



## Full-year results announcement for the year ended 30 September 2023

|                           | Underlying <sup>1</sup> results |                      |                    | Statutory results |         |        |
|---------------------------|---------------------------------|----------------------|--------------------|-------------------|---------|--------|
|                           | 2023                            | 2022                 | Change             | 2023              | 2022    | Change |
| Revenue                   | <b>£31.3bn</b>                  | £26.4bn <sup>2</sup> | 18.8% <sup>3</sup> | <b>£31.0bn</b>    | £25.5bn | 21.6%  |
| Operating profit          | <b>£2,122m</b>                  | £1,637m <sup>2</sup> | 29.6% <sup>2</sup> | <b>£1,891m</b>    | £1,500m | 26.1%  |
| Operating margin          | <b>6.8%</b>                     | 6.2%                 | 60bps              | <b>6.1%</b>       | 5.9%    | 20bps  |
| Earnings per share        | <b>86.1p</b>                    | 65.0p <sup>2</sup>   | 32.5% <sup>2</sup> | <b>75.4p</b>      | 62.6p   | 20.4%  |
| Operating cash flow       | <b>£1,825m</b>                  | £1,351m              | 35.1%              | <b>£2,076m</b>    | £1,596m | 30.1%  |
| Free cash flow            | <b>£1,241m</b>                  | £890m                | 39.4%              |                   |         |        |
| Annual dividend per share | <b>43.1p</b>                    | 31.5p                | 36.8%              | <b>43.1p</b>      | 31.5p   | 36.8%  |

***Strong broad-based performance and ongoing investment in the business underpins sustainable growth; further share buyback announced.***

### Underlying operating profit growth of 30%<sup>2</sup> delivered through:

- Organic revenue growth of 19%, balanced across all regions and sectors.
- Operating margin of 6.8%, up 60bps year on year.

### Capitalising on significant market opportunities with strong focus on growth:

- Signed £2.7bn<sup>4</sup> of new business, with first-time outsourcing accounting for c.50%.
- Mobilised net new business of 4.6%, with strong client retention rate of 96.5%.

### Underlying operating cash generation of £1.8bn supports strong balance sheet and flexibility for capital allocation:

- Invested £1.2bn in the business in capex (2.9% of underlying revenue) and M&A (net spend c.£300m).
- Returning surplus cash through a further share buyback of up to \$500m, to complete in 2024 subject to M&A activity.

### Strategic priorities:

- Focusing on significant structural growth opportunities in core markets; exited nine tail countries.
- Evolving our existing operating model to further enhance our competitive advantages.
- Investing in future sources of growth through capex and M&A to enhance our capability and expertise, including agreement to acquire Hofmann Menü-Manufaktur GmbH in Germany.

### 2024 outlook:

- Underlying operating profit growth towards 13%<sup>5</sup> delivered through high single-digit organic revenue growth and ongoing margin progression.

### Statutory results:

- Revenue increased by 21.6% reflecting the strong trading performance and favourable exchange rates.
- Operating profit, including charges relating to business acquisitions and reshaping our portfolio which are excluded from underlying operating profit, increased by 26.1% to £1,891m.

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 14 (non-GAAP measures) to the consolidated financial statements.  
2. Measured on a constant-currency basis.  
3. Organic revenue change.  
4. Expected annual revenue from new contracts signed during the year.  
5. On a constant-currency basis, including announced disposals, exits and acquisitions in 2023 and to date in 2024.

## Business review

---

### Dominic Blakemore, Group Chief Executive, said:

“2023 was a strong year for Compass. North America continued its long track record of excellent growth whilst Europe delivered a second year of net new growth in the 4-5% range. During the year, we continued to successfully capitalise on the dynamic outsourcing trends, resulting in another record year of new business wins and continued strong client retention.

We have a strong, balanced, and sustainable growth model across the Group. Our size, strength and scale enable us to continue investing in our operating model, further enhancing our competitive advantages. We have exited nine tail countries to focus on markets with the greatest growth opportunities and our strong cash generation continues to fuel investment in our business through capex and attractive M&A.

The business is in great shape operationally and financially and well positioned for a more focused growth phase. Despite some macroeconomic uncertainty, favourable market dynamics continue and, with a global market share of less than 15% and around 50% of the market still self-operated, we have an exciting structural growth opportunity. We are confident that the focus on our core markets, the ongoing investment in our market-leading offer and our proven processes will support high single-digit organic revenue growth in 2024.

Going forward, we expect to sustain mid to high single-digit organic revenue growth and ongoing margin progression leading to profit growth ahead of revenue growth and increased cash generation. We are investing in capex and strategic M&A to support future growth, returning any surplus cash through the share buyback programme, and delivering long-term, compounding shareholder returns.”

### Results presentation today

Today, 20 November 2023, management will present Compass Group’s Full Year 2023 results.

At 9:00 am (UK time), investors and analysts will be able to view a **video presentation** which will stream live on the Compass Group website at [www.compass-group.com](http://www.compass-group.com). An audio-only telephone option is available if you are unable to watch the video.

Following the video presentation, management will host a live **Q&A session** for investors and analysts. Participants must be connected by phone to ask a question during the conference call.

#### Participant dial in details:

|              |                      |
|--------------|----------------------|
| UK           | +44 (0) 33 0551 0200 |
| UK Toll-Free | 0808 109 0700        |
| US           | +1 786 697 3501      |
| US Toll-Free | +1 866 580 3963      |

#### Enquiries

|           |  |                  |
|-----------|--|------------------|
| Investors | Agatha Donnelly, Helen Javanshiri & Simon Bielecki               | +44 1932 573 000 |
| Press     | Giles Robinson, Compass Group PLC                                | +44 1932 963 486 |
|           | Tim Danaher, Brunswick   | +44 207 404 5959 |
| Website   | <a href="http://www.compass-group.com">www.compass-group.com</a> |                  |

#### Financial calendar

|  |            |
|--|------------|
| Ex-dividend date for 2023 final dividend   | 18 January |
| Record date for 2023 final dividend        | 19 January |
| Last day for DRIP elections                | 8 February |
| Q1 Trading Update / Annual General Meeting | 8 February |
| Half-year results                          | 15 May     |

## Business review (continued)

### Basis of preparation

Throughout this Annual Results Announcement, and consistent with prior years, underlying and other alternative performance measures are used to describe the Group's performance alongside statutory measures (see page 10).

### Group performance

The Group continues to perform strongly both in terms of organic revenue growth, which was 18.8%<sup>1</sup>, and underlying operating margin, which improved by 60bps to 6.8%<sup>1</sup>. As a result, underlying operating profit grew by 29.6%<sup>1</sup> on a constant-currency basis to £2,122m<sup>1</sup> (2022: £1,637m). Statutory revenue increased by 21.6% reflecting the strong trading performance and favourable exchange translation. Statutory operating profit, including charges relating to business acquisitions and reshaping our portfolio which are excluded from underlying operating profit, increased by 26.1% to £1,891m.

Capital expenditure was 2.9%<sup>1</sup> of underlying revenue and net M&A expenditure was £304m, which was largely spent on several bolt-on acquisitions, mainly in the US and UK. Subsequent to the year-end, the Group agreed to acquire Hofmann Menü-Manufaktur GmbH, a German producer of high-quality cook and freeze meals, and exited its small operations in Argentina and Angola. As a result of this and other disposals, including five countries in Central and Eastern Europe, Compass has further reduced its countries of operation to c.35 as it focuses on significant opportunities in its core markets.

Cash flow remains excellent, with underlying operating cash flow of £1,825m<sup>1</sup> (2022: £1,351m) and underlying free cash flow of £1,241m<sup>1</sup> (2022: £890m), representing strong conversion rates of 86.0%<sup>1</sup> and 58.5%<sup>1</sup>, respectively. As a result, leverage (net debt to EBITDA) reduced further to 1.2x<sup>1</sup>.

Our strong balance sheet provides us with flexibility to invest in future growth, where we continue to see exciting opportunities, both in terms of M&A, where we have an attractive pipeline, and organically, where the market remains buoyant. We therefore expect capital expenditure to be around 3.5% of underlying revenue in 2024, with net M&A expenditure likely to be higher than in 2023.

### Revenue

Organic revenue growth of 18.8%<sup>1</sup> reflects net new business growth of approximately 5%<sup>1</sup>, above historical levels of approximately 3%, with like-for-like volume growth and pricing both at around 7%. Following strong like-for-like volume growth in the first half of the year, due to the pandemic-impacted comparators, volume growth normalised in the second half of the year as anticipated. Pleasingly, organic revenue growth continues to be broad-based, with all the Group's regions performing strongly.

On a statutory basis, revenue increased by 21.6% to £31,028m (2022: £25,512m).

### Profit

Underlying operating profit increased by 29.6%<sup>1</sup> on a constant-currency basis, to £2,122m<sup>1</sup>, and our underlying operating margin was 6.8%<sup>1</sup> (2022: 6.2%), with all regions achieving significant margin progression. The strong improvement in margin reflects the benefits of operating leverage, operational efficiencies and appropriate pricing to manage inflation headwinds, and is despite mobilisation costs associated with new business growth.

Statutory operating profit was £1,891m (2022: £1,500m), an increase of 26.1%, mainly reflecting the higher revenue and margin improvement, together with favourable exchange translation.

Statutory profit before tax of £1,747m (2022: £1,469m) includes net charges of £239m (2022: £21m) which are excluded from underlying profit before tax. During the year, we incurred a net charge of £79m in relation to our ongoing strategic portfolio review of non-core activities to allow the Group to focus its resources on our core operations. The net charge comprises the exit from seven tail countries, including five in Central and Eastern Europe, and the sale of a business, site closures and contract renegotiations and terminations in the UK. Subsequent to the year-end, the Group also exited its businesses in Argentina and Angola. Acquisition-related charges totalled £125m (2022: £92m) and there was a one-off pension charge of £7m (2022: £nil) mainly relating to a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023. Non-underlying finance costs were £28m (2022: £76m credit) reflecting movements in the fair value of derivatives held to minimise volatility in short-term underlying finance costs.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.

## Business review (continued)

---

### Income statement guidance

The Group expects 2024 underlying operating profit growth towards 13%<sup>1,2</sup> delivered through high single-digit organic revenue growth and ongoing margin progression. Underlying finance costs are expected to be around \$225m<sup>1</sup>, with an underlying effective tax rate of around 25.5%<sup>1</sup>.

### Capital allocation

Our capital allocation framework is clear and unchanged. Our priority is to invest in the business to fund growth opportunities, target a strong investment-grade credit rating with a leverage target of around 1x-1.5x net debt to EBITDA and pay an ordinary dividend, with any surplus capital being returned to shareholders.

Growth investment consists of: (i) capital expenditure to support organic growth in both new business wins and retention of existing contracts; and (ii) bolt-on M&A opportunities that strengthen our capabilities and broaden our exposure. We have a proven track record of strong returns from our investment strategy as evidenced by our historical returns on capital employed.

### Shareholder returns

Our dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend, with the interim dividend reflecting around one-third of the total annual dividend. The Board has proposed a final dividend of 28.1p which, including the interim dividend of 15.0p, gives a total dividend of 43.1p for 2023.

The £750m share buyback announced in May 2023 was completed in November 2023. Today, we have announced a further share buyback of up to \$500m (£410m), to complete in 2024 subject to M&A activity.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.  
2. On a constant-currency basis, including announced disposals, exits and acquisitions in 2023 and to date in 2024.

## Business review (continued)

### Regional performance

#### North America – 67.4% of Group underlying revenue (2022: 66.5%)

| Regional financial summary | Underlying results <sup>1</sup> |          | Reported rates | Change            |         | Statutory results |          | Change Reported rates |
|----------------------------|---------------------------------|----------|----------------|-------------------|---------|-------------------|----------|-----------------------|
|                            | 2023                            | 2022     |                | Constant currency | Organic | 2023              | 2022     |                       |
| Revenue                    | <b>£21,092m</b>                 | £17,139m | 23.1%          | 17.9%             | 17.4%   | <b>£21,073m</b>   | £17,121m | 23.1%                 |
| Operating profit           | <b>£1,653m</b>                  | £1,236m  | 33.7%          | 28.0%             | 28.0%   | <b>£1,581m</b>    | £1,183m  | 33.6%                 |
| Operating margin           | <b>7.8%</b>                     | 7.2%     | 60bps          |                   |         | <b>7.5%</b>       | 6.9%     | 60bps                 |

1. Reconciliation of statutory to underlying results can be found in note 2 (segmental analysis) and note 14 (non-GAAP measures) to the consolidated financial statements.

### Underlying

Operating profit increased by 28.0% on a constant-currency basis, to £1,653m, driven by strong organic revenue growth and continued margin progression.

Organic revenue growth was 17.4%, with new business wins benefiting from significant levels of first-time outsourcing, strong retention rates at 96.9%, appropriate levels of pricing and like-for-like volume growth underpinned by the scaling of digital capabilities.

Growth was broad-based across all sectors. Business & Industry benefited from double-digit net new business growth and favourable like-for-like volume growth as employees continued to return to the office. Sports & Leisure benefited from high participation rates and per capita spend, but also a strong calendar of events, including basketball, hockey, baseball, music and convention centres. Our Education and Healthcare & Senior Living businesses also delivered strong growth from net new business, like-for-like volume growth and pricing.

Operating margin increased by 60bps to 7.8% in spite of inflation headwinds driven by management focus on productivity, cost mitigation and appropriate pricing, in addition to ongoing scale benefits.

The region invested in several bolt-on acquisitions to strengthen our capabilities, including the acquisition of Parks Coffee in the first half of the year, a provider of workplace refreshments in the US.

### Statutory

Statutory revenue increased by 23.1% to £21,073m reflecting the strong organic revenue growth and favourable exchange translation.

Statutory operating profit was £1,581m (2022: £1,183m), with the difference from underlying operating profit being acquisition-related charges of £72m (2022: £57m).

## Business review (continued)

### Regional performance (continued)

#### Europe – 22.5% of Group underlying revenue (2022: 23.0%)

| Regional financial summary | Underlying results <sup>1</sup> |         | Reported rates | Change            |         | Statutory results |         | Change Reported rates |
|----------------------------|---------------------------------|---------|----------------|-------------------|---------|-------------------|---------|-----------------------|
|                            | 2023                            | 2022    |                | Constant currency | Organic | 2023              | 2022    |                       |
| Revenue                    | <b>£7,038m</b>                  | £5,935m | 18.6%          | 19.0%             | 21.6%   | <b>£6,804m</b>    | £5,694m | 19.5%                 |
| Operating profit           | <b>£392m</b>                    | £299m   | 31.1%          | 31.5%             | 31.6%   | <b>£240m</b>      | £267m   | (10.1)%               |
| Operating margin           | <b>5.6%</b>                     | 5.0%    | 60bps          |                   |         | <b>3.5%</b>       | 4.7%    | (120)bps              |

1. Reconciliation of statutory to underlying results can be found in note 2 (segmental analysis) and note 14 (non-GAAP measures) to the consolidated financial statements.

### Underlying

Operating profit was £392m, growth of 31.5% on a constant-currency basis, driven by high levels of revenue growth and strong margin progression, supported by our investment in growth initiatives and core processes across the region.

Organic revenue growth of 21.6% was driven by net new business growth, strong volume growth and pricing. Client retention rates improved by a further 70bps to 96.0%.

Double-digit organic revenue growth rates were achieved across all sectors and, most notably, in Business & Industry, Education and Sports & Leisure, which all benefited from high levels of net new business, like-for-like volume growth and pricing. Growth was strong in all major markets, most notably in the UK, Germany and Türkiye, which all made a significant contribution to the region.

Margin progression of 60bps, which resulted in an operating margin of 5.6%, was achieved by controlling costs to maximise operating leverage and by continuing to work closely with clients to mitigate the sustained level of inflationary pressures within the region.

The region invested in bolt-on acquisitions, most notably to drive additional procurement efficiencies in the UK and to expand our footprint in the Education sector in Ireland. Since the year-end, we have agreed to acquire Hofmann Menü-Manufaktur GmbH, a German producer of high-quality cook and freeze meals, to add new capability and distribution networks. As part of the Group's ongoing strategic portfolio review, we exited five businesses in Central and Eastern Europe (Czech Republic, Hungary, Slovakia, Romania and Estonia) to focus resources and investment on core operations.

### Statutory

Statutory revenue increased by 19.5% to £6,804m, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

Statutory operating profit was £240m (2022: £267m), with the difference from underlying operating profit mainly reflecting charges related to the Group's ongoing strategic portfolio review of £99m (2022: £nil), including site closures and contract reorganisations and terminations in the UK, and acquisition-related charges of £46m (2022: £30m).

## Business review (continued)

### Regional performance (continued)

#### Rest of World – 10.1% of Group underlying revenue (2022: 10.5%)

| Regional financial summary | Underlying results <sup>1</sup> |         | Reported rates | Change            |         | Statutory results |         | Change Reported rates |
|----------------------------|---------------------------------|---------|----------------|-------------------|---------|-------------------|---------|-----------------------|
|                            | 2023                            | 2022    |                | Constant currency | Organic | 2023              | 2022    |                       |
| Revenue                    | <b>£3,151m</b>                  | £2,697m | 16.8%          | 21.1%             | 21.8%   | <b>£3,151m</b>    | £2,697m | 16.8%                 |
| Operating profit           | <b>£175m</b>                    | £141m   | 24.1%          | 30.6%             | 34.1%   | <b>£168m</b>      | £137m   | 22.6%                 |
| Operating margin           | <b>5.6%</b>                     | 5.2%    | 40bps          |                   |         | <b>5.3%</b>       | 5.1%    | 20bps                 |

1. Reconciliation of statutory to underlying results can be found in note 2 (segmental analysis) and note 14 (non-GAAP measures) to the consolidated financial statements.

### Underlying

Operating profit increased to £175m, which represents growth of 30.6% on a constant-currency basis.

Organic revenue growth was 21.8% reflecting high net new business growth, strong levels of like-for-like volume growth and pricing. Client retention rates improved by 90bps to 95.4%.

Organic revenue growth was broad-based across all sectors. Growth was particularly pleasing in our Business & Industry sector across most markets, notably in India and Japan, as office attendance levels increased, and in our more defensive Defence, Offshore & Remote sector, especially in Australia and Chile, where like-for-like volume growth and net new business levels were high.

Operating margin increased by 40bps to 5.6% driven by strong management focus on operational challenges in the region, including the sustained levels of inflation and labour shortages in certain markets.

As part of the Group's ongoing strategic portfolio review, we exited Azerbaijan and Indonesia during the year and, subsequent to the year-end, our operations in Argentina and Angola.

### Statutory

Statutory revenue increased by 16.8% to £3,151m. There is no difference between statutory and underlying revenue.

Statutory operating profit was £168m (2022: £137m), with the difference from underlying operating profit being acquisition-related charges of £7m (2022: £4m).



## Business review (continued)

---

### Strategy

We are a global leader in the provision of food services, our core offer, complemented by our targeted support services business. Our addressable food market is estimated to be worth at least \$300bn, in the markets and sectors we currently operate in, with about half of the market still operated in-house. Heightened client and consumer expectations and inflation have contributed to the acceleration of growth, particularly in the conversion of first-time outsourcing, and we have clear strategic priorities to capture these opportunities.

Our portfolio of sector-specific brands enables us to differentiate our offer and leverage our industry expertise by creating tailored solutions for our clients to align with their own organisational priorities. This approach helps us become strategic partners to our clients with shared objectives across a range of initiatives, such as digital capability, sustainability, people development and increasingly as a trusted advisor.

Through our strategic pillars of People, Performance and Purpose, combined with our operational performance and capital allocation framework, we aim to generate higher compounding value for all our stakeholders over the long term.

### People

At Compass, we know that our success is largely down to the skills and ingenuity of our chefs and front line teams. They lead the way in safe and sustainable food at scale, promoting healthier choices and creating great experiences for the people we serve.

We work to ensure that people who want to pursue a career in the food and hospitality industry can succeed with Compass. We encourage new joiners to make use of innovative tools, such as digital onboarding applications and training programmes, with more than 1,500 colleagues in our UK & Ireland business signing up to our landmark training and development scheme, Compass Career Pathways. Pleasingly, over 50% of those who have completed the programme have moved or been promoted into a new role.

Having people from diverse backgrounds in Compass is a huge strength for our businesses. In the US, over 17,000 Compass employees completed diversity, equity and inclusion training, whilst our Be the Difference conference in July 2023 was attended by more than 2,000 colleagues to discuss empowering front line talent, exploring neurodiversity and the importance of allyship.

We are also addressing inequalities and opportunity gaps within the hospitality industry by supporting women chefs with dedicated training, leadership development programmes and advancement opportunities. Our Women in Culinary (WiC) programme in the US is driving cultural change as well as career growth, igniting executive allyship and fostering kind kitchens.

Talent development and careers remain a key opportunity and is important for our people. We will continue to build out our Compass Academy concept and enhance career pathways in our markets with a particular focus on culinary and leadership skills.

### Purpose

Our Planet Promise is Compass Group's global commitment to a sustainable future for all. It encompasses our values as an ethical, sustainable and inclusive business, together with our ambition to positively impact the world. Compass is committed to be carbon neutral worldwide on its Scope 1 and 2 GHG emissions by 2030, and reach climate net zero GHG emissions across its global operations and value chain by 2050.

Our ability to demonstrate progress in reducing our carbon impact and food waste is helping us to attract new clients for whom sustainability is a major focus. Most have their own ambitious climate plans and they rely on us as a trusted partner to help them achieve their sustainability goals. Together with Compass, clients and consumers in every market can navigate towards a less wasteful, healthier plant-forward lifestyle.

Reducing food waste is one of the biggest environmental challenges facing our sector, and therefore one where we have the greatest potential to make a significant difference. Our culinary teams and front line staff are instrumental in tackling this challenge, employing a range of diverse food waste reduction technology systems across our markets. This year, we made food waste reduction our top priority. Our target was to adopt food waste tracking technology in 6,000 locations and, with every region united in support, we achieved nearly 8,000 locations.



## Business review (continued)

---

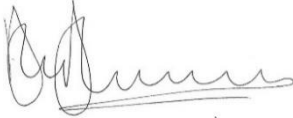
### Summary

Performance this year has been pleasing across our key metrics of revenue, profit and cash. Favourable market conditions, persistent inflation and our flexible operating model continued to support strong balanced net new business growth across all our regions, with first-time outsourcing accounting for c.50% of new wins.

Our large addressable market has a long structural runway for growth and, with increasing complexity and heightened expectations from clients and consumers, we expect to sustain growth higher than our historical average. We have clear strategic priorities to capture these exciting opportunities by focusing on our core markets and evolving our operating model.

Strong profit growth and cash generation underpin our robust balance sheet giving us options for capital allocation. The total dividend for the year of 43.1p is complemented by a share buyback of up to \$500m (£410m), subject to M&A activity, in line with our recent returns to shareholders. As we continue to create value from disciplined capital allocation, we continue to explore attractive M&A opportunities to capture future sources of growth.

Looking further ahead, we remain excited about the significant global structural growth opportunities, leading to revenue and profit growth above historical rates. With our proven model of value creation through operations and capital allocation, we will continue rewarding shareholders with compounding returns over the long term.



**Dominic Blakemore**  
Group Chief Executive Officer  
20 November 2023

## Financial results

### Group performance

We manage and assess the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not defined by International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with APMs used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year-on-year comparison. The Group's APMs, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Accordingly, the relevant statutory measures are also presented where appropriate. Certain of the Group's APMs are financial Key Performance Indicators (KPIs) which measure progress against our strategy. The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.

#### Underlying results

- Operating profit growth of 29.6% on a constant-currency basis delivered through: organic revenue growth of 18.8%, balanced across all regions and sectors; and operating margin of 6.8%, up 60bps year on year
- Return on capital employed of 19.5%, up from 15.8% in 2022
- Basic underlying earnings per share increased by 32.5% to 86.1p on a constant-currency basis
- Increased cash generation, with underlying free cash flow up 39.4% to £1,241m

#### Statutory results

- Revenue increased by 21.6% reflecting the strong trading performance and favourable exchange translation
- Operating profit, including charges relating to business acquisitions and reshaping our portfolio which are excluded from underlying operating profit, increased by 26.1% to £1,891m
- Basic earnings per share of 75.4p, an increase of 20.4%

|   | 2023<br>£m | 2022<br>£m | Change |
|---|------------|------------|--------|
| <b>Revenue</b>                              |            |            |        |
| Underlying – reported rates <sup>1</sup>    | 31,281     | 25,771     | 21.4%  |
| Underlying – constant currency <sup>1</sup> | 31,281     | 26,406     | 18.5%  |
| Organic <sup>1</sup>                        | 30,983     | 26,087     | 18.8%  |
| Statutory                                   | 31,028     | 25,512     | 21.6%  |
| <b>Operating profit</b>                     |            |            |        |
| Underlying – reported rates <sup>1</sup>    | 2,122      | 1,590      | 33.5%  |
| Underlying – constant currency <sup>1</sup> | 2,122      | 1,637      | 29.6%  |
| Organic <sup>1</sup>                        | 2,097      | 1,615      | 29.8%  |
| Statutory                                   | 1,891      | 1,500      | 26.1%  |
| <b>Operating margin</b>                     |            |            |        |
| Underlying – reported rates <sup>1</sup>    | 6.8%       | 6.2%       | 60bps  |
| <b>Return on capital employed (ROCE)</b>    |            |            |        |
| Underlying – reported rates <sup>1</sup>    | 19.5%      | 15.8%      | 370bps |
| <b>Basic earnings per share</b>             |            |            |        |
| Underlying – reported rates <sup>1</sup>    | 86.1p      | 63.0p      | 36.7%  |
| Underlying – constant currency <sup>1</sup> | 86.1p      | 65.0p      | 32.5%  |
| Statutory                                   | 75.4p      | 62.6p      | 20.4%  |
| <b>Free cash flow</b>                       |            |            |        |
| Underlying – reported rates <sup>1</sup>    | 1,241      | 890        | 39.4%  |
| <b>Dividend</b>                             |            |            |        |
| Full-year dividend per ordinary share       | 43.1p      | 31.5p      | 36.8%  |

1. Alternative Performance Measure (APM) (see pages 48 to 55).

## Financial results (continued)

## Regional performance

|               | Underlying revenue <sup>1</sup> |               | Change            |                      |              |
|---------------|---------------------------------|---------------|-------------------|----------------------|--------------|
|               | 2023<br>£m                      | 2022<br>£m    | Reported<br>rates | Constant<br>currency | Organic      |
| North America | 21,092                          | 17,139        | 23.1%             | 17.9%                | 17.4%        |
| Europe        | 7,038                           | 5,935         | 18.6%             | 19.0%                | 21.6%        |
| Rest of World | 3,151                           | 2,697         | 16.8%             | 21.1%                | 21.8%        |
| <b>Total</b>  | <b>31,281</b>                   | <b>25,771</b> | <b>21.4%</b>      | <b>18.5%</b>         | <b>18.8%</b> |

|                       | Underlying operating<br>profit <sup>1</sup> |              | Underlying operating<br>margin <sup>1</sup> |             |
|-----------------------|---|--------------|---|-------------|
|                       | 2023<br>£m                                  | 2022<br>£m   | 2023<br>£m                                  | 2022<br>£m  |
| North America         | 1,653                                       | 1,236        | 7.8%  | 7.2%        |
| Europe                | 392   | 299          | 5.6%  | 5.0%        |
| Rest of World         | 175   | 141          | 5.6%  | 5.2%        |
| Unallocated overheads | (98)  | (86)         |   |             |
| <b>Total</b>          | <b>2,122</b>                                | <b>1,590</b> | <b>6.8%</b>                                 | <b>6.2%</b> |

1. Alternative Performance Measure (APM) (see pages 48 to 55).

## Income statement

|  | 2023            |                   |                               | 2022            |                   |                               |
|--|-----------------|-------------------|-------------------------------|-----------------|-------------------|-------------------------------|
|  | Statutory<br>£m | Adjustments<br>£m | Underlying <sup>1</sup><br>£m | Statutory<br>£m | Adjustments<br>£m | Underlying <sup>1</sup><br>£m |
| <b>Revenue</b>                                       | <b>31,028</b>   | <b>253</b>        | <b>31,281</b>                 | 25,512          | 259               | 25,771                        |
| Operating profit                                     | 1,891           | 231               | 2,122                         | 1,500           | 90                | 1,590                         |
| Net gain/(loss) on sale and<br>closure of businesses | 20              | (20)              | -                             | (7)             | 7                 | -                             |
| Finance costs  | (164)           | 28                | (136)                         | (24)            | (76)              | (100)                         |
| <b>Profit before tax</b>                             | <b>1,747</b>    | <b>239</b>        | <b>1,986</b>                  | 1,469           | 21                | 1,490                         |
| Tax expense  | (429)           | (52)              | (481)                         | (352)           | (13)              | (365)                         |
| <b>Profit for the year</b>                           | <b>1,318</b>    | <b>187</b>        | <b>1,505</b>                  | 1,117           | 8                 | 1,125                         |
| Non-controlling interests                            | (4)             | -                 | (4)                           | (4)             | -                 | (4)                           |
| <b>Attributable profit</b>                           | <b>1,314</b>    | <b>187</b>        | <b>1,501</b>                  | 1,113           | 8                 | 1,121                         |
| Average number of shares                             | 1,743m          | -                 | 1,743m                        | 1,779m          | -                 | 1,779m                        |
| Basic earnings per share                             | 75.4p           | 10.7p             | 86.1p                         | 62.6p           | 0.4p              | 63.0p                         |
| EBITDA   |                 |                   | 2,964                         |                 |                   | 2,371                         |

1. Alternative Performance Measure (APM) (see pages 48 to 55).

## Financial results (continued)

---

### Statutory income statement

#### Revenue

On a statutory basis, revenue increased by 21.6% to £31,028m (2022: £25,512m).

#### Operating profit

Statutory operating profit was £1,891m (2022: £1,500m), an increase of 26.1%, mainly reflecting the higher revenue and margin improvement, together with favourable exchange translation.

Statutory operating profit includes non-underlying item charges of £231m (2022: £90m), including acquisition-related charges of £125m (2022: £92m) and charges related to the strategic portfolio review of £99m (2022: £nil) reflecting the impact of site closures and contract renegotiations and terminations in the UK. A full list of non-underlying items is included in note 14 (non-GAAP measures).

#### Net gain or loss on sale and closure of businesses

The Group has recognised a net gain of £20m on the sale and closure of businesses (2022: net loss of £7m), including exit costs of £11m (2022: £7m), which largely relates to the strategic portfolio review. As a result of this ongoing review of non-core activities, the Group exited seven tail countries and sold a non-core business in the UK during the year. Subsequent to the year-end, the Group also exited its businesses in Argentina and Angola.

#### Finance costs

Finance costs increased to £164m (2022: £24m) due to an increase in interest rates, the cost of the additional debt issued in September 2022 and a partial reversal of the fair value gains on derivatives held to minimise volatility in short-term underlying finance costs recognised in the prior year.

#### Tax expense

Profit before tax was £1,747m (2022: £1,469m) giving rise to an income tax expense of £429m (2022: £352m), equivalent to an effective tax rate of 24.6% (2022: 24.0%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023 and the impact of non-taxable non-underlying items, partly offset by the reassessment of risk in respect of prior year uncertain items.

#### Earnings per share

Basic earnings per share was 75.4p (2022: 62.6p), an increase of 20.4%, reflecting the higher profit for the year.

### Underlying income statement

#### Revenue

Organic revenue growth of 18.8% reflects net new business growth of approximately 5%, above historical levels of approximately 3%, with like-for-like volume growth and pricing both at around 7%. Following strong like-for-like volume growth in the first half of the year, due to the pandemic-impacted comparators, volume growth normalised in the second half of the year as anticipated. Pleasingly, organic revenue growth continues to be broad-based, with all the Group's regions performing strongly.

#### Operating profit

Underlying operating profit increased by 29.6% on a constant-currency basis, to £2,122m, and our underlying operating margin was 6.8% (2022: 6.2%), with all regions achieving significant margin progression. The strong improvement in margin reflects the benefits of operating leverage, operational efficiencies and appropriate pricing to manage inflation headwinds, and is despite mobilisation costs associated with new business growth.

#### Finance costs

Underlying finance costs increased to £136m (2022: £100m) mainly due to an increase in interest rates and the cost of the additional debt issued in September 2022.

#### Tax expense

On an underlying basis, the tax charge was £481m (2022: £365m), equivalent to an effective tax rate of 24.2% (2022: 24.5%). The decrease in rate primarily reflects the reassessment of prior year tax estimates and the resolution of open items, partly offset by the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023. The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally.

## Financial results (continued)

---

### *Earnings per share*

On a constant-currency basis, underlying basic earnings per share increased by 32.5% to 86.1p (2022: 65.0p) reflecting the higher profit for the year.

### **Balance sheet**

#### *Liquidity*

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long-term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required.

The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. A €500m (£438m) Eurobond matured and was repaid in January 2023. The maturity profile of the Group's principal borrowings at 30 September 2023 shows that the average period to maturity is 3.3 years (2022: 3.9 years).

The Group's US Private Placement (USPP) notes contain leverage and interest cover covenants which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.0 times and 27.6 times, respectively, at 30 September 2023. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests.

At 30 September 2023, the Group had access to £2,680m (2022: £3,732m) of liquidity, including £2,000m (2022: £2,000m) of undrawn bank facilities committed to August 2026 and £680m (2022: £1,732m) of cash, net of overdrafts. Our credit ratings remain strong investment grade: Standard & Poor's A/A-1 long-term/short-term (outlook Stable) and, following a rating upgrade in October 2023, Moody's A2/P-1 long-term/short-term (outlook Stable).

#### *Net debt*

Net debt has increased by £663m to £3,653m (2022: £2,990m). The Group generated £1,166m of free cash flow, after investing £899m in capital expenditure, which was more than offset by £287m spent on the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, dividends of £648m and the share buyback of £929m. Favourable exchange translation was £168m.

The ratio of net debt to market capitalisation of £35,708m at 30 September 2023 was 10.2% (2022: 9.3%). At 30 September 2023, the ratio of net debt to underlying EBITDA was 1.2x (2022: 1.3x). Our leverage policy is to maintain strong investment-grade credit ratings and to target net debt to underlying EBITDA in the range of 1x-1.5x.

#### *Post-employment benefits*

The Group has continued to review and monitor its pension obligations throughout the year, working closely with the trustees and actuaries of all schemes across the Group to ensure appropriate assumptions are used and adequate provision and contributions are made.

The accounting surplus in the Compass Group Pension Plan reduced to £430m at 30 September 2023 (2022: £581m) mainly reflecting a decrease in the market value of plan assets, partly offset by an increase in the discount rate, net of inflation, used to measure the liabilities. The deficit in the rest of the Group's defined benefit pension schemes has increased to £806m (2022: £759m). The net deficit in these schemes is £106m (2022: £108m) including investments of £700m (2022: £651m) held in respect of unfunded pension schemes and the US Rabbi Trust which do not meet the definition of pension assets under IAS 19 Employee Benefits.

The total pensions operating charge for defined contribution schemes in the year was £208m (2022: £175m) and £30m (2022: £24m) for defined benefit schemes.

#### *Return on capital employed*

Return on capital employed was 19.5% (2022: 15.8%) based on net underlying operating profit after tax at the underlying effective tax rate of 24.2% (2022: 24.5%). The increase mainly reflects the higher profit, partly offset by higher average capital employed. The average capital employed was £8,215m (2022: £7,567m).

## Financial results (continued)

---

### Cash flow

#### *Free cash flow*

Free cash flow totalled £1,166m (2022: £823m). During the year, we made cash payments totalling £58m (2022: £57m) in relation to restructuring and strategic programmes and the one-off pension charge. Adjusting for this, and for acquisition transaction costs of £17m (2022: £10m) which are reported as part of operating cash flow, underlying free cash flow was £1,241m (2022: £890m), with underlying free cash flow conversion at 58.5% (2022: 56.0%).

Capital expenditure of £899m (2022: £704m) is equivalent to 2.9% (2022: 2.7%) of underlying revenue. The working capital outflow, excluding provisions and pensions, was £98m (2022: £159m). The net interest outflow increased to £120m (2022: £86m) consistent with the higher underlying finance costs in the year. The net tax paid was £441m (2022: £332m), which is equivalent to an underlying cash tax rate of 22.2% (2022: 22.3%).

#### *Acquisition and disposal of businesses*

The total cash spent on business acquisitions during the year, net of cash acquired, was £351m (2022: £303m), including £285m of bolt-on acquisitions and interests in joint ventures and associates, £49m of deferred and contingent consideration and other payments relating to businesses acquired in previous years, and £17m of acquisition transaction costs included in net cash flow from operating activities.

The Group received £47m (2022: £35m) in respect of disposal proceeds net of exit costs, which primarily comprises the sale of businesses in the US and Central and Eastern Europe, together with a further 28% shareholding in the Japanese Highways business classified as an asset held for sale at 30 September 2022.

#### *Dividends paid*

Dividends paid in 2023 of £648m represents the 2022 final dividend (£387m) and the 2023 interim dividend (£261m).

#### *Purchase of own shares*

There was a £78m cash outflow in respect of the completion of the £500m share buyback announced in May 2022, a £251m cash outflow in respect of the completion of the £250m share buyback announced in November 2022 and a £600m cash outflow in respect of the £750m share buyback announced in May 2023. The balance of the £750m share buyback was completed in November 2023. In addition, the Compass Group PLC All Share Schemes Trust spent £16m on purchases of the Company's shares to satisfy some of the Group's liabilities to employees for long-term incentive plans.

#### *Foreign exchange translation*

The £168m gain (2022: £251m loss) on foreign exchange translation of net debt primarily arises in respect of the Group's US dollar-denominated USPP notes.

#### *Other non-cash movements*

Other non-cash movements primarily comprises fair value movements on derivative financial instruments used to manage the Group's interest rate exposure.

### Change in reporting currency

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The change in presentation currency will provide investors and other stakeholders with greater transparency of the Group's performance and reduce foreign exchange volatility on earnings given that approximately three-quarters of the Group's underlying operating profit originates in US dollars.

### Shareholder returns

Our dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend, with the interim dividend reflecting around one-third of the total annual dividend.

In determining the level of dividend in any year, the Board considers a number of factors, which include but are not limited to:

- the level of available distributable reserves in the Parent Company
- future cash commitments and investment requirements to sustain the long-term growth prospects of the business
- potential strategic opportunities
- the level of dividend cover



## Financial results (continued)

Further surpluses, after considering the matters set out above, may be distributed to shareholders over time by way of special dividend payments, share repurchases or a combination of both.

Compass Group PLC, the Parent Company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies. The level of distributable reserves in the Parent Company is reviewed annually and the Group aims to maintain distributable reserves that provide adequate cover for shareholder returns. The distributable reserves of the Parent Company include the distributable portion of retained earnings and the own shares reserve totalling £2,379m at 30 September 2023 (2022: £2,969m).

An interim dividend of 15.0p per share (2022: 9.4p per share), £261m in aggregate, was paid in July 2023. It is proposed that a final dividend of 28.1p per share (2022: 22.1p per share), £482m in aggregate, be paid on 29 February 2024 to shareholders on the register on 19 January 2024. This will result in a total dividend for the year of 43.1p per share (2022: 31.5p per share), £743m in aggregate (2022: £555m). The dividend is covered 2.0 times on an underlying earnings basis.

The final dividend of 28.1p will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 8 February 2024.

The Group is in a strong position to fund its dividend, which is well covered by cash generated by the business. Details of the Group's going concern assessment can be found on page 33. The ability of the Board to maintain its future dividend policy will be influenced by a number of the principal risks identified on pages 21 to 26 that could adversely impact the performance of the Group, although we believe we have the ability to mitigate those risks as outlined on pages 21 to 26.

The £250m share buyback announced in November 2022 was completed in March 2023. The £750m share buyback announced in May 2023 was completed in November 2023. We have announced a further share buyback of up to \$500m (£410m), to complete in 2024 subject to M&A activity.

### Treasury

The Group manages its liquidity, foreign currency exposure and interest rate risk in accordance with the policies set out below.

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

#### *Foreign currency risk*

The Group's policy is to balance its principal projected cash flows by currency with actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary to implement this policy, forward currency contracts and cross currency swaps are taken out which, when applied to the actual currency borrowings, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings are either less than, or equal to, the net investment in overseas operations, these exchange rate movements are treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the consolidated income statement.

Non-sterling earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given, and will continue to give, rise to translation differences. The Group is only partially protected against the impact of such differences through the matching of cash flows to currency borrowings.

#### *Interest rate risk*

As set out above, the Group has effective borrowings in a number of currencies and its policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year. For the second and third year, interest rates are fixed within ranges of 30% to 70% and 0% to 40% of projected debt, respectively.



## Financial results (continued)

---

### Tax

As a Group, we are committed to creating long-term shareholder value through the responsible, sustainable and efficient delivery of our key business objectives. This will enable us to grow the business and make significant investments in the Group and its operations.

We adopt an approach to tax that supports this strategy and also balances the various interests of our stakeholders, including shareholders, governments, employees and the communities in which we operate. Our aim is to pursue a principled and sustainable tax strategy that has strong commercial merit and is aligned with our business strategy. We believe this will enhance shareholder value whilst protecting our reputation.

In doing so, we act in compliance with the relevant local and international laws and disclosure requirements, and we conduct an open and transparent relationship with the relevant tax authorities that fully complies with the Group's Code of Business Conduct and Business Integrity Policy.

After many years of operation, the Group has numerous legacy subsidiaries across the world. Whilst some of these entities are incorporated in low-tax territories, Compass does not seek to avoid tax through the use of tax havens.

In an increasingly complex international corporate tax environment, a degree of tax risk and uncertainty is, however, inevitable. Tax risk can arise from unclear regulations and differences in interpretation but, most significantly, where tax authorities apply diverging standards in assessing intra-group cross-border transactions. This is the situation for many multinational organisations. We manage and control these risks in a proactive manner and, in doing so, exercise our judgement and seek appropriate advice from relevant professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.

### Risks and uncertainties

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the Company and its shareholders in a constantly changing environment.

The principal risks and uncertainties facing the business, and the activities the Group undertakes to mitigate these, are set out on pages 21 to 26.

### Related party transactions

Details of transactions with related parties are set out in note 12 to the consolidated financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

### Going concern

The factors considered by the directors in assessing the ability of the Group to continue as a going concern are discussed on page 33.

The Group has access to considerable financial resources, together with longer-term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

Based on the assessment discussed on page 33, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period to 31 March 2025. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Financial results (continued)

---

### Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors have assessed the Group's viability, considering its current trading performance, financial position, financing, strategic plan and principal risks.

#### *Business prospects*

The Board has considered the long-term prospects of the Group based on its business model, strategy and markets. Compass is a global leader in food services and the geographical and sector diversification of the Group's operations helps to minimise the risk of serious business interruption or catastrophic damage to its reputation. The Group's business model is structured so that it is not reliant on one group of clients or sector. The Group's largest client constitutes 2% of underlying revenue, with the top 10 clients accounting for 9%.

#### *Assessment*

The directors have determined that a three-year period to 30 September 2026 is an appropriate period over which to provide the Group's viability statement on the basis that it is the period reviewed by the Board in its strategic planning process and is aligned to the typical length of the Group's contracts (three to five years). The directors believe that this presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer-term outlook.

The Board's assessment of the Group's viability comprises the following business processes:

- *Risk management process*

The Group operates a formal risk management process under which the Group's principal risks are assessed and prioritised biannually. Risks and corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. The findings of the risk reviews, including the principal risks and any developing trends, are reported to the Board twice a year. In making its viability assessment, the Board carried out a robust evaluation of the emerging and principal risks facing the Group (see pages 21 to 26), including those that would threaten its business model, future performance, solvency or liquidity.

- *Strategic planning process*

The Board considers annually a three-year, bottom-up strategic plan and a more detailed budget which is prepared for the following year. Current-year business performance is reforecast during the year. The plan is reviewed and approved by the Board, with involvement throughout from the Group CEO, Group CFO and the Executive team. The Board's role is to consider the appropriateness of key assumptions, taking into account the external environment and business strategy. The most recent three-year plan was approved by the Board in November 2023.

- *Headroom and covenant analysis*

At 30 September 2023, the Group had £2.0bn of undrawn committed bank facilities, which mature in August 2026, and £0.7bn of cash net of overdrafts. Term debt maturities in the three-year period total £1.8bn, of which £0.3bn was pre-financed with bond issues in September 2022. Based on the forecast cash flows in the strategic plan, the remainder of the maturing debt is expected to be refinanced during the three-year period to 30 September 2026 to maintain the desired level of headroom. The £2.0bn of committed bank facilities are expected to be refinanced during 2025. The Group's long-term (A/A2) and short-term (A-1/P-1) credit ratings and well-established presence in the debt capital markets provide the directors with confidence that the Group could refinance the maturing debt and facilities as required.

A reverse stress test has been undertaken to identify the circumstances that would cause the Group to breach the headroom against its committed facilities or the financial covenants on its USPP debt. The reverse stress test, which removes discretionary M&A expenditure and share buybacks as mitigating actions, shows that underlying operating profit<sup>1</sup> would have to reduce by more than 80% of the strategic plan level throughout the three-year assessment period before the leverage covenant is reached. The refinancing requirement is not accelerated in the reverse stress test as a mitigating action given the strong liquidity position of the Group.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.

## Financial results (continued)

---

The principal risks that would have the most significant impact on the Group's business model, future performance, solvency or liquidity are further outbreaks of COVID-19 or another pandemic and associated containment measures, geopolitical tensions, economic conditions and food and labour cost inflation and these, together with the other principal risks identified on pages 21 to 26, have been considered as part of the viability assessment. Specific scenarios based on the principal risks have not been modelled on the basis that the level of headroom to absorb the occurrence of such risks is substantial and there is a range of other actions available that could be implemented to mitigate the potential impact.

Substantial mitigating actions were identified and implemented as part of the Group's COVID-19 pandemic response in 2020, including reducing capital expenditure, resizing the cost base, renegotiating client contracts, pausing M&A activity and shareholder returns, raising equity, negotiating covenant waivers and securing additional committed funding. These actions illustrate the flexibility the Group has to mitigate the impact of adverse events.

In the event that the financial covenants were to come under pressure, mitigating actions include repaying the loan notes from available liquidity, or refinancing, in advance of their maturity or negotiating covenant waivers.

### *Conclusion*

Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 September 2026.



**Palmer Brown**  
Group Chief Financial Officer  
20 November 2023

## Risk management

---

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the Company and its shareholders in a constantly changing environment.

Risk management is an essential element of business governance. The Group has risk management policies, processes and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level.

The identification of risks and opportunities, the development of action plans to manage those risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process and core activities throughout the Group.

In compliance with provision 28 of the UK Corporate Governance Code 2018 (the Code), the Board has conducted a robust assessment of the Company's emerging and principal risks. The following pages set out the Board's approach to assessing and mitigating risk, the principal risks of the Company, and the procedures in place to identify emerging risks.

### Risk management framework

The Board has overall responsibility for risk management. This includes establishing policies and procedures to manage risk, overseeing the internal control framework, reviewing the nature and extent of the principal risks, setting risk appetite and embedding a culture of risk management throughout the business.

The Board has approved a Risk Management Policy. The Group operates a formal risk management process in accordance with this policy, under which the Group's principal risks (set out on pages 21 to 26) are assessed and prioritised biannually. In accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014 and in the Code, this process has been in place for the financial year under review. These systems are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, safeguard the Group's assets against material loss, fairly report the Group's performance and position, and ensure compliance with relevant legislation, regulation and best practice including that related to social, environmental and ethical matters. These systems provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board delegates aspects of risk management, with the Executive Committee responsible for the day-to-day management of significant risk, and the Audit Committee responsible for the oversight of Compass' risk management systems and internal financial controls. The Group Director of Risk and Internal Audit maintains the risk management framework including the Risk Management Policy. The Audit Committee annually reviews the effectiveness of the Group's approach to risk management and any changes to the Risk Management Policy and recommends the principal risks and uncertainties disclosures made in the Annual Report and Accounts to the Board for approval.

Risks and the corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. Risk updates are integral to periodic management reviews and are regularly reviewed by the Regional Governance Committees (RGCs) and the Executive Committee. A critical component of the risk review process is the dynamic identification of emerging and developing risks at a country, regional and Group level. This bottom-up and top-down approach provides a comprehensive assessment of the key risks facing the Group. The findings of the risk reviews, including the principal risks and any developing trends, are reported to and considered by the Board twice a year.

Risks are considered at gross and net levels. This allows the impact of each risk and likelihood of its occurrence both before and after controls and mitigations to be assessed. Risk management plans are developed for all significant risks. They include a clear description of the nature of the risk, quantification of the potential impact and likelihood of occurrence, the owners for each risk, and details of the controls and mitigations in place, proportionate to the risk, and in line with the Company's business. The identification and assessment of climate-related risks and opportunities are incorporated within the risk management process. All country operating units are mandated to consider climate-related risks and opportunities. These are assessed in terms of percentage profit before interest and tax (PBIT) impact in accordance with the criteria set out in the Board-approved Risk Management Policy. All country and Group-level risks are assigned risk owners and, together with the mitigations, are recorded in the central risk reporting system.

Group companies also submit biannual risk and internal control assurance letters to the Group CFO on internal control and risk management issues, with comments on the control environment within their operations. The Chair of the Audit Committee reports to the Board on any matters arising from the Committee's review of how the risk management and internal control processes have been applied.

The Audit Committee keeps under review the adequacy and effectiveness of the Company's and Group's internal financial controls and risk management systems.

## Risk management (continued)

---

### Risk appetite

The Board interprets risk appetite as the level of risk that the Company is willing to take to meet its strategic objectives. The Board's attitude to and appetite for risk are communicated to the Group's businesses through the strategy planning process and the internal risk governance and control frameworks. In determining its risk appetite, the Board recognises that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit that has greatly contributed to the Group's success is not inhibited.

In assessing risk appetite, the Board reviews the three-year business plan and associated strategic risks. Risk appetite for specific financial risks such as funding and liquidity, credit, counter-party, foreign exchange and interest rate risk are set out in the Board approved treasury policies. Compliance with legal and regulatory requirements, such as those contained in the Companies Act, health and safety and other risk-specific legislation, is mandatory.

### New and emerging risks

The Board has established processes for identifying emerging risks, and horizon scanning for risks that may arise over the medium to long term. Emerging and potential changes to the Group's risk profile are identified through the Group's risk management framework and through direct feedback from management, including in regard to changing operating conditions, and market and consumer trends.

The democratisation of generative artificial intelligence (AI) has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including breach of data confidentiality and data privacy. In response, to mitigate these risks, Compass has implemented principle-based rules that apply globally, and we are currently developing a framework for the responsible use of AI in all our markets.

The escalating tensions in the Middle East and the ongoing Russia-Ukraine conflict have elevated geopolitical risks and while we do not operate directly in those countries currently affected, we do have interests elsewhere in Europe and the Middle East. We continue to monitor these situations closely with the safety and security of the Group's employees front of mind.

### Our principal risks

The principal risks and uncertainties facing the business at the date of this Announcement, and any changes to the status of these risks since last year, are set out on pages 21 to 26. These have been subject to robust assessment and review.

They do not, however, comprise all the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management, or which are considered to be remote or are deemed to be less material at the date of this Announcement, may also have an adverse effect on the Group.

### Other principal risks

The Group faces a number of operational risks on an ongoing basis, such as litigation and financial risks, as well as some wider risks, for example, environmental, information security, cyber and reputational.

All risks disclosed in previous years can be found in the annual reports available on our website, [www.compass-group.com](http://www.compass-group.com). These risks remain important to the business and are kept under regular review. However, the disclosures on pages 21 to 26 focus on risks currently considered to be more significant to the Group.

## Principal risks

### Key

- ↑ Increased risk
- Static risk
- ↓ Decreasing risk
- NEW New risk

### Link to MAP

- ① MAP 1: Client sales and marketing
- ② MAP 2: Consumer sales and marketing
- ③ MAP 3: Cost of food
- ④ MAP 4: In-unit costs
- ⑤ MAP 5: Above-unit overheads

| Risk and description   | Mitigation   |
|--|--|
| <b>Climate change and sustainability</b>   |  |
| <p><b>Climate change</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>The impact of climate change on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets. Issues in these areas could affect the availability of some food products, and potentially may lead to food cost inflation.</p>  | <p>The Group continues to focus on evaluating its exposure to climate change and seeks to identify potential future issues early so that sourcing and operations can be adjusted, and menus adapted appropriately. Work continues with clients and suppliers to propose, execute and measure solutions to support their efforts and those of Compass in reducing greenhouse gas (GHG) emissions. Compass has targeted climate net zero GHG emissions by 2050 alongside validated science-based targets to reduce emissions by 2030 (from a 2019 base year) in line with the 2015 Paris Agreement.</p>  |
| <p><b>Social and ethical standards</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 ↑</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>Compass relies on its people to deliver great service to its clients and consumers and recognises that the welfare of employees is the foundation of its culture and business. Compass remains vigilant in upholding high standards of business ethics with regard to human rights and social equality.</p>  | <p>To enhance its ability to counter risks to its businesses and supply chains from modern slavery, Compass has focused on the areas where its human rights strategy can have the greatest impact. This has been done through the Human Rights Working Group, the engagement of external specialist advisers, the Group's modern slavery e-learning tools and ongoing work to strengthen and improve the Group's human rights due diligence through supplier evaluation and labour agency reviews.</p>   |
| <b>Health and safety</b>   |  |
| <p><b>Health and safety</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>Compass feeds millions of consumers every day and its companies employ hundreds of thousands of people around the world. For that reason, setting the highest standards for food hygiene and safety is paramount.</p> <p>Health and safety breaches could cause serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to the Company's reputation.</p> | <p>Management meetings throughout the Group feature a health and safety update as one of their first substantive agenda items.</p> <p>Health and safety improvement KPIs are included in the annual bonus plans for each of the businesses' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards.</p> <p>The safety and quality of the Group's global supply chain are assured through compliance with a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity.</p> <p>Further mitigations in place include our Global Operational Safety Standards, Global Supply Chain Integrity Standards and a Global Allergen Management Plan.</p> |



## Principal risks (continued)

## Key

- ↑ Increased risk
- Static risk
- ↓ Decreasing risk
- NEW New risk

## Link to MAP

- ① MAP 1: Client sales and marketing
- ② MAP 2: Consumer sales and marketing
- ③ MAP 3: Cost of food
- ④ MAP 4: In-unit costs
- ⑤ MAP 5: Above-unit overheads

| Risk and description  | Mitigation  |
|---|---|
| <b>Health and safety (continued)</b>  |   |
| <p><b>Pandemic</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 ↓ 2022 ↓</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>The Group's operations were significantly disrupted due to the global COVID-19 pandemic and associated containment measures. Compass has recovered well and learned from the pandemic, and as a result this risk has declined. Further outbreaks of the virus, or another pandemic, could cause further business risk.</p>  | <p>Operations and working practices have been adjusted to retain the skills and experience of colleagues and provide flexibility in the event of another pandemic which leads to a resumption of containment measures.</p> <p>To protect the Group's employees, clients and consumers, enhanced health and safety protocols and personal protective equipment requirements and guidelines, hygiene requirements and site layout solutions developed in consultation with expert advisers and with our clients, have been adopted.</p> <p>Careful management of the Group's cost base and robust measures to protect the Group's liquidity position have ensured that we remain resilient and well placed to take advantage of appropriate opportunities as they arise.</p> <p>Robust incident management and business continuity plans are in place and are monitored for effectiveness and regularly reviewed to ensure they reflect evolving best practice.</p> |
| <b>People</b>   |   |
| <p><b>Recruitment</b></p> <p>④ ⑤</p> <p>2023 ↓ 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance</p> <p>Failure to attract and recruit people with the right skills at all levels could limit the success of the Group.</p> <p>The Group faces resourcing challenges in some of its businesses in some key positions due to labour shortages and a lack of industry experience amongst candidates, appropriately qualified people, and the seasonal nature of some of Compass' businesses.</p>   | <p>The Group aims to mitigate this risk by efficient and time-critical resource management, mobilisation of existing experienced employees within the organisation, improved use of technology such as apps and social media, targeted recruitment, and training and development programmes.</p>  |
| <p><b>Retention and motivation</b></p> <p>④ ⑤</p> <p>2023 ↓ 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance</p> <p>Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long-term success of the Group.</p> <p>Changes to economic conditions may increase the risk of attrition at all levels of the organisation.</p> <p>Potential business closures resulting from further COVID-19 or other pandemic-related lockdowns or other social distancing controls could significantly impact the Group's workforce in affected regions.</p> | <p>The Group has established tools, training, development, performance management and reward programmes to help retain, develop, motivate and support its people.</p> <p>The Group has a number of well-established initiatives which help to monitor levels of engagement and to respond to the needs of employees. Specifically, Compass has increased its local focus and employee support on mental health awareness, stress management and resilience to better equip its people in times of uncertainty and change.</p> <p>To protect its workforce, Compass applies measures available to it to retain as many of its skilled workforce as possible, including redeployment.</p>   |



## Principal risks (continued)

## Key

- ↑ Increased risk
- Static risk
- ↓ Decreasing risk
- NEW New risk

## Link to MAP

- ① MAP 1: Client sales and marketing
- ② MAP 2: Consumer sales and marketing
- ③ MAP 3: Cost of food
- ④ MAP 4: In-unit costs
- ⑤ MAP 5: Above-unit overheads

| Risk and description  | Mitigation   |
|---|--|
| <b>Clients and consumers</b>  |  |
| <p><b>Sales and retention</b></p> <p>① ②</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance</p> <p>The Group's businesses rely on securing and retaining a diverse range of clients.</p> <p>The potential loss of material client contracts in an increasingly competitive market is a risk to Compass' businesses.</p>   | <p>Compass has strategies based on quality, value and innovation that strengthen its long-term relationships with its clients and consumers.</p> <p>The Group's business model is structured so that it is not reliant on one particular sector or group of clients.</p> <p>Technology is used to support the delivery of efficiencies and to contribute to growth through, for example, cashierless and cashless payment systems and the use of artificial intelligence. This is beneficial to clients and consumers and positively impacts retention and new business wins.</p> <p>Compass continues to focus on financial security and safety. In today's environment, these are key strengths for clients.</p> <p>Contracts may be renegotiated. There is continued focus on retention and new sales and the use of technology and innovative client solutions.</p>  |
| <p><b>Service delivery, contractual compliance and retention</b></p> <p>① ②</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance</p> <p>The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to the loss of business and/or claims.</p>  | <p>Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.</p>  |
| <p><b>Competition and disruption</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> Performance</p> <p>The Group operates in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market.</p> <p>Ongoing structural changes in working and education environments may reduce the number of people in offices and educational establishments.</p> <p>The emergence of new industry participants and traditional competition using disruptive technology could adversely affect the Group's businesses.</p> | <p>Compass aims to minimise this risk and to respond to new market and consumer food services trends by continuing to promote its differentiated propositions and by focusing on its strengths, such as flexibility in its cost base, quality, value of service and innovation.</p> <p>Harnessing knowledge and experience and continuing to invest in technology helps to counter any potential risk and to capitalise on the opportunities created.</p> <p>Compass continues to evolve its offer to increase participation rates and service sites of different sizes.</p> <p>The businesses are able to adapt to changes in the service provision environment and where possible take advantage of changes in the market. By leveraging its expertise and technology Compass is able to differentiate its food services offer. For example, investments in SmartQ and EAT Club have given Compass platforms that allow it to pivot food operations according to changing client and consumer demands.</p> |

## Principal risks (continued)

## Key

- ↑ Increased risk
- Static risk
- ↓ Decreasing risk
- NEW New risk

## Link to MAP

- ① MAP 1: Client sales and marketing
- ② MAP 2: Consumer sales and marketing
- ③ MAP 3: Cost of food
- ④ MAP 4: In-unit costs
- ⑤ MAP 5: Above-unit overheads

| Risk and description   | Mitigation  |
|--|---|
| <b>Economic and political environment</b>  |   |
| <p><b>Geopolitical</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 ↑ 2022 ↑</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>The escalating tensions in the Middle East and the ongoing Russia-Ukraine conflict have elevated geopolitical risks, heightened national security threats to countries in those regions and disrupted the global energy market, which have contributed to cost inflation, and economic and cyber-security risks.</p> | <p>As a Group, Compass is monitoring the situation closely with the safety and security of the Group's employees front of mind.</p> <p>Whilst we do not operate in Israel or the Palestinian territories, we do have interests elsewhere in the Middle East. Last year, Compass permanently exited the Russian market and moved away from all known Russian suppliers.</p> <p>The Group continues to manage inflation risks by sharing best practice across the Group to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling, and productivity through the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</p> |
| <p><b>Economy</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 ↑</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>Sectors of Compass' business could be susceptible to adverse changes in economic conditions and employment levels.</p> <p>Continued worsening of economic conditions has increased the risk to the businesses in some jurisdictions.</p>  | <p>As part of Compass' strategy, the Group is focused on productivity and purchasing initiatives which help to manage the cost base. During adverse conditions, if necessary actions can be taken to reduce labour costs and action plans have been implemented to protect profitability and liquidity.</p>   |
| <p><b>Cost inflation</b></p> <p>③ ④ ⑤</p> <p>2023 ↓ 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance</p> <p>At Compass, our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the US and UK, or the cost of food, could constitute a risk to our ability to do this.</p>   | <p>As part of the MAP framework, and by sharing best practice across the Group, Compass seeks to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity, and through the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</p> <p>Cost action programmes and the continued oversight of supply chain costs are also mitigating the risks in this area.</p>   |
| <p><b>Political instability</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>Compass is a global business operating in countries and regions with diverse economic and political conditions. Operations and earnings may be adversely affected by political or economic instability.</p>   | <p>The Group remains alert to future changes presented by emerging markets or fledgling administrations and tries to anticipate and contribute to important changes in public policy.</p> <p>Where possible, Compass seeks to absorb price increases through operational efficiencies. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients.</p> <p>Recruitment and retention strategies are also in place to mitigate any impact on labour supply.</p> <p>Compass remains vigilant to changes in political stability in local jurisdictions and retains the flexibility to take appropriate mitigating action as necessary.</p>  |

## Principal risks (continued)

## Key

- ↑ Increased risk
- Static risk
- ↓ Decreasing risk
- NEW New risk

## Link to MAP

- ① MAP 1: Client sales and marketing
- ② MAP 2: Consumer sales and marketing
- ③ MAP 3: Cost of food
- ④ MAP 4: In-unit costs
- ⑤ MAP 5: Above-unit overheads

| Risk and description   | Mitigation   |
|--|--|
| <b>Compliance and fraud</b>  |  |
| <p><b>Compliance and fraud</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> People/Performance/Purpose</p> <p>Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group's reputation or on its performance and/or lead to a reduction in the Company's share price and/or a loss of business. It could also lead to criminal proceedings, sanctions or other litigation being brought against the Company, its directors or executive management.</p> <p>Companies face increased risk of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct both internally and externally, due to financial and/or performance pressures and significant changes to ways of working.</p> | <p>The Group's zero-tolerance-based Code of Business Conduct (CBC) and Business Integrity Policy (BIP), govern all aspects of its relationships with its stakeholders. Compass operates a continuous improvement process as part of the Group's Ethics and Integrity programme to enhance and strengthen its culture of integrity, sharing insights and emerging trends between regional and country management teams.</p> <p>The Group undertakes a robust risk management assessment that helps identify major risks and ensures the internal control framework remains effective through regular monitoring, testing and review. Regulatory and compliance risks are included in this process to enable visibility and planning to address them.</p> <p>A strong culture of integrity is promoted through Compass' Ethics and Integrity programme and its independently operated Speak Up, We're Listening helpline and web platform. All alleged breaches of the CBC and the BIP, including any allegations of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct, are followed up, investigated and dealt with appropriately.</p> <p>Regulation and compliance risk is also considered as part of the annual business planning process.</p> <p>Our Ethics and Integrity e-learning platform provides increased engagement on key regulatory and ethics and integrity topics for Group employees and clear communication of standards and expectations. Internal Audit regularly reviews internal controls and analyses financial transactions to mitigate the risk of error or fraud.</p> |

## Principal risks (continued)

## Key

- ↑ Increased risk
- Static risk
- ↓ Decreasing risk
- NEW New risk

## Link to MAP

- ① MAP 1: Client sales and marketing
- ② MAP 2: Consumer sales and marketing
- ③ MAP 3: Cost of food
- ④ MAP 4: In-unit costs
- ⑤ MAP 5: Above-unit overheads

| Risk and description  | Mitigation  |
|---|---|
| <b>Compliance and fraud (continued)</b>   |   |
| <p><b>International tax</b></p> <p>③ ⑤</p> <p>2023 → 2022 →</p> <p><b>Strategic pillar link:</b> Performance</p> <p>The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. The need to raise public finances is likely to cause governments to consider increases in tax rates and other potentially adverse changes in tax legislation, and to renew focus on compliance for large corporates.</p>  | <p>Compass seeks to plan and manage its tax affairs efficiently in the jurisdictions in which the Group's businesses operate. Compass acts in compliance with relevant laws and disclosure requirements.</p> <p>Compass manages and controls these risks in a proactive manner and in doing so exercises judgement and seeks appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.</p> <p>The Group proactively manages its tax arrangements in accordance with various government-led initiatives and ensures compliance is achieved by putting robust processes and controls in place, including third-party support and review.</p>  |
| <p><b>Information systems, technology and cyber</b></p> <p>① ② ③ ④ ⑤</p> <p>2023 ↑ 2022 ↑</p> <p><b>Strategic pillar link:</b> People/Performance</p> <p>The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data, data privacy breaches and damage to brand reputation through, for example, the increased threat of cyber-attacks, and use and instantaneous nature of social media.</p> <p>Disruption caused by the failure of key software applications, security controls, or underlying infrastructure, or disruption caused by cyber-attacks could impact day-to-day operations and management decision-making, or result in a regulatory fine or other sanction and/or third party claims.</p> <p>The incidence of sophisticated phishing and malware attacks (including ransomware) on businesses is rising with an increase in the number of companies suffering operational disruption, unauthorised access to and/or loss of data, including confidential, commercial, and personal identifiable data.</p> <p>A combination of increased geopolitical, economic instability and accessibility of sophisticated artificial intelligence (AI) enabled tools and techniques have contributed to a significant increase in the risk of phishing and malware attacks including ransomware across all industries. The democratisation of generative AI has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including to data privacy and confidentiality.</p> | <p>Compass continually assesses its cyber risk, and monitors and manages the maturity of its enterprise infrastructure, platforms and security controls to ensure that it can effectively prevent, detect and respond to current or future cyber-attacks.</p> <p>Appropriate crisis management procedures are in place to manage issues in the event of a cyber incident occurring. Our response protocols are supported by using industry-standard tooling, experienced IT and security professionals, and external partners to mitigate potential impacts. Assurance is provided by regular compliance monitoring of our key information technology control framework, which is designed to prevent and defend against cyber threats and other risks.</p> <p>The Group relies on a variety of digital and technology platforms to manage and deliver services and communicate with its people, clients, consumers and suppliers. Compass' decentralised model and infrastructure help to mitigate propagation of attacks across the Group's technology estate.</p> <p>Compass continues to be focused on the need to maximise the effectiveness of its information systems and technology as a business enabler. As such, the Group continues to invest in technology and specialist resources in order to further strengthen its platforms, cyber-security defences and controls to prevent and detect cyber threats and respond to attacks in order to mitigate the risk of operational disruption, technology failure, unauthorised access to and/or loss of data.</p> <p>The Group has implemented configuration changes designed to block phishing emails, increased awareness campaigns, and provided cyber training to help employees identify these kind of attacks.</p> <p>In response to the potential risks posed by AI, Compass has implemented principle-based rules that apply globally, and we are currently developing a framework for the responsible use of AI in all our markets.</p> <p>Information system, technology and cybersecurity controls and risks are assessed as part of the Group's formal governance processes and are reviewed by the Audit Committee on a regular basis.</p> |

## Compass Group PLC

### Consolidated Financial Statements

#### Consolidated income statement

For the year ended 30 September 2023

|  | Notes | 2023         |                 | 2022  |          |
|--|-------|--------------|-----------------|-------|----------|
|  |       | £m           | £m              | £m    | £m       |
| <b>Revenue</b>   | 2     |              | <b>31,028</b>   |       | 25,512   |
| Operating costs  |       |              | <b>(29,193)</b> |       | (24,057) |
| <b>Operating profit before joint ventures and associates</b> |       |              | <b>1,835</b>    |       | 1,455    |
| Share of results of joint ventures and associates            | 2     |              | <b>56</b>       |       | 45       |
| <b>Underlying operating profit<sup>1</sup></b>               | 2,14  | <b>2,122</b> |                 | 1,590 |          |
| Acquisition-related charges                                  | 3,14  | <b>(125)</b> |                 | (92)  |          |
| Charges related to the strategic portfolio review            | 3,14  | <b>(99)</b>  |                 | –     |          |
| Other <sup>2</sup>   | 14    | <b>(7)</b>   |                 | 2     |          |
| <b>Operating profit</b>                                      | 2     |              | <b>1,891</b>    |       | 1,500    |
| Net gain/(loss) on sale and closure of businesses            | 10,14 |              | <b>20</b>       |       | (7)      |
| Finance income   |       | <b>48</b>    |                 | 11    |          |
| Finance expense  |       | <b>(184)</b> |                 | (111) |          |
| Other financing items  | 14    | <b>(28)</b>  |                 | 76    |          |
| <b>Finance costs</b>   |       |              | <b>(164)</b>    |       | (24)     |
| <b>Profit before tax</b>                                     |       |              | <b>1,747</b>    |       | 1,469    |
| Income tax expense   | 4     |              | <b>(429)</b>    |       | (352)    |
| <b>Profit for the year</b>                                   |       |              | <b>1,318</b>    |       | 1,117    |
| <b>Attributable to</b>                                       |       |              |                 |       |          |
| Equity shareholders  |       |              | <b>1,314</b>    |       | 1,113    |
| Non-controlling interests                                    |       |              | <b>4</b>        |       | 4        |
| <b>Profit for the year</b>                                   |       |              | <b>1,318</b>    |       | 1,117    |
| <b>Basic earnings per share</b>                              | 5     |              | <b>75.4p</b>    |       | 62.6p    |
| <b>Diluted earnings per share</b>                            | 5     |              | <b>75.3p</b>    |       | 62.6p    |

1. Operating profit excluding specific adjusting items (see note 14).

2. Other specific adjusting items include COVID-19 resizing credit, one-off pension charge and tax on share of profit of joint ventures (see note 14).

## Compass Group PLC

### Consolidated Financial Statements

#### Consolidated statement of comprehensive income

For the year ended 30 September 2023

|   | Notes | 2023<br>£m   | 2022<br>£m |
|---|-------|--------------|------------|
| <b>Profit for the year</b>  |       | <b>1,318</b> | 1,117      |
| <b>Other comprehensive income</b>   |       |              |            |
| <b>Items that will not be reclassified to the income statement</b>                        |       |              |            |
| Remeasurement of post-employment benefit obligations                                      |       | 27           | 1,038      |
| Return on plan assets, excluding interest income  |       | (271)        | (668)      |
| Change in asset ceiling, excluding interest income  |       | 5            | 3          |
| Change in fair value of financial assets at fair value through other comprehensive income |       | 94           | (133)      |
| Tax credit/(charge) on items relating to the components of other comprehensive income     |       | 30           | (65)       |
|   |       | (115)        | 175        |
| <b>Items that may be reclassified to the income statement</b>                             |       |              |            |
| Currency translation differences <sup>1</sup>   |       | (335)        | 591        |
| Reclassification of cumulative currency translation differences on sale of businesses     | 10    | (1)          | 7          |
| Tax credit on items relating to the components of other comprehensive income              |       | 3            | –          |
|   |       | (333)        | 598        |
| <b>Total other comprehensive (loss)/income for the year</b>                               |       | <b>(448)</b> | 773        |
| <b>Total comprehensive income for the year</b>  |       | <b>870</b>   | 1,890      |
| <b>Attributable to</b>  |       |              |            |
| Equity shareholders   |       | 866          | 1,886      |
| Non-controlling interests   |       | 4            | 4          |
| <b>Total comprehensive income for the year</b>  |       | <b>870</b>   | 1,890      |

1. Includes a gain of £166m in relation to the effective portion of net investment hedges (2022: £190m loss).

## Compass Group PLC

### Consolidated Financial Statements

#### Consolidated statement of changes in equity

For the year ended 30 September 2023

| Notes   | Attributable to equity shareholders |               |                |                   | Non-controlling interests | Total equity |
|---|-------------------------------------|---------------|----------------|-------------------|---------------------------|--------------|
|   | Share capital                       | Share premium | Other reserves | Retained earnings |                           |              |
|   | £m                                  | £m            | £m             | £m                | £m                        | £m           |
| At 1 October 2022   | 198                                 | 189           | 4,068          | 1,419             | 31                        | 5,905        |
| <b>Profit for the year</b>  | –                                   | –             | –              | 1,314             | 4                         | 1,318        |
| <b>Other comprehensive income</b>   |                                     |               |                |                   |                           |              |
| Remeasurement of post-employment benefit obligations  | –                                   | –             | –              | 27                | –                         | 27           |
| Return on plan assets, excluding interest income  | –                                   | –             | –              | (271)             | –                         | (271)        |
| Change in asset ceiling, excluding interest income  | –                                   | –             | –              | 5                 | –                         | 5            |
| Change in fair value of financial assets at fair value through other comprehensive income   | –                                   | –             | –              | 94                | –                         | 94           |
| Currency translation differences  | –                                   | –             | (335)          | –                 | –                         | (335)        |
| Reclassification of cumulative currency translation differences on sale of businesses       | –                                   | –             | (1)            | –                 | –                         | (1)          |
| Tax credit on items relating to the components of other comprehensive income                | –                                   | –             | 3              | 30                | –                         | 33           |
| <b>Total other comprehensive loss for the year</b>  | –                                   | –             | (333)          | (115)             | –                         | (448)        |
| <b>Total comprehensive (loss)/income for the year</b>                                       | –                                   | –             | (333)          | 1,199             | 4                         | 870          |
| Fair value of share-based payments  | –                                   | –             | –              | 44                | –                         | 44           |
| Change in fair value of non-controlling interest put options                                | –                                   | –             | 13             | –                 | –                         | 13           |
| Changes to non-controlling interests due to acquisitions and disposals                      | –                                   | –             | (2)            | –                 | 2                         | –            |
| Reclassification of non-controlling interest put options reserve on exercise of put options | –                                   | –             | 6              | –                 | (6)                       | –            |
| Cost of shares transferred to employees   | –                                   | –             | 26             | (26)              | –                         | –            |
| Purchase of own shares – share buyback <sup>1</sup>   | –                                   | –             | (1,004)        | –                 | –                         | (1,004)      |
| Purchase of own shares – employee share-based payments                                      | –                                   | –             | (16)           | –                 | –                         | (16)         |
| Tax credit on items taken directly to equity  | –                                   | –             | –              | 3                 | –                         | 3            |
|   | 198                                 | 189           | 2,758          | 2,639             | 31                        | 5,815        |
| Dividends paid to equity shareholders   | 6                                   | –             | –              | (648)             | –                         | (648)        |
| Dividends paid to non-controlling interests   | –                                   | –             | –              | –                 | (6)                       | (6)          |
| <b>At 30 September 2023</b>   | 198                                 | 189           | 2,758          | 1,991             | 25                        | 5,161        |

1. Including stamp duty and brokers' commission.



## Compass Group PLC

### Consolidated Financial Statements

#### Consolidated statement of changes in equity

For the year ended 30 September 2023

|   | Notes | Attributable to equity shareholders |               |                             |                   | Non-controlling interests | Total equity |
|---|-------|-------------------------------------|---------------|-----------------------------|-------------------|---------------------------|--------------|
|   |       | Share capital                       | Share premium | Other reserves <sup>1</sup> | Retained earnings |                           |              |
|   |       | £m                                  | £m            | £m                          | £m                | £m                        | £m           |
| At 1 October 2021   |       | 198                                 | 189           | 4,262                       | 242               | 28                        | 4,919        |
| Profit for the year   |       | –                                   | –             | –                           | 1,113             | 4                         | 1,117        |
| Other comprehensive income  |       |                                     |               |                             |                   |                           |              |
| Remeasurement of post-employment benefit obligations  |       | –                                   | –             | –                           | 1,038             | –                         | 1,038        |
| Return on plan assets, excluding interest income  |       | –                                   | –             | –                           | (668)             | –                         | (668)        |
| Change in asset ceiling, excluding interest income  |       | –                                   | –             | –                           | 3                 | –                         | 3            |
| Change in fair value of financial assets at fair value through other comprehensive income   |       | –                                   | –             | –                           | (133)             | –                         | (133)        |
| Currency translation differences  |       | –                                   | –             | 591                         | –                 | –                         | 591          |
| Reclassification of cumulative currency translation differences on sale of businesses       |       | –                                   | –             | 7                           | –                 | –                         | 7            |
| Tax charge on items relating to the components of other comprehensive income                |       | –                                   | –             | –                           | (65)              | –                         | (65)         |
| Total other comprehensive income for the year   |       | –                                   | –             | 598                         | 175               | –                         | 773          |
| Total comprehensive income for the year   |       | –                                   | –             | 598                         | 1,288             | 4                         | 1,890        |
| Fair value of share-based payments  |       | –                                   | –             | 34                          | –                 | –                         | 34           |
| Change in fair value of non-controlling interest put options                                |       | –                                   | –             | (2)                         | –                 | –                         | (2)          |
| Changes to non-controlling interests due to acquisitions and disposals                      |       | –                                   | –             | (7)                         | –                 | 8                         | 1            |
| Purchase of non-controlling interests   |       | –                                   | –             | –                           | (7)               | (1)                       | (8)          |
| Reclassification of non-controlling interest put options reserve on exercise of put options |       | –                                   | –             | 5                           | –                 | (5)                       | –            |
| Release of share awards settled in existing shares purchased in the market                  |       | –                                   | –             | (4)                         | –                 | –                         | (4)          |
| Purchase of own shares – share buyback <sup>2</sup>   |       | –                                   | –             | (502)                       | –                 | –                         | (502)        |
| Purchase of own shares – employee share-based payments                                      |       | –                                   | –             | (6)                         | –                 | –                         | (6)          |
| Transfer  |       | –                                   | –             | (314)                       | 314               | –                         | –            |
|   |       | 198                                 | 189           | 4,064                       | 1,837             | 34                        | 6,322        |
| Dividends paid to equity shareholders   | 6     | –                                   | –             | –                           | (418)             | –                         | (418)        |
| Dividends paid to non-controlling interests   |       | –                                   | –             | –                           | –                 | (3)                       | (3)          |
| Cost of shares transferred to employees   |       | –                                   | –             | 4                           | –                 | –                         | 4            |
| At 30 September 2022  |       | 198                                 | 189           | 4,068                       | 1,419             | 31                        | 5,905        |

1. Other reserves include the capital redemption and own shares reserves which were shown separately in 2022.

2. Including stamp duty and brokers' commission.

## Compass Group PLC

### Consolidated Financial Statements

#### Consolidated balance sheet

At 30 September 2023

|  | Notes | 30 September    |                 |
|--|-------|-----------------|-----------------|
|  |       | 2023<br>£m      | 2022<br>£m      |
| <b>Non-current assets</b>                  |       |                 |                 |
| Goodwill                                   | 7     | 5,002           | 5,119           |
| Other intangible assets                    |       | 2,032           | 1,960           |
| Costs to obtain and fulfil contracts       |       | 1,078           | 1,106           |
| Right-of-use assets                        |       | 813             | 821             |
| Property, plant and equipment              |       | 955             | 948             |
| Interests in joint ventures and associates |       | 244             | 270             |
| Other investments                          |       | 860             | 790             |
| Post-employment benefit assets             |       | 430             | 581             |
| Trade and other receivables                |       | 253             | 162             |
| Deferred tax assets                        |       | 193             | 230             |
| Derivative financial instruments           |       | 45              | 76              |
| <b>Non-current assets</b>                  |       | <b>11,905</b>   | <b>12,063</b>   |
| <b>Current assets</b>                      |       |                 |                 |
| Inventories                                |       | 567             | 511             |
| Trade and other receivables                |       | 4,174           | 3,988           |
| Tax recoverable                            |       | 89              | 106             |
| Cash and cash equivalents                  |       | 843             | 1,983           |
| Derivative financial instruments           |       | 18              | 71              |
| <b>Current assets</b>                      |       | <b>5,691</b>    | <b>6,659</b>    |
| Assets held for sale                       | 10    | 4               | 26              |
| <b>Current assets</b>                      |       | <b>5,695</b>    | <b>6,685</b>    |
| <b>Total assets</b>                        |       | <b>17,600</b>   | <b>18,748</b>   |
| <b>Current liabilities</b>                 |       |                 |                 |
| Borrowings                                 |       | (1,087)         | (693)           |
| Lease liabilities                          |       | (194)           | (194)           |
| Derivative financial instruments           |       | (37)            | (6)             |
| Provisions                                 |       | (233)           | (269)           |
| Current tax liabilities                    |       | (214)           | (245)           |
| Trade and other payables                   |       | (5,870)         | (5,626)         |
| <b>Current liabilities</b>                 |       | <b>(7,635)</b>  | <b>(7,033)</b>  |
| <b>Non-current liabilities</b>             |       |                 |                 |
| Borrowings                                 |       | (2,283)         | (3,271)         |
| Lease liabilities                          |       | (751)           | (719)           |
| Derivative financial instruments           |       | (207)           | (237)           |
| Post-employment benefit obligations        |       | (806)           | (759)           |
| Provisions                                 |       | (286)           | (310)           |
| Deferred tax liabilities                   |       | (108)           | (160)           |
| Trade and other payables                   |       | (363)           | (354)           |
| <b>Non-current liabilities</b>             |       | <b>(4,804)</b>  | <b>(5,810)</b>  |
| <b>Total liabilities</b>                   |       | <b>(12,439)</b> | <b>(12,843)</b> |
| <b>Net assets</b>                          |       | <b>5,161</b>    | <b>5,905</b>    |
| <b>Equity</b>                              |       |                 |                 |
| Share capital                              |       | 198             | 198             |
| Share premium                              |       | 189             | 189             |
| Other reserves <sup>1</sup>                |       | 2,758           | 4,068           |
| Retained earnings                          |       | 1,991           | 1,419           |
| <b>Total equity shareholders' funds</b>    |       | <b>5,136</b>    | <b>5,874</b>    |
| Non-controlling interests                  |       | 25              | 31              |
| <b>Total equity</b>                        |       | <b>5,161</b>    | <b>5,905</b>    |

1. Other reserves include the capital redemption and own shares reserves which were shown separately in 2022.

Approved by the Board of Directors on 20 November 2023 and signed on its behalf by:

**Dominic Blakemore**, Director  
**Palmer Brown**, Director

## Compass Group PLC

### Consolidated Financial Statements

#### Consolidated cash flow statement

For the year ended 30 September 2023

|  | Notes | 2023<br>£m     | 2022<br>£m   |
|--|-------|----------------|--------------|
| <b>Cash flow from operating activities</b>   |       |                |              |
| Cash generated from operations   | 8     | 2,687          | 2,024        |
| Interest paid  |       | (170)          | (96)         |
| Tax received   |       | 25             | 31           |
| Tax paid   |       | (466)          | (363)        |
| <b>Net cash flow from operating activities</b>   |       | <b>2,076</b>   | <b>1,596</b> |
| <b>Cash flow from investing activities</b>   |       |                |              |
| Purchase of subsidiary companies   |       | (319)          | (263)        |
| Purchase of interests in joint ventures and associates   |       | (7)            | (28)         |
| Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs <sup>1</sup> |       | 47             | 35           |
| Purchase of intangible assets  |       | (215)          | (177)        |
| Purchase of contract fulfilment assets   |       | (311)          | (218)        |
| Purchase of property, plant and equipment  |       | (365)          | (282)        |
| Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets             |       | 64             | 37           |
| Purchase of other investments  |       | (3)            | (42)         |
| Proceeds from sale of other investments  |       | 3              | 3            |
| Dividends received from joint ventures and associates  |       | 49             | 51           |
| Interest received  |       | 50             | 10           |
| <b>Net cash flow from investing activities</b>   |       | <b>(1,007)</b> | <b>(874)</b> |
| <b>Cash flow from financing activities</b>   |       |                |              |
| Purchase of own shares – share buyback   |       | (929)          | (425)        |
| Purchase of own shares – employee share-based payments   |       | (16)           | (6)          |
| Increase in borrowings   |       | 1              | 677          |
| Repayment of borrowings  |       | (438)          | (297)        |
| Net cash flow from derivative financial instruments  |       | 127            | (67)         |
| Repayment of principal under lease liabilities   |       | (176)          | (152)        |
| Purchase of non-controlling interests  |       | (8)            | (2)          |
| Dividends paid to equity shareholders  | 6     | (648)          | (418)        |
| Dividends paid to non-controlling interests  |       | (6)            | (3)          |
| <b>Net cash flow from financing activities</b>   |       | <b>(2,093)</b> | <b>(693)</b> |
| <b>Cash and cash equivalents</b>   |       |                |              |
| Net (decrease)/increase in cash and cash equivalents   |       | (1,024)        | 29           |
| Cash and cash equivalents at 1 October   |       | 1,732          | 1,656        |
| Currency translation (losses)/gains on cash and cash equivalents   |       | (28)           | 47           |
| <b>Cash and cash equivalents at 30 September</b>   |       | <b>680</b>     | <b>1,732</b> |
| Cash and cash equivalents <sup>2</sup>   |       | 843            | 1,983        |
| Bank overdrafts <sup>2</sup>   |       | (163)          | (251)        |
| <b>Cash and cash equivalents at 30 September</b>   |       | <b>680</b>     | <b>1,732</b> |

1. 2022 includes £15m of tax receipts in respect of prior year business disposals.

2. As per the consolidated balance sheet.

## Compass Group PLC

### Consolidated Financial Statements

---

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

### 1 Basis of preparation

#### Introduction

The consolidated financial statements of Compass Group PLC (the Company) have been prepared on a going concern basis, as discussed below, in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

The financial information set out below does not constitute the Company's statutory accounts for the years ended 30 September 2023 or 2022, but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts. The reports of the auditor were unqualified, did not draw attention to any matters by way of emphasis without qualifying its reports and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

#### Going concern

The directors consider it appropriate to prepare the financial statements on a going concern basis for the reasons stated below.

At 30 September 2023, the Group's financing arrangements included sterling and Euro bonds (£2,353m) and US dollar US Private Placement (USPP) notes (£851m). In addition, the Group had Revolving Credit Facilities of £2,000m, committed to August 2026, which were fully undrawn, and £680m of cash, net of overdrafts. At the date of approving these consolidated financial statements, the liquidity position of the Group has remained substantially unchanged.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 31 March 2025 (the assessment period) from the most recent three-year strategic plan approved by the Board in November 2023. We consider 18 months to be a reasonable period for the going concern assessment as it enables us to consider the potential impact of macroeconomic and geopolitical factors over an extended period.

Debt maturities in the going concern period include a \$352m (£288m) USPP note in October 2023, a €750m (£651m) Eurobond in July 2024 and a \$100m (£82m) USPP note in December 2024.

The USPP notes are subject to leverage and interest cover covenants which are tested on 31 March and 30 September each year. The Group met both covenants at 30 September 2023. The Group's other financing arrangements do not contain any financial covenants.

The cash flow projections show that the Group has significant headroom against its committed facilities and meets its financial covenant obligations under the USPP notes without any refinancing.

The Group has performed a stress test against the base case to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants. The Group's committed facilities would be reached in the event that underlying operating profit reduced by more than 60% of the strategic plan level. The directors do not consider this scenario to be likely. The stress test assumes no share buybacks or new business acquisitions as mitigating actions, with the exception of the acquisition of Hofmann Menü-Manufaktur GmbH which was agreed on 2 November 2023 subject to regulatory approval (see note 13).

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least the period to 31 March 2025 and, therefore, have prepared the financial statements on a going concern basis.

#### Changes in accounting policies

There were no new accounting standards or amendments to existing standards effective in the current year that had a significant impact on the Group's consolidated financial statements. There are a number of changes to accounting standards, effective in future years, which are not expected to significantly impact the Group's consolidated financial statements.

#### Judgements

The preparation of the consolidated financial statements requires management to make judgements in respect of the application of its accounting policies which impact the reported amounts of assets, liabilities, income and expenses.

Whilst there are no judgements that management considers to be critical in the preparation of these financial statements, there is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement.

With the exception of contract fulfilment assets, cash payments in respect of contract balances are classified as cash flows from operating activities. The Group classifies additions to contract fulfilment assets as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities was £311m (2022: £218m).

## Compass Group PLC

### Consolidated Financial Statements

---

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 1 Basis of preparation (continued)

##### Estimates

The preparation of the consolidated financial statements requires management to make estimates which impact the reported amounts of assets, liabilities, income and expenses. These estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

##### *Major sources of estimation uncertainty*

The Group's major sources of estimation uncertainty are in relation to goodwill in the UK cash-generating unit and post-employment benefit obligations on the basis that a reasonably possible change in key assumptions could have a material effect on the carrying amounts of assets and liabilities in the next 12 months.

##### *Other sources of estimation uncertainty*

In addition to the major sources of estimation uncertainty, tax has been identified as another source of estimation uncertainty. Whilst this is not considered to be a major source of uncertainty as defined by IAS 1 Presentation of Financial Statements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties (see note 4).

##### Climate change

Climate change is identified as a principal risk as its impact on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets (see page 21). The potential impact of climate change has been assessed with scenario analysis conducted in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. In October 2021, the Group announced a commitment to reach climate net zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050.

The potential impact of climate change and the Group's net zero commitments on the following areas has been considered:

- going concern and viability assessments
- tax
- goodwill
- other intangible assets
- post-employment benefits

There was no impact on the reported amounts in the financial statements as a result of this review.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 2 Segmental analysis

|   | Geographical segments |              |                     | Total<br>£m   |
|---|-----------------------|--------------|---------------------|---------------|
|   | North America<br>£m   | Europe<br>£m | Rest of World<br>£m |               |
| <b>Revenue by sector and geographical segment<sup>1,2</sup></b> |                       |              |                     |               |
| <b>Year ended 30 September 2023</b>                             |                       |              |                     |               |
| Business & Industry   | 6,612                 | 3,262        | 1,113               | 10,987        |
| Education   | 4,486                 | 1,014        | 210                 | 5,710         |
| Healthcare & Senior Living                                      | 6,077                 | 1,107        | 424                 | 7,608         |
| Sports & Leisure  | 3,609                 | 919          | 133                 | 4,661         |
| Defence, Offshore & Remote                                      | 308                   | 736          | 1,271               | 2,315         |
| <b>Underlying revenue<sup>3,4</sup></b>                         | <b>21,092</b>         | <b>7,038</b> | <b>3,151</b>        | <b>31,281</b> |
| Less: Share of revenue of joint ventures                        | (19)                  | (234)        | –                   | (253)         |
| <b>Revenue</b>  | <b>21,073</b>         | <b>6,804</b> | <b>3,151</b>        | <b>31,028</b> |
| <b>Year ended 30 September 2022</b>                             |                       |              |                     |               |
| Business & Industry   | 4,805                 | 2,660        | 936                 | 8,401         |
| Education   | 3,782                 | 874          | 173                 | 4,829         |
| Healthcare & Senior Living                                      | 5,437                 | 1,001        | 404                 | 6,842         |
| Sports & Leisure  | 2,854                 | 738          | 89                  | 3,681         |
| Defence, Offshore & Remote                                      | 261                   | 662          | 1,095               | 2,018         |
| <b>Underlying revenue<sup>3,4</sup></b>                         | <b>17,139</b>         | <b>5,935</b> | <b>2,697</b>        | <b>25,771</b> |
| Less: Share of revenue of joint ventures                        | (18)                  | (241)        | –                   | (259)         |
| <b>Revenue</b>  | <b>17,121</b>         | <b>5,694</b> | <b>2,697</b>        | <b>25,512</b> |

1. There is no inter-segment trading.
2. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows are considered to be similar.
3. Revenue plus share of revenue of joint ventures.
4. Underlying revenue arising in the UK, the Group's country of domicile, was £2,386m (2022: £1,975m). Underlying revenue arising in the US region was £20,018m (2022: £16,274m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was £28,895m (2022: £23,796m).

|  | Geographical segments |              |                     | Central<br>activities<br>£m | Total<br>£m  |
|--|-----------------------|--------------|---------------------|-----------------------------|--------------|
|  | North America<br>£m   | Europe<br>£m | Rest of World<br>£m |                             |              |
| <b>Profit by geographical segment</b>  |                       |              |                     |                             |              |
| <b>Year ended 30 September 2023</b>  |                       |              |                     |                             |              |
| Underlying operating profit/(loss) before results of joint ventures and associates | 1,638                 | 351          | 175                 | (98)                        | 2,066        |
| Add: Share of profit before tax of joint ventures                                  | 1                     | 29           | –                   | –                           | 30           |
| Add: Share of results of associates  | 14                    | 12           | –                   | –                           | 26           |
| <b>Underlying operating profit/(loss)<sup>1</sup></b>                              | <b>1,653</b>          | <b>392</b>   | <b>175</b>          | <b>(98)</b>                 | <b>2,122</b> |
| Less: Acquisition-related charges <sup>2</sup>                                     | (72)                  | (46)         | (7)                 | –                           | (125)        |
| Less: Charges related to the strategic portfolio review <sup>2</sup>               | –                     | (99)         | –                   | –                           | (99)         |
| Less: One-off pension charge <sup>2</sup>  | –                     | (7)          | –                   | –                           | (7)          |
| <b>Operating profit/(loss)</b>   | <b>1,581</b>          | <b>240</b>   | <b>168</b>          | <b>(98)</b>                 | <b>1,891</b> |
| Net gain on sale and closure of businesses <sup>2</sup>                            |                       |              |                     |                             | 20           |
| Finance costs  |                       |              |                     |                             | (164)        |
| <b>Profit before tax</b>   |                       |              |                     |                             | <b>1,747</b> |
| Income tax expense   |                       |              |                     |                             | (429)        |
| <b>Profit for the year</b>   |                       |              |                     |                             | <b>1,318</b> |

1. Operating profit excluding specific adjusting items (see note 14).
2. Specific adjusting item (see note 14).

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 2 Segmental analysis (continued)

|  | Geographical segments |              |                     | Central activities<br>£m | Total<br>£m |
|--|-----------------------|--------------|---------------------|--------------------------|-------------|
|  | North America<br>£m   | Europe<br>£m | Rest of World<br>£m |                          |             |
| <b>Profit by geographical segment</b>  |                       |              |                     |                          |             |
| <b>Year ended 30 September 2022</b>  |                       |              |                     |                          |             |
| Underlying operating profit/(loss) before results of joint ventures and associates | 1,226                 | 262          | 141                 | (86)                     | 1,543       |
| Add: Share of profit before tax of joint ventures                                  | 1                     | 28           | –                   | –                        | 29          |
| Add: Share of results of associates  | 9                     | 9            | –                   | –                        | 18          |
| Underlying operating profit/(loss) <sup>1</sup>                                    | 1,236                 | 299          | 141                 | (86)                     | 1,590       |
| Less: Acquisition-related charges <sup>2</sup>                                     | (57)                  | (30)         | (4)                 | (1)                      | (92)        |
| Add/(less): Other <sup>3</sup>   | 4                     | (2)          | –                   | –                        | 2           |
| Operating profit/(loss)  | 1,183                 | 267          | 137                 | (87)                     | 1,500       |
| Net loss on sale and closure of businesses <sup>2</sup>                            |                       |              |                     |                          | (7)         |
| Finance costs  |                       |              |                     |                          | (24)        |
| Profit before tax  |                       |              |                     |                          | 1,469       |
| Income tax expense   |                       |              |                     |                          | (352)       |
| Profit for the year  |                       |              |                     |                          | 1,117       |

1. Operating profit excluding specific adjusting items (see note 14).

2. Specific adjusting item (see note 14).

3. Other specific adjusting items include COVID-19 resizing credit and tax on share of profit of joint ventures (see note 14).

#### 3 Operating costs

##### Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity.

|   | 2023<br>£m | 2022<br>£m |
|---|------------|------------|
| <b>Acquisition-related charges</b>                                      |            |            |
| Amortisation – acquisition intangibles                                  | 100        | 91         |
| Impairment losses – goodwill  | 5          | –          |
| Acquisition transaction costs   | 17         | 10         |
| Adjustment to contingent consideration payable on business acquisitions | 3          | (9)        |
| <b>Total</b>  | <b>125</b> | <b>92</b>  |

##### Charges related to the strategic portfolio review

Represent charges in respect of an ongoing strategic review of the Group's portfolio of non-core activities which, during 2023, relate to site closures and contract renegotiations and terminations in the UK.

|  | 2023<br>£m | 2022<br>£m |
|--|------------|------------|
| <b>Charges related to the strategic portfolio review</b> |            |            |
| Impairment – right-of-use assets                         | 44         | –          |
| Write-off – other receivables                            | 21         | –          |
| Onerous contracts and other costs – provisions           | 20         | –          |
| Other costs – other payables                             | 8          | –          |
| Impairment – property, plant and equipment               | 6          | –          |
| <b>Total</b>   | <b>99</b>  | <b>–</b>   |



## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 4 Tax

|  | 2023<br>£m  | 2022<br>£m |
|--|-------------|------------|
| <b>Income tax expense</b>                |             |            |
| <b>Current tax</b>                       |             |            |
| Current year                             | 485         | 322        |
| Adjustment in respect of prior years     | (39)        | 28         |
| <b>Current tax expense</b>               | <b>446</b>  | <b>350</b> |
| <b>Deferred tax</b>                      |             |            |
| Current year                             | (10)        | 39         |
| Impact of changes in statutory tax rates | (1)         | 2          |
| Adjustment in respect of prior years     | (6)         | (39)       |
| <b>Deferred tax (credit)/charge</b>      | <b>(17)</b> | <b>2</b>   |
| <b>Total</b>                             | <b>429</b>  | <b>352</b> |

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 22% (2022: 19%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The global nature of the Group's operations gives rise to various factors which could affect the future tax rate. These include the mix of profits, changes to overseas statutory tax rates or tax legislation and the foreign exchange rates applicable when those profits are translated into sterling. The UK government enacted an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. In addition, the future tax charge may be affected by the impact of acquisitions, disposals or other restructuring activities and the resolution of open issues with tax authorities.

The Group has operations in approximately 35 countries. The tax position in each country is often not agreed with the tax authorities until some time after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including historical experience, interpretations of tax law and the likelihood of settlement.

The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made. In addition, the calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates to be made of the extent to which future taxable profits are available against which these temporary differences can be utilised.

#### Uncertain tax positions

Tax risk can arise from unclear regulations and differences in interpretation but, most significantly, where tax authorities apply diverging standards in assessing intra-group cross-border transactions. The Group has recognised provisions in respect of uncertain tax positions, none of which is individually material. In determining such liabilities, the Group assesses the range of potential outcomes and estimates whether additional tax may be due.

The Group is currently subject to audits and reviews in a number of countries that primarily relate to complex corporate tax issues.

In March 2022, the UK tax authority indicated that it may seek to challenge aspects of an intra-group refinancing undertaken in 2013. The challenge relates to the deductibility of interest for UK corporation tax purposes for the period from June 2013 to December 2016 on certain loans which formed part of that refinancing. We have continued discussions with the tax authority and the provision, based on a range of possible outcomes, remains unchanged. Our maximum potential liability is £62m of tax and £17m of interest.

The Canadian Revenue Agency's enquiry into an intra-group financing arrangement has been resolved during the year consistent with the provision previously held.

The Group does not currently anticipate any material changes to the amounts recorded at 30 September 2023.

#### Deferred tax assets

Deferred tax assets of £193m (2022: £230m) include £84m (2022: £95m) relating to the carry forward of unused tax losses. It is considered probable that sufficient taxable profits over a period of between one and five years will be available against which the unused tax losses can be utilised. In evaluating whether sufficient taxable profits will be available in the future, forecasts have been derived from the most recent three-year strategic plan approved by management adjusted for the effect of applicable tax laws and regulations relevant to those future taxable profits. No reasonably possible change in any of the key assumptions would result in a significant reduction in projected taxable profits such that the recognised deferred tax assets would not be realised.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 4 Tax (continued)

##### Regulatory developments

In December 2021, the OECD released a framework for Pillar Two Model Rules which will introduce a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750m. The legislation implementing the rules in the UK will apply from the financial year ending 30 September 2025. The Group is reviewing this legislation and also monitoring the status of implementation of the model rules worldwide. The impact is not expected to be material. The Group has applied the temporary exception under IAS 12 Income Taxes in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two Model Rules.

#### 5 Earnings per share

|  | 2023<br>£m   | 2022<br>£m |
|--|--------------|------------|
| <b>Profit for the year attributable to equity shareholders</b> | <b>1,314</b> | 1,113      |

|  | 2023<br>Ordinary<br>shares of<br>11 <sup>1</sup> / <sub>20</sub> p each<br>millions | 2022<br>Ordinary<br>shares of<br>11 <sup>1</sup> / <sub>20</sub> p each<br>millions |
|--|---|---|
| <b>Weighted average number of ordinary shares</b>                                |   |   |
| Weighted average number of ordinary shares for basic earnings per share          | 1,743   | 1,779   |
| Dilutive effect of share-based payment plans                                     | 2   | –   |
| <b>Weighted average number of ordinary shares for diluted earnings per share</b> | <b>1,745</b>  | 1,779   |

|                           | 2023<br>pence | 2022<br>pence |
|---------------------------|---------------|---------------|
| <b>Earnings per share</b> |               |               |
| Basic                     | 75.4p         | 62.6p         |
| Diluted                   | 75.3p         | 62.6p         |

Underlying earnings per share for the year ended 30 September 2023 was 86.1p (2022: 63.0p). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition-related charges, charges related to the strategic portfolio review, COVID-19 resizing credit, one-off pension charge, gains and losses on sale and closure of businesses and other financing items, together with the tax attributable to these amounts (see note 14).

#### 6 Dividends

A final dividend in respect of 2023 of 28.1p per share, £482m in aggregate<sup>1</sup>, has been proposed, giving a total dividend in respect of 2023 of 43.1p per share (2022: 31.5p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8 February 2024.

|   | 2023                            |            | 2022                            |     |
|---|---------------------------------|------------|---------------------------------|-----|
|   | Dividends<br>per share<br>pence | £m         | Dividends<br>per share<br>pence | £m  |
| <b>Dividends on ordinary shares</b>   |                                 |            |                                 |     |
| <b>Amounts recognised as distributions to equity shareholders during the year</b> |                                 |            |                                 |     |
| Final 2021  | –                               | –          | 14.0                            | 250 |
| Interim 2022  | –                               | –          | 9.4                             | 168 |
| Final 2022  | 22.1                            | 387        | –                               | –   |
| Interim 2023  | 15.0                            | 261        | –                               | –   |
| <b>Total</b>  | <b>37.1</b>                     | <b>648</b> | 23.4                            | 418 |

1. Based on the number of ordinary shares in issue at 30 September 2023 excluding shares held in treasury and the Compass Group PLC All Share Schemes Trust (1,715m shares).

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 7 Goodwill

| <b>Goodwill</b>                | <b>2023</b>  | <b>2022</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>£m</b>    | <b>£m</b>    |
| <b>Cost</b>                    |              |              |
| At 1 October                   | 5,664        | 5,058        |
| Business acquisitions          | 184          | 122          |
| Sale and closure of businesses | (27)         | (5)          |
| Currency adjustment            | (292)        | 489          |
| <b>At 30 September</b>         | <b>5,529</b> | <b>5,664</b> |
| <b>Impairment</b>              |              |              |
| At 1 October                   | 545          | 508          |
| Impairment                     | 5            | –            |
| Currency adjustment            | (23)         | 37           |
| <b>At 30 September</b>         | <b>527</b>   | <b>545</b>   |
| <b>Net carrying amount</b>     |              |              |
| <b>At 30 September</b>         | <b>5,002</b> | <b>5,119</b> |

| <b>Goodwill by business segment</b> | <b>2023</b>  | <b>2022</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>£m</b>    | <b>£m</b>    |
| US                                  | 2,367        | 2,498        |
| Canada                              | 217          | 219          |
| <b>North America</b>                | <b>2,584</b> | <b>2,717</b> |
| UK <sup>1</sup>                     | 1,538        | 1,481        |
| Finland                             | 124          | 125          |
| Other                               | 493          | 506          |
| <b>Europe</b>                       | <b>2,155</b> | <b>2,112</b> |
| Japan                               | 95           | 107          |
| Other                               | 168          | 183          |
| <b>Rest of World</b>                | <b>263</b>   | <b>290</b>   |
| <b>Total</b>                        | <b>5,002</b> | <b>5,119</b> |

1. Includes £1.3bn which arose in 2000 on the Granada transaction.

Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses. Goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the acquisition which is usually the geographical location of the operations of the Group. Goodwill is subsequently monitored and tested for impairment at the level at which it is allocated. The recoverable amount of a CGU is determined based on value-in-use calculations.

#### Impairment testing

The key assumptions used in the value-in-use calculations are operating cash flow forecasts from the most recent three-year strategic plan approved by management adjusted to remove the expected benefits of future restructuring activities and improvements to assets, externally-derived long-term growth rates and pre-tax discount rates.

The strategic plan is based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both new business and like-for-like growth, and taking into consideration macroeconomic and geopolitical factors, including the impact of inflation.

Cash flows beyond the three-year period covered by the plan are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long-term average growth rate for the country. Cash flow forecasts for a period of up to five years are used by exception to reflect the medium-term prospects of the business if the initial level of headroom in the impairment test for a country is low, with cash flows beyond five years extrapolated using estimated growth rates that do not exceed the long-term average growth rate for that country.

The pre-tax discount rates are based on the Group's Weighted Average Cost of Capital (WACC) adjusted for specific risks relating to the country in which the CGU operates. The beta and gearing ratio assumptions used in the calculation of the Group's WACC represent market participant measures based on the averages of a number of companies with similar assets.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 7 Goodwill (continued)

|                             | 2023                   |                        | 2022                   |                        |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|
|                             | Long-term growth rates | Pre-tax discount rates | Long-term growth rates | Pre-tax discount rates |
| US                          | 2.1%                   | 11.3%                  | 2.2%                   | 9.2%                   |
| Canada                      | 2.1%                   | 11.8%                  | 2.0%                   | 9.6%                   |
| UK                          | 2.1%                   | 11.7%                  | 2.3%                   | 9.5%                   |
| Finland                     | 2.0%                   | 9.4%                   | 1.4%                   | 8.3%                   |
| Rest of Europe <sup>1</sup> | 1.2% – 16.4%           | 10.7% – 31.3%          | 0.8% – 14.4%           | 8.2% – 27.5%           |
| Japan                       | 1.0%                   | 10.6%                  | 0.9%                   | 8.2%                   |
| Rest of World               | 1.8% – 4.3%            | 10.6% – 20.2%          | 1.3% – 4.4%            | 7.9% – 16.1%           |

1. Rest of Europe includes Türkiye which has residual growth rate and pre-tax discount rate assumptions of 16.4% (2022: 14.4%) and 31.3% (2022: 27.5%), respectively. Excluding Türkiye, the residual growth rate and pre-tax discount rate assumptions for Rest of Europe range from 1.2% to 2.5% (2022: 0.8% to 2.7%) and 10.7% to 14.6% (2022: 8.2% to 11.7%), respectively.

During the first half of the year, a charge of £5m was recognised to fully impair the goodwill held in respect of the Group's business in China.

Consistent with prior years, the goodwill impairment testing was performed as at 31 July. Whilst the forecast performance of the Group's CGUs has improved, the level of headroom in each CGU has been impacted by an increase in discount rates which reflect the higher market interest rates this year. Subsequent to 31 July, management has considered whether there have been any indicators that the goodwill may be impaired. There was no impact on the reported amounts of goodwill as a result of this review.

#### Sensitivity analysis

The Group has performed a sensitivity analysis based on changes in key assumptions considered to be reasonably possible by management. There was no impact on the reported amounts of goodwill as a result of this review.

The UK CGU is sensitive to reasonably possible changes in key assumptions. Most of the UK goodwill arose in 2000 on the Granada transaction. The estimated recoverable amount of the Group's operations in the UK exceeds its carrying value by £186m (2022: £535m). The associated impact of changes in key assumptions on the impairment assessment is presented in the table below. The sensitivity analysis presented is prepared on the basis that a change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

|   | UK CGU     |            |
|---|------------|------------|
|   | 2023<br>£m | 2022<br>£m |
| <b>Decrease in recoverable amount</b>         |            |            |
| Increase in pre-tax discount rate by 1%       | (199)      | (286)      |
| Decrease in projected operating profit by 3%  | (63)       | (70)       |
| Decrease in the long-term growth rate by 0.1% | (19)       | (29)       |

In order for the recoverable amount to be equal to the carrying value, the pre-tax discount rate would have to be increased by 0.9% (2022: 2.1%), projected operating profit decreased by 9% (2022: 23%) or the long-term growth rate decreased to 1.0% (2022: decline of 0.1%). The directors consider that changes in key assumptions of this magnitude are reasonably possible in the current environment.

Other than as disclosed above, the directors do not consider that any reasonably possible changes in the key assumptions would cause the value in use of the net operating assets of the individually significant CGUs disclosed above to fall below their carrying values.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

### 8 Reconciliation of operating profit to cash generated from operations

| <b>Reconciliation of operating profit to cash generated from operations</b>                    | <b>2023</b>  | <b>2022</b>  |
|--|--------------|--------------|
|  | <b>£m</b>    | <b>£m</b>    |
| <b>Operating profit before joint ventures and associates</b>                                   | <b>1,835</b> | <b>1,455</b> |
| <i>Adjustments for:</i>  |              |              |
| Acquisition-related charges <sup>1</sup>   | <b>108</b>   | 82           |
| Charges related to the strategic portfolio review  | <b>99</b>    | –            |
| COVID-19 resizing credit   | <b>–</b>     | (4)          |
| One-off pension charge   | <b>7</b>     | –            |
| Amortisation – other intangible assets <sup>2</sup>  | <b>110</b>   | 100          |
| Amortisation – contract fulfilment assets  | <b>231</b>   | 214          |
| Amortisation – contract prepayments  | <b>54</b>    | 40           |
| Depreciation – right-of-use assets   | <b>163</b>   | 156          |
| Depreciation – property, plant and equipment   | <b>276</b>   | 260          |
| Unwind of costs to obtain contracts  | <b>22</b>    | 18           |
| Impairment losses – non-current assets <sup>3</sup>  | <b>10</b>    | 15           |
| Impairment reversals – non-current assets  | <b>(2)</b>   | (4)          |
| Gain on disposal of property, plant and equipment/intangible assets/contract fulfilment assets | <b>(3)</b>   | –            |
| Other non-cash changes   | <b>(1)</b>   | (4)          |
| Decrease in provisions   | <b>(41)</b>  | (77)         |
| Investment in contract prepayments   | <b>(72)</b>  | (64)         |
| Increase in costs to obtain contracts <sup>4</sup>   | <b>(37)</b>  | (31)         |
| Post-employment benefit obligations net of service costs                                       | <b>(18)</b>  | (7)          |
| Share-based payments – charged to profit   | <b>44</b>    | 34           |
| <b>Operating cash flow before movements in working capital</b>                                 | <b>2,785</b> | <b>2,183</b> |
| Increase in inventories  | <b>(97)</b>  | (122)        |
| Increase in receivables  | <b>(557)</b> | (876)        |
| Increase in payables   | <b>556</b>   | 839          |
| <b>Cash generated from operations</b>  | <b>2,687</b> | <b>2,024</b> |

1. Includes amortisation and impairment of acquisition intangibles. Excludes acquisition transaction costs of £17m (2022: £10m) as acquisition transaction costs are included in net cash flow from operating activities.

2. Excludes amortisation of acquisition intangibles.

3. In 2023, excludes impairment losses of £50m included in charges related to the strategic portfolio review.

4. Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise out of cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities was £311m (2022: £218m).

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

### 9 Financial instruments

#### Financial instruments measured at amortised cost

The carrying amounts of the following financial instruments measured at amortised cost approximate to their fair values: trade and other receivables; cash and cash equivalents (excluding money market funds); lease liabilities; provisions; and trade and other payables. Borrowings are measured at amortised cost unless they are part of a fair value hedge, in which case amortised cost is adjusted for the fair value attributable to the risk being hedged. The carrying amount of borrowings at 30 September 2023 is £3,370m (2022: £3,964m). The fair value of borrowings at 30 September 2023, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments (Level 2 inputs), is £3,384m (2022: £3,920m).

#### Financial instruments measured at fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

The fair value measurement hierarchy is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

There were no transfers of financial instruments between levels of the fair value hierarchy in either the year ended 30 September 2023 or 2022. The carrying amounts of financial instruments measured at fair value are shown in the table below:

| Financial instruments measured at fair value                           | Level | 2023<br>£m | 2022<br>£m |
|--|-------|------------|------------|
| <b>Non-current</b>   |       |            |            |
| Rabbi Trust investments <sup>1</sup>                                   | 1     | 623        | 566        |
| Mutual fund investments <sup>1</sup>                                   | 1     | 48         | 52         |
| Other investments <sup>1</sup>   | 1     | 12         | 12         |
| Life insurance policies <sup>1</sup>                                   | 2     | 29         | 33         |
| Derivative financial instruments – assets                              | 2     | 45         | 76         |
| Derivative financial instruments – liabilities                         | 2     | (207)      | (237)      |
| Trade investments <sup>1</sup>   | 3     | 148        | 127        |
| Contingent consideration payable on business acquisitions <sup>2</sup> | 3     | (80)       | (39)       |
| Non-controlling interest put options <sup>2</sup>                      | 3     | (18)       | (45)       |
| <b>Current</b>   |       |            |            |
| Money market funds <sup>3</sup>  | 1     | 418        | 474        |
| Derivative financial instruments – assets                              | 2     | 18         | 71         |
| Derivative financial instruments – liabilities                         | 2     | (37)       | (6)        |
| Contingent consideration payable on business acquisitions <sup>2</sup> | 3     | (50)       | (30)       |

1. Classified as other investments in the consolidated balance sheet.

2. Classified as trade and other payables in the consolidated balance sheet.

3. Classified as cash and cash equivalents in the consolidated balance sheet on the basis that they have a maturity of three months or less from the date of acquisition.

Due to the variability of the valuation factors, the fair values presented at 30 September 2023 may not be indicative of the amounts the Group would expect to realise in the current market environment. The fair values of financial instruments at levels 2 and 3 of the fair value hierarchy have been determined based on the valuation methodologies listed below:

#### Level 2

**Life insurance policies** Cash surrender values provided by third-party insurance providers.

**Derivative financial instruments** Present values determined from future cash flows discounted at rates derived from market-sourced data. The fair values of derivative financial instruments represent the maximum credit exposure.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 9 Financial instruments (continued)

##### Level 3

**Trade investments** Estimated values using income and market value approaches.

**Contingent consideration payable on business acquisitions** Estimated amounts payable based on the likelihood of specified conditions, such as earnings targets, being met.

**Non-controlling interest put options** Estimated amounts payable based on the likelihood of options being exercised by minority shareholders.

##### Interest rate benchmark reform

The Group and all its derivative counterparties are party to the International Swaps and Derivatives Association (ISDA) fallback protocols which automatically convert derivatives from IBOR to the relevant alternative reference rate when an IBOR rate ceases. As USD LIBOR ceased on 30 June 2023, there is no longer any uncertainty around derivatives which reference USD LIBOR and, therefore, the Group has adopted the IBOR Reform Phase 2 amendments in respect of these derivatives and redocumented its hedges to incorporate the change from USD LIBOR to USD SOFR. The Group's interest rate benchmark reform process is now complete.

#### 10 Acquisition, sale and closure of businesses

##### Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the year, net of cash acquired, was £336m (2022: £273m), including £41m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £17m of acquisition transaction costs included in net cash flow from operating activities.

On 20 March 2023, the Group acquired the trade and assets of Parks Coffee, a provider of workplace refreshments in the US, for an initial consideration of \$108m (£90m). Total consideration includes \$6m (£5m) payable in 2024 and an estimated \$23m (£20m) payable in 2025 contingent on the operation of an earn-out. The goodwill in relation to the assets acquired is £43m. This goodwill represents the premium the Group paid to acquire the business that complements its existing businesses and creates significant opportunities and other synergies.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of Parks Coffee:

|   | 2023             |                  |
|---|------------------|------------------|
|   | Book value<br>£m | Fair value<br>£m |
| <b>Net assets acquired</b>                    |                  |                  |
| Other intangible assets                       | 1                | 64               |
| Property, plant and equipment                 | 5                | 5                |
| Inventories                                   | 4                | 4                |
| Trade and other payables                      | (1)              | (1)              |
| <b>Fair value of net assets acquired</b>      |                  | 72               |
| Goodwill                                      |                  | 43               |
| <b>Total consideration</b>                    |                  | 115              |
| <b>Satisfied by</b>                           |                  |                  |
| Cash consideration paid                       |                  | 90               |
| Deferred and contingent consideration payable |                  | 25               |
| <b>Total consideration</b>                    |                  | 115              |



## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 10 Acquisition, sale and closure of businesses (continued)

In addition to the acquisition set out above, the Group also completed a number of other acquisitions during the year. A summary of all acquisitions completed during the year is presented in aggregate below:

|   | 2023             |                  | 2022             |                  |
|---|------------------|------------------|------------------|------------------|
|   | Book value<br>£m | Fair value<br>£m | Book value<br>£m | Fair value<br>£m |
| <b>Net assets acquired</b>  |                  |                  |                  |                  |
| Other intangible assets   | 5                | 221              | 17               | 140              |
| Right-of-use assets   | –                | –                | 7                | 7                |
| Property, plant and equipment   | 23               | 23               | 7                | 7                |
| Trade and other receivables   | 15               | 15               | 36               | 36               |
| Inventories   | 11               | 11               | 6                | 6                |
| Cash and cash equivalents   | 11               | 11               | –                | –                |
| Lease liabilities   | –                | –                | (7)              | (7)              |
| Provisions  | –                | –                | (2)              | (2)              |
| Current tax liabilities   | (2)              | (2)              | –                | –                |
| Deferred tax liabilities  | (1)              | (19)             | (6)              | (6)              |
| Trade and other payables  | (16)             | (16)             | (36)             | (36)             |
| <b>Fair value of net assets acquired</b>  |                  | <b>244</b>       |                  | <b>145</b>       |
| Less: Step acquisitions   |                  | (24)             |                  | –                |
| Less: Non-controlling interests   |                  | (2)              |                  | (8)              |
| Goodwill  |                  | 184              |                  | 122              |
| <b>Total consideration</b>  |                  | <b>402</b>       |                  | <b>259</b>       |
| <b>Satisfied by</b>   |                  |                  |                  |                  |
| Cash consideration paid   |                  | 289              |                  | 193              |
| Contingent consideration payable  |                  | 100              |                  | 66               |
| Deferred consideration payable  |                  | 13               |                  | –                |
| <b>Total consideration</b>  |                  | <b>402</b>       |                  | <b>259</b>       |
| <b>Cash flow</b>  |                  |                  |                  |                  |
| Cash consideration paid   |                  | 289              |                  | 193              |
| Less: Cash and cash equivalents acquired  |                  | (11)             |                  | –                |
| Acquisition transaction costs <sup>1</sup>  |                  | 17               |                  | 10               |
| <b>Net cash outflow arising on acquisition</b>  |                  | <b>295</b>       |                  | <b>203</b>       |
| Deferred and contingent consideration and other payments relating to businesses acquired in previous years <sup>2</sup> |                  | 41               |                  | 70               |
| <b>Total cash outflow from purchase of subsidiary companies</b>   |                  | <b>336</b>       |                  | <b>273</b>       |
| <b>Consolidated cash flow statement</b>   |                  |                  |                  |                  |
| Net cash flow from operating activities <sup>1</sup>  |                  | 17               |                  | 10               |
| Net cash flow from investing activities   |                  | 319              |                  | 263              |
| <b>Total cash outflow from purchase of subsidiary companies</b>   |                  | <b>336</b>       |                  | <b>273</b>       |

1. Acquisition transaction costs are included in net cash flow from operating activities.

2. 2022 includes contingent consideration paid in respect of the acquisition of Fazer Food Services in January 2020.

Contingent consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

The fair value adjustments made in respect of acquisitions in the year to 30 September 2023 are provisional and will be finalised within 12 months of the acquisition date, principally in relation to the valuation of contracts acquired.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 10 Acquisition, sale and closure of businesses (continued)

The goodwill arising on the acquisition of the businesses represents the premium the Group has paid to acquire companies which complement its existing businesses and create significant opportunities for cross-selling and other synergies. The goodwill arising is not expected to be deductible for tax purposes.

The acquisitions did not have a material impact on the Group's revenue or profit for the year.

#### Sale and closure of businesses

The Group has recognised a net gain of £20m on the sale and closure of businesses (2022: net loss of £7m), including exit costs of £11m (2022: £7m). Activity in the year includes the exit from seven tail countries, together with the sale of businesses in the US and UK, and a further 28% shareholding in Highways Royal Co., Limited (Japanese Highways).

A summary of business disposals completed during the year is presented in aggregate below:

|  | 2023<br>£m | 2022<br>£m |
|--|------------|------------|
| <b>Net assets disposed</b>   |            |            |
| Goodwill   | 27         | 5          |
| Other intangible assets  | 17         | 1          |
| Right-of-use assets  | 8          | –          |
| Property, plant and equipment  | 18         | 1          |
| Deferred tax assets  | 1          | 1          |
| Trade and other receivables  | 27         | 2          |
| Inventories  | 9          | –          |
| Cash and cash equivalents  | 29         | 1          |
| Assets held for sale   | 26         | 16         |
| Lease liabilities  | (9)        | (1)        |
| Provisions   | (2)        | (2)        |
| Trade and other payables   | (41)       | (5)        |
| Post-employment benefit liabilities  | –          | (2)        |
| <b>Net assets disposed</b>   | <b>110</b> | <b>17</b>  |
| <b>Consolidated income statement</b>   |            |            |
| Cash consideration   | 83         | 24         |
| Deferred consideration <sup>1</sup>  | 57         | –          |
| Less: Net assets disposed  | (110)      | (17)       |
| Less: Exit costs   | (11)       | (7)        |
| Add/(less): Reclassification of cumulative currency translation differences on sale of businesses <sup>2</sup> | 1          | (7)        |
| <b>Net gain/(loss) on sale and closure of businesses</b>   | <b>20</b>  | <b>(7)</b> |
| <b>Consolidated cash flow statement</b>  |            |            |
| Cash consideration   | 83         | 24         |
| Exit costs   | (7)        | (3)        |
| Cash and cash equivalents disposed   | (29)       | (1)        |
| Tax receipts in respect of prior year business disposals   | –          | 15         |
| <b>Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs</b>         | <b>47</b>  | <b>35</b>  |

1. Includes £56m translated at the exchange rate on the date of disposal in respect of the sale of four businesses in Central and Eastern Europe receivable over four years from the date of disposal in October 2022.

2. 2023 comprises the reclassification of cumulative currency translation gains of £4m, partly offset by cumulative currency translation losses on net investment hedges of £3m.

#### Assets held for sale

The Group's balance sheet includes interests in joint ventures and associates held for sale of £4m (2022: £26m) which represent the final 5% shareholding in Japanese Highways which it has agreed to sell. The non-recurring fair value measurement of the business held for sale is categorised as a Level 3 fair value and is based on the agreed sale price.

## Compass Group PLC

### Consolidated Financial Statements

---

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 11 Contingent liabilities

##### Litigation and claims

The Group is involved in various legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

The Group is currently subject to audits and reviews in a number of countries that primarily relate to complex corporate tax issues. None of these audits is currently expected to have a material impact on the Group's financial position.

We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations.

The federal tax authorities in Brazil have issued notices of deficiency in respect of 2014 and 2017 relating primarily to the PIS/COFINS treatment of certain food costs which we have formally objected to and which are now proceeding through the appeals process. At 30 September 2023, the total amount assessed in respect of these matters is £72m, including interest and penalties. The possibility of further notices of deficiency for subsequent years cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisers, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded.

In addition, there are a number of other ongoing tax cases in Brazil. None of these cases is individually significant and, therefore, we do not currently expect any of these issues to have a material impact on the Group's financial position.

##### Food safety

In the ordinary course of business, food safety incidents are identified from time to time and our businesses' operations receive external reviews of their food hygiene and safety practices, both on a periodic basis and in connection with identified incidents. At any point, a number of reviews will be ongoing. Although it is not possible to predict the outcome or quantify the financial effect of the outcome of these reviews, or any claim against Group companies related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these ongoing reviews are not expected to have a material effect on the financial position of the Group. The timing of the outcome of these reviews is generally uncertain.

#### 12 Related party transactions

The following transactions were carried out with related parties of Compass Group PLC:

##### Subsidiaries

Transactions between the ultimate parent company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

##### Joint ventures

There were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the year.

##### Associates

There were no significant transactions with associated undertakings during the year.

##### Key management personnel

The remuneration of directors and key management personnel is set out in note 4 to the consolidated financial statements in the 2023 Annual Report. During the year, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

##### Post-employment benefit schemes

Details of the Group's post-employment benefit schemes are set out in note 24 to the consolidated financial statements in the 2023 Annual Report.

## Compass Group PLC

### Consolidated Financial Statements

---

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 13 Post-balance sheet events

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars.

On 2 October 2023, the Group sold its business in Argentina. The net assets of the business at 30 September 2023 were not material. The disposal will be recognised in 2024 and include a £44m charge in respect of cumulative currency translation differences.

On 2 November 2023, the Group entered into an agreement to acquire Hofmann Menü-Manufaktur GmbH, a German producer of high-quality cook and freeze meals, subject to regulatory approval which we expect to receive during the first half of the 2024 financial year.

In the period from 1 October to 14 November 2023, 6,357,210 shares were repurchased for a total price, including transaction costs, of £131m under the share buyback announced in May 2023. In November 2023, we announced a further share buyback of up to \$500m (£410m), to complete in 2024 subject to M&A activity.

On 20 November 2023, a final dividend in respect of 2023 of 28.1p per share, £482m in aggregate, was proposed.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures

##### Introduction

The Executive Committee manages and assesses the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not defined by International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with APMs used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year-on-year comparison. The Group's APMs, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Accordingly, the relevant statutory measures are also presented where appropriate. Certain of the Group's APMs are financial Key Performance Indicators (KPIs) which measure progress against our strategy.

In determining the adjustments to arrive at underlying results, we use a set of established principles relating to the nature and materiality of individual items or groups of items, including, for example, events which: (i) are outside the normal course of business; (ii) are incurred in a pattern that is unrelated to the trends in the underlying financial performance of our ongoing business; or (iii) are related to business acquisitions or disposals as they are not part of the Group's ongoing trading business and the associated cost impact arises from the transaction rather than from the continuing business.

##### Definitions

| Measure  | Definition  | Purpose   |
|--|---|---|
| <b>Income statement</b>                        |   |   |
| <b>Underlying revenue</b>                      | Revenue plus share of revenue of joint ventures.  | Allows management to monitor the sales performance of the Group's subsidiaries and joint ventures.  |
| <b>Underlying operating profit</b>             | Operating profit excluding specific adjusting items <sup>2</sup> .  | Provides a measure of operating profitability that is comparable over time.   |
| <b>Underlying operating margin<sup>1</sup></b> | Underlying operating profit divided by underlying revenue.  | An important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.  |
| <b>Organic revenue<sup>1</sup></b>             | Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates.<br><br>Where applicable, a 53rd week is excluded from the current or prior year.                   | Embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing businesses and maintain appropriate pricing levels in light of input cost inflation. |
| <b>Organic operating profit</b>                | Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates.<br><br>Where applicable, a 53rd week is excluded from the current or prior year. | Provides a measure of operating profitability that is comparable over time.   |
| <b>Underlying finance costs</b>                | Finance costs excluding specific adjusting items <sup>2</sup> .   | Provides a measure of the Group's cost of financing excluding items outside of the control of management.   |
| <b>Underlying profit before tax</b>            | Profit before tax excluding specific adjusting items <sup>2</sup> .   | Provides a measure of Group profitability that is comparable over time.   |
| <b>Underlying income tax expense</b>           | Income tax expense excluding tax attributable to specific adjusting items <sup>2</sup> .  | Provides a measure of income tax expense that is comparable over time.  |
| <b>Underlying effective tax rate</b>           | Underlying income tax expense divided by underlying profit before tax.  | Provides a measure of the effective tax rate that is comparable over time.  |

1. Key Performance Indicator.

2. See page 52 for definitions of the specific adjusting items and a reconciliation from the statutory to the underlying income statement.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Definitions (continued)

| Measure  | Definition  | Purpose   |
|--|---|---|
| <b>Income statement (continued)</b>  |   |   |
| <b>Underlying profit for the year</b>  | Profit for the year excluding specific adjusting items <sup>2</sup> and tax attributable to those items.  | Provides a measure of Group profitability that is comparable over time.   |
| <b>Underlying profit attributable to equity shareholders (underlying earnings)</b> | Profit for the year attributable to equity shareholders excluding specific adjusting items <sup>2</sup> and tax attributable to those items.  | Provides a measure of Group profitability that is comparable over time.   |
| <b>Underlying earnings per share<sup>1</sup></b>                                   | Earnings per share excluding specific adjusting items <sup>2</sup> and tax attributable to those items.   | Measures the performance of the Group in delivering value to shareholders.  |
| <b>Net operating profit after tax (NOPAT)</b>                                      | Underlying operating profit excluding the operating profit of non-controlling interests, net of tax at the underlying effective tax rate.   | Provides a measure of Group operating profitability that is comparable over time.   |
| <b>Underlying EBITDA</b>   | Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract-related assets.   | Provides a measure of Group operating profitability that is comparable over time.   |
| <b>Balance sheet</b>   |   |   |
| <b>Net debt</b>  | Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.   | Allows management to monitor the indebtedness of the Group.   |
| <b>Net debt to EBITDA</b>  | Net debt divided by underlying EBITDA.  | Provides a measure of the Group's ability to finance and repay its debt from its operations.  |
| <b>Capital employed</b>  | Total equity shareholders' funds, excluding: net debt; post-employment benefit assets and obligations; and investments held to meet the cost of unfunded post-employment benefit obligations.   | Provides a measure of the Group's efficiency in allocating its capital to profitable investments.   |
| <b>Return on Capital Employed (ROCE)<sup>1</sup></b>                               | NOPAT divided by 12-month average capital employed.   | ROCE demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or bolt-on acquisitions.            |
| <b>Cash flow</b>   |   |   |
| <b>Capital expenditure</b>   | Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.   | Provides a measure of expenditure on long-term intangible, tangible and contract-related assets, net of the proceeds from disposal of intangible, tangible and contract-related assets. |
| <b>Underlying operating cash flow</b>  | Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, repayment of principal under lease liabilities and share of results of joint ventures and associates, and excluding interest and net tax paid, post-employment benefit obligations net of service costs, cash payments related to the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, and acquisition transaction costs. | Provides a measure of the success of the Group in turning profit into cash that is comparable over time.  |

1. Key Performance Indicator.

2. See page 52 for definitions of the specific adjusting items and a reconciliation from the statutory to the underlying income statement.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Definitions (continued)

| Measure  | Definition   | Purpose  |
|--|--|--|
| <b>Cash flow (continued)</b>                     |  |  |
| <b>Underlying operating cash flow conversion</b> | Underlying operating cash flow divided by underlying operating profit.   | Provides a measure of the success of the Group in turning profit into cash that is comparable over time. |
| <b>Free cash flow</b>                            | Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests. | Provides a measure of the success of the Group in turning profit into cash that is comparable over time. |
| <b>Underlying free cash flow<sup>1</sup></b>     | Free cash flow excluding cash payments related to the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, and acquisition transaction costs.   | Provides a measure of the success of the Group in turning profit into cash that is comparable over time. |
| <b>Underlying free cash flow conversion</b>      | Underlying free cash flow divided by underlying operating profit.  | Provides a measure of the success of the Group in turning profit into cash that is comparable over time. |
| <b>Underlying cash tax rate</b>                  | Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.  | Provides a measure of the cash tax rate that is comparable over time.                                    |
| <b>Business growth</b>                           |  |  |
| <b>New business</b>                              | Current year underlying revenue for the period in which no revenue had been recognised in the prior year.  | The measure of incremental revenue in the current year from new business.                                |
| <b>Lost business</b>                             | Prior year underlying revenue for the period in which no revenue has been recognised in the current year.  | The measure of lost revenue in the current year from ceased business.                                    |
| <b>Net new business</b>                          | New business minus lost business as a percentage of prior year organic revenue.  | The measure of net incremental revenue in the current year from business wins and losses.                |
| <b>Retention</b>                                 | 100% minus lost business as a percentage of prior year organic revenue.  | The measure of our success in retaining business.  |

1. Key Performance Indicator.



## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Reconciliations

###### Income statement

Underlying revenue and operating profit are reconciled to GAAP measures in note 2 (segmental analysis).

|  | Geographical segments |              |                     | Central activities<br>£m | Total<br>£m   |
|--|-----------------------|--------------|---------------------|--------------------------|---------------|
|  | North America<br>£m   | Europe<br>£m | Rest of World<br>£m |                          |               |
| <b>Organic revenue</b>   |                       |              |                     |                          |               |
| <b>Year ended 30 September 2023</b>                            |                       |              |                     |                          |               |
| Underlying revenue   | 21,092                | 7,038        | 3,151               | –                        | 31,281        |
| Organic adjustments  | (127)                 | (134)        | (37)                | –                        | (298)         |
| <b>Organic revenue</b>   | <b>20,965</b>         | <b>6,904</b> | <b>3,114</b>        | <b>–</b>                 | <b>30,983</b> |
| <b>Year ended 30 September 2022</b>                            |                       |              |                     |                          |               |
| Underlying revenue   | 17,139                | 5,935        | 2,697               | –                        | 25,771        |
| Currency adjustments   | 753                   | (23)         | (95)                | –                        | 635           |
| Underlying revenue – constant currency                         | 17,892                | 5,912        | 2,602               | –                        | 26,406        |
| Organic adjustments  | (41)                  | (233)        | (45)                | –                        | (319)         |
| Organic revenue  | 17,851                | 5,679        | 2,557               | –                        | 26,087        |
| <b>Increase in underlying revenue at reported rates – %</b>    | <b>23.1%</b>          | <b>18.6%</b> | <b>16.8%</b>        |                          | <b>21.4%</b>  |
| <b>Increase in underlying revenue at constant currency – %</b> | <b>17.9%</b>          | <b>19.0%</b> | <b>21.1%</b>        |                          | <b>18.5%</b>  |
| <b>Increase in organic revenue – %</b>                         | <b>17.4%</b>          | <b>21.6%</b> | <b>21.8%</b>        |                          | <b>18.8%</b>  |

|   | Geographical segments |              |                     | Central activities<br>£m | Total<br>£m  |
|---|-----------------------|--------------|---------------------|--------------------------|--------------|
|   | North America<br>£m   | Europe<br>£m | Rest of World<br>£m |                          |              |
| <b>Organic operating profit</b>   |                       |              |                     |                          |              |
| <b>Year ended 30 September 2023</b>                                     |                       |              |                     |                          |              |
| Underlying operating profit/(loss)                                      | 1,653                 | 392          | 175                 | (98)                     | 2,122        |
| Underlying operating margin – %   | 7.8%                  | 5.6%         | 5.6%                |                          | 6.8%         |
| Organic adjustments   | (10)                  | (9)          | (6)                 | –                        | (25)         |
| <b>Organic operating profit/(loss)</b>                                  | <b>1,643</b>          | <b>383</b>   | <b>169</b>          | <b>(98)</b>              | <b>2,097</b> |
| <b>Year ended 30 September 2022</b>                                     |                       |              |                     |                          |              |
| Underlying operating profit/(loss)                                      | 1,236                 | 299          | 141                 | (86)                     | 1,590        |
| Underlying operating margin – %   | 7.2%                  | 5.0%         | 5.2%                |                          | 6.2%         |
| Currency adjustments  | 55                    | (1)          | (7)                 | –                        | 47           |
| Underlying operating profit/(loss) – constant currency                  | 1,291                 | 298          | 134                 | (86)                     | 1,637        |
| Organic adjustments   | (7)                   | (7)          | (8)                 | –                        | (22)         |
| Organic operating profit/(loss)   | 1,284                 | 291          | 126                 | (86)                     | 1,615        |
| <b>Increase in underlying operating profit at reported rates – %</b>    | <b>33.7%</b>          | <b>31.1%</b> | <b>24.1%</b>        |                          | <b>33.5%</b> |
| <b>Increase in underlying operating profit at constant currency – %</b> | <b>28.0%</b>          | <b>31.5%</b> | <b>30.6%</b>        |                          | <b>29.6%</b> |
| <b>Increase in organic operating profit – %</b>                         | <b>28.0%</b>          | <b>31.6%</b> | <b>34.1%</b>        |                          | <b>29.8%</b> |

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Reconciliations (continued)

| Underlying income statement                       | 2023<br>Statutory<br>£m | Specific adjusting items |          |          |          |           |           | 2023<br>Underlying<br>£m |
|---|-------------------------|--------------------------|----------|----------|----------|-----------|-----------|--------------------------|
|   |                         | 1                        | 2        | 3        | 4        | 5         | 6         |                          |
| Operating profit                                  | 1,891                   | 125                      | –        | 7        | –        | 99        | –         | 2,122                    |
| Net gain on sale and closure of businesses        | 20                      | –                        | –        | –        | –        | (20)      | –         | –                        |
| Finance costs                                     | (164)                   | –                        | –        | –        | –        | –         | 28        | (136)                    |
| <b>Profit before tax</b>                          | <b>1,747</b>            | <b>125</b>               | <b>–</b> | <b>7</b> | <b>–</b> | <b>79</b> | <b>28</b> | <b>1,986</b>             |
| Income tax expense                                | (429)                   | (26)                     | –        | (1)      | –        | (18)      | (7)       | (481)                    |
| <b>Profit for the year</b>                        | <b>1,318</b>            | <b>99</b>                | <b>–</b> | <b>6</b> | <b>–</b> | <b>61</b> | <b>21</b> | <b>1,505</b>             |
| Less: Non-controlling interests                   | (4)                     | –                        | –        | –        | –        | –         | –         | (4)                      |
| <b>Profit attributable to equity shareholders</b> | <b>1,314</b>            | <b>99</b>                | <b>–</b> | <b>6</b> | <b>–</b> | <b>61</b> | <b>21</b> | <b>1,501</b>             |
| Earnings per share (p)                            | 75.4p                   | 5.7p                     | –        | 0.3p     | –        | 3.5p      | 1.2p      | 86.1p                    |
| Effective tax rate (%)                            | 24.6%                   |                          |          |          |          |           |           | 24.2%                    |

| Underlying income statement                                    | 2022<br>Statutory<br>£m | Specific adjusting items |        |   |     |      |        | 2022<br>Underlying<br>£m |
|--|-------------------------|--------------------------|--------|---|-----|------|--------|--------------------------|
|  |                         | 1                        | 2      | 3 | 4   | 5    | 6      |                          |
| Operating profit   | 1,500                   | 92                       | (4)    | – | 2   | –    | –      | 1,590                    |
| Net loss on sale and closure of businesses                     | (7)                     | –                        | –      | – | –   | 7    | –      | –                        |
| Finance costs  | (24)                    | –                        | –      | – | –   | –    | (76)   | (100)                    |
| Profit before tax  | 1,469                   | 92                       | (4)    | – | 2   | 7    | (76)   | 1,490                    |
| Income tax expense   | (352)                   | (25)                     | (1)    | – | (2) | (3)  | 18     | (365)                    |
| Profit for the year  | 1,117                   | 67                       | (5)    | – | –   | 4    | (58)   | 1,125                    |
| Less: Non-controlling interests                                | (4)                     | –                        | –      | – | –   | –    | –      | (4)                      |
| Profit attributable to equity shareholders                     | 1,113                   | 67                       | (5)    | – | –   | 4    | (58)   | 1,121                    |
| Currency adjustments   |                         |                          |        |   |     |      |        | 35                       |
| Profit attributable to equity shareholders – constant currency |                         |                          |        |   |     |      |        | 1,156                    |
| Earnings per share (p)   | 62.6p                   | 3.8p                     | (0.3)p | – | –   | 0.2p | (3.3)p | 63.0p                    |
| Earnings per share – constant currency (p)                     |                         |                          |        |   |     |      |        | 65.0p                    |
| Effective tax rate (%)   | 24.0%                   |                          |        |   |     |      |        | 24.5%                    |

Specific adjusting items are as follows:

##### 1. Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity (see note 3).

##### 2. COVID-19 resizing credit

Reversal of surplus provisions recognised in previous years related to cost actions taken to adjust our business to the trading environment in light of the COVID-19 pandemic.

##### 3. One-off pension charge

Mainly represents a past service cost following a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023.

##### 4. Tax on share of profit of joint ventures

Reclassification of tax on share of profit of joint ventures to income tax expense.

##### 5. Gains and losses on sale and closure of businesses and charges related to the strategic portfolio review

Profits and losses on the sale of subsidiaries, joint ventures and associates, exit costs on closure of businesses (see note 10) and charges in respect of an ongoing strategic review of the Group's portfolio of non-core activities which, during 2023, relate to site closures and contract renegotiations and terminations in the UK.

##### 6. Other financing items

Financing items, including hedge accounting ineffectiveness, change in the fair value of derivatives held for economic hedging purposes, change in the fair value of investments and financing items relating to post-employment benefits.

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Reconciliations (continued)

|  | 2023<br>£m   | 2022<br>£m   |
|--|--------------|--------------|
| <b>Net operating profit after tax (NOPAT)</b>            |              |              |
| <b>Underlying operating profit</b>                       | <b>2,122</b> | <b>1,590</b> |
| <i>Deduct:</i>   |              |              |
| Tax on underlying operating profit at effective tax rate | (513)        | (390)        |
| Operating profit of non-controlling interests net of tax | (4)          | (4)          |
| <b>NOPAT</b>   | <b>1,605</b> | <b>1,196</b> |

|   | 2023<br>£m   | 2022<br>£m   |
|---|--------------|--------------|
| <b>Underlying EBITDA</b>  |              |              |
| <b>Underlying operating profit</b>  | <b>2,122</b> | <b>1,590</b> |
| <i>Add back/(deduct):</i>   |              |              |
| Depreciation of property, plant and equipment and right-of-use assets                                     | 439          | 416          |
| Amortisation of other intangible assets, contract fulfilment assets and contract prepayments <sup>1</sup> | 395          | 354          |
| Impairment losses – non-current assets <sup>2</sup>   | 10           | 15           |
| Impairment reversals – non-current assets   | (2)          | (4)          |
| <b>Underlying EBITDA</b>  | <b>2,964</b> | <b>2,371</b> |

1. Excludes amortisation of acquisition intangibles.

2. In 2023, excludes impairment losses of £50m included in charges related to the strategic portfolio review.

##### Balance sheet

|                                  | 2023<br>£m     | 2022<br>£m     |
|----------------------------------|----------------|----------------|
| <b>Components of net debt</b>    |                |                |
| Borrowings                       | (3,370)        | (3,964)        |
| Lease liabilities                | (945)          | (913)          |
| Derivative financial instruments | (181)          | (96)           |
| <b>Gross debt</b>                | <b>(4,496)</b> | <b>(4,973)</b> |
| Cash and cash equivalents        | 843            | 1,983          |
| <b>Net debt</b>                  | <b>(3,653)</b> | <b>(2,990)</b> |

|  | 2023<br>£m     | 2022<br>£m     |
|--|----------------|----------------|
| <b>Net debt reconciliation</b>                                   |                |                |
| Net (decrease)/increase in cash and cash equivalents             | (1,024)        | 29             |
| <i>(Deduct)/add back:</i>  |                |                |
| Increase in borrowings   | (1)            | (677)          |
| Repayment of borrowings  | 438            | 297            |
| Net cash flow from derivative financial instruments              | (127)          | 67             |
| Repayment of principal under lease liabilities                   | 176            | 152            |
| <b>Increase in net debt from cash flows</b>                      | <b>(538)</b>   | <b>(132)</b>   |
| New lease liabilities and amendments                             | (264)          | (139)          |
| Amortisation of fees and discounts on issue of debt              | (4)            | (3)            |
| Fees and discounts accrued on issue of debt                      | –              | 1              |
| Changes in fair value of borrowings in a fair value hedge        | (26)           | 320            |
| Lease liabilities acquired through business acquisitions         | –              | (7)            |
| Lease liabilities derecognised on sale and closure of businesses | 9              | 1              |
| COVID-19 rent concessions  | –              | 2              |
| Reclassification   | –              | 7              |
| Changes in fair value of derivative financial instruments        | (8)            | (251)          |
| Currency translation gains/(losses)                              | 168            | (251)          |
| <b>Increase in net debt</b>                                      | <b>(663)</b>   | <b>(452)</b>   |
| Net debt at 1 October  | (2,990)        | (2,538)        |
| <b>Net debt at 30 September</b>                                  | <b>(3,653)</b> | <b>(2,990)</b> |

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Reconciliations (continued)

|                                   | 2023<br>£m | 2022<br>£m |
|-----------------------------------|------------|------------|
| <b>Net debt to EBITDA</b>         |            |            |
| Net debt                          | 3,653      | 2,990      |
| Underlying EBITDA                 | 2,964      | 2,371      |
| <b>Net debt to EBITDA (times)</b> | 1.2        | 1.3        |

|  | 2023<br>£m | 2022<br>£m |
|--|------------|------------|
| <b>Return on capital employed (ROCE)</b> |            |            |
| NOPAT                                    | 1,605      | 1,196      |
| Average capital employed                 | 8,215      | 7,567      |
| <b>ROCE (%)</b>                          | 19.5%      | 15.8%      |

##### Cash flow

|  | 2023<br>£m | 2022<br>£m |
|--|------------|------------|
| <b>Capital expenditure</b>   |            |            |
| Purchase of intangible assets  | 215        | 177        |
| Purchase of contract fulfilment assets   | 311        | 218        |
| Purchase of property, plant and equipment  | 365        | 282        |
| Investment in contract prepayments   | 72         | 64         |
| Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets | (64)       | (37)       |
| <b>Capital expenditure</b>   | 899        | 704        |

|  | 2023<br>£m | 2022<br>£m |
|--|------------|------------|
| <b>Underlying operating cash flow</b>  |            |            |
| <b>Net cash flow from operating activities</b>   | 2,076      | 1,596      |
| Purchase of intangible assets  | (215)      | (177)      |
| Purchase of contract fulfilment assets   | (311)      | (218)      |
| Purchase of property, plant and equipment  | (365)      | (282)      |
| Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets | 64         | 37         |
| Repayment of principal under lease liabilities   | (176)      | (152)      |
| Share of results of joint ventures and associates  | 56         | 45         |
| <i>Add back:</i>   |            |            |
| Interest paid  | 170        | 96         |
| Net tax paid   | 441        | 332        |
| Post-employment benefit obligations net of service costs <sup>1</sup>                            | 10         | 7          |
| Cash payments related to the cost action programme and COVID-19 resizing costs                   | 29         | 57         |
| Cash payments related to the strategic portfolio review  | 20         | –          |
| Cash payments related to the one-off pension charge  | 9          | –          |
| Acquisition transaction costs  | 17         | 10         |
| <b>Underlying operating cash flow</b>  | 1,825      | 1,351      |

1. 2023 excludes £8m of cash payments related to the one-off pension charge.

|  | 2023<br>£m | 2022<br>£m |
|--|------------|------------|
| <b>Underlying operating cash flow conversion</b>     |            |            |
| Underlying operating cash flow                       | 1,825      | 1,351      |
| Underlying operating profit                          | 2,122      | 1,590      |
| <b>Underlying operating cash flow conversion (%)</b> | 86.0%      | 85.0%      |

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 14 Non-GAAP measures (continued)

##### Reconciliations (continued)

| <b>Free cash flow</b>  | <b>2023</b>  | <b>2022</b> |
|--|--------------|-------------|
|  | <b>£m</b>    | <b>£m</b>   |
| <b>Net cash flow from operating activities</b>   | <b>2,076</b> | 1,596       |
| Purchase of intangible assets  | (215)        | (177)       |
| Purchase of contract fulfilment assets   | (311)        | (218)       |
| Purchase of property, plant and equipment  | (365)        | (282)       |
| Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets | 64           | 37          |
| Purchase of other investments  | (3)          | (42)        |
| Proceeds from sale of other investments  | 3            | 3           |
| Dividends received from joint ventures and associates  | 49           | 51          |
| Interest received  | 50           | 10          |
| Repayment of principal under lease liabilities   | (176)        | (152)       |
| Dividends paid to non-controlling interests  | (6)          | (3)         |
| <b>Free cash flow</b>  | <b>1,166</b> | 823         |

| <b>Underlying free cash flow</b>   | <b>2023</b>  | <b>2022</b> |
|--|--------------|-------------|
|  | <b>£m</b>    | <b>£m</b>   |
| <b>Free cash flow</b>  | <b>1,166</b> | 823         |
| <i>Add back:</i>   |              |             |
| Cash payments related to the cost action programme and COVID-19 resizing costs | 29           | 57          |
| Cash payments related to the strategic portfolio review                        | 20           | –           |
| Cash payments related to the one-off pension charge                            | 9            | –           |
| Acquisition transaction costs  | 17           | 10          |
| <b>Underlying free cash flow</b>   | <b>1,241</b> | 890         |

| <b>Underlying free cash flow conversion</b>     | <b>2023</b>  | <b>2022</b> |
|---|--------------|-------------|
|   | <b>£m</b>    | <b>£m</b>   |
| Underlying free cash flow                       | 1,241        | 890         |
| Underlying operating profit                     | 2,122        | 1,590       |
| <b>Underlying free cash flow conversion (%)</b> | <b>58.5%</b> | 56.0%       |

| <b>Underlying cash tax rate</b>     | <b>2023</b>  | <b>2022</b> |
|-------------------------------------|--------------|-------------|
|                                     | <b>£m</b>    | <b>£m</b>   |
| Tax received                        | 25           | 31          |
| Tax paid                            | (466)        | (363)       |
| <b>Net tax paid</b>                 | <b>(441)</b> | (332)       |
| Underlying profit before tax        | 1,986        | 1,490       |
| <b>Underlying cash tax rate (%)</b> | <b>22.2%</b> | 22.3%       |

##### *Business growth*

| <b>Net new business</b>         | <b>2023</b> | <b>2022</b> |
|---------------------------------|-------------|-------------|
|                                 | <b>£m</b>   | <b>£m</b>   |
| New business less lost business | 1,205       | 1,398       |
| Prior year organic revenue      | 26,087      | 18,617      |
| <b>Net new business (%)</b>     | <b>4.6%</b> | 7.5%        |

## Compass Group PLC

### Consolidated Financial Statements

#### Notes to the consolidated financial statements

For the year ended 30 September 2023

#### 15 Exchange rates

Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

|  | 2023          | 2022   |
|--|---------------|--------|
| <b>Average exchange rate for the year</b>    |               |        |
| Australian dollar                            | <b>1.84</b>   | 1.80   |
| Brazilian real                               | <b>6.22</b>   | 6.72   |
| Canadian dollar                              | <b>1.65</b>   | 1.64   |
| Euro   | <b>1.15</b>   | 1.18   |
| Japanese yen                                 | <b>171.13</b> | 158.27 |
| Turkish lira                                 | <b>26.28</b>  | 18.45  |
| UAE dirham                                   | <b>4.49</b>   | 4.70   |
| US dollar                                    | <b>1.22</b>   | 1.28   |
| <b>Closing exchange rate at 30 September</b> |               |        |
| Australian dollar                            | <b>1.89</b>   | 1.74   |
| Brazilian real                               | <b>6.11</b>   | 6.04   |
| Canadian dollar                              | <b>1.65</b>   | 1.53   |
| Euro   | <b>1.15</b>   | 1.14   |
| Japanese yen                                 | <b>182.14</b> | 161.58 |
| Turkish lira                                 | <b>33.46</b>  | 20.69  |
| UAE dirham                                   | <b>4.48</b>   | 4.10   |
| US dollar                                    | <b>1.22</b>   | 1.12   |

### Forward-looking statements

Certain information included in this Announcement is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, the direct and indirect future impacts and implications of: public health crises such as the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects; risks associated with changes in environmental scenarios and related regulations including (without limitation) the evolution and development of the global transition to a low carbon economy (including increasing societal and investor expectations); disruptions and inefficiencies in supply chains (such as resulting from the wars in Ukraine and the Middle East); future domestic and global political, economic and business conditions (such as inflation or the UK's exit from the EU); projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans and expected expenditures and divestments; risks associated with changes in economic conditions, levels of economic growth and the strength of the food and support services markets in the jurisdictions in which the Group operates; fluctuations in food and other product costs and labour costs; prices and changes in exchange and interest rates; and the impacts of technological advancements. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements in this Announcement are not guarantees of future performance. All forward-looking statements in this Announcement are based upon information known to the Company on the date of this Announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements when making their investment decisions. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation or warranty that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this Announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.