 bps at 6%, with a solid contribution from all segments. While the level of new signatures remains below our target, the quality is improving with an increase in the average gross margin of +80 bps.
- although same site sales were down -6.3%, the performance was better than in the previous year at -11.9% reflecting the recovery in volumes in the second half and more cross-selling of services on existing sites.

ON-SITE SERVICES REVENUES BY REGION

REVENUES BY REGION (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
North America	6,514	8,036	-13.3 %
Europe	7,002	7,308	-3.5 %
Asia-Pacific, Latam, Middle East and Africa	3,171	3,210	+6.6 %
ON-SITE SERVICES TOTAL	**16,687**	**18,554**	**-6.0 %**

By geography:

- North America remained the region the most impacted by the pandemic with sales down -13.3% in Fiscal 2021 due to the significant weight of Sports & Leisure and Education in the mix of business, which were the worst affected segments. However, the bounce-back in the second half was also the most significant. North America now accounts for 39% of On-site revenues.
- Europe (representing 42% of On-site sales) was more resilient at -3.5% reflecting the faster recovery of Education and Corporate Services activity and the contribution of the large Rapid Testing Centre contract in the United Kingdom.

- Asia-Pacific, Latin America, Middle East and Africa (19% of On-site Services revenues) ended the year up +6.6% with strong recovery in China and Brazil and despite the significant deterioration in India in the third quarter due to the Delta variant.

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
North America	3,340	2,936	+19.4 %
Europe	3,473	2,919	+18.5 %
Asia-Pacific, Latam, Middle East and Africa	1,636	1,447	+14.4 %
ON-SITE SERVICES TOTAL	**8,449**	**7,302**	**+18.0 %**

All regions performed well in the second half Fiscal 2021 compared to the previous year. The comparative base was particularly weak in North America and Europe, severely impacted by the pandemic. The regions ended up at 77% and 85% respectively of Fiscal 2019 levels, at constant rates. However, Asia-Pacific, Latam Middle East and Africa performed particularly well against a much less impacted comparative base and despite the effect of the delta variant in India, ending at 107% of 2nd half Fiscal 2019 levels, at constant rates.

Brexit

The United Kingdom left the European Union on January 1, 2020. Sodexo has been present in the United Kingdom since 1988 and has around 37,000 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, a large part of the services are FM, which have demonstrated their resilience during the Covid-19 pandemic. Our supply chain teams planned extensively for the EU exit and continue to manage supply carefully in partnership with our suppliers. As a result, we have not suffered any significant disruption to our supply chains. Growth in activity will remain dependent upon stand up of Covid impacted services, outsourcing trends, growth in GDP and employment in the country.

Business & Administrations

REVENUES

REVENUES BY REGION (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
North America	1,859	2,518	-21.2 %
Europe	4,200	4,904	-13.1 %
Asia-Pacific, Latam, Middle East and Africa	2,825	2,843	+6.4 %
BUSINESS & ADMINISTRATIONS TOTAL	**8,884**	**10,265**	**-9.7 %**

Fiscal 2021 **Business & Administrations** revenues totaled **8.9 billion euro**, down -9.7% organically. This was a combination of organic decline in the first half of -26.5% and a rebound of +14.6% in the second half.

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
North America	1,031	860	+25.0 %
Europe	2,116	1,920	+11.0 %
Asia-Pacific, Latam, Middle East and Africa	1,456	1,299	+12.9 %
BUSINESS & ADMINISTRATIONS TOTAL	**4,603**	**4,079**	**+14.6 %**

Second half organic growth in **North America** was +25%, thanks to a soft comparable base, modest recovery in Corporate Services, delayed somewhat by the delta variant, and a strong rebound in the fourth quarter in the sports activities of the Sports & Leisure. Government & Agencies and Energy & Resources were also up significantly during the period due to the return to normal activity and new contract start-ups, particularly in Energy & Resources.

In **Europe**, second half revenues were up +11% organically, driven by the progressive return to the office in Continental Europe after the end of the lockdowns, some recovery in the Sports & Leisure activities during the summer and in particular the sports and tourism activities. Government & Agencies activity was strong despite the impact from the loss of the Transforming Rehabilitation contract in the UK during the fourth quarter. Energy & Resources was also strong with positive net new business and strong growth with the large global accounts.

In **Asia-Pacific, Latam, Middle East and Africa** organic revenue growth was +12.9%. The Corporate Services segment continued to recover across all regions, even in India in the fourth quarter, as the delta variant impact subsided. Energy & Resources continued to achieve very solid growth, against a backdrop of unbroken strong double-digit growth in the last two years. New business ramp-ups and strong underlying growth in Latin America more than offset some contract losses and a ramp-down in some of the Covid-related extra FM Services in the Asia-Pacific region.

Healthcare & Seniors

REVENUES BY REGION (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
North America	2,642	2,950	-4.2 %
Europe	1,838	1,579	+15.6 %
Asia-Pacific, Latam, Middle East and Africa	281	286	+8.7 %
HEALTHCARE & SENIORS TOTAL	**4,762**	**4,815**	**+3.1 %**

Healthcare & Seniors revenues amounted to **4.8 billion euro**, up +3.1% organically. The first half was down -2.1% due to some significant contract losses and a large contract exit. In the second half, organic growth was +8.7%, particularly boosted by the contribution of the Rapid Testing Centres contract in the UK.

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
North America	1,346	1,394	+1.9 %
Europe	928	760	+18.7 %
Asia-Pacific, Latam, Middle East and Africa	150	122	+22.5 %
HEALTHCARE & SENIORS TOTAL	**2,424**	**2,276**	**+8.7 %**

In **North America**, second half organic growth was +1.9%. While elective surgery has been picking up progressively, cross-selling has remained strong and retail sales started to pick up in the fourth quarter. Seniors occupancy is still suffering from the effects of the pandemic.

In **Europe**, organic growth was up at +18.7%. While the retail activity remained low, cross-selling of new Covid-related hygiene services and a large Rapid Testing Centers contract in the UK is boosting activity. Seniors activity has continued to pick up progressively during the second half.

In **Asia-Pacific, Latam, Middle East and Africa**, organic revenue growth was +22.5%, due to strong recovery in volumes and new business wins in China, India and Brazil.

Education

REVENUES BY REGION (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
North America	2,013	2,569	-15.9 %
Europe	963	824	+16.9 %
Asia-Pacific, Latam, Middle East and Africa	65	81	+6.7 %
EDUCATION TOTAL	**3,041**	**3,475**	**-7.6 %**

Fiscal 2021 revenues in Education were 3.0 billion euro, down -7.6% organically. While the first half was down - 31.9%, the second half was up +55.2%, against the peak of the school closures in most countries in the previous year.

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
North America	963	681	+47.6 %
Europe	429	239	+78.0 %
Asia-Pacific, Latam, Middle East and Africa	30	26	+49.5 %
EDUCATION TOTAL	**1,421**	**947**	**+55.2 %**

In the second half, **North America** was up +47.6%. Whereas the return to school and universities was slow in the second and third quarters relative to Europe, all sites reopened for the start of the new academic year in August. There was also some summer camp activity and project work during the fourth quarter.

In **Europe**, revenue was up +78% organically, reflecting reopening in most countries from April, even if there were some class closures and high absenteeism due to the delta variant in the last months of the school year, particularly in the United Kingdom.

In **Asia-Pacific, Latam, Middle East and Africa**, organic growth was +49.5% reflecting progressive reopening of schools and universities in the region except in India where schools remained closed due to the delta variant.

Benefits & Rewards Services

Fiscal 2021 **Benefits & Rewards Services** revenue amounted to 745 million euro, up +3.9% organically, with the first half down -8.1% and a second half up +18.2%. Employee benefits organic growth was +3.8% compared to an issue volume up +5.2%, the performance gap being attributable in particular to delayed reimbursement volumes during the year due to the closure of restaurants during confinement. Services Diversification was up +4% organically. Organic growth in Europe and Asia was positive at +6.4% whereas, Latin America was down due to fierce competitive pressures in Brazil.

REVENUES BY ACTIVITY (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
Employee benefits	577	607	+3.8 %
Services Diversification*	168	166	+4.0 %
BENEFITS & REWARDS SERVICES	**745**	**773**	**+3.9 %**

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

FOR THE SECOND HALF ONLY

REVENUES BY ACTIVITY (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
Employee benefits	302	259	+18.2 %
Services Diversification*	84	70	+18.5 %
BENEFITS & REWARDS SERVICES	**386**	**329**	**+18.2 %**

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

In the second half, the organic growth in **Employee Benefits** revenues was +18.2%, compared to an organic growth in issue volume of +11%. The discrepancy of the performance between revenues and issue volumes is due to the impact of the catch-up in reimbursement volumes as restaurants reopened. As reimbursement grew, the float declined during the period.

Services Diversification was also up +18.5% organically, resulting from a recovery from very low levels in the previous year in Travel & Expense management and Incentives & Recognition, while public benefits continued to grow due to ongoing and new Government schemes in several countries.

REVENUES BY REGION (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
Europe, USA and Asia	499	482	+6.4 %
Latin America	246	290	-0.3 %
BENEFITS & REWARDS SERVICES	**745**	**773**	**+3.9 %**

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
Europe, USA and Asia	256	213	+22.9 %
Latin America	129	117	+10.7 %
BENEFITS & REWARDS SERVICES	**386**	**329**	**+18.2 %**

In **Europe, Asia and USA**, the second half Fiscal 2021 organic revenue growth was +22.9%, as restaurants reopened, and activity picked back up in all the diversified services.

In **Latin America**, organic growth was **+10.7%**, boosted by issue volume growth, even though the environment remained very competitive in Brazil. Growth in the rest of the region was mixed with strong activity in Mexico, boosted by the solid fuel cards activity while the Covid-related public benefits activity slowed down, compared to the strong comparative basis of the previous year.

REVENUES BY NATURE (in millions of euro)	FY 2021	FY 2020	ORGANIC GROWTH
Operating Revenues	701	718	+4.7 %
Financial Revenues	43	54	-7.1 %
BENEFITS & REWARDS SERVICES	**745**	**773**	**+3.9 %**

Operating revenues were up for the year thanks to a strong recovery in the second half as reimbursement volumes caught up with issue volumes. On the other hand, despite the higher float, financial revenues were down due to much lower interest rates, particularly in Brazil. The trend improved in the second half as the Selic (official Brazilian interest rate) recovered.

FOR THE SECOND HALF ONLY

REVENUES BY NATURE (in millions of euro)	H2 FY 2021	H2 FY 2020	ORGANIC GROWTH
Operating Revenues	363	306	+19.3 %
Financial Revenues	23	23	+5.0 %
BENEFITS & REWARDS SERVICES	**386**	**329**	**+18.2 %**

In the second half, **Operating revenues** were up **+19.3%**. Financial revenues were up +5%, as the Brazilian interest rate started to rise from March.

1.4 Underlying operating profit

Fiscal 2021 Underlying operating profit was 578 million euro, up +1.6%, or +12.4% excluding the currency effect. The Underlying operating margin was 3.3%, up +40 bps or +60 bps excluding the currency mix effect.

(in millions of euro)	UNDERLYING OPERATING PROFIT FISCAL 2021	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN FISCAL 2021	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
Business & Administrations	103	-6.3 %	+6.5 %	1.2 %	+10 bps	+20 bps
Healthcare & Seniors	310	+5.9 %	+10.7 %	6.5 %	+40 bps	+40 bps
Education	74	-1.9 %	+6.2 %	2.4 %	+20 bps	+30 bps
On-site Services	**486**	**+1.8 %**	**+9.0 %**	**2.9 %**	**+30 bps**	**+40 bps**
Benefits & Rewards Services	**186**	**-7.8 %**	**+5.9 %**	**25.0 %**	**-120 bps**	**+40 bps**
Corporate expenses & Intragroup eliminations	(95)	+13.3 %	+13.0 %			
UNDERLYING OPERATING PROFIT	**578**	**+1.6 %**	**+12.4 %**	**3.3 %**	**+40 bps**	**+60 bps**

Despite the traditional seasonal gap in the second half margin versus the first half, particularly in Education, the performance improved, from 3.1% in first half Fiscal 2021 to 3.5% in the second half Fiscal 2021, or 3.7% at constant rates, +20 bps better than guidance.

	UNDERLYING OPERATING PROFIT			
	H1 FISCAL 2021		H2 FISCAL 2021	
(in millions of euro)	UOP	MARGIN	UOP	MARGIN
Business & Administrations	16	0.4 %	87	1.9 %
Healthcare & Seniors	149	6.4 %	160	6.6 %
Education	69	4.3 %	5	0.3 %
On-site Services	**235**	**2.9 %**	**252**	**3.0 %**
Benefits & Rewards Services	**85**	**23.6 %**	**101**	**26.2 %**
Corporate expenses & Intragroup eliminations	(55)		(41)	
UNDERLYING OPERATING PROFIT	**265**	**3.1 %**	**312**	**3.5 %**

The significant step-up in the underlying operating margin since the second half Fiscal 2020 at -1.5% reflects the improvement in activity levels, very tight cost control, numerous contract renegotiations in the On-site activities, more active portfolio management, and the contribution from the GET efficiency program.

GET PROGRAM	FISCAL 2020	**FISCAL 2021**	FISCAL 2022 FORECAST	TARGET
(in millions of euro)	CUMULATED NUMBERS			
Total exceptional costs	**158**	**312**	**330**	**350**
Cash impact	**(75)**	**(217)**	**(310)**	**90% of costs**
SG&A savings	—	91	166	175
Gross profit cost avoidance	—	127	228	175
Total savings	**—**	**218**	**394**	**350**
Savings / Costs			**119 %**	**100 %**

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

At the end of Fiscal 2021, the GET program had cost 312 million euro and generated 218 million euro of savings, with a cash impact of 217 million euro.

For Fiscal 2022, there will be further exceptional costs of 18 million euro linked to a few initiatives having continued past the year end, significant further savings of 176 million euro and cash-out of 93 million euro.

The program which ends in Fiscal 2022, should exceed expectations in terms of cost reduction as the total amount is estimated at 394 million euro, 44 million euro above target, and the ratio of savings to costs is expected to be 119%, above the target of 100%.

At current rates, Fiscal 2021 On-site Services underlying operating profit was up +1.8% and the margin rose to 2.9%, up +30 bps compared to the previous year. The margin was relatively stable between the first half at 2.9% and the second half at 3%, despite the traditional profitability gap.

The performance by segment **at constant rates** is as follows:

- **Business & Administrations** underlying operating profit increased by +6.5% and the operating margin was up +20 bps at 1.2%. This represents a significant improvement in margins since the beginning of the pandemic, from -3.3% in second half Fiscal 2020, to 0.4% in first half 2021 and 1.9% in the second half. This improved performance reflects positive margins in most sub-segments, and in particular in the Energy & Resources and Government & Agencies which are both ahead relative to Fiscal 2019. Only Sports & Leisure is loss-making due to incompressible fixed costs and very low volumes, until the fourth quarter.
- in **Healthcare & Seniors**, the +10.7% increase in underlying operating profit led to a +40 bps increase in the margin which reached 6.5%, only 10 bps below the level in Fiscal 2019. Net new business has been positive on margins and costs have been strictly controlled, compensating the absence of retail sales.
- in **Education**, underlying operating profit was up +6.2% and the margin by +30 bps to 2.4%, reflecting strict cost management and contract renegotiations. The margin seasonality remained very significant. The return to higher margins is dependent upon the full reopening of Schools and Universities in North America, which started in August 2021.

In **Benefits & Rewards Services**, underlying operating profit was down -7.8%, but up +5.9% excluding currency impacts. The margin was 25%, down -120bps, due to the currency mix effect of the weakness in particular of the Brazilian real, but up +40 bps at constant rates. In the first half, the margin had started to recover strongly from 20.8% in the second half of Fiscal 2020 to 23.6% in the first half Fiscal 2021, with a further increase to 26.2% in the second half. The progressive pick-up in margins during the year reflects the progressive pick-up in revenues.

1.5 Group net profit

Other operating income and expenses amounted to 239 million euro compared to 503 million euro in the previous year.

The GET program represented a further 153 million euro of restructuring costs in Fiscal 2021, compared to a total amount of restructuring costs of 191 million euro in the previous year. Impairment of non-performing assets also continued, for an amount of 27 million euro, but at a much lower level than the previous year's 233 million euro. Net losses related to consolidation scope changes were higher due to the disposal program.

As a result, the **Operating Profit** recovered to 339 million euro compared to 65 million euro in the previous year.

(in millions of euro)	FISCAL 2021	FISCAL 2020
UNDERLYING OPERATING PROFIT	**578**	**569**
OTHER OPERATING INCOME	**56**	**7**
Gains related to consolidation scope changes	31	2
Gain on disposals of non-current assets	12	
Gains on changes of post-employment benefits	4	2
Other	9	3
OTHER OPERATING EXPENSES	**(295)**	**(510)**
Restructuring and rationalization costs	(153)	(191)
Losses related to consolidation scope changes	(63)	(14)
Amortization of purchased intangible assets	(33)	(39)
Impairment of goodwill and non-current assets	(27)	(234)
Acquisition-related costs	(5)	(9)
Losses on changes of post-employment benefits	(5)	(4)
Losses related to the disposal of non-current assets	(2)	
Other	(8)	(19)
OTHER OPERATING INCOME AND EXPENSES (NET)	**(239)**	**(503)**
OPERATING PROFIT	**339**	**65**

Fiscal 2021 Net financial expenses decreased to a more normal 106 million euro against the particularly high level of 291 million euro the previous year, related to the 150 million euro make-whole payment for the reimbursement of the 1.4-billion-euro USPP in the fourth quarter. As a result of the combination of the two bond issues and the USPP reimbursement in the second half of Fiscal 2020, and the US dollar bond issue in April 2021, average interest expenses were lower in Fiscal 2021. However, the blended cost of debt at Fiscal 2021-year end was stable at 1.6% relative to year end Fiscal 2020.

The tax charge was more or less stable at 101 million euro. The Effective tax rate on Pre-tax profit (excluding the share of profit of companies accounted for using the equity method) of 229 million euros was 43.9%. This rate is higher than normal due to the non-recognition of deferred tax assets in France (the Group restricted the recognition of deferred tax assets to the amount of the deferred tax liabilities). Excluding this factor, the underlying effective tax rate would have been 28.3%.

The share of profit of other companies accounted for using the equity method was 8 million euro, compared to 9 million euro in the preceding year. Profit attributed to non-controlling interests was -2 million euro compared to the previous year amount of -4 million euro.

As a result, Group net income was 139 million euro, compared to a net loss of 315 million euro in Fiscal 2020. Underlying net profit adjusted for Other Operating income and expenses net of tax amounted to 346 million euro, compared to 306 million euro in Fiscal 2020, up +13.1% at current rates and +30.5% at constant rates.

1.6 Earnings per share

Published EPS was 0.95 euro against -2.16 euro in Fiscal 2020. The weighted average number of shares for Fiscal 2021 was more or less stable at 146,004,484 compared to 145,778,963 shares for Fiscal 2020.

Underlying EPS amounted to 2.37 euro, up +13.0% compared to the previous year.

1.7 Proposed dividend

The Board has decided to propose a Fiscal 2021 dividend of 2.00 euro, which includes a recurring 1.20 euro, reflecting the dividend policy of a pay-out ratio of 50% of Underlying net profit, and a very exceptional non-recurring element of 0.80 euro, reflecting the distribution of the cash related to the disposals program of about 120 million euro.

2. Consolidated financial position

2.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	H1	H2	FISCAL 2021	FISCAL 2020
Operating cash flow	405	361	766	670
Change in working capital excluding change in BRS financial assets[1]	41	129	171	55
IFRS 16 outflow	(123)	(119)	(242)	(260)
Net capital expenditure	(86)	(125)	(211)	(393)
Free cash flow[2]	**237**	**246**	**483**	**72**
Net acquisitions	(10)	(32)	(42)	(18)
Share buy-backs	(11)	—	(11)	(39)
Dividends paid to shareholders	—	—	—	(425)
Other changes (including scope and exchange rates)	(28)	(12)	(40)	(245)
(Increase)/decrease in net debt	**187**	**203**	**390**	**(655)**

(1) Excluding change in financial assets related to the Benefits & Rewards Services activity of 45 million euro in Fiscal 2021 versus -93 million euro in Fiscal 2020. Total change in working capital as reported in consolidated accounts: in Fiscal 2021: 216 million euro = 171 million euro + 45 million euro and in Fiscal 2020: -38 million euro = 55 million euro - 93 million euro.

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

As the effects of the pandemic receded progressively during Fiscal 2021, cash inflows improved. As a result, Free cash flow was 483 million euro against 72 million euro in Fiscal 2020. Operating cash flow improved to 766 million euro against 670 million euro in Fiscal 2020. The IFRS 16 adjustment of 242 million euro is also relatively stable compared to the previous year of 260 million euro. Working capital improved significantly during the year. This was due to strict cash management, progressive improvement in activity and continued government aid.

Net capital expenditure, including client investments, at 211 million euro, or 1.2% of revenues, was below the previous year levels of 393 million euro and 2% of revenues. This was impacted by several asset disposals due principally to the early exit of two large contracts, amounting to 72 million euro. Excluding this, capital expenditure to sales would have been 1.6%.

While contract-linked capital expenditure in some segments was mostly delayed in the year due to the effect of the pandemic, IT investment was maintained and the digitization of Benefits & Rewards continued, with investments running at 9.2% of revenues. The Business & Administrations capital expenditure to sales ratio was at 0.5%, well below the normal level, impacted by the reimbursement of capex linked to account exits in Sports & Leisure. On the other hand, relative to Fiscal 2020, the capital expenditure to sales ratio for Healthcare was more or less stable at 0.7% and Education increased by +20 bps to 1.2%. There was some increase in investment at the end of the second half. Given the Group's mix of segments and geographies, and in a normal environment, this rate should be running at around 2.5% of revenues.

As a result, the cash conversion of 347% is well above the objective of 100%. This performance is also attributable in part to delays in certain specific elements such as the cash effect of the restructuring costs, the government Covid-linked payment delays and reimbursement of the Tokyo Olympics hospitality packages, now expected to occur in Fiscal 2022.

Having paused acquisitions from March 2020 due to the Covid-19 crisis, activity picked up in Fiscal 2021 with acquisition spend of 62 million euro, partially offset by disposals of 20 million euro.

The absence of a dividend on Fiscal 2020 earnings due to the Covid pandemic favorably impacted the level of total cashflow.

After taking into account Other changes, consolidated net debt fell by 390 million euro during the year to 1,478 million euro at August 31, 2021.

2.2 Acquisitions and disposals for the period

Fiscal 2021 was an active year, with

- several acquisitions in the new food model such as Fooditude in the UK, Foodee and Nourish in North America.
- Benefits & Rewards acquired a majority stake in Wedoogift, the leading digital native player in gift vouchers in France.
- the exit of several countries.
- the disposal of Rydoo, in travel and expense management.

Overall acquisition costs, net of disposals, amounted to 42 million euro.

2.3 Condensed consolidated statement of financial position at August 31, 2021

(in millions of euro)	AUGUST 31, 2021	AUGUST 31, 2020
Non-current assets	9,360	9,730
Current assets excluding cash	5,031	4,493
Restricted cash Benefits & Rewards	773	770
Financial assets Benefits & Rewards	289	333
Cash	3,539	2,027
TOTAL ASSETS	**18,991**	**17,353**

(in millions of euro)	AUGUST 31, 2021	AUGUST 31, 2020
Shareholders' equity	3,168	2,758
Non-controlling interests	7	15
Non-current liabilities	6,962	6,834
Current liabilities	8,853	7,745
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,991**	**17,353**
Borrowings	**6,072**	**4,992**
Net debt	**1,478**	**1,868**
Gearing	**47 %**	**67 %**
Net debt ratio	**1.7**	**2.1**

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

As of August 31, 2021, net debt was 1,478 million euro, representing a gearing of 47%, and a net debt ratio of 1.7, back into the target range of between 1 and 2.

Having reimbursed and refinanced the USPP debt during Fiscal 2020, liquidity was rebuilt progressively during Fiscal 2021.

In April 2021, Sodexo raised 1.25 billion U.S. dollars, with a bond structured in two tranches: 500 million dollars maturing in 2026 and 750 million dollars in 2031, at a rate of 1.6% and 2.7% respectively. Half of the 750-million-dollar bond was converted at the time of issuance from fixed to floating using interest rate swaps. The rate applicable on this variable debt at August 31st 2021 was 1.3%.

As a result, at year end, the Group's gross debt of 6.1 billion euro was 23% dollar-denominated, with an average maturity of 5.2 years, 95% at fixed rates and 100% covenant-free.

By the end of Fiscal 2021, Operating cash reached a total of 4,594 million euro, including 773 million euro of restricted cash and 289 million euro of financial assets of Benefits & Rewards Services. The Benefits & Rewards Services activity asset to liability coverage is at 113% compared to 108% as at August 31, 2020, with operating cash of 2,257 million euro and client receivables of 1,295 million euro, compared to voucher liabilities payable of 3,133 million euro. The rest of the Group also had a significant operating cash position of 2,337 million euro.

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

Total liquidity at year end was 6.4 billion euro.

2.4 Subsequent events

Sodexo decided to early redeem in full its outstanding 600 million euro in bonds issued in June 2014, bearing an annual interest coupon of 1.75% and due to mature on January 24, 2022. This early redemption took place on October 26, 2021 and did not trigger any financial penalty. It reduced non-performing surplus cash deposits and saved three months of interest.

The operation to combine the Group's Childcare activities with those of the Grandir group, announced in July 2021, has been confirmed. The operation should close in First half Fiscal 2022.

2.5 Alternative Performance Measure definitions

Blended cost of debt

The blended cost of debt is calculated at period end and is the weighted blended financing rate on borrowings (including derivative financial instruments and commercial papers) and cash pooling balances at period end.

Free cash flow

Please refer to the section entitled Consolidated financial position.

Growth excluding currency effect

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

Issue volume

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

Net debt

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

Organic growth

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

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

Underlying Net profit

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

Underlying Net profit per share

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

Underlying operating profit margin

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

Underlying operating profit margin at constant rates

The underlying operating profit margin at constant rates corresponds to Underlying operating profit divided by revenues, calculated by converting 2021 figures at Fiscal 2020 rates, except for countries with hyperinflationary economies.

FISCAL 2021 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Consolidated income statement

(in millions of euro)	FISCAL 2021	FISCAL 2020
Revenues	**17,428**	**19,321**
Cost of sales	**(15,006)**	**(16,842)**
Gross profit	**2,422**	**2,479**
Selling, General and Administrative costs	(1,849)	(1,914)
Share of profit of companies accounted for using the equity method that directly contribute to the Group's business	4	4
Underlying operating profit	**578**	**569**
Other operating income	56	7
Other operating expenses	(295)	(510)
Operating profit	**339**	**65**
Financial income	18	30
Financial expenses	(124)	(321)
Share of profit of other companies accounted for using the equity method	4	5
Profit for the year before tax	**237**	**(221)**
Income tax expense	(101)	(98)
Net profit for the year	**137**	**(319)**
Of which:		
Attributable to non-controlling interests	(2)	(4)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**139**	**(315)**
Basic earnings per share (in euro)	**0.95**	**(2.16)**
Diluted earnings per share (in euro)	**0.94**	**(2.16)**

2 Consolidated statement of comprehensive income

(in millions of euro)	FISCAL 2021	FISCAL 2020
NET PROFIT FOR THE YEAR	**137**	**(319)**
Components of other comprehensive income that may be reclassified subsequently to profit or loss	**121**	**(500)**
Change in fair value of cash flow hedge instruments	—	—
Change in fair value of cash flow hedge instruments reclassified to profit or loss	—	—
Currency translation adjustment	117	(502)
Currency translation adjustment reclassified to profit or loss	1	—
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss	—	—
Share of other components of comprehensive income (loss) of companies accounted for using the equity method, net of tax	3	2
Components of other comprehensive income that will not be reclassified subsequently to profit or loss	**110**	**(344)**
Remeasurement of defined benefit plan obligation	14	30
Change in fair value of financial assets revalued through other comprehensive income	98	(383)
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	(2)	9
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX	**231**	**(844)**
Comprehensive income	**368**	**(1,163)**
Of which:		
Attributable to equity holders of the parent	369	(1,159)
Attributable to non-controlling interests	(1)	(4)

3 Consolidated statement of financial position

Assets

(in millions of euro)	AUGUST 31, 2021	AUGUST 31, 2020
Goodwill	5,811	5,764
Other intangible assets	631	673
Property, plant and equipment	461	566
Right-of-use assets relating to leases	903	1,321
Client investments	560	575
Investments in companies accounted for using the equity method	63	60
Non-current financial assets	734	612
Other non-current assets	31	22
Deferred tax assets	165	137
NON-CURRENT ASSETS	**9,360**	**9,730**
Financial assets	55	51
Inventories	256	259
Income tax receivable	158	113
Trade and other receivables	4,271	4,070
Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,062	1,103
Cash and cash equivalents	3,539	2,027
Assets held for sale	290	—
CURRENT ASSETS	**9,632**	**7,623**
TOTAL ASSETS	**18,991**	**17,353**

Shareholders’ equity and liabilities

(in millions of euro)	AUGUST 31, 2021	AUGUST 31, 2020
Share capital	590	590
Additional paid-in capital	248	248
Reserves and retained earnings	2,330	1,920
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,168**	**2,758**
NON-CONTROLLING INTERESTS	**7**	**15**
SHAREHOLDER’S EQUITY	**3,175**	**2,773**
Long-term borrowings	5,453	4,988
Long-term lease liabilities	763	1,126
Employee benefits	357	344
Other non-current liabilities	181	196
Non-current provisions	106	84
Deferred tax liabilities	101	97
NON-CURRENT LIABILITIES	**6,962**	**6,834**
Bank overdrafts	7	6
Short-term borrowings	635	27
Short-term lease liabilities	176	231
Income tax payable	188	174
Current provisions	148	171
Trade and other payables	4,429	4,020
Voucher liabilities	3,133	3,117
Liabilities directly associated with assets held for sale	138	—
CURRENT LIABILITIES	**8,853**	**7,745**
TOTAL SHAREHOLDER’S EQUITY AND LIABILITIES	**18,991**	**17,353**

4 Consolidated cash flow statement

(in millions of euro)	FISCAL 2021	FISCAL 2020
Operating profit	**339**	**65**
Depreciation, amortization and impairment of intangible assets and property, plant and equipment[1]	601	896
Provisions	(1)	122
(Gains) losses on disposals	27	24
Other non-cash items	20	35
Dividends received from companies accounted for using the equity method	9	4
Net interest expense paid[2]	(63)	(247)
Interests paid on lease liabilities	(20)	(25)
Income tax paid	(145)	(202)
Operating cash flow	**766**	**670**
Change in inventories	—	21
Change in trade and other receivables	(263)	317
Change in trade and other payables	449	(625)
Change in vouchers payable	(16)	343
Change in financial assets related to the Benefits & Rewards Services activity	45	(93)
Change in working capital from operating activities	**216**	**(38)**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**982**	**632**
Acquisitions of property, plant and equipment and intangible assets	(296)	(398)
Disposals of property, plant and equipment and intangible assets	72	17
Change in client investments	13	(12)
Change in financial assets and share of companies accounted for using the equity method	(19)	(20)
Business combinations	(62)	(20)
Disposals of activities	(11)	3
NET CASH USED IN INVESTING ACTIVITIES	**(303)**	**(430)**
Dividends paid to Sodexo S.A. shareholders	—	(425)
Dividends paid to non-controlling shareholders of consolidated companies	(14)	(10)
Purchases of treasury shares	(11)	(39)
Change in non-controlling interests	(14)	(22)
Proceeds from borrowings	1,075	3,265
Repayment of borrowings	(5)	(2,310)
Repayments of lease liabilities	(242)	(260)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**789**	**198**
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH	**44**	**(123)**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**1,511**	**275**
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**2,021**	**1,746**
NET CASH AND CASH EQUIVALENTS, END OF YEAR	**3,532**	**2,021**

(1) Including 222 million euro corresponding to the accumulated impairment charges of the property, plant and equipment and intangible assets (goodwill) recognized in Fiscal 2020.

(2) Including 150 million euro indemnity due to early reimbursement of USPP in Fiscal 2019-2020.

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QUALITY OF LIFE SERVICES

5 Consolidated statement of changes in shareholders' equity

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

(in millions of euro)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Shareholders' equity as of August 31, 2019	**147,454,887**	**590**	**248**	**4,358**	**(740)**	**4,456**	**42**	**4,498**
Restatement due to IFRIC 23 first application				(96)	—	(96)	—	(96)
Shareholders' equity as of September 1, 2019	**147,454,887**	**590**	**248**	**4,262**	**(740)**	**4,360**	**42**	**4,402**
Net profit for the year				(315)	—	(315)	(4)	(319)
Other comprehensive income (loss), net of tax				(342)	(502)	(844)	—	(844)
Comprehensive income				**(657)**	**(502)**	**(1,159)**	**(4)**	**(1,163)**
Dividends paid				(425)	—	(425)	(19)	(444)
Treasury share transactions				(40)	—	(40)	—	(40)
Share-based payment (net of income tax)				38	—	38	—	38
Change in ownership interest without any change of control				(14)	—	(14)	(4)	(18)
Other				(2)	—	(2)	—	(2)
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2020	**147,454,887**	**590**	**248**	**3,162**	**(1,242)**	**2,758**	**15**	**2,773**

6 Financial ratios

		FISCAL 2021	FISCAL 2020
Gearing ratio	Borrowings (1) – operating cash (2) / Shareholders' equity and non-controlling interests	46.6 %	67.4 %
Net debt ratio*	Borrowings (1) – operating cash (2) / Underlying EBITDA (underlying operating profit before Interest, Taxes, Depreciation and Amortization) (3)	1.7	2.1
Debt coverage	Borrowings / Operating cash flow	8 years	7.5 years
Financial independence	Long-term borrowings / Shareholders' equity and non-controlling interests	171.7 %	179.4 %
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	4.6 %	-10.3 %
ROCE (Return on capital employed)*	Underlying operating profit after tax (4) / Average capital employed (5)	9.9 %	8.6 %
Interest cover	Operating profit / Net borrowing cost	4.1	0.6

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

		FISCAL 2021	FISCAL 2020
(1) Borrowings[1]	Long-term borrowings	5,453	4,988
	+Short-term borrowings	635	27
	- Derivative financial instruments recognized as assets	(17)	(22)
	BORROWINGS	**6,072**	**4,992**
(2) Operating cash	Cash and cash equivalents	3,539	2,027
	+ Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,062	1,103
	- Bank overdrafts	(7)	(6)
	OPERATING CASH	**4,594**	**3,124**
(3) Underlying EBITDA	Underlying operating profit	578	569
	+ Depreciation and amortization	537	622
	- Lease payments	(260)	(285)
	UNDERLYING EBITDA (UNDERLYING OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION)	**854**	**905**
(4) Underlying operating profit after tax	Underlying operating profit	578	569
	Underlying Effective tax rate[4]	28.3 %	30.8 %
	UNDERLYING OPERATING PROFIT AFTER TAX	**414**	**392**
(5) Average capital employed[2]	Property, plant and equipment	513	625
	+ Right-of-use assets relating to leases	1,112	1,406
	+ Leases liabilities	(1,148)	(1,424)
	+ Goodwill	5,787	5,961
	+ Other intangible assets	652	737
	+ Client investments	568	600
	+ Working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	(3,391)	(3,343)
	+Impact of assets held for sale net of liabilities [3]	78	—
	AVERAGE CAPITAL EMPLOYED	**4,172**	**4,563**

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

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

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

(4) Below the underlying effective tax rate calculation:

	AUGUST 31, 2021			AUGUST 31, 2020		
(in millions of euro)	PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	INCOME TAX	RATE	PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	INCOME TAX	RATE
EFFECTIVE	**229**	**(101)**	**43.9 %**	**(230)**	**(98)**	**-42.6%**
Adjustments:						
Restructuring costs	153	(39)		191	(44)	
Impairment	60	(15)		273	(57)	
Anticipated refund of USPP	—	—		150	(42)	
Non recognition of non-recurrent deferred taxes	—	31		—	122	
Others	25	(8)		38	(11)	
UNDERLYING	**467**	**(132)**	**28.3 %**	**422**	**(131)**	**30.8 %**