May 17, 2023

ELIOR GROUP SA

Interim Financial Report

October 1, 2022 to March 31, 2023

The English-language version of this document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation.

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Elior Group SA
Société anonyme
Share capital: €1,727,135.07
Registered in Nanterre under no. 408 168 003
Registered office: 9-11 allée de l'Arche – 92032 Paris La Défense, France

1 SIGNIFICANT EVENTS

Six months ended March 31, 2023

- **Waiver granted by the Group's banks**

On December 16, 2022, Elior Group's banks agreed to ease the leverage ratio test scheduled for September 30, 2023 for the SFA and the government-backed loan (by applying a ratio of 6.0x instead of 4.5x.).
Consequently, the testing levels of the leverage ratio (net debt/adjusted EBITDA) are the following:

- March 31, 2023: 7.5x
- September 30, 2023: 6.0x
- March 31, 2024 and thereafter: 4.5x.

- **Signature of a Memorandum of Understanding for the acquisition of Derichebourg Multiservices**

On December 19, 2022, Elior Group's Board of Directors authorized the signature of a Memorandum of Understanding ("MoU") with Derichebourg Group ("Derichebourg"), pursuant to which Elior Group would acquire Derichebourg Multiservices ("DMS") in exchange for new Elior Group shares issued to Derichebourg SA. This transaction, which will accelerate Elior Group's turnaround, is the result of a comprehensive review of strategic options, launched by the Board of Directors in July 2022. The acquisition is being financed through the issuance of new Elior Group's shares to Derichebourg, at a price of €5.65 per share. Following this transaction, Derichebourg SA will own a 48.3% stake in Elior Group.

After the closing of the transaction, Elior Group's Board of Directors will be realigned, and its governance structure renewed and balanced. Elior Group's Board will be composed of 12 members, including five appointed upon proposal by Derichebourg, five independent members and two employee representatives. The selection process for independent directors will be under the responsibility of the Nominations and Compensation Committee, which will include more than 50% independent directors, including its chairman. The members appointed by Derichebourg will not be able to participate in the selection process. Daniel Derichebourg will be nominated as Chairman and CEO of Elior Group for a period of four years, and will resign from all his operational positions at Derichebourg SA, to fully focus on Elior Group's development. Following the transaction, Elior Group's internal rules will be amended to include a reinforced majority (requiring a majority of 8 out of 12 directors and including the vote of at least two independent directors) for strategically important decisions. For a period of four years, upon completion of the proposed transaction, Derichebourg may not cast more than 30% of the votes on resolutions at any shareholders' meeting regarding (i) the appointment, renewal and removal of independent members of the Board of Directors and (ii) the amendment of this bylaw provision.

The relevant employee representatives within the Group have been informed and consulted with respect to the transaction, as required by law. As explained in the section entitled "Significant Events after the Reporting Date", the transaction was submitted for approval by (i) the relevant regulatory authorities and (ii) by Elior Group's shareholders at an Extraordinary General Meeting held on April 18, 2023, and was subject to the customary conditions for this type of transaction. In addition, Derichebourg was required to obtain an exemption from the AMF regarding the filing of a public tender offer.

Six months ended March 31, 2022

- **The Covid-19 crisis and inflation**

The fifth wave of the Covid-19 pandemic (caused by the "Omicron" variant), combined with inflationary effects, which have worsened with the war in Ukraine, impacted the performance of the Group's Business & Industry and Education sectors in the first half of fiscal 2021-2022, particularly in France. However, despite these factors, consolidated revenue rose 19.8% year on year to €2,239 million from €1,869 million.

- **Amendment to the "PGE" government-backed loan**

In the first half of 2021-2022, the Group used the option provided by the French State to defer the first payment installment of its "PGE" government-backed loan by one year. Consequently, on March 8, 2022, an amendment to the loan agreement was signed, providing for the first six-monthly installment to be deferred to October 1, 2023 and to amount to 12.5%, compared with the originally scheduled 10% due as from October 1, 2022.

- **Asset impairment**

Following impairment tests carried out due to the identification of impairment indicators, at March 31, 2022 the Group recognized impairment losses of €119 million for goodwill in France and Spain (see Note 15 in section 7 of this report, "Condensed Interim Consolidated Financial Statements") and €62 million for assets other than goodwill in the United States (see Note 12 in section 7 of this report, "Condensed Interim Consolidated Financial Statements").

2 ANALYSIS OF THE GROUP'S BUSINESS AND CONSOLIDATED RESULTS

(in € millions)	Six months ended March 31, 2023 Unaudited	Six months ended March 31, 2022
Revenue	**2,478**	**2,239**
Purchase of raw materials and consumables	(845)	(704)
Personnel costs	(1,255)	(1,184)
Share-based compensation expense	(3)	(2)
Other operating expenses	(223)	(243)
Taxes other than on income	(46)	(42)
Depreciation, amortization and provisions for recurring operating items	(68)	(81)
Net amortization of intangible assets recognized on consolidation	(8)	(9)
Recurring operating profit/(loss) from continuing operations	**30**	**(26)**
Share of profit of equity-accounted investees	-	(1)
Recurring operating profit/(loss) from continuing operations including share of profit of equity-accounted investees	**30**	**(27)**
Non-recurring income and expenses, net	(17)	(181)
Operating profit/(loss) from continuing operations including share of profit of equity-accounted investees	**13**	**(208)**
Net financial expense	(35)	(21)
Profit/(loss) from continuing operations before income tax	**(22)**	**(229)**
Income tax	(3)	(46)
Net profit/(loss) for the period from continuing operations	**(25)**	**(275)**
Net profit/(loss) for the period from discontinued operations	-	-
Net profit/(loss) for the period	**(25)**	**(275)**
Attributable to:		
Owners of the parent	*(23)*	*(266)*
Non-controlling interests	*(2)*	*(9)*
Earnings/(loss) per share (in €)		
Earnings/(loss) per share – continuing operations		
Basic	*(0.14)*	*(1.55)*
Diluted	*(0.14)*	*(1.55)*
Earnings/(loss) per share – discontinued operations		
Basic	-	-
Diluted	-	-
Total earnings/(loss) per share		
Basic	*(0.14)*	*(1.55)*
Diluted	*(0.14)*	*(1.55)*

REVENUE

Calculating organic revenue growth

The Group calculates organic growth between one financial period ("period n") and the comparable preceding period ("period n-1") as revenue growth excluding:

(i) Changes in the scope of consolidation resulting from acquisitions, divestments and transfers of operations held for sale that took place during each of the relevant periods, as follows:

- for acquisitions completed during period n-1, the Group considers as a "change in scope of consolidation" effect the revenue generated by the acquired operations from the beginning of period n until one year after the date on which the acquired operations were included in the scope of consolidation;

- for acquisitions completed during period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the acquired operations from the date on which the acquired operations were included in the scope of consolidation until the end of period n;

- for divestments completed during period n-1, the Group considers as a "change in scope of consolidation" effect the revenue generated by the divested operations during period n-1; and

- for divestments completed during period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the divested operations from the date corresponding to one year before the deconsolidation of the divested operations until the end of period n-1.

However, when the Group compares periods that are not full fiscal years (for example, six-month periods), it determines the effect on revenue of changes in the scope of consolidation as follows:

- for (a) acquisitions completed during fiscal year n-1 but after the end of period n-1 and (b) acquisitions completed during fiscal year n but before the beginning of period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the acquired operations during period n; and

- for (a) divestments completed during fiscal year n-1 but after the end of period n-1 and (b) divestments completed during fiscal year n but before the beginning of period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the divested operations in period n-1.

(ii) The effect of changes in exchange rates (the "currency effect") as described below.

The Group calculates the currency effect on its revenue growth as the difference between (i) the reported revenue for period n, and (ii) the revenue for period n calculated using the applicable exchange rates for period n-1. The applicable exchange rates for any period are calculated based on the average of the daily rates for that period.

(iii) The effect of any changes in accounting methods.

Revenue analysis

Revenues from continuing operations came to €2.478 billion in the first half of fiscal 2022-2023, compared with €2.239 billion for the same period a year earlier. This 10.7% increase reflects 14.1% organic growth, a 1.8% positive exchange rate impact, and a 5.2% negative scope impact due to the closure of the Preferred Meals' production activities in the United States.

Like-for-like revenues grew 12.5%, with 8.0% contributed by the volume effect—which includes a 5.9% post-Omicron catch-up effect—and 4.5% by the price effect.

In addition, business development momentum continued to be particularly robust and boosted revenues by 10.3%, compared with 9.9% in H1 2021-2022.

Lastly, lost contracts erased 8.7% of revenues. The retention rate therefore came to 91.3% at March 31, 2023, stable relative to last year. It was 92.6% excluding voluntary contract exits.

Revenue by geographic segment

(in € millions)	6 months 2022-2023	6 months 2021-2022	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
France	1,105	985	12.1%	0.0%	0.0%	12.1%
International	1,366	1,248	15.7%	-9.4%	3.2%	9.5%
Contract Catering & Services	2,471	2,233	14.1%	-5.2%	1.8%	10.7%
Corporate & Other	7	6	NM	NM	NM	NM
GROUP TOTAL	2,478	2,239	14.1%	-5.2%	1.8%	10.7%

Revenues generated in **France** totaled €1.105 billion in the first half of 2022-2023, compared with €985 million a year earlier, or an increase of 12.1% as reported and in organic terms (negligible scope changes).

International revenues came to €1.366 billion in the first half of fiscal 2022-2023, compared with €1.248 billion a year earlier, or an increase of 9.5%. This reflects 15.7% organic growth, a 3.2% positive exchange rate impact, and a 9.4% negative scope impact (closure of Preferred Meals).

International operations represented 55% of revenues in the first half of fiscal 2022-2023, compared with 56% for the same period a year earlier.

The **Corporate & Other** segment, which includes the remaining concession activities not sold with Areas, generated revenues of €7 million in H1 2022-2023, compared with €6 million a year earlier.

Revenue by market

(in € millions)	6 months 2022-2023	6 months 2021-2022	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
Business & Industry	1,044	858	20.2%	0.0%	1.5%	21.7%
Education	774	794	10.4%	-14.7%	1.7%	-2.6%
Health & Welfare	660	587	10.1%	0.0%	2.5%	12.6%
GROUP TOTAL	2,478	2,239	14.1%	-5.2%	1.8%	10.7%

The **Business & Industry** market generated sales of €1.044 billion, up 21.7% on H1 2021-2022, including organic growth of 20.2%.

Education generated revenues of €774 million, down 2.6% on last year, due to the closure of Preferred Meals' production activities in the US, which was partially offset by the conversion of its Education activities into new onsite catering contracts, which contributed revenues of €29 million in H1 2022-2023. Organic growth was 10.4%.

Health & Welfare revenues totaled €660 million, a year-on-year increase of 12.6%, including organic growth of 10.1%.

PURCHASE OF RAW MATERIALS AND CONSUMABLES – CONTINUING OPERATIONS

This item increased by €141 million, or 20.0%, from €704 million for the six months ended March 31, 2022 to €845 million for the first half of 2022-2023, reflecting the year-on-year rise in consolidated revenue.

"Purchases of raw materials and consumables" was also up year on year as a percentage of revenue, rising from 31.5% to 34.1%, due to inflationary effects on raw materials costs.

PERSONNEL COSTS – CONTINUING OPERATIONS

Personnel costs for continuing operations (excluding share-based compensation plans) increased by €71 million, from €1,184 million for the six months ended March 31, 2022 to €1,255 million for the first half of 2022-2023. This year-on-year increase was primarily due to the rise in consolidated revenue. As a percentage of revenue they represented 50.6% in first-half 2022-2023 versus 53.0% in the six months ended March 31, 2022.

The share-based compensation included in personnel costs relates to long-term compensation plans put in place in the Group's French and international subsidiaries. A €3 million expense was recognized for share-based compensation in the six months ended March 31, 2023, compared with a €2 million expense for the first half of 2021-2022.

OTHER OPERATING EXPENSES – CONTINUING OPERATIONS

Other operating expenses for continuing operations decreased by €20 million, from €243 million for the six months ended March 31, 2022 to €223 million for the first half of 2022-20223. This year-on-year decrease stems from lower transportation costs in the United States following the termination of Preferred Meals' production activities in 2022.

TAXES OTHER THAN ON INCOME – CONTINUING OPERATIONS

This item rose by €4 million, from €42 million for the six months ended March 31, 2022 to €46 million for the first half of 2022-2023, due to the year-on-year increase in consolidated revenue.

DEPRECIATION, AMORTIZATION AND PROVISIONS FOR RECURRING OPERATING ITEMS – CONTINUING OPERATIONS

In the six months ended March 31, 2023, depreciation, amortization and provisions for recurring operating items related to continuing operations decreased by €13 million, or 15.8%, from €81 million for the six months ended March 31, 2022 to €68 million for the first half of 2022-2023. This year-on-year decrease mainly stemmed from adjustments to capital expenditure levels relating to the Group's business activity for the two periods, and to the termination of Preferred Meals' production activities in 2022.

ADJUSTED EBITA FOR CONTINUING OPERATIONS INCLUDING SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES

The following table sets out adjusted EBITA by segment and as a percentage of the revenue of each segment.

(in € millions)	Six months ended March 31,		Change in adjusted EBITA	Adjusted EBITA margin	
	2023	2022		2023	2022
France	10	(11)	*21*	*0.9 %*	*(1.1)%*
International	37	5	*32*	*2.7 %*	*0.4 %*
Contract Catering & Services	**47**	**(6)**	***53***	**1.9 %**	**(0.3)%**
Corporate & Other	**(6)**	**(10)**	**4**	**-**	**-**
GROUP TOTAL	**41**	**(16)**	**57**	**1.7 %**	**(0.7)%**

Consolidated adjusted EBITA from continuing operations for the first half of the year was €41 million compared with a loss of €16 million a year earlier. Adjusted EBITA margin was 1.7% compared with -0.7% in the first half of 2021-2022, a 240bp improvement. The combined impact of the post-Omicron catch-up and price increases resulting from contract renegotiations slightly outweighed inflation surcharges. In addition, operating efficiency gains, voluntary contract exits, and the closure of loss-making Preferred Meals all contributed to the improvement in adjusted EBITA margin. Lastly, net business development (excluding voluntary contract exits) was profitable, with a margin of 3.8%.

In **France**, the Group restored its profitability, posting adjusted EBITA of €10 million against a loss of €11 million in the first half of 2021-2022. The adjusted EBITA margin came to 0.9%, a 200bp improvement over -1.1% a year ago. Structural measures launched in 2022 to restore margins are starting to pay off, with operating efficiency gains accounting for half of the improvement in profitability.

In the **International** segment, adjusted EBITA was €37 million, a substantial increase over €5 million in first half 2021-2022. Exiting Preferred Meals in the US made a big contribution to the segment's improved profitability: €22 million, or around two-thirds. Adjusted EBITA margin was 2.7% compared with 0.4% a year earlier, a 230bp increase.

In the **Corporate & Other** segment, adjusted EBITA was a loss of €6 million compared with a loss of €10 million in first half 2021-2022. The remaining concession catering activities that were not sold with Areas returned to profitability.

RECURRING OPERATING PROFIT/(LOSS) FROM CONTINUING OPERATIONS INCLUDING SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES

This item represented a €30 million profit in the six months ended March 31, 2023, compared with a €27 million loss in the first half of 2021-2022. The first-half 2022-2023 figure includes €8 million in amortization of intangible assets related to acquisitions, versus €9 million in the corresponding prior-year period.

NON-RECURRING INCOME AND EXPENSES, NET – CONTINUING OPERATIONS

For the six months ended March 31, 2023, this item represented a net expense of €17 million and mainly comprised (i) the €10 million in transaction costs incurred for the acquisition of Derichebourg Multiservices and (ii) restructuring costs.

In the first half of 2021-2022, non-recurring income and expenses represented a net expense of €181 million and included (i) goodwill impairment losses amounting to €59 million in France (concerning Elior Entreprises and Elior Enseignement et Santé) and €60 million in Spain, and (ii) €62 million in impairment losses recognized against assets other than goodwill in the United States, relating to Preferred Meals ("PMC"), which underwent a strategic review and for which impairment indicators were identified at March 31, 2022.

NET FINANCIAL EXPENSE – CONTINUING OPERATIONS

Net financial expense for continuing operations amounted to €35 million in first-half 2022-2023, compared with €21 million for the six months ended March 31, 2022, reflecting the combined increase in average borrowings and financing costs arising from the rise in interest rates.

INCOME TAX – CONTINUING OPERATIONS

Income tax expense, excluding the French CVAE tax on value added generated by the business, is recognized on the basis of (i) the tax rate expected to apply to the total amount of profit for the full year by tax consolidation area and (ii) Management's estimate of the recoverability of deferred tax assets based on an update of the Group's most recent business plan.

Income tax expense for the Group's continuing operations amounted to €3 million in first-half 2022-2023 and was primarily attributable to the CVAE tax in France.

In the first half of 2021-2022, income tax expense for the Group's continuing operations was €46 million, mainly due to the non-recognition of tax losses generated during the period and a downward revision of deferred tax assets in France, Spain and the United States in line with the revision of the Group's five-year business plans.

NET PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS

The Group did not recognize any profit or loss from discontinued operations in either first-half 2022-2023 or first-half 2021-2022.

ATTRIBUTABLE NET PROFIT/(LOSS) FOR THE PERIOD AND EARNINGS/(LOSS) PER SHARE

In view of the factors described above, the Group ended the first half of 2022-2023 with a €23 million net loss for the period attributable to owners of the parent, versus an attributable net loss of €266 million in first-half 2021-2022.

Loss per share – calculated based on the weighted average number of Elior Group shares outstanding during the period – amounted to €0.14 compared with €1.55 for first-half 2021-2022.

ADJUSTED ATTRIBUTABLE NET PROFIT/(LOSS) FOR THE PERIOD

Adjusted attributable net profit/(loss) for the period corresponds to consolidated net profit/(loss) for the period from continuing operations attributable to owners of the parent adjusted for the following: (i) "Non-recurring income and expenses, net", (ii) goodwill impairment losses and net amortization of intangible assets recognized on consolidation in relation to acquisitions, (iii) exceptional impairment of investments in and loans to non-consolidated companies, and (iv) the impact of the capital gains and losses on sales of consolidated companies recognized in "Net profit/(loss) from discontinued operations", with all of these adjustments being net of tax.

(in € millions)	Six months ended March 31,	
	2023	2022
Net profit/(loss) for the period attributable to owners of the parent – continuing operations	**(23)**	**(266)**
Adjustments		
Non-recurring income and expenses, net	17	62
Goodwill impairment losses	-	119
Net amortization of intangible assets recognized on consolidation	8	9
Exceptional impairment of investments in and loans to non-consolidated companies	-	-
Tax effect on the above adjustments	(7)	(20)
Adjusted attributable net profit/(loss) for the period	**(5)**	**(96)**
Adjusted earnings/(loss) per share (in €)	(0.03)	(0.55)

3 CONSOLIDATED CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

The following table provides a summary of the Group's cash flows for the six-month periods ended March 31, 2023 and 2022.

(in € millions)	Six months ended March 31, 2023	Six months ended March 31, 2022
Net cash from/(used in) operating activities – continuing operations	18	(49)
Net cash used in investing activities – continuing operations	(36)	(40)
Net cash from/(used in) financing activities – continuing operations	(52)	30
Effect of exchange rate and other changes	(4)	(1)
Increase/(decrease) in net cash and cash equivalents – continuing operations	**(74)**	**(60)**
Increase/(decrease) in net cash and cash equivalents – discontinued operations	-	(1)
Total increase/(decrease) in net cash and cash equivalents	**(74)**	**(61)**

CASH FLOWS FROM OPERATING ACTIVITIES – CONTINUING OPERATIONS

Operating activities for the Group's continuing operations generated a net cash inflow of €18 million in the six months ended March 31, 2023 compared with a €49 million net outflow for the same period of 2021-2022.

Change in operating working capital. This item represented a €45 million net cash outflow in first-half 2022-2023, representing an improvement on the €69 million net outflow for the comparable prior-year period. This positive change primarily reflects good collection levels of receivables despite the increase in revenue in the six months ended March 31, 2023.

Interest and other financial expenses paid. This item rose to €32 million in first-half 2022-2023 from €23 million in the first six months of 2021-2022, due to the rise in interest rates and higher amount of the Group's average consolidated debt.

Tax recovered/(paid) This line includes corporate income tax recovered or paid in all of the geographic regions in which the Group operates. It also includes the Italian IRAP tax (*Imposta Regionale Sulle Attività Produttive*), the French CVAE tax and State Taxes in the United States. It represented a net cash inflow of €1 million for the six months ended March 31, 2023 (unchanged from the €1 million net inflow recorded for the first half of 2021-2022).

Non-recurring income and expenses impacting cash. These cash flows primarily comprise cash outflows related to expenses recorded under the "Non-recurring income and expenses, net" line in the consolidated income statement, which for the first half of 2022-2023 include (i) transaction costs relating to the acquisition of Derichebourg Multiservices and (ii) restructuring costs. For the six-month periods ended March 31, 2023 and 2022, non-recurring expenses impacting cash amounted to €15 million and €26 million respectively.

CASH FLOWS FROM INVESTING ACTIVITIES – CONTINUING OPERATIONS

Cash flows from investing activities for continuing operations represented net cash outflows of €36 million in the six months ended March 31, 2023 and €40 million in the same period of 2021-2022.

Capital expenditure (net operating investments). Consolidated cash used for purchases of property, plant and equipment and intangible assets (capital expenditure), net of proceeds from sales, decreased slightly year on year from €33 million to €32 million.

Capital expenditure for Contract Catering & Services amounted to €31 million for first-half 2022-2023 and €32 million for first-half 2021-2022. As a percentage of the business's revenue, it decreased from 1.4% to 1.2%, reflecting strict capex discipline since the Covid-19 crisis.

Purchases of and proceeds from sale of non-current financial assets. This item represented net cash outflows of €3 million and €6 million in the first six months of 2023 and 2022 respectively, and chiefly concerned guarantee deposits paid.

Acquisition/sale of shares in consolidated companies. For the six months ended March 31, 2023, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €1 million, and primarily related to additional purchase consideration payable for acquisitions in France, Spain and the United Kingdom.

CASH FLOWS FROM FINANCING ACTIVITIES – CONTINUING OPERATIONS

Cash flows from financing activities represented a net cash outflow of €52 million in the first six months of 2022-2023 and a net cash inflow of €30 million in first-half 2021-2022.

Purchases of own shares. No cash outflows were recorded for purchases of own shares in either of the six-month periods under review.

Proceeds from borrowings. Consolidated cash inflows from proceeds from borrowings totaled €51 million and €63 million in the six-month periods ended March 31, 2023 and 2022 respectively.

For the six months ended March 31, 2023, these proceeds chiefly corresponded to €52 million from new securitized receivables.

For the six months ended March 31, 2022, they comprised (i) a €30 million drawdown on the revolving credit facility, and (ii) €33 million from new securitized receivables.

Repayments of borrowings. Repayments of borrowings led to a net cash outflow of €73 million in first-half 2023. No cash outflows were recorded for repayments of borrowings in the corresponding period of 2022.

The first-half 2023 net outflow corresponded to €72 million in repayments of USD-denominated revolving credit facilities and a €1 million decrease in securitized receivables.

Repayments of lease liabilities (IFRS 16). Repayments of lease liabilities led to cash outflows of €30 million and €33 million in the six months ended March 31, 2023 and 2022 respectively.

Effects of exchange rate changes. In the six months ended March 31, 2023, fluctuations in exchange rates and other changes had an overall €4 million net negative cash impact, versus a €1 million negative impact in first-half 2021-2022.

Increase/(decrease) in net cash and cash equivalents – discontinued operations. In the six months ended March 31, 2023, there was no increase or decrease in net cash and cash equivalents for discontinued operations, whereas in first-half 2021-2022 this item represented a €1 million net cash outflow.

FREE CASH FLOW

(in € millions)	Six months ended March 31, 2023	Six months ended March 31, 2022
EBITDA	**107**	**64**
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(32)	(33)
Change in operating working capital	(45)	(69)
Share of profit of equity-accounted investees	-	1
Non-recurring income and expenses impacting cash	(15)	(26)
Non-cash items	2	3
Repayments of lease liabilities (IFRS 16)	(33)	(37)
Operating free cash flow	**(16)**	**(97)**
Tax recovered/(paid)	1	1
Free cash flow	**(15)**	**(96)**

Operating free cash flow corresponded to a €15 million net outflow for the six months ended March 31, 2023, representing a significant improvement on the €96 million net outflow recorded for the comparable prior-year period. The year-on-year favorable change was due to the increase in EBITDA. Operating free cash flow for first-half 2022-2023 included €33 million in outflows corresponding to repayments of IFRS 16 lease liabilities, compared with €37 million in first-half 2021-2022, due to the termination of Preferred Meals' operations in 2022.

4 SIMPLIFIED CONSOLIDATED BALANCE SHEET

(in € millions)	At March 31, 2023	At Sept. 30, 2022
Non-current assets	2,274	2,352
Current assets excluding cash and cash equivalents	921	869
Assets classified as held for sale	7	14
Cash and cash equivalents	45	64
Total assets	**3,247**	**3,299**

(in € millions)	At March 31, 2023	At Sept. 30, 2022
Equity	700	772
Non-controlling interests	(42)	(41)
Non-current liabilities	1,257	1,301
Current liabilities	1,323	1,251
Liabilities classified as held for sale	9	16
Total equity and liabilities	**3,247**	**3,299**
Net operating working capital requirement	(227)	(256)
Net debt	1,232	1,206
Net debt as defined in the SFA	1,245	1,217
SFA leverage ratio (net debt as defined in the SFA/adjusted EBITDA)	7.12	N/A

The Group's net debt totaled €1,232 million at March 31, 2023, against €1,206 million at September 30, 2022. The March 31, 2023 figure mainly comprises (i) €550 million in senior bond debt, (ii) a government-backed loan and a senior bank loan representing an aggregate €375 million at March 31, 2023, (iii) €114 million in financing from trade receivables securitized by French, Italian and Spanish subsidiaries, (iv) €183 million in lease liabilities and (v) €59 million in other borrowings (mainly bank overdrafts), less (vi) €45 million in cash and cash equivalents.

The average interest rate on the Group's borrowings in the first half of 2022-2023 was 4.70% (versus 3.11% in first-half 2021-2022).

Cash and cash equivalents recognized in the balance sheet amounted to €45 million at March 31, 2023. At the same date, net cash and cash equivalents presented in the cash flow statement, i.e. net of bank overdrafts, totaled a negative €15 million.

At March 31, 2023, consolidated net debt as defined in the SFA, i.e. including IFRS 16 lease liabilities, stood at €1,245 million (representing 7.12x consolidated EBITDA on a pro forma rolling 12-month basis), versus €1,217 million at September 30, 2022. The leverage ratio for fiscal 2021-2022 was not applicable due to the covenant holiday.

5 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On April 6, 2023, an addendum to the Senior Facilities Agreement was signed. In addition to the temporary easing of the leverage ratio test for the SFA, from 4.5x to 6.0x in September 2023, this amendment provides for the lending margin to be indexed (upwards or downwards) to the achievement of four ESG criteria. In addition, the addendum includes a €175 million swingline loan to help finance a future NEU CP program.

At an Extraordinary General Meeting held on April 18, 2023, the Company's shareholders approved Elior Group's planned acquisition of Derichebourg Multiservices. As consideration for Derichebourg SA's contribution in kind of all of the shares of Derichebourg Multiservices Holding, Derichebourg SA received 80,156,782 newly issued Elior Group shares, raising its ownership interest in Elior Group from 24.32% to 48.31%.

Following this transaction, Elior Group's ownership structure is as follows:

- Derichebourg: 48.3%
- BDL Capital Management: 5.5%
- Free float: 46.2%

At the close of the April 18 General Meeting, the Board of Directors met and appointed Daniel Derichebourg as Chairman and CEO of Elior Group, replacing Bernard Gault.

6 MAIN DISCLOSURE THRESHOLDS CROSSED DURING THE SIX MONTHS ENDED MARCH 31, 2023 AND UP UNTIL MAY 12, 2023

- Bank of America Corporation disclosed that on December 28, 2022 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 5.73% of the Company's total shares and voting rights.

- Bank of America Corporation disclosed that on January 2, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 0.70% of the Company's total shares and voting rights.

- Crédit Agricole SA disclosed that on January 2, 2023 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 6.21% of the Company's total shares and voting rights.

- Bank of America Corporation disclosed that on January 11, 2023 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 6.64% of the Company's total shares and voting rights.

- Crédit Agricole SA disclosed that on January 16, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it did not hold any of the Company's shares or voting rights.

- Bank of America Corporation disclosed that on January 19, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 2.09% of the Company's total shares and voting rights.

- Crédit Agricole SA disclosed that on January 25, 2023 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 5.06% of the Company's total shares and voting rights.

- Bank of America Corporation disclosed that on January 31, 2023 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 7.98% of the Company's total shares and voting rights.

- Bank of America Corporation disclosed that on February 3, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 2.14% of the Company's total shares and voting rights.

- Crédit Agricole SA disclosed that on January 30, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it did not hold any of the Company's shares or voting rights.

- Bank of America Corporation disclosed that on March 2, 2023 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 7.15% of the Company's total shares and voting rights.

- Bank of America Corporation disclosed that on March 17, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 2.07% of the Company's total shares and voting rights.

- Derichebourg SA disclosed that on April 18, 2023 it had raised its interest to above the thresholds of 25%, 30% and 33% of the Company's capital and voting rights and that at that date it held 48.31% of the Company's total shares and voting rights.

- Fonds Stratégique de Participations disclosed that on April 20, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 3.57% of the Company's total shares and voting rights.

- Emesa Private Equity SL disclosed that on April 20, 2023 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 3.46% of the Company's total shares and voting rights.

ELIOR GROUP SA

Condensed Interim Consolidated Financial Statements

For the Six-Month Periods Ended March 31, 2023 and March 31, 2022

The English-language version of this document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation.

www.eliorgroup.com

Elior Group SA
Société anonyme
Share capital: €1,727,135.07
Registered in Nanterre under no. 408 168 003
Registered office: 9-11 allée de l'Arche - 92032 Paris La Défense, France

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Six months ended March 31, 2023 Unaudited	Six months ended March 31, 2022 Unaudited
Revenue	**11.1**	**2,478**	**2,239**
Purchase of raw materials and consumables		(845)	(704)
Personnel costs		(1,255)	(1,184)
Share-based compensation expense		(3)	(2)
Other operating expenses		(223)	(243)
Taxes other than on income		(46)	(42)
Depreciation, amortization and provisions for recurring operating items		(68)	(81)
Net amortization of intangible assets recognized on consolidation		(8)	(9)
Recurring operating profit/(loss) from continuing operations		**30**	**(26)**
Share of profit of equity-accounted investees		-	(1)
Recurring operating profit/(loss) from continuing operations including share of profit of equity-accounted investees	**11.1**	**30**	**(27)**
Non-recurring income and expenses, net	12.	(17)	(181)
Operating profit/(loss) from continuing operations including share of profit of equity-accounted investees		**13**	**(208)**
Financial expenses	19.3	(39)	(26)
Financial income	19.3	4	5
Profit/(loss) from continuing operations before income tax		**(22)**	**(229)**
Income tax	13.	(3)	(46)
Net profit/(loss) for the period from continuing operations		**(25)**	**(275)**
Net profit/(loss) for the period from discontinued operations	**22.**	**-**	**-**
Net profit/(loss) for the period		**(25)**	**(275)**
Attributable to:			
Owners of the parent		**(23)**	**(266)**
Non-controlling interests		**(2)**	**(9)**

(in €)	Six months ended March 31, 2023 Unaudited	Six months ended March 31, 2022 Unaudited
Earnings/(loss) per share		
Earnings/(loss) per share – continuing operations		
Basic	(0.14)	(1.55)
Diluted	(0.14)	(1.55)
Earnings/(loss) per share – discontinued operations		
Basic	-	-
Diluted	-	-
Total earnings/(loss) per share		
Basic	(0.14)	(1.55)
Diluted	(0.14)	(1.55)

1.2 Consolidated Statement of Comprehensive Income

(in € millions)	Six months ended March 31, 2023 Unaudited	Six months ended March 31, 2022 Unaudited
Net profit/(loss) for the period	**(25)**	**(275)**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations	-	11
Related income tax	-	(3)
Total	**-**	**8**
Items that may be reclassified subsequently to profit or loss		
Financial instruments	1	-
Currency translation adjustments	(46)	16
Related income tax	-	-
Total	**(45)**	**16**
Comprehensive income/(expense) for the period	**(70)**	**(251)**
Attributable to:		
- Owners of the parent	(69)	(242)
- Non-controlling interests	(1)	(9)
Comprehensive income/(expense) for the period attributable to owners of the parent	**(69)**	**(242)**
Relating to:		
- Continuing operations	(69)	(242)
- Discontinued operations	-	-

2. Consolidated Balance Sheet

2.1 Assets

(in € millions)	Note	At March 31, 2023 Unaudited	At September 30, 2022
Goodwill	15.	1,546	1,577
Intangible assets	16.	135	155
Property, plant and equipment	17.	225	237
Right-of-use assets	18.	175	193
Other non-current assets		-	-
Non-current financial assets		119	118
Equity-accounted investees		-	-
Fair value of derivative financial instruments (*)		4	3
Deferred tax assets		70	69
Total non-current assets		**2,274**	**2,352**
Inventories		104	99
Trade and other receivables		750	707
Contract assets		-	-
Current income tax assets		5	6
Other current assets		62	57
Cash and cash equivalents (*)		45	64
Assets classified as held for sale	22.	7	14
Total current assets		**973**	**947**
Total assets		**3,247**	**3,299**

(*) Included in the calculation of net debt

2.2 Equity and Liabilities

(in € millions)	Note	At March 31, 2023 Unaudited	At September 30, 2022
Share capital		2	2
Reserves and retained earnings		696	721
Translation reserve		2	49
Equity attributable to owners of the parent		**700**	**772**
Non-controlling interests		(42)	(41)
Total equity	**4.**	**658**	**731**
Long-term debt (*)	19.	1,031	1,060
Long-term lease liabilities (*)	19.	132	145
Fair value of derivative financial instruments (*)		-	2
Deferred tax liabilities		-	-
Provisions for pension and other post-employment benefit obligations	20.	61	59
Other long-term provisions	20.	28	30
Other non-current liabilities		5	5
Total non-current liabilities		**1,257**	**1,301**
Trade and other payables		602	575
Due to suppliers of non-current assets		11	11
Accrued taxes and payroll costs		472	470
Current income tax liabilities		6	1
Short-term debt (*)	19.	67	11
Short-term lease liabilities (*)	19.	51	54
Short-term provisions	20.	41	52
Contract liabilities		45	49
Other current liabilities		28	28
Liabilities classified as held for sale	22.	9	16
Total current liabilities		**1,332**	**1,267**
Total liabilities		**2,589**	**2,568**
Total equity and liabilities		**3,247**	**3,299**
Net debt		1,232	1,206
Net debt excluding fair value of derivative financial instruments and debt issuance costs		1,245	1,217

(*) Included in the calculation of net debt

3. Consolidated Cash Flow Statement

(in € millions)	Note	Six months ended March 31, 2023 Unaudited	Six months ended March 31, 2022 Unaudited
Cash flows from operating activities – continuing operations			
Recurring operating profit/(loss) including share of profit of equity-accounted investees		30	(28)
Amortization and depreciation (1)		76	106
Provisions		1	(14)
EBITDA		**107**	**64**
Dividends received from equity-accounted investees		-	-
Share of profit of equity-accounted investees		-	1
Change in operating working capital		(45)	(69)
Non-recurring income and expenses impacting cash		(15)	(26)
Interest and other financial expenses paid		(32)	(23)
Tax recovered/(paid)		1	1
Non-cash items		2	3
Net cash from/(used in) operating activities – continuing operations		**18**	**(49)**
Cash flows from investing activities – continuing operations			
Purchases of property, plant and equipment and intangible assets	16, 17	(35)	(35)
Proceeds from sale of property, plant and equipment and intangible assets	16, 17	3	2
Purchases of financial assets		(3)	(6)
Proceeds from sale of financial assets		-	0
Acquisitions of shares in consolidated companies, net of cash acquired		-	(1)
Other cash flows from investing activities		(1)	-
Net cash used in investing activities – continuing operations		**(36)**	**(40)**
Cash flows from financing activities – continuing operations			
Dividends paid to owners of the parent		-	-
Movements in share capital of the parent		-	-
Purchases of own shares		-	-
Proceeds from borrowings	19	51	63
Repayments of borrowings	19	(73)	-
Repayments of lease liabilities	19	(30)	(33)
Net cash from/(used in) financing activities – continuing operations		**(52)**	**30**
Effects of exchange rate changes		(4)	(1)
Increase/(decrease) in net cash and cash equivalents – continuing operations		**(74)**	**(60)**
Increase/(decrease) in net cash and cash equivalents – discontinued operations	**22**	**-**	**(1)**
Net cash and cash equivalents at beginning of period (2)		**59**	**63**
Net cash and cash equivalents at end of period (2)		**(15)**	**2**

(1) Including €1 million in amortization of advances on customer contracts in the six months ended March 31, 2023 and 2022.

(2) Bank overdrafts held for treasury management purposes are an integral part of the Group's cash management and are therefore deducted from cash in the cash flow statement whereas they are classified as short-term debt in the balance sheet. These overdrafts – which amounted to €60 million at March 31, 2023 and €36 million at March 31, 2022 – represent the sole difference between the cash and cash equivalents figure presented under assets in the balance sheet and the amount presented in the cash flow statement under "Net cash and cash equivalents at end of period".

4. Consolidated Statement of Changes in Equity

(in € millions)	Number of shares	Share capital	Additional paid in capital and other reserves	Net profit/(loss) for the period attributable to owners of the parent	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at Sept. 30, 2021	**172,444,229**	**2**	**1,209**	**(100)**	**(30)**	**1,081**	**(30)**	**1,051**
Net loss for the period				(427)		(427)	(13)	(440)
Post-employment benefit obligations			14			14		14
Changes in fair value of financial instruments			2			2		2
Currency translation adjustments					79	79	1	80
Comprehensive expense for the period			**16**	**(427)**	**79**	**(332)**	**(12)**	**(344)**
Appropriation of prior-period net loss			(100)	100				
Capital reduction								
Dividends paid								
Share-based payments (IFRS 2)			4			4		4
Other movements (1)			19			19	1	20
Balance at Sept. 30, 2022	**172,444,229**	**2**	**1,148**	**(427)**	**49**	**772**	**(41)**	**731**
Net loss for the period				(23)		(23)	(2)	(25)
Post-employment benefit obligations								
Changes in fair value of financial instruments			1			1		1
Currency translation adjustments					(47)	(47)	1	(46)
Comprehensive expense for the period			**1**	**(23)**	**(47)**	**(69)**	**(1)**	**(70)**
Appropriation of prior-period net loss			(427)	427				
Capital increase	269,278							
Dividends paid								
Share-based payments (IFRS 2)			3			3		3
Other movements (1)			(6)			(6)		(6)
Balance at March 31, 2023	**172,713,507**	**2**	**719**	**(23)**	**2**	**700**	**(42)**	**658**

(1) The amounts recorded recognized under "Other movements" in "Equity attributable to owners of the parent" and "Non-controlling interests" for the year ended September 30, 2022 and the six months ended March 31, 2023 primarily correspond to the remeasurement of the Elior North America minority put option.

Notes to the IFRS Consolidated Financial Statements for the Six-Month Periods Ended March 31, 2023 and 2022

5. General Information

Elior Group SA (the "Company") is a French joint stock corporation (*société anonyme*) registered and domiciled in France. Its headquarters are located at 9-11 Allée de l'Arche, Paris La Défense, France. At March 31, 2023, the Company was held by the following parties: 24.32% by Derichebourg, 8.04% by BDL Capital Management, 5.99% by Permian Investment Partners, 5.24% by Fonds Stratégique de Participations, 5.07% by Emesa Private Equity, and 51.34% by private and public investors following the Company's admission to trading on Euronext Paris on June 11, 2014.

The Elior group – comprising Elior Group SA and its subsidiaries (the "Group") – is a major player in contract catering and related services. It operates through companies based in six countries – France, the United Kingdom, Spain, Italy and the United States.

6. Significant Events

Six months ended March 31, 2023

- **Waiver granted by the Group's banks**

On December 16, 2022, Elior Group's banks agreed to ease the leverage ratio test scheduled for September 30, 2023 for the SFA and the government-backed loan (by applying a ratio of 6.0x instead of 4.5x.).
Consequently, the testing levels of the leverage ratio (net debt/adjusted EBITDA) are the following:

- March 31, 2023: 7.5x
- September 30, 2023: 6.0x
- March 31, 2024 and thereafter: 4.5x

- **Signature of a Memorandum of Understanding for the acquisition of Derichebourg Multiservices**

On December 19, 2022, Elior Group's Board of Directors authorized the signature of a Memorandum of Understanding ("MoU") with Derichebourg Group ("Derichebourg"), pursuant to which Elior Group would acquire Derichebourg Multiservices ("DMS") in exchange for new Elior Group shares issued to Derichebourg SA. This transaction, which will accelerate Elior Group's turnaround, is the result of a comprehensive review of strategic options, launched by the Board of Directors in July 2022. The acquisition is being financed through the issuance of new Elior Group's shares to Derichebourg, at a price of €5.65 per share. Following this transaction, Derichebourg SA will own a 48.3% stake in Elior Group.

After the closing of the transaction, Elior Group's Board of Directors will be realigned, and its governance renewed and balanced. Elior Group's Board will be composed of 12 members, including five appointed upon proposal by Derichebourg, five independent members and two employee representatives. The selection process for independent directors will be under the responsibility of the Nominations and Compensation Committee, which will include more than 50% independent directors, including its chairman. The members appointed by Derichebourg will not be able to participate in the selection process. Daniel Derichebourg will be nominated as Chairman and CEO of Elior Group for a period of four years, and will resign from all his operational positions at Derichebourg SA, to fully focus on Elior Group's development. Following the transaction, Elior Group's internal rules will be amended to include a reinforced majority (requiring a majority of 8 out of 12 directors and including the vote of at least two independent directors) for strategically important decisions. For a period of four years, upon completion of the proposed transaction, Derichebourg may not cast more than 30% of the votes on resolutions at any shareholders' meeting regarding (i) the appointment, renewal and removal of independent members of the Board of Directors and (ii) the amendment of this bylaw provision.

The relevant employee representatives within the Group have been informed and consulted with respect to the transaction, as required by law. As explained in the section entitled "Significant Events after the Reporting Date", the transaction was submitted for approval by (i) the relevant regulatory authorities and (ii) by Elior Group's shareholders at an Extraordinary General Meeting held on April 18, 2023, and was subject to the customary conditions for this type of transaction. In addition, Derichebourg was required to obtain an exemption from the AMF regarding the filing of a public tender offer.

Six months ended March 31, 2022

- **The Covid-19 crisis and inflation**

The fifth wave of the Covid-19 pandemic (caused by the "Omicron" variant), combined with inflationary effects, which have worsened with the war in Ukraine, impacted the performance of the Group's Business & Industry and Education sectors in the first half of fiscal 2021-2022, particularly in France. However, despite these factors, consolidated revenue rose 19.8% year on year to €2,239 million from €1,869 million.

- **Amendment to the "PGE" government-backed loan**

In the first half of 2021-2022, the Group used the option provided by the French State to defer the first payment installment of its "PGE" government-backed loan by one year. Consequently, on March 8, 2022, an amendment to the loan agreement was signed, providing for the first six-monthly installment to be deferred to October 1, 2023 and to amount to 12.5%, compared with the originally scheduled 10% due on October 1, 2022.

- **Asset impairment**

Following impairment tests carried out due to the identification of impairment indicators, at March 31, 2022 the Group recognized impairment losses of €119 million for goodwill in France and Spain and €62 million for assets other than goodwill in the United States.

7. Accounting Policies

7.1 Basis of Preparation of the Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements for the six months ended March 31, 2023 (first-half 2022-2023) have been prepared in accordance with IAS 34, "Interim Financial Reporting". As these are condensed financial statements they do not include all the information and disclosures required under IFRS for annual financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the fiscal year ended September 30, 2022, which were prepared in accordance with IFRS as adopted by the European Union.

For interim periods, taxes on income (other than the CVAE tax levied in France on value added generated by the business, but including the regional IRAP tax applicable in Italy) are accrued using the tax rate that is expected to apply to total annual profit. In these financial statements, the CVAE tax – which is included in income tax – and employee profit-sharing have been accrued based on 50% of the estimated full-year charge.

The accounting policies used are the same as those applied in the annual consolidated financial statements at September 30, 2022, except for any new standards and interpretations which have been adopted by the European Union.

Unless otherwise specified, all amounts are presented in millions of euros, rounded to the nearest million.

The unaudited condensed interim consolidated financial statements were approved for issue by Elior Group's Board of Directors on May 16, 2023.

7.2 Going Concern

For the purposes of preparing these consolidated financial statements, Group Management assessed the Group's ability to continue as a going concern. Management believes that the Group will maintain a sufficient level of cash to ensure the continuity of its operations, based on the following factors:

- At March 31, 2023, the Group had €394 million in available liquidity, corresponding to (i) an undrawn amount of €300 million under its €350 million revolving credit facility, (ii) €49 million in other available credit facilities and (iii) €45 million in cash and cash equivalents (see Note 19.2.1).
- The fact that the Group has no debt repayments due (apart from lease liabilities and securitization amounts payable in the ordinary course of its business), as it does not have any scheduled debt repayments until October 1, 2023 (the *Prêt Garanti par l'Etat* or "PGE" government-backed loan) and the majority of its debt is not due until 2025 and 2027.
- The Group's cash flow projections, as used for its updated fiscal 2022-2023 budget.
- The acquisition of Derichebourg's Multiservices division, which took place on April 18, 2023.

Based on these cash flow projections, the Group believes it will be able to respect the covenants of its PGE government-backed loan and the Senior Facilities Agreement relating to its net debt-to-EBITDA ratio which must be lower than or equal to (i) x6.0 at September 30, 2023 and (ii) x4.5 at March 31, 2024.

7.3 New Standards, Amendments and Interpretations Adopted by the European Union and Applied by the Group

The new standards, amendments and interpretations that have been issued by the IASB but whose application is not yet mandatory have not been early adopted by the Group. The Group does not expect these standards, amendments and interpretations to have a material impact on its financial statements.

8. Use of Estimates

The preparation of interim consolidated financial statements requires Management of both the Group and its subsidiaries to use certain estimates and assumptions that may have an impact on the reported values of assets, liabilities and contingent liabilities at the balance sheet date and on items of income and expense for the period.

These estimates and assumptions – which are based on historical experience and other factors believed to be reasonable in the circumstances – are used to assess the carrying amount of assets and liabilities. Actual results may differ significantly from the estimates if different assumptions or circumstances apply.

In preparing these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied for the consolidated financial statements for the year ended September 30, 2022.

The areas involving significant estimates and assumptions are goodwill and non-current assets (see Notes 15, 16 and 17), as well as deferred taxes.

Impact of inflation

After taking into account the events of the first half of the fiscal year, the assumptions applied by the Group are as follows:

- A return to pre-Covid business volumes in 2024 or 2025 depending on the CGU concerned.
- Inflation-offsetting measures implemented from 2022 until 2024 depending on the CGU and type of contract concerned.

9. Exchange Rates

The recognition and measurement criteria relating to foreign currency operations are defined in IAS 21, "The Effects of Changes in Foreign Exchange Rates". Commercial transactions denominated in foreign currencies carried out by consolidated companies are translated using the exchange rate prevailing at the date of the transaction. Foreign currency receivables and payables are translated at the period-end exchange rate and the resulting translation gains or losses are recorded in the income statement.

For the six-month periods ended March 31, 2023 and 2022, the balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in the consolidated financial statements have been translated (i) at the exchange rates prevailing at March 31, 2023 and 2022 respectively for the balance sheet, and (ii) at the average exchange rates for the period for the income statement and cash flow statement, except in the case of significant fluctuations in exchange rates. Any resulting translation differences have been recorded in other comprehensive income.

The main exchange rates used in the consolidated financial statements for the six-month periods ended March 31, 2023 and 2022 were based on Paris stock exchange rates and were as follows:

	Six months ended March 31, 2023		Six months ended March 31, 2022	
	Period-end rate	Average rate	Period-end rate	Average rate
- €/US $:	1.0839	1.0476	1.1065	1.1327
- €/£:	0.8786	0.8764	0.8422	0.8424
- €/INR:	89.0530	86.0822	83.9850	85.0435

10. Business Combinations

Six months ended March 31, 2023

No significant acquisitions or divestments were carried out in the six months ended March 31, 2023.

Six months ended March 31, 2022

No significant acquisitions or divestments were carried out in the six months ended March 31, 2022.

11. Segment Information

The Group has two continuing operations: "Contract Catering" and "Services", which are divided into four operating sectors: "Contract Catering – France", "Services – France", "Contract Catering – International" and "Services – International".

The above four operating sectors for the Group's continuing operations are grouped together in two operating segments: "Contract Catering & Services – France" and "Contract Catering & Services – International", in accordance with the requirements of IFRS 8. The Contract Catering and Services businesses have been aggregated together as they have similar economic characteristics in terms of their long-term profitability, the nature of their services, the nature of their production processes, their type of customers, and their regulatory environment.

The segment information presented is based on financial data from the Group's internal reporting system. This data is regularly reviewed by the Chairman and CEO, who is the Group’s chief operating decision maker.

The "Corporate & Other" segment mainly comprises unallocated central functions, the Group's head office expenses, and residual Concession Catering activities not included in the sale of Areas.

The following tables show revenue, adjusted EBITA and non-current assets by operating segment (France and International) and revenue by client market for the six-month periods ended March 31, 2023 and 2022.

11.1 Revenue, Adjusted EBITA and Non-Current Assets by Segment

(in € millions)	Contract Catering & Services				
Six months ended March 31, 2023 Unaudited	France	International	**Total**	**Corporate & Other**	**Group total**
Revenue	**1,105**	**1,366**	**2,471**	**7**	**2,478**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	**10**	**29**	**39**	**(9)**	**30**
Of which:					
Share-based compensation expense	-	-	**-**	3	**3**
Net amortization of intangible assets recognized on consolidation	-	8	**8**	-	**8**
Adjusted EBITA	**10**	**37**	**47**	**(6)**	**41**
Adjusted EBITA as a % of revenue	*1%*	*3%*	*2%*	*(86)%*	*2%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(29)	(32)	**(61)**	(7)	**(68)**
Non-current assets (1)	**1,091**	**951**	**2,042**	**39**	**2,081**

(1) Non-current assets including the carrying amount of goodwill, intangible assets and property, plant and equipment, and right-of-use assets.

(in € millions)	Contract Catering & Services				
Six months ended March 31, 2022 Unaudited	France	International	Total	Corporate & Other	Group total
Revenue	**985**	**1,248**	**2,233**	**6**	**2,239**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	**(11)**	**(4)**	**(15)**	**(12)**	**(27)**
Of which:					
Share-based compensation expense	-	-	**-**	2	**2**
Net amortization of intangible assets recognized on consolidation	-	9	**9**	-	**9**
Adjusted EBITA	**(11)**	**5**	**(6)**	**(10)**	**(16)**
Adjusted EBITA as a % of revenue	*(1)%*	*-%*	*-%*	*(162)%*	*(1)%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(31)	(42)	**(73)**	(8)	**(81)**
Non-current assets (1)	**1,205**	**989**	**2,194**	**67**	**2,261**

(1) Non-current assets including the carrying amount of goodwill, intangible assets and property, plant and equipment, and right-of-use assets.

11.2 Revenue by Client Market

Seasonality of operations

Apart from in exceptional circumstances such as the Covid crisis, which continued to mark business activity in the first half of 2021-2022 (due to the fifth wave), revenue and recurring operating profit generated by the Group's operations are subject to seasonal fluctuations.

The Contract Catering & Services business line generally records higher recurring operating profit – both in absolute value terms and as a percentage of revenue – in the first half of the fiscal year than in the second half, when its sales volumes are traditionally lower due to the fact that a large number of employees and students are on vacation in the summer.

In addition, changes in the number of working days and the dates on which public holidays or school vacations fall impact the period-on-period comparability of the Group's revenue and profitability.

Net cash from operating activities is also subject to seasonal variations, which mainly stem from changes in working capital. The amount of trade receivables increases during the first half of the fiscal year as revenue invoiced to clients is at its peak during that period, and decreases during the second half.

Revenue by client market

(in € millions)	Six months ended March 31, 2023 Unaudited	% of total revenue	Six months ended March 31, 2022 Unaudited	% of total revenue	Year-on-year change (€m)	Year-on-year change (%)
Business & Industry	1,044	42.1%	858	38.3%	186	21.7%
Education	774	31.2%	794	35.5%	(21)	(2.6)%
Health & Welfare	660	26.7%	587	26.2%	74	12.6%
Group total	**2,478**	**100.0%**	**2,239**	**100.0%**	**239**	**10.7%**

12. Non-Recurring Income and Expenses, Net

For the six months ended March 31, 2023, non-recurring income and expenses represented a net expense of €17 million and mainly comprised (i) the €10 million in transaction costs incurred for the acquisition of Derichebourg Multiservices and (ii) restructuring costs.

In the first half of 2021-2022, non-recurring income and expenses represented a net expense of €181 million and mainly included (i) goodwill impairment losses amounting to €59 million in France (concerning Elior Entreprises and Elior Enseignement et Santé) and €60 million in Spain, and (ii) €62 million in impairment losses recognized against assets other than goodwill in the United States, relating to Preferred Meals ("PMC"), which underwent a strategic review and for which impairment indicators were identified at March 31, 2022.

13. Income Tax

Income tax expense, excluding the French CVAE tax on value added generated by the business, is recognized on the basis of (i) the tax rate expected to apply to the total amount of profit for the full year by tax consolidation area and (ii) Management's estimate of the recoverability of deferred tax assets based on an update of the Group's most recent business plan.

Income tax expense for the first half of 2022-2023 was primarily attributable to the CVAE tax in France.

In the first half of 2021-2022, the Group's income tax expense was €46 million and was mainly due to the non-recognition of tax losses generated during the period and a downward revision of deferred tax assets in France, Spain and the United States in line with the revision of the Group's five-year business plans.

14. Parent Company's Share Capital, Dividends and Share-Based Compensation

14.1 Parent Company's Share Capital

At March 31, 2023, Elior Group SA's share capital amounted to €1,727,135.07 divided into 172,713,507 shares with a par value of €0.01 each.

At March 31, 2023, Elior Group held 98,324 shares in treasury.

14.2 Dividends

No dividends were paid for the years ended September 30, 2022 or 2021, as decided at the February 23, 2023 and February 28, 2022 Annual General Meetings respectively.

14.3 Share-based Compensation

On March 20, 2023, 269,278 shares vested under the March 20, 2020 performance share plan. None of the underlying conditions except the "presence" condition were met.

On February 23, 2023, the Board of Directors granted performance shares to the members of the Management Committee and Leaders Committee. The shares are subject to vesting conditions relating to presence (50%) and performance. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) Elior Group's share performance compared with a peer group and with the CAC Next 20 index, and (iii) three CSR objectives based on the Group's accident frequency rate, carbon footprint and gender diversity.
The achievement of these conditions will be assessed on February 23, 2026 for the presence condition, on September 30, 2025 for the internal performance conditions, and on December 31, 2025 for the external performance conditions.

15. Goodwill

The table below shows an analysis of net goodwill by cash generating unit (CGU):

(in € millions)	At September 30, 2022	Increase	Impairment	Other movements including currency translation adjustments	At March 31, 2023 Unaudited
Elior Entreprises, Elior Enseignement et Santé	799	-	-	-	799
Elior Services	134	-	-	-	134
France	**933**	**-**	**-**	**-**	**933**
Elior North America	333	-	-	(32)	301
Elior Italy	104	-	-	-	104
Elior Iberia	89	1	-	-	90
Elior UK	118	-	-	-	118
Elior India	0	-	-	-	0
International	**644**	**1**	**-**	**(32)**	**613**
Total, net	**1,577**	**1**	**-**	**(32)**	**1,546**

As inflation is running higher than expected in fiscal 2022-2023 in France and the United States, impairment tests were carried out for the Elior Entreprises, Elior Enseignement et Santé, Elior Services and Elior North America CGUs.

Impairment Losses and Sensitivity Analyses

Key assumptions used for calculating recoverable amounts

The CGUs' recoverable amounts were calculated based on the latest annual forecasts for 2022-2023 and the updated version of the most recent business plans for France and the United States. The other assumptions used were fundamentally the same as those used at September 30, 2022, i.e.:

- A return to pre-Covid business volumes in 2024 or 2025 depending on the CGU concerned.
- Revenue growth based on a low capital-intensity model.
- Inflation-offsetting measures implemented from 2022 until 2024 depending on the CGU and type of contract concerned.
- Enhanced organizational efficiency and more effective productivity at the Group's production sites and at its clients' premises.

The main discount rates and perpetuity growth rates used were as follows, after taking into account a 1.3% additional risk premium for WACC related to future cash flow generation for all of the CGUs except for Elior Entreprises, Elior Enseignement et Santé and Elior Services for the six months ended March 31, 2023:

	Discount rate		Perpetuity growth rate	
	Six months ended March 31, 2023	Year ended Sept. 30, 2022	Six months ended March 31, 2023	Year ended Sept. 30, 2022
Elior Entreprises, Elior Enseignement et Santé	10.0%	11.1%	1.5%	1.5%
Elior Services	10.0%	10.5%	1.5%	1.5%
Elior North America	11.6%	11.6%	2.5%	2.5%

Half-yearly impairment tests carried out in 2023

No impairment losses were recognized following the impairment tests carried out in the first half of 2022-2023.

Sensitivity of the recoverable amounts of CGUs to changes in the assumptions applied

In accordance with IAS 36, the Group carried out sensitivity analyses on the results of its impairment tests, based on the following changes in the assumptions applied concerning the long-term growth rate, projected net cash flows and discount rate:

(1) a 50 basis-point decrease in the long-term growth rate;
(2) a 5% decrease in projected net cash flows based on the duration of the relevant business plans and the terminal value; or
(3) a 50 basis-point increase in the discount rate.

An increase in the discount rate, a decrease in the long-term growth rate and a decrease in projected net cash flows as set out above would lead to additional goodwill impairment losses of €31 million, €20 million and €22 million respectively for Elior Entreprises and Elior Enseignement et Santé. No other CGUs would be impacted.

The Group also performed an additional sensitivity analysis that consisted of calculating the percentage decrease in projected net cash flows whereby the value in use of each CGU's net assets would be equal to their recoverable amount. The percentage decreases were as follows:

- Elior North America: -15%
- Elior Services: not relevant (decrease of more than 60%).

2022 annual impairment tests

Following the annual impairment tests performed at September 30, 2022, a €206 million impairment loss was recognized against goodwill, breaking down as €146 million for Elior Entreprises and Elior Enseignement et Santé, and €60 million for Elior Iberia.

An increase in the discount rate, a decrease in the long-term growth rate and a decrease in projected net cash flows as set out above would have led to additional goodwill impairment losses of €38 million, €28 million and €34 million respectively for Elior Entreprises and Elior Enseignement et Santé. No other CGUs would have been impacted.

The Group also calculated the percentage decrease in projected net cash flows whereby the value in use of each CGU's net assets would be equal to their recoverable value. The percentage decreases were as follows:

- Elior North America: -8%
- Elior Italy: -11%
- Elior Iberia: -10%
- Other CGUs: not relevant (decrease of more than 40%).

Half-yearly impairment tests carried out in 2022

Following the impairment tests carried out on all of the Group's CGUs in the first half of 2021-2022, a €119 million impairment loss was recognized at March 31, 2022, breaking down as €60 million for Elior Iberia and €59 million for Elior Entreprises, Elior Enseignement et Santé.

The sensitivity analyses based on the changes in assumptions set out above revealed that the only CGUs for which there was a reasonably probable scenario that their recoverable amount could fall below their carrying amount were Elior France and Elior Iberia (additional impairment losses of between €54 million and €39 million for Elior France and between €9 million and €6 million for Elior Iberia).

The Group also performed an additional sensitivity analysis that consisted of calculating the percentage decrease in projected net cash flows whereby the value in use of each CGU's net assets would be equal to their recoverable amount. The percentage decreases were as follows:

- Elior Italy: - 46%
- Elior North America: - 44%
- Elior UK: - 56%
- Elior Services: not relevant (decrease of more than 60%).

16. Intangible Assets

(in € millions)	At Sept. 30, 2022	Increase	Decrease	Other movements (2)	At March 31, 2023 Unaudited
Concession rights	8	-	-	1	9
Assets operated under concession arrangements	-	-	-	-	-
Trademarks	16	-	-	(11)	5
Software	147	-	(1)	-	146
Intangible assets in progress	6	3	-	(1)	8
Other (1)	270	-	-	(12)	258
Gross value	**447**	**3**	**(1)**	**(23)**	**426**
Concession rights	(6)	-	-	-	(6)
Assets operated under concession arrangements	-	-	-	-	-
Trademarks	(10)	(1)	-	1	(10)
Software	(127)	(3)	1	-	(129)
Other (1)	(149)	(8)	-	11	(146)
Total amortization	**(292)**	**(12)**	**1**	**12**	**(291)**
Carrying amount	**155**	**(9)**	**-**	**(11)**	**135**

(1) *Mainly corresponding to customer relationships recognized on business combinations.*

(2) *The amounts in the "Other movements" column primarily correspond to (i) the effects of converting the financial statements of companies whose functional currency is not the euro, (ii) the transfer of intangible assets in progress and (iii) inter-item reclassifications of intangible assets and property, plant and equipment.*

17. Property, Plant and Equipment

(in € millions)	At Sept. 30, 2022	Increase	Decrease	Other movements (1)	At March 31, 2023 Unaudited
Land	6	-	-	(1)	5
Buildings	88	1	(2)	(5)	82
Technical installations	435	15	(21)	3	432
Other items of property, plant and equipment	335	13	(13)	(9)	326
Assets under construction	4	3	-	(2)	5
Prepayments to suppliers of property, plant and equipment	-	-	-	-	-
Gross value	**868**	**32**	**(36)**	**(14)**	**850**
Buildings	(48)	(2)	2	4	(44)
Technical installations	(355)	(18)	20	-	(353)
Other items of property, plant and equipment	(228)	(16)	13	3	(228)
Total depreciation	**(631)**	**(36)**	**35**	**7**	**(625)**
Carrying amount	**237**	**(4)**	**(1)**	**(7)**	**225**

(1) *The amounts in the "Other movements" column primarily correspond to (i) the effects of converting the financial statements of companies whose functional currency is not the euro, (ii) the transfer of assets under construction, and (iii) inter-item reclassifications of intangible assets and property, plant and equipment.*

18. Right-of-use Assets

(in € millions)	At Sept. 30, 2022	Increase	Decrease	Other movements (1)	At March 31, 2023 Unaudited
Concession fees	45	1	(1)	-	45
Real estate	212	13	(9)	(6)	210
Technical installations and other equipment	19	1	(2)	-	18
Vehicles	68	10	(7)	(1)	70
Gross value	**344**	**25**	**(19)**	**(7)**	**343**
Concession fees	(14)	(4)	1	-	(17)
Real estate	(88)	(16)	4	2	(98)
Technical installations and other equipment	(12)	(2)	1	-	(13)
Vehicles	(37)	(9)	6	-	(40)
Total depreciation	**(151)**	**(31)**	**12**	**2**	**(168)**
Carrying amount	**193**	**(6)**	**(7)**	**(5)**	**175**

(1) The amounts in the "Other movements" column primarily correspond to the effects of converting the financial statements of companies whose functional currency is not the euro.

19. Debt and Financial Income and Expenses

19.1 Debt

19.1.1 Sources of financing

The Group's debt comprises the following:

- A senior bond debt totaling €550 million and maturing in July 2026. The bonds' coupon amounts to 3.75%.

- A French government-backed loan ("PGE") totaling €225 million, repayable as from October 2023 and maturing in March 2027. The weighted average cost of this loan is 2% (including the guarantee provided by the French State).

- A senior bank loan totaling €100 million and maturing in July 2025 (with a one-year extension option). Interest is based on the Euribor with a zero floor plus a standard margin of 2.90% since June 30, 2022.

- A €350 million multi-currency revolving credit facility expiring in July 2025 (with a one-year extension option). Interest is based on the Euribor with a zero floor plus a standard margin of 2.50% for drawdowns in euros, and on the US Libor (or its replacement) with a zero floor plus a 2.70% margin for drawdowns in US dollars.

- Liabilities relating to the Group's receivables securitization program. The program's ceiling (net of the equivalent of an overcollaterization reserve) is €360 million and it includes the receivables of Elior Group's French and Spanish subsidiaries.

The Group's debt (including IFRS 16 lease liabilities) can be analyzed as follows by maturity (based on repayment/redemption value):

(in € millions)	Original currency	At March 31, 2023 Unaudited Short-term	*Due in 1 to 5 years*	*Due beyond 5 years*	Long-term	At September 30, 2022 Short-term	Long-term
Bank borrowings							
Medium-term borrowings – Elior Group SA	€	-	*325*	-	325	-	325
Medium-term borrowings – Elior Participations	€	-	*50*	-	50	-	132
Other medium- and long-term bank borrowings	€	-	-	-	-	-	-
Sub-total – bank borrowings		**-**	***375***	**-**	***375***	**-**	**457**
Other debt							
Elior Group bond debt	€	-	*550*	-	550	-	550
Lease liabilities	€ / $ / £	51	*94*	*38*	132	54	145
Other (1)	€	-	*115*	-	115	1	63
Bank overdrafts (2)	€	60	-	-	-	5	-
Accrued interest on borrowings	€	*7*	-	-	-	5	-
Sub-total – other debt		**118**	***759***	***38***	***797***	**65**	**758**
Total debt		**118**	***1,134***	***38***	**1,172**	**65**	**1,215**

(1) Including liabilities under the receivables securitization program.
(2) Deducted from cash and cash equivalents in the cash flow statement.

19.1.2 Carrying amount and fair value of debt

The carrying amount and fair value of the Group's debt can be analyzed as follows:

(in € millions)	At March 31, 2023 Unaudited Amortized cost	Fair value	At Sept. 30, 2022 Amortized cost	Fair value
Bank overdrafts	60	60	5	5
Other short-term debt (including short-term lease liabilities)	58	58	60	60
Sub-total – short-term debt	**118**	**118**	**65**	**65**
Bank loans	372	375	454	457
Bonds	544	485	543	427
Factoring and securitized trade receivables	114	114	62	62
Other long-term debt (including long-term lease liabilities)	133	133	146	146
Sub-total – long-term debt	**1,163**	**1,107**	**1,205**	**1,092**
Total debt	**1,281**	**1,226**	**1,270**	**1,157**

19.1.3 Movements in the Group's debt

The following table shows the movements in the Group's debt in the six months ended March 31, 2023:

(in € millions)	At Sept. 30, 2022	Increases	Redemptions/ repayments	Other movements (2)	At March 31, 2023 Unaudited
Bank borrowings and bonds	997	- (1)	(72)	(9)	916
Factoring and securitized trade receivables	62	52	-	-	114
Lease liabilities	199	-	(30)	14	183
Other borrowings	12	-	(1)	57	68
Total debt	**1,270**	**52**	**(103)**	**62**	**1,281**

(1) Excluding €1 million in premiums paid on the set-up of interest rate caps.

(2) "Other movements" mainly correspond to (i) movements in bank overdrafts (€55 million), (ii) new lease liabilities recognized in accordance with IFRS 16, (iii) the amortization of debt issuance costs, and (iv) the impact of changes in exchange rates.

19.1.4 Financial covenants

The medium- and long-term financing contracts entered into by Elior Group and Elior Participations include financial covenants (related to the Group's leverage) that could trigger compulsory early repayment in the event of non-compliance. The covenants are based on Elior Group's consolidated financial ratios and compliance checks are carried out at the end of each six-month period. They do not include any exceptional clauses compared with the standard legal provisions which apply to this type of contract.

The indenture for the Group's High Yield Bonds (the "Indenture") includes restrictive clauses and cases of default that are customary for the European high-yield market, with each case subject to a certain number of exceptions, thresholds and major reserves. In particular, it provides for undertakings to the holders of the High Yield Bonds which are aimed at, among other things, limiting the ability of the Company and certain subsidiaries to take out additional debt, pay dividends or carry out any other distributions, make any restricted payments or investments, grant security or guarantees, create supplementary levels of debt, sell or transfer assets, merge or consolidate with other entities, carry out transactions with affiliated companies, or grant additional guarantees. These limitations are subject to various exceptions and standard terms and conditions.

The above-mentioned undertakings and limitations would be suspended if the High Yield Bonds become rated as "Investment grade", i.e. are assigned a rating of equal to or above BBB-/Baa3.

The Senior Facilities Agreement contains positive and negative undertakings applicable to the members of the Group that are relatively standard for this type of financing and adapted in certain cases to take into account the Group's specific situation. It notably provides for restrictions in terms of acquisitions, share purchases and dividend payments for as long as the Group's leverage ratio remains above or equal to 4.5x.

The Senior Facilities Agreement also contains certain reporting undertakings, in particular the obligation to provide audited consolidated annual financial statements and consolidated half-yearly financial statements.

The Senior Facilities Agreement and the PGE government-backed loan provide that the Group's leverage ratio must be below or equal to 7.5x at March 31, 2023, and below or equal to 6.0x at September 30, 2023, then below or equal to 4.5x as from March 31, 2024.

19.2 Financial Risk Management

19.2.1 Liquidity risk

The Group manages its liquidity risk by constantly monitoring the maturities of its borrowings, ensuring that it has adequate available credit facilities, and diversifying its resources. It also monitors actual cash flows in relation to forecasts.

The Group has a centralized cash management system which enables it to optimize the use of its liquidity. The cash surpluses and financing needs of subsidiaries are centralized through a cash-pooling system and investments are placed, or borrowings taken out, via the head of the cash pool – Elior Participations. A local cash pool has also been set up in each country where the Group operates.

At March 31, 2023, the Group had €45 million in cash and cash equivalents (versus €64 million at September 30, 2022).

Other than cash and cash equivalents, the Group's sources of liquidity at March 31, 2023 were as follows:

- A €350 million multi-currency revolving credit facility (in euros and US dollars) expiring on July 2, 2025 (with a one-year extension option), made available under the Senior Facilities Agreement, of which €50 million had been drawn down at March 31, 2023.

- A €360 million receivables securitization program, expiring in October 2024, of which €341 million had been used at March 31, 2023 (including €227 million in off balance-sheet financing). In the event that the ABCP (Asset-backed commercial paper) markets close, the Group would have a €360 million liquidity line available for six months.

- €49 million in uncommitted bank facilities.

The Group’s credit ratings are as follows:

- Standard & Poor’s: B+ with a stable outlook since May 25, 2022 (previously BB- with a negative outlook from June 28, 2021).
- Moody’s: B2 with a negative outlook since February 13, 2023 (previously B2 under review from October 13, 2022).

19.2.2 Foreign exchange risk

The Group operates primarily in eurozone countries. Its main non-eurozone countries – the United Kingdom and the United States – account for around a third of consolidated revenue.

The revenues and expenses of Group companies are invoiced and paid in local currencies. As a general rule, Group companies have no significant external receivables or payables denominated in foreign currencies. Consequently, the Group has no significant foreign exchange risk exposure in relation to its commercial transactions.

The Group’s external borrowings are essentially denominated in euros.

Elior Participations SCA finances its subsidiaries in euros and in foreign currencies. For financing that it provides in foreign currency it uses appropriate derivatives to hedge its related exposure.

The outstanding amounts of currency swaps at March 31, 2023 were GBP 68 million for borrower swaps and USD 126 million for lender swaps. At September 30, 2022 the outstanding amount of currency swaps were GBP 80 million for borrower swaps and USD 39 million for lender swaps.

The Group's sensitivity to changes in exchange rates mainly relates to fluctuations in the value of:

– The pound sterling against the euro: a 5% increase or decrease in this currency compared with the average rate of 0.8764 for the six months ended March 31, 2023 would result in corresponding changes in consolidated revenue and recurring operating profit/(loss) of €9 million and €0.3 million respectively.
– The US dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.0476 for the six months ended March 31, 2023 would result in corresponding changes in consolidated revenue and recurring operating profit/(loss) of €30 million and €0.3 million respectively.

19.2.3 Interest rate risk

The Group is exposed to interest rate risk, as changes in interest rates have a direct impact on the fair value of its fixed-rate debt and on the amount of its net financial expenses.

The Group therefore uses interest rate hedges to protect itself against unfavorable changes in interest rates. At March 31, 2023, these hedges were as follows:

- Swaps (fixed-rate payer): €270 million
- 3.00% caps: €155 million

Consequently, at March 31, 2023, the Group’s interest-rate position (i.e. net debt plus the off balance-sheet portion of securitized receivables less lease liabilities) was as follows:

- €820 million at fixed rates (debt taken out at fixed rates or fixed via swaps);
- €155 million at capped variable rates,
- €315 million at variable rates.

A 1% increase in interest rates would have an impact of approximately €3 million on the Group's finance costs.

The percentage of the Group’s fixed-rate and capped variable-rate debt was 76% at March 31, 2023.

19.2.4 Counterparty risk

Counterparty risk is the risk that a party bound by a contract with the Group will fail to, or be unable to, meet its obligations in accordance with agreed terms, leading to a financial loss or a loss of liquidity for the Group.

The main financial instruments concerned are cash investments and derivatives.

The Group only invests its cash in sight accounts and only enters into derivative contracts with leading financial institutions. It therefore considers its counterparty risk to be very low as at the date of these financial statements.

19.2.5 Credit risk

Credit risk arises when the Group grants credit to its clients. If such a client defaults on the amount owed or becomes insolvent this could result in the Group not being repaid and could therefore negatively impact the Group’s income statement and cash flows.

The fact that the Group has a large number of clients and operates numerous sites reduces the concentration of credit risk and significantly dilutes default risk. In addition, invoices are generally issued based on services already performed and after clients have accepted them, which reduces the possibility of clients disputing invoices. A procedure for tracking receivables and issuing reminders is in place in each country in order to accelerate the collection process.

Lastly, for the Group’s French and Spanish entities, the credit and late payment risks related to the receivables sold under the “Off” compartment of the securitization program are transferred to the purchaser.

The Group's maximum exposure to credit risk corresponds to the carrying amount of all the financial assets recognized in the consolidated financial statements, net of any accumulated impairment losses.

19.3 Financial Income and Expenses

The net financial expense recorded in the six-month periods ended March 31, 2023 and 2022 breaks down as follows:

(in € millions)	Six months ended March 31, 2023 Unaudited	Six months ended March 31, 2022 Unaudited
Net finance costs	(33)	(20)
Interest expense related to leases (IFRS 16)	(3)	(4)
Net foreign exchange gain/(loss)	(2)	2
Net interest cost on post-employment benefit obligations	(1)	(1)
Interest income from loans and receivables	2	2
Other financial income	3	-
Other financial expenses	(1)	-
Net financial expense	**(35)**	**(21)**

20. Provisions

Long- and short-term provisions can be analyzed as follows:

(in € millions)	At March 31, 2023 Unaudited	At September 30, 2022
Long-term provisions for pension and other post-employment benefit obligations	61	59
Provision for non-renewal of concession contracts	11	12
Other	17	18
Long-term provisions	**89**	**89**
Provision for commercial risks	-	0
Provision for tax risks and employee-related disputes	9	10
Provision for reorganization costs	12	23
Short-term provisions for pension and other post-employment benefit obligations	6	6
Other	14	13
Short-term provisions	**41**	**52**

In the ordinary course of its business, the Group may be subject to legal proceedings as well as audits carried out by the tax, social security or other authorities. A provision is recognized if the risk related to such proceedings or audits constitutes an obligation towards a third party and the related potential liability can be measured with sufficient reliability.

In January 2022 a Group subsidiary in Italy was ordered by a first-instance court to pay €5 million in connection with a dispute with the Italian tax authorities relating to VAT for 2014-2015. The subsidiary appealed this decision but the original court order was upheld in May 2022. The decision was then appealed again to the Supreme Court but the risk of having to pay the amount reassessed by the tax authorities has been estimated as more probable than not. A €5 million provision related to this dispute was therefore recognized at September 30, 2022.

In addition, some of the Group's French entities, including Elior Group, are undergoing tax audits. No provisions were recognized in relation to these audits at March 31, 2023 as Group Management considers that no reassessment payments will be required.

21. Related Party Transactions

Other than directors and members of the Executive Committee, related parties correspond to associates, which are accounted for by the equity method.

(in € millions)	Six months ended March 31, 2023	Six months ended March 31, 2022
Revenue		
Associates	NM	NM
Expenses		
Associates	NM	NM
Trade receivables		
Associates	NM	NM
Trade payables		
Associates	NM	NM
Current accounts		
Associates	NM	4

NM: not material

22. Discontinued Operations and Assets and Liabilities Classified as Held for Sale

As was the case at September 30, 2022, at March 31, 2023, assets and liabilities classified as held for sale mainly related to the discontinued operations of Preferred Meals ("PMC") in the United States. Some of the Group's assets in India are currently in the process of being sold.

23. Events after the Reporting Date

On April 6, 2023, an addendum to the Senior Facilities Agreement was signed. In addition to the temporary easing of the leverage ratio test for the SFA, from 4.5x to 6.0x in September 2023, this amendment provides for the lending margin to be indexed (upwards or downwards) to the achievement of four ESG criteria. In addition, the addendum includes a €175 million swingline loan to help finance a future NEU CP program.

At an Extraordinary General Meeting held on April 18, 2023, the Company's shareholders approved Elior Group's planned acquisition of Derichebourg Multiservices. As consideration for Derichebourg SA's contribution in kind of all of the shares of Derichebourg Multiservices Holding, Derichebourg SA received 80,156,782 newly issued Elior Group shares, raising its ownership interest in Elior Group from 24.32% to 48.31%.

Following this transaction, Elior Group's ownership structure is as follows:

- Derichebourg: 48.3%
- BDL Capital Management: 5.5%
- Free float: 46.2%

At the close of the April 18 General Meeting, the Board of Directors met and appointed Daniel Derichebourg as Chairman and CEO of Elior Group, replacing Bernard Gault.

8 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine

S.A.S. au capital de 2 510 460 €
672 006 483 RCS Nanterre

Société de Commissariat aux Comptes
inscrite à la Compagnie Régionale de Versailles et du Centre

Deloitte & Associés

6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre

Société de Commissariat aux Comptes
inscrite à la Compagnie Régionale de Versailles et du Centre

Elior Group

Société Anonyme
9-11, allée de l'Arche
92032 Paris-La Défense Cedex

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from October 1, 2022 to march 31, 2023

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by General meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code (*"code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Elior Group, for the period from October 1, 2022 to march 31, 2023,

- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, May, 17, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	Deloitte & Associés
Matthieu Moussy	Frédéric Gourd

9 ATTESTATION OF RESPONSABILITY FOR THE HALF YEAR FINANCIAL REPORT

RESPONSABILITY FOR THE HALF YEAR FINANCIAL REPORT

I hereby affirm that to the best of my knowledge the condensed financial statements presented for the 2022-2023 half-year have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Elior Group, and of that of all of the companies included within the consolidation scope. The half year activity review included in the attached report presents a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements, the principle transactions between related parties, and describes the main risks and uncertainties for the remaining six months of the year.

Paris La Défense,
May 17th, 2023

Daniel Derichebourg
Chairman & Chief Executive Officer