COMPASS GROUP

Half year results announcement for the six months ended 31 March 2022

	Underlying[1] results			Statutory results		
	HY 2022	HY 2021	Change	**HY 2022**	HY 2021	Change
Revenue	**£11.6bn**	£8.4bn[2]	37.9%[3]	**£11.5bn**	£8.4bn	36.3%
Operating profit	**£673m**	£287m[2]	134.5%[2]	**£638m**	£168m	279.8%
Operating margin	**5.8%**	3.4%	240bps	**5.5%**	2.0%	350bps
Earnings per share	**26.9p**	9.5p[2]	183.2%[2]	**26.7p**	5.6p	376.8%
Operating cash flow	**£557m**	£486m	14.6%	**£663m**	£563m	17.8%
Free cash flow	**£360m**	£359m	0.3%			
Interim dividend per share	**9.4p**	-		**9.4p**	-	

Strong growth drives revenue above pre-COVID level[2]

Commencing a £500m share buyback programme

Half year performance summary

- Q2 underlying revenue at 99% of 2019 revenues with run rate now above our pre-COVID level[2]
- Organic growth of 37.9% driven by strong performance in North America and Europe
- Excellent net new business growth, total in HY 2022 exceeds entire FY 2021 net new business
- Operating margin of 5.8%, an increase of 240bps on HY 2021
- Leverage further reduced to 1.3x net debt/EBITDA, back within our target range
- Commencing a share buyback programme with up to £500m this calendar year

Operational highlights

- Strong growth across all sectors, with notable volume recovery in Business & Industry and Education
- Record new business wins of £2.5bn[4] over the last 12 months, with broad based growth across all regions
- Client retention rate at highest ever level of 95.8%
- Net M&A expenditure of £109m, further increasing our presence in delivered-in solutions

Strategy – positioning for the future

- Capitalising on the significant market growth opportunities in first time outsourcing
- Continuing to strengthen our competitive advantage in vending, digital solutions and ESG
- Resilient business model helps mitigate heightened inflation – also a tailwind to outsourcing

Outlook

- Increasing FY 2022 organic revenue guidance from 20 – 25% to around 30%
- Margin guidance remains unchanged; expect FY 2022 underlying operating margin to be over 6%, exiting the year at around 7%

Statutory results

- Statutory revenue increased by 36.3% and operating profit was up by 279.8%

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. Measured on a constant currency basis.
3. Organic revenue change.
4. Annual revenue of new business wins in the last 12 months.

Business Review

Dominic Blakemore, Group Chief Executive, said:

"We continue to recover strongly from the pandemic and have achieved the important milestone of revenue exceeding our pre-COVID level on a run rate basis. We have seen a notable improvement in Business & Industry and Education as employees return to the office and students to in-person learning. Net new business growth has been excellent, particularly in North America and Europe where we have mobilised a significant number of recent wins and benefited from our highest ever client retention rate.

We are mindful of global inflationary pressures, which have been exacerbated by the tragic events in Ukraine. Although we expect inflation to increase and continue at a heightened level in the medium term, we have a resilient business model to help mitigate this challenge. Inflation also provides a further impetus to outsourcing as organisations seek savings and we are capturing this growth opportunity as demonstrated by our record new business wins.

Given our strong first half performance and positive outlook, we are increasing our full year organic revenue growth guidance from 20 – 25% to around 30%. Whilst we are cautious about the inflationary environment, our margin guidance remains unchanged, with full year underlying operating margin expected to be over 6%, exiting the year at around 7%.

While investing in future growth, our increasing profit and cash flow continue to reduce leverage, which is now back within our target range. Our strong balance sheet and excellent growth prospects give us the confidence to commence a share buyback programme with up to £500m during this calendar year.

Looking further ahead, we remain excited about the significant structural growth opportunities globally, leading to the potential for revenue and profit growth above historical rates, returning margin to pre-pandemic levels and rewarding shareholders with further returns."

Results presentation today

A recording of the results presentation for investors and analysts will be available on the Company's website today, Wednesday 11 May 2022, at 7.00am. There will be a Q&A session at 9.00am, accessible via the Company's website, www.compass-group.com, and you will be able to participate by dialing:

UK Toll Number:	+44 (0) 33 0551 0200
UK Toll-Free Number:	0808 109 0700
US Toll Number:	+1 212 999 6659
US Toll-Free Number:	+1 866 966 5335
Participant PIN Code:	Compass

Please connect to the call at least 10-15 minutes prior to the start time.

Financial calendar

Ex-dividend date for 2022 interim dividend	9 June 2022
Record date for 2022 interim dividend	10 June 2022
Last day for DRIP elections	7 July 2022
Q3 Trading Update	26 July 2022
2022 interim dividend date for payment	28 July 2022
Full year results	22 November 2022

Enquiries

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Business Review (continued)

Basis of preparation

Throughout the Half Year Results Announcement, and consistent with prior periods, underlying and other alternative performance measures are used to describe the Group's performance alongside statutory measures.

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

The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

Group overview

Compass continues to recover strongly from the pandemic, having only been temporarily impacted by the Omicron variant at the beginning of the calendar year. In the first half, on a constant currency basis, underlying revenue was 98% of its pre-COVID level, with Q2 marginally stronger at 99%. Furthermore, we are now ahead of our pre-pandemic revenues on a run rate basis, an important milestone for the Group.

Underlying operating margin for the first six months was 5.8%, in line with our guidance. Despite re-opening expenses, mobilisation costs due to higher growth and inflationary pressures, we expect margin improvement to continue in the second half of the year, with underlying operating margin expected to be above 6% for the full year, with an exit rate of around 7% by year end.

We are continuing to invest in exciting growth opportunities, with capital expenditure at 2.6% of underlying revenue and net M&A expenditure of £109m, mainly in North America, in the first half of the year. Capital expenditure is expected to increase in the second half of 2022, with the full year expected to be around 3.5% of underlying revenue. The Group generated good operating cash flows in the first half and is continuing to reduce leverage, which is now 1.3x, within our target range, enabling us to commence a share buyback programme with up to £500m during this calendar year.

Group performance

Revenue

The positive performance trajectory seen through 2021 as our business adapted to, and the world recovered from, COVID-19 has continued into the first half of 2022. Our organic revenue growth for the six months was 37.9% reflecting the lapping of lower revenues in the first half of 2021 and benefiting from volume recovery in 2022.

Organic revenue change[1]	**Q3 2021**	**Q4 2021**	**Q1 2022**	**Q2 2022**	**HY 2022**
Business & Industry	20.4%	19.3%	26.9%	40.5%	**35.2%**
Education	93.7%	41.8%	51.6%	47.9%	**49.3%**
Healthcare & Senior Living	15.0%	9.3%	11.6%	10.3%	**10.5%**
Sports & Leisure	412.6%	334.6%	343.8%	228.3%	**278.4%**
Defence, Offshore & Remote	17.8%	15.0%	8.7%	6.8%	**7.9%**
Group	36.4%	32.9%	38.6%	37.0%	**37.9%**

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

Business Review (continued)

In terms of our sectors, Healthcare & Senior Living, Education, and Defence, Offshore & Remote were all trading above pre-pandemic levels during the first half of the year with Sports & Leisure at 99% of 2019 revenues. Business & Industry has seen a notable improvement in top line performance since the start of the year, with Q2 now 83% of pre-pandemic levels, versus 68% in Q4 2021, reflecting the easing of government restrictions across many markets and the associated return to workplaces. Education also performed particularly well, increasing to 107% of 2019 revenues in Q2 2022, from 94% in Q4 2021.

Underlying revenue[1] as % of 2019[2]	Q3 2021	Q4 2021	Q1 2022	Q2 2022	HY 2022
Business & Industry	60.8%	68.4%	76.6%	82.9%	**80.4%**
Education	77.7%	93.6%	101.2%	107.3%	**103.9%**
Healthcare & Senior Living	107.2%	111.3%	114.6%	116.3%	**115.0%**
Sports & Leisure	48.8%	89.3%	107.3%	93.8%	**99.4%**
Defence, Offshore & Remote	110.6%	108.8%	116.6%	115.3%	**116.1%**
Group	76.2%	88.5%	96.9%	99.2%	**98.0%**

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.
2. On a constant currency basis. Throughout this report, underlying revenue as a percentage of 2019 is calculated on a constant currency basis.

Client retention rates continued to improve at 95.8% and, encouragingly, underlying revenue growth from new business wins was 10.3% as contracts continue to mobilise. Net new business, when rebased to 2019, is around 4.4%, higher than the historical levels of 3%, a key indication of positive growth momentum.

On a statutory basis, revenue was £11,499m (2021: £8,435m), an increase of 36% as the business continued to recover from the pandemic.

Operating profit

Underlying operating profit increased by 135% on a constant currency basis, to £673m, and our underlying operating margin was 5.8%, which represents c.80% of our pre-COVID margin levels.

On a statutory basis, operating profit was £638m (2021: £168m), an increase of 280%, mainly reflecting the higher revenue. Statutory operating profit includes non-underlying item charges of £35m (2021: £122m), including acquisition related costs of £33m (2021: £41m). Non-underlying items in the prior period also included COVID-19 resizing costs of £78m.

Capital allocation

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

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

As announced in November 2021, the ordinary dividend has been resumed with the dividend policy to pay out around 50% of underlying earnings through an interim and final dividend. The Board has approved an interim dividend of 9.4 pence per share to be payable in July 2022. The Group is also commencing a share buyback programme with up to £500m during this calendar year.

Business Review (continued)

Regional performance

North America – 65.9% of Group underlying revenue (2021: 60.4%)

	Underlying results[1]		Change[1]			Statutory results		Change
Regional financial summary	**2022**	2021	Reported rates	Constant currency	Organic	**2022**	2021	Reported rates
Revenue	**£7,657m**	£5,160m	48.4%	47.6%	47.9%	**£7,650m**	£5,150m	48.5%
Operating profit[2]	**£535m**	£242m	121.1%	120.2%	121.1%	**£509m**	£218m	133.5%
Operating margin	**7.0%**	4.7%	230bps			**6.7%**	4.2%	250bps

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. 2021 re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (£3m loss).

Underlying

During the first half of the year, revenues were 103% of 2019 levels, up from 90% in Q4 2021. All sectors are now operating above or around 100% of 2019 levels, with the exception of Business & Industry. Organic revenue growth was 48%, with base volumes continuing to recover. Reported new business at 11.2%, with double digit new business growth in Business & Industry and Sports & Leisure and continued high retention rates at 97%, saw net new business of 8.2%.

Our Sports & Leisure sector maintained its momentum from the second half of 2021, continuing to benefit from strong attendance and per capita spend, although some events continued to be postponed due to COVID-19. Our Education sector continued to perform well, reflecting higher numbers on campus. The return to the office has been gradual and our Business & Industry sector remains impacted by the pandemic, with revenues at 84% of 2019 levels for the first half, although there has been further improvement during recent months. Our Healthcare & Senior Living business has been resilient throughout the pandemic, particularly in support services, with new business strong especially in community living.

Underlying operating profit of £535m represents 120% growth on a constant currency basis and an operating margin of 7.0%, a 230bps improvement on the first half of 2021. The margin has benefited from overhead leverage as volumes have improved as well as the continued focus on efficiency, cost control and pricing to mitigate higher levels of inflation and mobilisation costs.

During the period, the Group acquired a number of businesses that complement the Group's existing footprint, creating opportunities for synergies across our sectors in the US.

Statutory

Statutory revenue increased by 48.5% to £7,650m as the business continues to recover from the pandemic.

Statutory operating profit was £509m, a £291m increase, due to stronger revenue and the improved operating margin.

Business Review (continued)

Europe – 23.8% of Group underlying revenue (2021: 26.4%)

	Underlying results[1]		Change[1]			Statutory results		Change
Regional financial summary	**2022**	2021	Reported rates	Constant currency	Organic	**2022**	2021	Reported rates
Revenue	**£2,766m**	£2,260m	22.4%	28.3%	28.3%	**£2,647m**	£2,154m	22.9%
Operating profit/(loss)[2]	**£125m**	£32m	290.6%	331.0%	342.9%	**£118m**	£(57)m	307.0%
Operating margin	**4.5%**	1.4%	310bps			**4.5%**	(2.6)%	710bps

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. 2021 re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (£nil).

Underlying

Despite varying levels of national restrictions and changing pandemic guidance across the countries, all sectors traded above 100% of 2019 revenues with the exception of Business & Industry, the region's largest sector, which was 76% of 2019 levels. Overall, revenues were 90% of 2019 levels, 6 percentage points higher than Q4 2021. Organic revenue grew by 28.3%. Momentum in reported new business growth has continued and was 9.4%, driven by UK&I, France, Germany and Spain, with client retention showing an improving trend at 94.3%.

The business has continued to resize as government support programmes have reduced or ceased. As expected, no further non-underlying restructuring charges have been incurred, but the cash cost in the period was £29m.

Underlying operating profit was £125m, representing 331% growth on a constant currency basis. Operating margin was 4.5%, a 310bps improvement on the first half of 2021, reflecting overhead leverage as volumes have improved, with higher levels of inflation and mobilisation costs being mitigated through cost control and pricing.

In March, the Group exited the Russian market in response to the war in Ukraine, with the disposal of the business completing during the period. Based on FY 2021 revenues, Russia comprised 0.5% and 0.1% of Europe and Group revenues, respectively.

Statutory

Statutory revenue was £2,647m, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

The statutory operating profit of £118m represents a £175m improvement driven by the trading performance and the higher non-underlying charges in relation to resizing activity and acquisitions in the prior year.

Business Review (continued)

Rest of World – 10.3% of Group underlying revenue (2021: 13.2%)

Regional financial summary	Underlying results[1] 2022	2021	Change[1] Reported rates	Constant currency	Organic	Statutory results 2022	2021	Change Reported rates
Revenue	**£1,202m**	£1,131m	6.3%	9.6%	9.6%	**£1,202m**	£1,131m	6.3%
Operating profit[2]	**£56m**	£53m	5.7%	7.7%	7.7%	**£54m**	£50m	8.0%
Operating margin	**4.7%**	4.7%	-			**4.5%**	4.4%	10bps

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. 2021 re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (£nil).

Underlying

Our Rest of World region had revenues at 90% of 2019 levels, in line with Q4 2021, reflecting ongoing localised lockdowns, especially in Japan which is weighted to Business & Industry clients. Our more resilient Defence, Offshore & Remote sector continued to trade above pre-COVID levels, with over 40% of regional revenue being generated from this sector.

Organic revenue grew by 9.6% reflecting higher volumes and modest net new business driven by Australia, Japan and Brazil. Client retention was 93.3%.

Underlying operating profit was £56m, which represents 7.7% growth on a constant currency basis. Operating margin was 4.7%, consistent with the first half of 2021. The focus on actions to control costs and improve efficiency offset the adverse impact from localised lockdowns, particularly across APAC, and rising inflation.

Statutory

Statutory revenue increased by 6.3% to £1,202m. There is no difference between statutory and underlying revenue.

Statutory operating profit was £54m, an increase of £4m, reflecting the improved trading performance.

Business Review (continued)

Strategy

The Group's addressable food services market is estimated to be worth at least £220bn. There is a significant structural growth opportunity from first time outsourcing, with around half of the market currently self-operated. Roughly 25% of the market is held by regional players with a further opportunity to take share from other large competitors. As the operating environment becomes increasingly challenging due to inflationary pressures and operational complexities, we have a clear strategy to capture the acceleration in first time outsourcing based on our focus, scale and expertise. This is demonstrated by our record new business wins of £2.5bn[1] during the last 12 months, with broad based growth across all regions.

Our strategic focus on food, with some specialised support services, is particularly relevant and we continue to evolve in line with changing market conditions. Being the largest global player, our scale in procurement and focus on cost efficiencies give us competitive advantages that translate into greater value for clients and consumers. Our sectorised and sub-sectorised approach enables us to provide a tailored offer to meet changing client requirements. We recognise the increasing importance of digital and Environmental, Social and Governance (ESG) in our food offering and are continuing to invest in our market leading propositions.

We are exiting the COVID-19 pandemic as a stronger and better business, accelerating new digital and culinary initiatives and adopting a more agile operating model. As volumes return, we believe the measures we have taken to increase efficiency will improve the quality of the business over the longer term.

Our strategic focus on People, Performance and Purpose continues to underpin all that we do in our ambition to deliver value to all our stakeholders.

People

Our people are at the heart of who we are and what we do. The resilience and dedication of our people throughout the pandemic has been extraordinary and has proven to be a vital ingredient in our continued success. It is testament to them that, despite unprecedented operational challenges, they have continued to serve our clients, consumers and communities with passion, creativity and care, whilst maintaining an unwavering focus on health and safety.

We work hard to build an open culture in which our people can thrive, feeling safe and valued for who they are and what they bring to Compass. Career growth is one of our commitments. We want everyone to have the opportunity to develop their personal and professional skills.

Over the last six months, we have been celebrating the diversity of careers and people through social media with our Compass Career Stories and announced the launch of our UK&I Compass Academy in 2023 which will train more than 12,000 people per year in hospitality.

Leadership in Action, our Unit Manager training programme, is delivered in local languages across 32 countries. Around 4,300 Unit Managers have attended our programme thus far which embraces the virtual learning environment. We have also deployed digital learning in our flagship Mapping for Value and Mapping for Action global training programmes. The new capabilities have enhanced our reach as we continue to reinforce our use of the Management and Performance (MAP) framework for all Leadership Team members and Unit Managers.

We continue to invest in supporting our people's mental health and wellbeing with programmes across the globe that include support funds, employee counselling and Mental Health First Aiders. Through our programmes, we have been able to help our colleagues with relatives impacted by the war in Ukraine to access resources and funds. Many of our people have been fundraising, volunteering and supporting families directly in their countries. We are immensely proud of our colleagues' compassion, response and capacity to make a difference in all our communities.

1. Annual revenue of new business wins in the last 12 months.

Business Review (continued)

Purpose

Sustainability is deeply rooted within our business, from our talented chefs and passionate operators to our inspiring leadership team. We have been leading the charge for nearly two decades, setting industry-leading animal welfare standards, removing unnecessary single-use plastics, addressing food waste and now with our 2050 Net Zero commitment. We pride ourselves on being transparent in reporting on progress in our Annual Report and through the Carbon Disclosure Project.

As the world's largest food services group, operating at the heart of the global food supply chain, we are in a unique position to influence real change while helping to create a more sustainable global food system for all. We inspire change with our day of action, Stop Food Waste Day, with delicious and innovative offerings that enable our clients and consumers to make better choices for their health and the health of our planet. Our strategic approach targets areas that have the potential to deliver the most considerable reductions in our carbon footprint over the coming decades while mitigating the impacts of climate change for the benefit of our colleagues, clients, consumers and other stakeholders.

Compass aims to reach Net Zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050 and to be carbon neutral on its Scope 1 and 2 GHG emissions by 2030. Our targets over the next decade have been validated by the Science Based Targets initiative and are in line with the latest climate science deemed necessary to meet the goals of the Paris Agreement. We will achieve these goals in various ways, such as redesigning our menus, promoting plant-forward ways of eating, reducing food waste, switching to renewable electricity across our controlled operations and electrifying our fleet.

Recognising that we are just part of the solution, we work collaboratively with our partners and suppliers to create a significant impact. Collective innovation, proprietary tools, strategic partnerships and a dedicated vision will usher us into a more sustainable future.

Summary and outlook

The Group is exiting the pandemic strongly and has achieved the important milestone of revenue exceeding its pre-COVID level on a run rate basis. Organic growth was strong in the first half of the year as the Group benefited from like for like volume recovery, high levels of net new business and pricing. Underlying operating margin was in line with guidance and is expected to improve in the second half.

While there are global inflationary pressures, which are expected to increase and continue at a heightened level, we have a resilient business model to help mitigate this challenge. This environment is also leading to an acceleration in first time outsourcing as organisations seek cost savings. We have a clear strategy to capture this growth opportunity based on our scale, expertise and sectorised market approach. Our value creation model has proven very effective and remains unchanged. The Group's market leading position combined with a relevant offer and capability are resulting in record new business wins and our highest ever client retention rate.

Given our strong first half performance and positive outlook, we are increasing our full year organic revenue growth guidance from 20 – 25% to around 30%. Whilst we are cautious about the inflationary environment, our margin guidance remains unchanged, with full year underlying operating margin expected to be over 6%, exiting the year at around 7%.

Our disciplined capital allocation framework supports growth whilst ensuring a robust balance sheet, rewarding shareholders through dividends and additional shareholder returns. This is demonstrated through the 9.4 pence per share interim dividend and the share buyback programme announced today with up to £500m during this calendar year.

Looking further ahead, we remain excited about the significant structural growth opportunities globally, leading to the potential for revenue and profit growth above historical rates, returning margin to pre-pandemic levels and rewarding shareholders with further returns.

Financial Results

Group performance

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

The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

	2022 £m	2021 £m	Change
Revenue			
Underlying – reported rates[1]	**11,625**	8,551	35.9%
Underlying – constant currency[1]	**11,625**	8,442	37.7%
Organic[1]	**11,588**	8,401	37.9%
Statutory	**11,499**	8,435	36.3%
Operating profit			
Underlying – reported rates[1]	**673**	290	132.1%
Underlying – constant currency[1]	**673**	287	134.5%
Organic[1]	**673**	285	135.8%
Statutory	**638**	168	279.8%
Operating margin			
Underlying – reported rates[1]	**5.8%**	3.4%	240 bps
Basic earnings per share			
Underlying – reported rates[1]	**26.9p**	9.6p	180.2%
Underlying – constant currency[1]	**26.9p**	9.5p	183.2%
Statutory	**26.7p**	5.6p	376.8%
Free cash flow			
Underlying – reported rates[1]	**360**	359	0.3%
Dividend			
Interim dividend per share	**9.4p**	-	n/a

1. The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

Financial Results (continued)

Segmental performance

	Underlying revenue[1]		Change[1]		
	2022	2021	Reported	Constant	
	£m	£m	rates	currency	Organic
North America	**7,657**	5,160	48.4%	47.6%	47.9%
Europe	**2,766**	2,260	22.4%	28.3%	28.3%
Rest of World	**1,202**	1,131	6.3%	9.6%	9.6%
Total	**11,625**	8,551	35.9%	37.7%	37.9%

	Underlying operating profit[1]		Underlying operating margin[1]	
	2022	2021[2]	**2022**	2021[2]
	£m	£m	**£m**	£m
North America	**535**	242	**7.0%**	4.7%
Europe	**125**	32	**4.5%**	1.4%
Rest of World	**56**	53	**4.7%**	4.7%
Unallocated overheads	**(43)**	(37)		
Total	**673**	290	**5.8%**	3.4%

1. The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.
2. Re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (North America: £3m loss).

Statutory and underlying results

	2022			2021		
	Statutory £m	**Adjustments £m**	**Underlying[1] £m**	Statutory £m	Adjustments £m	Underlying[1] £m
Revenue	**11,499**	**126**	**11,625**	8,435	116	8,551
Operating profit	**638**	**35**	**673**	168	122	290
Net (loss)/gain on sale and closure of businesses	**(6)**	**6**	**-**	14	(14)	-
Net finance costs	**-**	**(37)**	**(37)**	(49)	(7)	(56)
Profit before tax	**632**	**4**	**636**	133	101	234
Tax expense	**(152)**	**(1)**	**(153)**	(33)	(30)	(63)
Profit for the period	**480**	**3**	**483**	100	71	171
Non-controlling interests	**(3)**	**-**	**(3)**	-	-	-
Attributable profit	**477**	**3**	**480**	100	71	171
Average number of shares	**1,784m**	**-**	**1,784m**	1,784m	-	1,784m
Basic earnings per share	**26.7p**	**0.2p**	**26.9p**	5.6p	4.0p	9.6p
EBITDA			**1,039**			670

1. The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

Financial Results (continued)

Statory results

Revenue

On a statutory basis, revenue was £11,499m (2021: £8,435m), an increase of 36% as the business continued to recover from the pandemic.

Operating profit

On a statutory basis, operating profit was £638m (2021: £168m), an increase of 280%, mainly reflecting the higher revenue. Statutory operating profit includes non-underlying item charges of £35m (2021: £122m), including acquisition related costs of £33m (2021: £41m). Non-underlying items in the prior period also included COVID-19 resizing costs of £78m. A full list of non-underlying items is included in note 12 (non-GAAP measures).

Gains and losses on sale and closure of businesses

The Group has recognised a net loss of £6m on the sale and closure of businesses (2021: net gain of £14m), including exit costs of £3m (2021: £1m). The net loss in the period includes the Group's exit from its operations in Russia.

Finance costs

Net finance costs decreased to £nil (2021: £49m) mainly due to fair value gains on unhedged derivatives held to minimise volatility in short term underlying finance costs, the repayment of a tranche of US Private Placements in October 2021, lower net interest expense relating to the unhedged derivatives and termination of the covenant waivers in June 2021.

Tax charge

Profit before tax was £632m (2021: £133m) giving rise to an income tax expense of £152m (2021: £33m), which is equivalent to an effective tax rate of 24.1% (2021: 24.8%). The decrease in rate primarily reflects the mix of profits by country being taxed at different rates.

Earnings per share

Basic earnings per share were 26.7 pence (2021: 5.6 pence), an increase of 377%, reflecting the higher profit for the period.

Underlying results

Revenue

In the first half, on a constant currency basis, underlying revenue was 98% of its pre-COVID level, with Q2 marginally stronger at 99%.

Our organic revenue growth for the six months was 37.9% reflecting the lapping of lower revenues in the first half of 2021 and benefiting from volume recovery in 2022.

Client retention rates continued to improve at 95.8% and, encouragingly, underlying revenue growth from new business wins was 10.3% as contracts continue to mobilise. Net new business, when rebased to 2019, is around 4.4%, higher than the historical levels of 3%, a key indication of positive growth momentum.

Operating profit

Underlying operating profit increased by 135% on a constant currency basis, to £673m, and our underlying operating margin was 5.8%, which represents c.80% of our pre-COVID margin levels.

Finance costs

Underlying net finance costs decreased to £37m (2021: £56m) mainly due to the repayment of a tranche of US Private Placements in October 2021, lower net interest expense relating to the unhedged derivatives and termination of the covenant waivers in June 2021.

Tax charge

On an underlying basis, the tax charge was £153m (2021: £63m), which is equivalent to an effective tax rate of 24.0% (2021: 26.9%). The decrease in rate primarily reflects the mix of profits by country being taxed at different rates. The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally.

Earnings per share

On a constant currency basis, underlying basic earnings per share increased by 183% to 26.9 pence (2021: 9.5 pence) reflecting the higher profit for the period.

Financial Results (continued)

Free cash flow

Free cash flow totalled £324m (2021: £233m). In the six months, we made cash payments of £33m (2021: £126m) in relation to programmes aimed at resizing the business. Adjusting for this, and acquisition transaction costs of £3m which are now reported as part of operating cash flows, underlying free cash flow was £360m (2021: £359m), with underlying free cash flow conversion at 53.5% (2021: 123.8%).

Capital expenditure of £306m (2021: £272m) is equivalent to 2.6% (2021: 3.2%) of underlying revenue.

The working capital outflow, excluding provisions and pensions, was £142m (2021: £119m inflow). The prior period benefited from VAT and payroll tax deferral schemes and lower bonus payments.

The net interest outflow reduced to £40m (2021: £52m) consistent with the lower finance costs in the period.

The net tax paid was £133m (2021: £60m), which is equivalent to an underlying cash tax rate of 20.9% (2021: 25.6%).

Acquisitions

The total cash spent on the acquisition of subsidiaries during the six months ended 31 March 2022, net of cash acquired, was £115m (2021: £34m), including £15m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £3m of acquisition transaction costs included in net cash flow from operating activities.

Disposals

The Group received £26m (2021: £1m) in respect of disposal proceeds net of exit costs, which includes the sale of a further 17% shareholding in the Japanese Highways business classified as an asset held for sale at 30 September 2021 and tax receipts in respect of prior year business disposals.

Financial position

Liquidity

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 31 March 2022 shows that the average period to maturity is 3.5 years (30 September 2021: 3.7 years).

The Group has issued US Private Placement (USPP) notes which contain financial covenants. These consist of a leverage covenant and an interest cover covenant which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.0 times and 27.0 times, respectively, at 31 March 2022. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests.

At 31 March 2022, the Group had access to £3,317m (30 September 2021: £3,656m) of liquidity, including £2,000m (30 September 2021: £2,000m) of undrawn committed bank facilities and £1,317m (30 September 2021: £1,656m) of cash, net of overdrafts. A USPP of $398m (£297m) was repaid on 1 October 2021.

Our credit ratings remain strong investment grade – Standard & Poor's A/A-1 Long and Short term (outlook Negative) and Moody's A3/P-2 Long and Short term (outlook Stable).

Net debt

Net debt has remained broadly consistent at £2,530m (30 September 2021: £2,538m). The Group generated £324m of free cash flow, after investing £306m in capital expenditure, which was offset by £106m spent on the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, and the payment of the 2021 final dividend of £250m.

Post employment benefit obligations

The surplus in the Compass Group Pension Plan (UK Plan) increased to £555m (30 September 2021: £353m) mainly reflecting an increase in the discount rate, net of inflation, used to measure the liabilities as corporate bond yields have increased, partly offset by a decrease in the market value of plan assets as gilt and corporate bond yields have increased. The deficit in the rest of the Group's defined benefit pension schemes has decreased to £195m (30 September 2021: £224m).

Financial Results (continued)

Shareholder returns

An interim dividend of 9.4 pence per share (2021: nil) has been declared, £168m in aggregate, which is payable on 28 July 2022 to shareholders on the register at the close of business on 10 June 2022. The interim dividend will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP is 7 July 2022.

The directors have approved a share buyback programme with up to £500m during this calendar year.

Related party transactions

Details of transactions with related parties are set out in note 10 of the financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

Going concern

The uncertainty as to the future impact on the financial performance and cash flows of the Group as a result of COVID-19 has been considered as part of the Group's adoption of the going concern basis in its financial statements. The factors considered by the directors in assessing the ability of the Group to continue as a going concern are discussed on page 25. The Group has access to considerable financial resources, together with longer term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. Based on the assessment, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period to 30 September 2023. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

External audit

The last tender for the external audit was performed with respect to the audit for financial year 2014. The Audit Committee has therefore commenced planning for a tender process with respect to the audit for financial year 2024. This will allow time for the transition of non-audit services ahead of any change in auditor that may be made.

Risk

Principal risks

The Board continues to take a proactive approach to risk management with the aim of protecting the Group's employees, clients and consumers, and safeguarding the interests of the Company and its shareholders in what is a constantly changing environment.

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

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

The war in Ukraine has been recognised as a new principal risk due to the national security threat it brings to neighbouring countries in Europe and the members of the NATO alliance. Details of the other principal risks facing the Group and mitigating actions are included on pages 73 to 81 of the 2021 Annual Report. A description of those risks and uncertainties is set out below. The war in Ukraine has also resulted in the elevation of the existing risks in respect of the economy, cost inflation, political stability and information systems and technology.

RISK	DESCRIPTION
CLIMATE CHANGE AND SUSTAINABILITY	
Climate Change	We recognise the impact of climate change on the environment and Compass; for example the operational impacts of extreme weather events, supply shortages caused by water scarcity, and transition risks, such as changes in technologies, markets and regulation.
Social and Ethical Standards	We rely on our people to deliver great service to our clients and consumers, so we recognise that their welfare is the foundation of our culture and business. We remain vigilant in upholding high standards of business ethics with regard to human rights and social equality.
HEALTH AND SAFETY	
Pandemic COVID-19	The Group's operations have been significantly disrupted due to the ongoing global COVID-19 pandemic and associated containment initiatives. Further outbreaks of the virus, or another pandemic, could cause further business risk.
Health and Safety	Compass feeds millions of consumers and employs hundreds of thousands of people around the world every day. For that reason, setting the highest standards for food hygiene and safety is paramount. Health and safety breaches could cause serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to our reputation.
PEOPLE	
Recruitment	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses in some key positions due to a lack of industry experience amongst candidates, appropriately qualified people, the seasonal nature of some of our businesses and availability issues related to COVID-19.
Retention and Motivation	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group. The current economic conditions may increase the risk of attrition at all levels of the organisation. Business closures resulting from lockdowns or other social distancing controls may significantly impact the Group's workforce in affected regions.
CLIENTS AND CONSUMERS	
Sales and Retention	Our businesses rely on securing and retaining a diverse range of clients. The potential loss of material client contracts in an increasingly competitive market is a risk to our businesses. Reduced office attendance, closure of client sites and fewer site visitors as a result of COVID-19 may impact revenues in affected sectors.

Risk (continued)

Principal risks (continued)

RISK	DESCRIPTION
CLIENTS AND CONSUMERS (CONTINUED)	
Service Delivery, Contractual Compliance and Retention	The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to the loss of business and/or claims.
Competition and Disruption	We operate in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self operated market. Ongoing structural changes in working and education environments may reduce the number of people in offices and educational establishments. The emergence of new industry participants and traditional competition using disruptive technology could adversely affect our business.
ECONOMIC AND POLITICAL ENVIRONMENT	
Economy	Sectors of our business could be susceptible to adverse changes in economic conditions and employment levels. Continued worsening of economic conditions has increased the risk to the businesses in some jurisdictions. The full extent of the medium to long term financial impacts of COVID-19 on economies worldwide is, as yet, unknown.
Cost Inflation	Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the USA and UK, or the cost of food, could constitute a risk to our ability to do this. Increases in inflation continue to intensify cost pressures in some locations.
Political Stability	We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability. Political instability around the world remains a risk as a result of continuing geopolitical tensions.
COMPLIANCE AND FRAUD	
Compliance and Fraud	Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group's reputation, its performance and/or a reduction in the Company's share price and/or a loss of business. A failure to manage these risks could adversely impact the Group's performance and/or reputation if significant financial penalties are levied or a criminal action, sanction or other litigation is brought against the Company, its directors or executive management. Companies face increased risk of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct both internally and externally, due to financial and/or performance pressures and significant changes to ways of working.
International Tax	The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. The need to raise public finances to meet the cost of the COVID-19 pandemic is likely to cause governments to consider increases in tax rates and other potentially adverse changes in tax legislation, and to renew focus on compliance for large corporates. Multiple initiatives to assist businesses have been introduced across tax jurisdictions in response to the COVID-19 pandemic.
INFORMATION SYSTEMS AND TECHNOLOGY	
Information Systems and Technology	The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data and damage to brand reputation through, for example, the increased and instantaneous use of social media. Disruption caused by the failure of key software applications, security controls or underlying infrastructure could delay day to day operations and management decision making. The incidence of sophisticated phishing and malware attacks on businesses is rising with an increase in the number of companies suffering operational disruption and loss of data. The increase in remote working has led to an increase in the risk of malware and phishing attacks across all organisations.

Responsibility statement of the directors in respect of the half yearly financial report

The Interim Report complies with the Disclosure Guidance and Transparency Rules (DTR) of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half yearly financial report. The Interim Management Report is the responsibility of, and has been approved by, the directors.

We confirm that to the best of our knowledge:

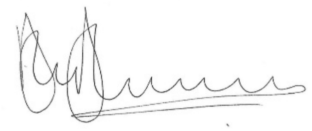
- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' contained in UK-endorsed International Financial Reporting Standards (IFRSs) and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Interim Management Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to conduct its review.

On behalf of the Board



Dominic Blakemore
Group Chief Executive Officer

Palmer Brown
Group Chief Financial Officer

11 May 2022

Independent review report to Compass Group PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the latest annual financial statements of the Group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Zulfikar Walji
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
11 May 2022

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Notes	2022 £m	2022 £m	2021[1] £m	2021[1] £m
Revenue	2		**11,499**		8,435
Net impairment (losses)/gains on trade receivables		**(4)**		3	
Other operating costs		**(10,879)**		(8,284)	
Operating costs			**(10,883)**		(8,281)
Operating profit before joint ventures and associates			**616**		154
Share of results of joint ventures and associates			**22**		14
Underlying operating profit[2]		**673**		290	
Acquisition related costs[3]		**(33)**		(41)	
COVID-19 resizing costs[3]	3	**-**		(78)	
One-off pension charge[3]		**-**		(2)	
Tax on share of profit of joint ventures[3]		**(2)**		(1)	
Operating profit	2		**638**		168
Net (loss)/gain on sale and closure of businesses[3]	9		**(6)**		14
Financial income		**4**		4	
Financial expense		**(41)**		(60)	
Other financing items[3]		**37**		7	
Net finance costs			**-**		(49)
Profit before tax			**632**		133
Income tax expense	4		**(152)**		(33)
Profit for the period			**480**		100
ATTRIBUTABLE TO					
Equity shareholders			**477**		100
Non-controlling interests			**3**		-
Profit for the period			**480**		100
BASIC EARNINGS PER SHARE	5		**26.7p**		5.6p
DILUTED EARNINGS PER SHARE	5		**26.7p**		5.6p

Six months ended 31 March.

1. Re-presented to disaggregate net impairment gains and losses on trade receivables from operating costs.
2. Operating profit excluding specific adjusting items (acquisition related costs, COVID-19 resizing costs, one-off pension charge and tax on share of profit of joint ventures) (see note 12).
3. Specific adjusting item (see note 12).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Six months ended 31 March	
	2022 £m	2021 £m
Profit for the period	**480**	100
Other comprehensive income		
Items that will not be reclassified to the income statement		
Remeasurement of post employment benefit assets	**2**	-
Remeasurement of post employment benefit obligations	**316**	30
Return on plan assets, excluding interest income	**(98)**	(115)
Change in fair value of financial assets at fair value through other comprehensive income	**(1)**	2
Tax (charge)/credit on items relating to the components of other comprehensive income	**(55)**	18
	164	(65)
Items that may be reclassified to the income statement		
Currency translation differences[1]	**55**	(230)
Reclassification of cumulative currency translation differences on sale of businesses	**7**	(24)
	62	(254)
Total other comprehensive income/(loss)	**226**	(319)
Total comprehensive income/(loss) for the period	**706**	(219)
ATTRIBUTABLE TO		
Equity shareholders	**703**	(219)
Non-controlling interests	**3**	-
Total comprehensive income/(loss) for the period	**706**	(219)

1. Includes a loss of £26m in relation to the effective portion of net investment hedges (six months ended 31 March 2021: gain of £54m).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Attributable to equity shareholders							
	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings/ (losses) £m	Non-controlling interests £m	Total equity £m
At 1 October 2021	198	189	295	(2)	3,969	242	28	4,919
Profit for the period	-	-	-	-	-	477	3	480
Other comprehensive income								
Remeasurement of post employment benefit assets	-	-	-	-	-	2	-	2
Remeasurement of post employment benefit obligations	-	-	-	-	-	316	-	316
Return on plan assets, excluding interest income	-	-	-	-	-	(98)	-	(98)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(1)	-	(1)
Currency translation differences	-	-	-	-	55	-	-	55
Reclassification of cumulative currency translation differences on sale of businesses	-	-	-	-	7	-	-	7
Tax charge on items relating to the components of other comprehensive income	-	-	-	-	-	(55)	-	(55)
Total other comprehensive income	-	-	-	-	62	164	-	226
Total comprehensive income for the period	-	-	-	-	62	641	3	706
Fair value of share-based payments	-	-	-	-	20	-	-	20
Change in fair value of non-controlling interest put options	-	-	-	-	(2)	-	-	(2)
Reclassification of non-controlling interest put option reserve on exercise of put options	-	-	-	-	5	-	(5)	-
Purchase of own shares to satisfy employee share-based payments	-	-	-	(5)	-	-	-	(5)
Release of share awards settled in existing shares purchased in the market	-	-	-	-	(4)	-	-	(4)
Transfer[1]	-	-	-	-	(287)	287	-	-
	198	189	295	(7)	3,763	1,170	26	5,634
Dividends paid to equity shareholders (note 6)	-	-	-	-	-	(250)	-	(250)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1)	(1)
Cost of shares transferred to employees	-	-	-	4	-	-	-	4
At 31 March 2022	198	189	295	(3)	3,763	920	25	5,387

1. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.

Own shares

Own shares held by the Group represent 245,562 ordinary shares in Compass Group PLC (30 September 2021: 185,228) which are held by the Compass Group PLC All Share Schemes Trust (ASST). These shares are listed on a recognised stock exchange and their market value at 31 March 2022 was £4m (30 September 2021: £3m). The nominal value of the shares held at 31 March 2022 was £27,135 (September 2021: £20,468). ASST is a discretionary trust for the benefit of employees and the shares held are used to satisfy some of the Group's liabilities to employees for long term incentive plans.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Attributable to equity shareholders							
	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained (losses)/ earnings £m	Non-controlling interests £m	Total equity £m
At 1 October 2020	198	189	295	(2)	4,145	(35)	23	4,813
Profit for the period	-	-	-	-	-	100	-	100
Other comprehensive income								
Remeasurement of post employment benefit obligations	-	-	-	-	-	30	-	30
Return on plan assets, excluding interest income	-	-	-	-	-	(115)	-	(115)
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	2	-	2
Currency translation differences	-	-	-	-	(230)	-	-	(230)
Reclassification of cumulative currency translation differences on sale of businesses	-	-	-	-	(24)	-	-	(24)
Tax credit on items relating to the components of other comprehensive income	-	-	-	-	-	18	-	18
Total other comprehensive loss	-	-	-	-	(254)	(65)	-	(319)
Total comprehensive (loss)/income for the period	-	-	-	-	(254)	35	-	(219)
Fair value of share-based payments	-	-	-	-	10	-	-	10
Change in fair value of non-controlling interest put options	-	-	-	-	8	-	-	8
Purchase of own shares to satisfy employee share-based payments	-	-	-	(3)	-	-	-	(3)
Release of share awards settled in existing shares purchased in the market	-	-	-	-	(2)	-	-	(2)
Tax charge on items taken directly to equity	-	-	-	-	-	(2)	-	(2)
	198	189	295	(5)	3,907	(2)	23	4,605
Cost of shares transferred to employees	-	-	-	2	-	-	-	2
At 31 March 2021	198	189	295	(3)	3,907	(2)	23	4,607

CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2022

	Notes	At 31 March 2022 (unaudited) £m	At 30 September 2021 (audited) £m
NON-CURRENT ASSETS			
Goodwill		**4,620**	4,550
Other intangible assets		**1,688**	1,617
Costs to obtain and fulfil contracts		**943**	923
Right of use assets		**743**	759
Property, plant and equipment		**840**	835
Interests in joint ventures and associates		**252**	256
Other investments		**199**	166
Post employment benefit assets		**555**	353
Trade and other receivables		**144**	129
Deferred tax assets		**212**	212
Derivative financial instruments[1]		**52**	116
Non-current assets		**10,248**	9,916
CURRENT ASSETS			
Inventories		**389**	327
Trade and other receivables		**2,978**	2,684
Tax recoverable		**78**	82
Cash and cash equivalents[1]		**1,480**	1,840
Derivative financial instruments[1]		**38**	2
		4,963	4,935
Assets held for sale	9	**26**	17
Current assets		**4,989**	4,952
Total assets		**15,237**	14,868
CURRENT LIABILITIES			
Borrowings[1]		**(592)**	(481)
Lease liabilities[1]		**(179)**	(180)
Derivative financial instruments[1]		**(11)**	(9)
Provisions		**(297)**	(298)
Current tax liabilities		**(198)**	(169)
Trade and other payables		**(4,356)**	(4,090)
Current liabilities		**(5,633)**	(5,227)
NON-CURRENT LIABILITIES			
Borrowings[1]		**(2,611)**	(3,154)
Lease liabilities[1]		**(648)**	(665)
Derivative financial instruments[1]		**(59)**	(7)
Post employment benefit obligations		**(195)**	(224)
Provisions		**(304)**	(283)
Deferred tax liabilities		**(140)**	(84)
Trade and other payables		**(260)**	(305)
Non-current liabilities		**(4,217)**	(4,722)
Total liabilities		**(9,850)**	(9,949)
Net assets		**5,387**	4,919
EQUITY			
Share capital		**198**	198
Share premium		**189**	189
Capital redemption reserve		**295**	295
Own shares		**(3)**	(2)
Other reserves		**3,763**	3,969
Retained earnings		**920**	242
Total equity shareholders' funds		**5,362**	4,891
Non-controlling interests		**25**	28
Total equity		**5,387**	4,919

1. Component of net debt (see note 12).

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Notes	Six months ended 31 March 2022 £m	2021[1] £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	7	**839**	677
Interest paid		**(43)**	(54)
Tax received		**12**	25
Tax paid		**(145)**	(85)
Net cash flow from operating activities		**663**	563
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies	9	**(112)**	(34)
Purchase of interests in joint ventures and associates		**(20)**	(3)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs[2]		**26**	1
Purchase of intangible assets		**(65)**	(78)
Purchase of contract fulfilment assets		**(96)**	(97)
Purchase of property, plant and equipment		**(125)**	(97)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		**15**	16
Purchase of other investments		**(17)**	-
Proceeds from sale of other investments		**1**	2
Dividends received from joint ventures and associates		**19**	2
Interest received		**3**	2
Net cash flow from investing activities		**(371)**	(286)
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of own shares to satisfy employee share-based payments		**(5)**	(3)
Increase in borrowings		**1**	-
Repayment of borrowings		**(297)**	(4)
Net cash flow from derivative financial instruments		**(20)**	5
Repayment of principal under lease liabilities		**(73)**	(80)
Dividends paid to equity shareholders	6	**(250)**	-
Dividends paid to non-controlling interests		**(1)**	-
Net cash flow from financing activities		**(645)**	(82)
CASH AND CASH EQUIVALENTS			
Net (decrease)/increase in cash and cash equivalents		**(353)**	195
Cash and cash equivalents at 1 October		**1,656**	1,388
Currency translation gains/(losses) on cash and cash equivalents		**14**	(44)
Cash and cash equivalents at 31 March		**1,317**	1,539
Cash and cash equivalents[3]		**1,480**	1,674
Bank overdrafts[3]		**(163)**	(137)
Cash held for sale[3]		**-**	2
Cash and cash equivalents at 31 March		**1,317**	1,539

1. Consistent with the change made in the 2021 Annual Report, re-presented to include all bank overdrafts of £137m at 31 March 2021 (30 September 2020: £97m) in cash and cash equivalents and to disaggregate cash flows from borrowings and derivative financial instruments in the consolidated cash flow statement. Accordingly, the prior period increase in borrowings has reduced from £68m to £nil, the prior period repayment of borrowings has increased from £nil to £4m and a net cash inflow from derivative financial instruments of £5m has been included. The effect of including bank overdrafts in cash and cash equivalents in the prior period is not considered to be material. The change in presentation has no effect on cash and cash equivalents in the consolidated balance sheet or net cash flow from operating activities in the consolidated cash flow statement.
2. Includes £15m of tax receipts (six months ended 31 March 2021: £29m of tax payments) in respect of prior year business disposals.
3. As per the consolidated balance sheet.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

1 BASIS OF PREPARATION, JUDGEMENTS AND ESTIMATES

The unaudited condensed consolidated financial statements for the six months ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted for use in the UK.

The annual financial statements of the Group for the year ending 30 September 2022 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 September 2021 which were prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRSs as adopted by the EU') and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The unaudited condensed consolidated financial statements for the six months ended 31 March 2022, which were approved by the Board on 11 May 2022, and the comparative information in relation to the half year ended 31 March 2021, do not comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006 and should be read in conjunction with the Annual Report for the year ended 30 September 2021. Those accounts have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

Going concern

The interim consolidated financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons stated below.

At 31 March 2022, the Group's financing arrangements included sterling and euro bonds (£2,234m) and US dollar US Private Placements (USPP) (£803m). In addition, the Group had Revolving Credit Facilities of £2,000m (£140m committed to August 2024 and £1,860m committed to August 2026), which were fully undrawn, and £1,317m of cash, net of overdrafts. At the date of approving these interim consolidated financial statements, the liquidity position of the Group has remained substantially unchanged.

A USPP of $398m (£297m) was repaid on 1 October 2021 and a Eurobond of €500m (£427m) will mature on 27 January 2023. There are no other debt maturities in the 18 months to 30 September 2023, with the next maturity on 2 October 2023, a $352m (£269m) USPP.

The USPP debt is subject to leverage and interest cover covenants which are tested on 31 March and 30 September each year. The Group met both covenants at 31 March 2022. The Group's other financing arrangements do not contain any financial covenants.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 30 September 2023 (the assessment period). Whilst the extent of the impact of COVID-19 has lessened as volumes have continued to increase during the period, it continues to impact our business. We consider 18 months to be a reasonable period for the going concern assessment and it enables us to consider the potential impact of the pandemic over an extended period.

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

In addition to the impact of a potential resurgence of COVID-19, the Group is exposed to inflation, supply chain disruption and labour shortages caused by macroeconomic and geopolitical factors. Accordingly, the Group has performed a stress test against the base case to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants. The leverage covenant would be breached in the event that underlying revenue reduced to approximately 55% of 2019 levels. The directors do not consider this scenario to be likely given the Group's ability to continue in operation throughout the COVID-19 pandemic (underlying revenue reduced to 77% of 2019 levels during the year ended 30 September 2021), its recovery in underlying revenue in the first half of the year to 98% of 2019 levels and the potential for future revenue and profit growth above historical rates. The stress test assumes no share buyback or new acquisitions and disposals as mitigating actions. Other mitigating actions available to the Group include reductions in discretionary capital expenditure and ceasing dividend payments.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least the period to 30 September 2023 and, therefore, have prepared the interim consolidated financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

1 BASIS OF PREPARATION, JUDGEMENTS AND ESTIMATES (CONTINUED)

New accounting pronouncements to be adopted

There are a number of changes to accounting standards, effective in future periods, which are not expected to significantly impact the Group's consolidated results or financial position.

Accounting judgements

There are no judgements that management considers to be critical in the preparation of these financial statements.

There is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement. Contract fulfilment assets originate when payments are made, normally up front at the start of the client contract, that provide enhanced resources to the Group over the contract term. The Group classifies additions to contract fulfilment assets as investing activities in accordance with IAS 7 'Statement of Cash Flows' as they arise from cash payments in relation to assets that will generate long term economic benefits.

Estimation uncertainty

Major sources of estimation uncertainty

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

- *Goodwill*

The Group tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 'Impairment of Assets'. The recoverable amounts of the Group's cash-generating units (CGU) are determined based on value in use calculations which require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. The key assumptions used for the value in use calculations and sensitivity analysis are set out in note 8 of the 2021 Annual Report. No indicators that the Group's goodwill may be impaired were identified during the six months ended 31 March 2022.

- *Post employment benefits*

The Group's defined benefit pension schemes and similar arrangements are assessed half-yearly in accordance with IAS 19 'Employee Benefits'. The present value of the defined benefit liabilities is based on assumptions determined with independent actuarial advice. The size of the net surplus/deficit is sensitive to the market value of the assets held by the schemes and to actuarial assumptions, including discount rates, inflation, pension and salary increases, and mortality and other demographic assumptions. The Group's net post employment benefit asset has increased by £231m to £360m at 31 March 2022 mainly reflecting the remeasurement of obligations driven by an increase in the discount rates used to measure the actuarial liabilities of the schemes.

Other sources of estimation uncertainty

In addition to the major sources of estimation uncertainty, management has identified other sources of estimation uncertainty which are summarised below. These are not considered to be major sources of uncertainty as defined by IAS 1 'Presentation of Financial Statements'.

- *Taxes*

The Group has operations in 44 countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement.

In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made on the extent to which future taxable profits are available against which these temporary differences can be utilised.

- *COVID-19*

Whilst the extent of the impact of COVID-19 has lessened as volumes have continued to increase during the period, it continues to impact our business and, therefore, there is additional uncertainty when determining appropriate assumptions in respect of the recoverability of contract related non-current assets, the impairment of trade receivables and the requirement for contract loss provisions in the consolidated financial statements at 31 March 2022. The recoverability of contract related non-current assets is assessed where there are indicators of impairment based on forecasts of cash flows over the remaining life of the contracts. The impairment of trade receivables is based on assumptions in respect of future expected credit loss rates. The requirement for provisions which reflect the unavoidable costs arising from certain contracts is assessed based on the expected costs and the timing of future cash flows which are dependent on future events and market conditions. No significant charges were recognised in respect of the impairment of contract related non-current assets and trade receivables or in relation to contract loss provisions during the six months ended 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

1 BASIS OF PREPARATION, JUDGEMENTS AND ESTIMATES (CONTINUED)

- Impact of the war in Ukraine

In March, the Group exited the Russian market in response to the war in Ukraine, with the disposal of the business completing during the period. As noted in the principal risks section on page 15, the war in Ukraine has been recognised as a new principal risk and has also resulted in the elevation of the existing risks in respect of the economy, cost inflation, political stability and information systems and technology. The Group has considered the impact of the war in Ukraine on the reported amounts in the financial statements, in particular the exacerbation of global inflationary pressures in its assessment of the carrying value of goodwill, contract related non-current assets and trade receivables, and on the cash flow projections used for the purposes of the going concern assessment.

2 SEGMENTAL ANALYSIS

The management of the Group's operations, excluding Central activities, is organised within three segments: North America, Europe and our Rest of World markets.

	Geographical segments			
REVENUE[1,2]	North America £m	Europe £m	Rest of World £m	Total £m
SIX MONTHS ENDED 31 MARCH 2022				
Business & Industry	**1,953**	**1,209**	**402**	**3,564**
Education	**1,923**	**469**	**75**	**2,467**
Healthcare & Senior Living	**2,511**	**488**	**190**	**3,189**
Sports & Leisure	**1,157**	**276**	**37**	**1,470**
Defence, Offshore & Remote	**113**	**324**	**498**	**935**
Underlying revenue[3,4]	**7,657**	**2,766**	**1,202**	**11,625**
Less: Share of revenue of joint ventures	**(7)**	**(119)**	**-**	**(126)**
Revenue	**7,650**	**2,647**	**1,202**	**11,499**
SIX MONTHS ENDED 31 MARCH 2021				
Business & Industry	1,295	1,034	365	2,694
Education	1,230	360	65	1,655
Healthcare & Senior Living	2,271	461	196	2,928
Sports & Leisure	264	106	22	392
Defence, Offshore & Remote	100	299	483	882
Underlying revenue[3,4]	5,160	2,260	1,131	8,551
Less: Share of revenue of joint ventures	(10)	(106)	-	(116)
Revenue	5,150	2,154	1,131	8,435

1. There is no inter-segment trading.
2. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows is considered to be similar.
3. Revenue plus share of revenue of joint ventures.
4. Underlying revenue arising in the UK, the Group's country of domicile, was £905m (six months ended 31 March 2021: £659m). Underlying revenue arising in the US region was £7,276m (six months ended 31 March 2021: £4,873m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was £10,720m (six months ended 31 March 2021: £7,892m).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

2 SEGMENTAL ANALYSIS (CONTINUED)

PROFIT	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2022					
Underlying operating profit/(loss) before results of joint ventures and associates	**533**	**103**	**56**	**(43)**	**649**
Add: Share of profit before tax of joint ventures	**-**	**15**	**-**	**-**	**15**
Add: Share of profit of associates	**2**	**7**	**-**	**-**	**9**
Underlying operating profit/(loss)[1]	**535**	**125**	**56**	**(43)**	**673**
Less: Acquisition related costs	**(26)**	**(5)**	**(2)**	**-**	**(33)**
Less: Tax on share of profit of joint ventures	**-**	**(2)**	**-**	**-**	**(2)**
Operating profit/(loss)	**509**	**118**	**54**	**(43)**	**638**
Net loss on sale and closure of businesses					**(6)**
Net finance costs					**-**
Profit before tax					**632**
Income tax expense					**(152)**
Profit for the period					**480**

1. Operating profit excluding specific adjusting items (acquisition related costs, COVID-19 resizing costs, one-off pension charge and tax on share of profit of joint ventures) (see note 12).

PROFIT	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2021					
Underlying operating profit/(loss) before results of joint ventures and associates	243	16	53	(37)	275
Add: Share of profit before tax of joint ventures	2	16	-	-	18
Add: Share of loss of associates	(3)	-	-	-	(3)
Underlying operating profit/(loss)[1]	242	32	53	(37)	290
Less: Acquisition related costs	(23)	(15)	(1)	(2)	(41)
Less: COVID-19 resizing costs	-	(74)	(2)	(2)	(78)
Less: One-off pension charge	-	-	-	(2)	(2)
Less: Tax on share of profit of joint ventures	(1)	-	-	-	(1)
Operating profit/(loss)	218	(57)	50	(43)	168
Net gain on sale and closure of businesses					14
Net finance costs					(49)
Profit before tax					133
Income tax expense					(33)
Profit for the period					100

1. Operating profit excluding specific adjusting items (acquisition related costs, COVID-19 resizing costs, one-off pension charge and tax on share of profit of joint ventures) (see note 12).

3 OPERATING COSTS

COVID-19 resizing costs

When the pandemic began in March 2020, the Group started to adjust its business model to the new trading environment and incurred £122m of resizing costs in the year ended 30 September 2020. A further charge for costs of £157m was recognised in the year ended 30 September 2021, including £78m in the first half. These costs are excluded from the Group's underlying results (see note 12). No COVID-19 resizing costs were recognised during the six months ended 31 March 2022. A total of £33m (six months ended 31 March 2021: £126m) has been paid during the period in relation to programmes aimed at resizing the business.

Government grants and other COVID-19 assistance

During the six months ended 31 March 2022, the Group continued to utilise government support to mitigate the impact of the COVID-19 pandemic where appropriate and recognised £35m (six months ended 31 March 2021: £119m) in respect of temporary support schemes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

4 TAX

RECOGNISED IN THE CONDENSED CONSOLIDATED INCOME STATEMENT: INCOME TAX EXPENSE	Six months ended 31 March 2022 £m	2021 £m
CURRENT TAX		
Current period	**165**	79
Adjustment in respect of prior years	**(11)**	(6)
Current tax expense	**154**	73
DEFERRED TAX		
Current period	**(2)**	(40)
Deferred tax credit	**(2)**	(40)
TOTAL INCOME TAX		
Income tax expense	**152**	33

The UK government enacted an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change was reflected in the measurement of deferred tax balances at 30 September 2021.

The increasingly complex international corporate tax environment and an increase in audit activity from tax authorities means that the potential for tax uncertainties has increased.

In September 2021, Compass Group Canada Limited and Canteen of Canada Limited received assessments to additional federal and provincial taxes from the Canadian Revenue Agency for the year ended 30 September 2015 totalling £66m (£50m of tax and £16m of interest). This assessment relates to an intra-group financing arrangement implemented in July 2015. The possibility of further assessments cannot be ruled out and, in light of this, we have taken further external advice and have reassessed the provision we hold in respect of this issue. A range of possible outcomes has been considered and we do not expect this issue to have a material impact on the Group's financial position.

In March 2022, HM Revenue & Customs (HMRC), the UK tax authority, indicated that it may seek to challenge aspects of an intra-group refinancing undertaken in 2013. The challenge relates to the deductibility of interest for UK corporation tax purposes for the period from June 2013 to December 2016 on certain loans which formed part of that refinancing. We are expecting further information in writing from HMRC and, over the next few months, it is likely that HMRC will decide whether or not to formally challenge the arrangement. We have calculated our maximum potential liability to be £65m of tax and £12m of interest. Our current assessment is that no provision is required.

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

We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations. The federal tax authorities in Brazil have issued a number of notices of deficiency relating primarily to the PIS/COFINS treatment of certain food costs and the corporate income tax treatment of goodwill deductions which we have formally objected to and which are now proceeding through the appeals process. At 31 March 2022, the total amount assessed in respect of these matters is £58m (30 September 2021: £40m). The possibility of further assessments cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisors, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded.

Most of the Group's tax losses and other temporary differences recognised as deferred tax assets do not have an expiry date. The recognition of net deferred tax assets is based on the most recent financial budgets and forecasts approved by management.

Deferred tax assets have not been recognised in respect of tax losses of £275m (30 September 2021: £267m) and other temporary differences of £21m (30 September 2021: £21m). These deferred tax assets have not been recognised as the timing of recovery is uncertain.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

5 EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the period attributable to equity shareholders and the weighted average number of shares in issue during the period.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS	Six months ended 31 March 2022 £m	 2021 £m
Profit for the period attributable to equity shareholders	**477**	100

AVERAGE NUMBER OF SHARES	Six months ended 31 March 2022 Ordinary shares of $11^{1/20}$p each millions	 2021 Ordinary shares of $11^{1/20}$p each millions
Average number of shares for basic earnings per share	**1,784**	1,784
Dilutive share options	**-**	-
Average number of shares for diluted earnings per share	**1,784**	1,784

EARNINGS PER SHARE	Six months ended 31 March 2022 pence	 2021 pence
Basic	**26.7p**	5.6p
Diluted	**26.7p**	5.6p

Underlying earnings per share for the six months ended 31 March 2022 was 26.9p (six months ended 31 March 2021: 9.6p). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition related costs, COVID-19 resizing costs, one-off pension charge, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments, together with the tax attributable to these amounts (see note 12).

6 DIVIDENDS

The interim dividend of 9.4 pence per share (2021: nil), £168m in aggregate[1], is payable on 28 July 2022 to shareholders on the register at the close of business on 10 June 2022. The dividend was approved by the Board after the balance sheet date and, therefore, it has not been reflected as a liability in the interim financial statements.

DIVIDENDS ON ORDINARY SHARES	**Six months ended 31 March 2022** **Dividends per share pence**	 **£m**	Six months ended 31 March 2021 Dividends per share pence	 £m
Amounts recognised as distributions to equity shareholders during the period:				
Final 2021	**14.0p**	**250**	-	-
Total	**14.0p**	**250**	-	-

1. Based on the number of ordinary shares, excluding treasury shares, in issue at 31 March 2022 (1,784,277,563 shares).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

7 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS	Six months ended 31 March 2022 £m	 2021 £m
Operating profit before joint ventures and associates	**616**	154
Adjustments for:		
Acquisition related costs[1]	**30**	41
COVID-19 resizing costs	**-**	78
One-off pension charge	**-**	2
Amortisation of other intangible assets	**44**	48
Amortisation of contract fulfilment assets	**99**	96
Amortisation of contract prepayments	**18**	13
Depreciation of right of use assets	**76**	83
Depreciation of property, plant and equipment	**129**	127
Unwind of costs to obtain contracts	**8**	8
Impairment losses – contract related non-current assets	**1**	13
Impairment reversals – contract related non-current assets	**(1)**	-
(Gain)/loss on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	**(5)**	16
Other non-cash changes	**(1)**	(3)
Decrease in provisions	**(2)**	(99)
Investment in contract prepayments	**(35)**	(16)
Increase in costs to obtain contracts[2]	**(12)**	(8)
Post employment benefit obligations net of service costs	**(4)**	(5)
Share-based payments – charged to profit	**20**	10
Operating cash flow before movement in working capital	**981**	558
(Increase)/decrease in inventories	**(54)**	11
(Increase)/decrease in receivables	**(258)**	3
Increase in payables	**170**	105
Cash generated from operations	**839**	677

1. The adjustment for acquisition related costs excludes acquisition transaction costs of £3m and, therefore, acquisition transaction costs are included in cash flows from operating activities. In the prior period, acquisition transaction costs of £8m were included in cash flows from investing activities.
2. Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long term economic benefits. During the six months ended 31 March 2022, purchase of contract fulfilment assets in cash flows from investing activities is £96m (six months ended 31 March 2021: £97m).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

8 FINANCIAL INSTRUMENTS

Financial instruments measured at amortised cost

The carrying amounts of the following financial instruments measured at amortised cost approximate to their fair values: trade and other receivables; cash and cash equivalents (excluding money market funds); lease liabilities; provisions; and trade and other payables. Borrowings are measured at amortised cost unless they are part of a fair value hedge, in which case amortised cost is adjusted for the fair value attributable to the risk being hedged. The carrying amount of borrowings at 31 March 2022 is £3,203m (30 September 2021: £3,635m). The fair value of borrowings at 31 March 2022, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments, is £3,265m (30 September 2021: £3,728m).

Financial instruments measured at fair value

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

The fair value measurement hierarchy is as follows:

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

There were no transfers of financial instruments between levels of the fair value hierarchy in either the six months ended 31 March 2022 or 2021. The carrying amounts of financial instruments measured at fair value are shown in the table below:

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	Level	At 31 March 2022 £'m	At 30 September 2021 £'m
Non-current			
Other investments[1]	1	**11**	18
Life insurance policies and mutual fund investments[1]	2	**87**	72
Derivative financial instruments – assets	2	**52**	116
Derivative financial instruments – liabilities	2	**(59)**	(7)
Trade investments[1]	3	**101**	76
Contingent consideration[2]	3	**(4)**	(63)
Non-controlling interest put options[2]	3	**(31)**	(30)
Current			
Money market funds[3]	1	**402**	506
Derivative financial instruments – assets	2	**38**	2
Derivative financial instruments – liabilities	2	**(11)**	(9)
Contingent consideration[2]	3	**(68)**	(7)
Non-controlling interest put options[2]	3	**-**	(8)

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

Due to the variability of the valuation factors, the fair values presented at 31 March 2022 may not be indicative of the amounts the Group would expect to realise in the current market environment. The fair values of financial instruments at levels 2 and 3 of the fair value hierarchy have been determined based on the valuation methodologies listed below:

- *Level 2*

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

Mutual fund investments Unit trust values provided by third party fund managers.

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

- *Level 3*

Trade investments (primarily a 19% effective interest in Wildlife Holdings, Inc.) Estimated value using a weighted income and market value approach, with the income approach based on discounted cash flow projections and the market value approach on revenue and earnings multiples.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

9 ACQUISITION, SALE AND CLOSURE OF BUSINESSES

Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the six months ended 31 March 2022, net of cash acquired, was £115m (six months ended 31 March 2021: £34m), including £15m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £3m of acquisition transaction costs included in net cash flow from operating activities.

There were no individually material acquisitions during the period. A summary of acquisitions completed during the period is presented in aggregate below:

	Six months ended 31 March 2022	
	Book value £m	Fair value £m
NET ASSETS ACQUIRED		
Goodwill	-	37
Other intangible assets	16	71
Right of use assets	6	6
Property, plant and equipment	4	4
Inventories	3	3
Trade and other receivables	5	5
Cash and cash equivalents	4	4
Lease liabilities	(6)	(6)
Provisions	(1)	(1)
Trade and other payables	(9)	(9)
Fair value of net assets acquired		**114**
SATISFIED BY		
Cash consideration paid		101
Deferred and contingent consideration payable		13
Total consideration		**114**
CASH FLOW		
Cash consideration		101
Less: Cash acquired		(4)
Acquisition transaction costs[1]		3
Net cash outflow arising on acquisition		**100**
Deferred and contingent consideration and other payments relating to businesses acquired in previous years		15
Total cash outflow from purchase of subsidiary companies		**115**
CONSOLIDATED CASH FLOW STATEMENT		
Net cash flow from operating activities[1]		3
Net cash flow from investing activities		112
Total cash outflow from purchase of subsidiary companies		**115**

1. Acquisition transaction costs are included in net cash flow from operating activities. In the prior period, they were included in net cash flow from investing activities.

Goodwill increased from £4,550m at 30 September 2021 to £4,620m at 31 March 2022 reflecting business acquisitions (£37m) and exchange translation (£37m), partially offset by business disposals (£4m).

The fair value adjustments made in respect of acquisitions in the six months ended 31 March 2022 are provisional and will be finalised within 12 months of the acquisition date, principally in relation to the valuation of contracts acquired.

The acquisitions did not have a material impact on the Group’s revenue or profit in the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

9 ACQUISITION, SALE AND CLOSURE OF BUSINESSES (CONTINUED)

Sale and closure of businesses

The Group has recognised a net loss of £6m on the sale and closure of businesses (six months ended 31 March 2021: net gain of £14m), including exit costs of £3m (six months ended 31 March 2021: £1m). Activity in the period includes the sale of a further 17% shareholding in Highways Royal Co., Limited (Japanese Highways) and the Group's exit from its operations in Russia.

The Group's balance sheet includes assets held for sale of £26m (30 September 2021: £17m) which represent a 28% shareholding in Japanese Highways which it has agreed to sell. The disposal is expected to complete during the next 12 months.

10 RELATED PARTY TRANSACTIONS

Full details of the Group's related party relationships, transactions and balances are provided in the Group's financial statements for the year ended 30 September 2021. There have been no material changes in these relationships during the six months ended 31 March 2022 or up to the date of this announcement. Transactions with related parties have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

11 POST BALANCE SHEET EVENTS

With the exception of the proposed dividend (see note 6) and share buyback, there are no material post balance sheet events.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES

Introduction

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

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

Definitions

Measure	Definition	Purpose
INCOME STATEMENT		
Underlying revenue	Revenue plus share of revenue of joint ventures.	Allows management to monitor the sales performance of the Group's subsidiaries and joint ventures.
Underlying operating profit	Operating profit excluding specific adjusting items[2].	Provides a measure of Group operating profitability that is comparable over time.
Underlying operating margin[1]	Underlying operating profit divided by underlying revenue.	An important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.
Organic revenue[1]	Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation.
Organic operating profit	Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Provides a measure of Group operating profitability that is comparable over time.
Underlying net finance costs	Net finance costs excluding specific adjusting items[2].	Provides a measure of the Group's cost of financing excluding items outside of the control of management, such as hedge accounting ineffectiveness and change in the fair value of investments.
Underlying profit before tax	Profit before tax excluding specific adjusting items[2].	Provides a measure of profitability that is comparable over time.
Underlying income tax expense	Income tax expense excluding tax attributable to specific adjusting items[2].	Provides a measure of income tax expense that is comparable over time.
Underlying effective tax rate	Underlying income tax expense divided by underlying profit before tax.	Provides a measure of the effective tax rate that is comparable over time.
Underlying profit for the year	Profit for the year excluding specific adjusting items[2] and tax attributable to those items.	Provides a measure of profitability that is comparable over time.
Underlying earnings per share[1]	Earnings per share excluding specific adjusting items[2] and tax attributable to those items.	Measures the performance of the Group in delivering value to shareholders.
Net operating profit after tax (NOPAT)	Underlying operating profit excluding the operating profit of non-controlling interests, net of tax at the underlying effective tax rate.	Provides a measure of Group operating profitability that is comparable over time.
Underlying EBITDA	Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract related assets.	Provides a measure of Group operating profitability that is comparable over time.

1. Key Performance Indicator.
2. Specific adjusting items are acquisition related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES (CONTINUED)

Definitions (continued)

Measure	Definition	Purpose
BALANCE SHEET		
Net debt	Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.	Allows management to monitor the indebtedness of the Group.
Net debt to EBITDA	Net debt divided by underlying EBITDA.	Provides a measure of the Group's ability to finance and repay its debt from its operations.
CASH FLOW		
Capital expenditure	Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.	Provides a measure of expenditure on long term intangible, tangible and contract related assets, net of the proceeds from disposal of intangible, tangible and contract related assets.
Underlying operating cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, repayment of principal under lease liabilities and share of results of joint ventures and associates, and excluding interest and net tax paid, post employment benefit obligations net of service costs, cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.
Underlying operating cash flow conversion	Underlying operating cash flow divided by underlying operating profit.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.
Free cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.
Underlying free cash flow[1]	Free cash flow excluding cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.
Underlying free cash flow conversion	Underlying free cash flow divided by underlying operating profit.	Measures the success of the Group in turning profit into cash through the management of working capital and capital expenditure.
Underlying cash tax rate	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.	Provides a measure of the cash tax rate that is comparable over time.

1. Key Performance Indicator.
2. Specific adjusting items are acquisition related costs, COVID-19 resizing costs, one-off pension charge , tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES (CONTINUED)

Reconciliations

INCOME STATEMENT

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

ORGANIC REVENUE[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2022					
Underlying revenue	**7,657**	**2,766**	**1,202**	**-**	**11,625**
Organic adjustments	**(21)**	**(11)**	**(5)**	**-**	**(37)**
Organic revenue[1]	**7,636**	**2,755**	**1,197**	**-**	**11,588**
SIX MONTHS ENDED 31 MARCH 2021					
Underlying revenue	5,160	2,260	1,131	-	8,551
Currency adjustments	29	(104)	(34)	-	(109)
Underlying revenue – constant currency	5,189	2,156	1,097	-	8,442
Organic adjustments	(27)	(9)	(5)	-	(41)
Organic revenue[1]	5,162	2,147	1,092	-	8,401
Increase in underlying revenue at reported rates – %	**48.4%**	**22.4%**	**6.3%**		**35.9%**
Increase in underlying revenue at constant currency – %	**47.6%**	**28.3%**	**9.6%**		**37.7%**
Increase in organic revenue – %	**47.9%**	**28.3%**	**9.6%**		**37.9%**

1. Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.

ORGANIC OPERATING PROFIT[1]	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
SIX MONTHS ENDED 31 MARCH 2022					
Underlying operating profit/(loss)	**535**	**125**	**56**	**(43)**	**673**
Underlying operating margin – %	**7.0%**	**4.5%**	**4.7%**		**5.8%**
Organic adjustments	**-**	**(1)**	**-**	**-**	**(1)**
Organic operating profit/(loss)[1]	**535**	**124**	**56**	**(43)**	**672**
SIX MONTHS ENDED 31 MARCH 2021					
Underlying operating profit/(loss)	242	32	53	(37)	290
Underlying operating margin – %	4.7%	1.4%	4.7%		3.4%
Currency adjustments	1	(3)	(1)	-	(3)
Underlying operating profit/(loss) – constant currency	243	29	52	(37)	287
Organic adjustments	(1)	(1)	-	-	(2)
Organic operating profit/(loss)[1]	242	28	52	(37)	285
Increase in underlying operating profit at reported rates – %	**121.1%**	**290.6%**	**5.7%**		**132.1%**
Increase in underlying operating profit at constant currency – %	**120.2%**	**331.0%**	**7.7%**		**134.5%**
Increase in organic operating profit – %	**121.1%**	**342.9%**	**7.7%**		**135.8%**

1. Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES (CONTINUED)

Reconciliations (continued)

UNDERLYING INCOME STATEMENT	Six months ended 31 March							
		Specific adjusting items						
	2022 Statutory £m	1 £m	2 £m	3 £m	4 £m	5 £m	6 £m	2022 Underlying £m
Operating profit	**638**	**33**	**-**	**-**	**2**	**-**	**-**	**673**
Net loss on sale and closure of businesses	**(6)**	**-**	**-**	**-**	**-**	**6**	**-**	**-**
Net finance costs	**-**	**-**	**-**	**-**	**-**	**-**	**(37)**	**(37)**
Profit before tax	**632**	**33**	**-**	**-**	**2**	**6**	**(37)**	**636**
Income tax expense	**(152)**	**(11)**	**-**	**-**	**(2)**	**3**	**9**	**(153)**
Profit for the period	**480**	**22**	**-**	**-**	**-**	**9**	**(28)**	**483**
Less: Non-controlling interests	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**
Profit attributable to equity shareholders	**477**	**22**	**-**	**-**	**-**	**9**	**(28)**	**480**
Earnings per share (pence)	**26.7p**	**1.3p**	**-**	**-**	**-**	**0.5p**	**(1.6)p**	**26.9p**
Effective tax rate (%)	**24.1%**							**24.0%**

UNDERLYING INCOME STATEMENT	Six months ended 31 March							
		Specific adjusting items						
	2021 Statutory £m	1 £m	2 £m	3 £m	4 £m	5 £m	6 £m	2021 Underlying £m
Operating profit	168	41	78	2	1	-	-	290
Net gain on sale and closure of businesses	14	-	-	-	-	(14)	-	-
Net finance costs	(49)	-	-	-	-	-	(7)	(56)
Profit before tax	133	41	78	2	1	(14)	(7)	234
Income tax expense	(33)	(11)	(18)	-	(1)	(2)	2	(63)
Profit attributable to equity shareholders	100	30	60	2	-	(16)	(5)	171
Earnings per share (pence)	5.6p	1.7p	3.4p	0.1p	-	(0.9)p	(0.3)p	9.6p
Effective tax rate (%)	24.8%							26.9%

Specific adjusting items are as follows:

1. Acquisition related costs
Represent charges in respect of intangible assets acquired through business combinations, direct costs incurred as part of a business combination or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity.

2. COVID-19 resizing costs
Prior period charges related to cost actions taken to adjust our business to the trading environment in light of the COVID-19 pandemic.

3. One-off pension charge
The £2m charge in the prior period in relation to GMP equalisation was classified as a specific adjusting item consistent with the classification of the £12m charge recognised in 2019 following the original High Court hearing.

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

5. Gains and losses on sale and closure of businesses
Profits and losses on the sale of subsidiaries, joint ventures, associates and other financial assets.

6. Other financing items
Financing items, including hedge accounting ineffectiveness and change in the fair value of investments.

NET OPERATING PROFIT AFTER TAX (NOPAT)	Six months ended 31 March	
	2022 £m	2021 £m
Underlying operating profit	**673**	290
Less: Tax on underlying operating profit at effective tax rate	**(162)**	(78)
Less: Operating profit of non-controlling interests net of tax	**(3)**	-
NOPAT	**508**	212

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES (CONTINUED)

Reconciliations (continued)

UNDERLYING EBITDA	Six months ended 31 March 2022 £m	2021 £m
Underlying operating profit	**673**	290
Add back/(deduct):		
Depreciation of property, plant and equipment and right of use assets	**205**	210
Amortisation of other intangible assets, contract fulfilment assets and contract prepayments (excluding amortisation of intangibles arising on acquisition)	**161**	157
Impairment losses – contract related non-current assets	**1**	13
Impairment reversals – contract related non-current assets	**(1)**	-
Underlying EBITDA	**1,039**	670

BALANCE SHEET

COMPONENTS OF NET DEBT	At 31 March 2022 £m	2021 £m
Borrowings	**(3,203)**	(3,587)
Lease liabilities	**(827)**	(845)
Derivative financial instruments	**20**	131
Gross debt	**(4,010)**	(4,301)
Cash and cash equivalents	**1,480**	1,674
Net debt	**(2,530)**	(2,627)

NET DEBT RECONCILIATION	Six months ended 31 March 2022 £m	2021[1] £m
Net (decrease)/increase in cash and cash equivalents	**(353)**	195
Deduct: Increase in borrowings	**(1)**	-
Add back: Repayment of borrowings	**297**	4
Add back/(deduct): Net cash flow from derivative financial instruments	**20**	(5)
Add back: Repayment of principal under lease liabilities	**73**	80
Decrease in net debt from cash flows	**36**	274
New lease liabilities and amendments	**(46)**	(39)
Amortisation of fees and discounts on issue of debt	**(2)**	(2)
Changes in fair value of borrowings in a fair value hedge	**110**	54
Lease liabilities acquired through business acquisitions	**(6)**	-
Lease liabilities derecognised on sale and closure of businesses	**1**	19
COVID-19 rent concessions	**1**	-
Changes in fair value of derivative financial instruments	**(68)**	(34)
Reclassification	**3**	-
Currency translation (losses)/gains	**(21)**	108
Decrease in net debt	**8**	380
Net debt at 1 October	**(2,538)**	(3,006)
Cash reclassified to held for sale	**-**	(1)
Net debt at 31 March	**(2,530)**	(2,627)

1. Re-presented to include all bank overdrafts of £137m at 31 March 2021 (31 March 2020: £97m) in cash and cash equivalents and to disaggregate cash flows from borrowings and derivative financial instruments in the consolidated cash flow statement (see the condensed consolidated cash flow statement on page 24).

NET DEBT TO EBITDA	At 31 March 2022 £m	2021 £m
Net debt	**(2,530)**	(2,627)
Prior year	**1,554**	1,418
Less: Prior half year	**(670)**	(1,227)
Add: Current half year	**1,039**	670
Underlying EBITDA (last 12 months)	**1,923**	861
Net debt to EBITDA (times)	**1.3**	3.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES (CONTINUED)

Reconciliations (continued)

CASH FLOW

CAPITAL EXPENDITURE	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Purchase of intangible assets	**65**	78
Purchase of contract fulfilment assets	**96**	97
Purchase of property, plant and equipment	**125**	97
Investment in contract prepayments	**35**	16
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**(15)**	(16)
Capital expenditure	**306**	272

UNDERLYING OPERATING CASH FLOW	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Net cash flow from operating activities	**663**	563
Purchase of intangible assets	**(65)**	(78)
Purchase of contract fulfilment assets	**(96)**	(97)
Purchase of property, plant and equipment	**(125)**	(97)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**15**	16
Repayment of principal under lease liabilities	**(73)**	(80)
Share of results of joint ventures and associates	**22**	14
Add back: Interest paid	**43**	54
Add back: Net tax paid	**133**	60
Add back: Post employment benefit obligations net of service costs	**4**	5
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	**33**	126
Add back: Acquisition transaction costs[1]	**3**	-
Underlying operating cash flow	**557**	486

1. Acquisition transaction costs of £8m were excluded from net cash flow from operating activities in 2021 (see note 7).

UNDERLYING OPERATING CASH FLOW CONVERSION	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Underlying operating cash flow	**557**	486
Underlying operating profit	**673**	290
Underlying operating cash flow conversion (%)	**82.8%**	167.6%

FREE CASH FLOW	Six months ended 31 March 2022 £m	Six months ended 31 March 2021 £m
Net cash flow from operating activities	**663**	563
Purchase of intangible assets	**(65)**	(78)
Purchase of contract fulfilment assets	**(96)**	(97)
Purchase of property, plant and equipment	**(125)**	(97)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**15**	16
Purchase of other investments	**(17)**	-
Proceeds from sale of other investments	**1**	2
Dividends received from joint ventures and associates	**19**	2
Interest received	**3**	2
Repayment of principal under lease liabilities	**(73)**	(80)
Dividends paid to non-controlling interests	**(1)**	-
Free cash flow	**324**	233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12 NON-GAAP MEASURES (CONTINUED)

Reconciliations (continued)

UNDERLYING FREE CASH FLOW	Six months ended 31 March 2022 £m	2021 £m
Free cash flow	**324**	233
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	**33**	126
Add back: Acquisition transaction costs[1]	**3**	-
Underlying free cash flow	**360**	359

1. Acquisition transaction costs of £8m were excluded from free cash flow in 2021 (see note 7).

UNDERLYING FREE CASH FLOW CONVERSION	Six months ended 31 March 2022 £m	2021 £m
Underlying free cash flow	**360**	359
Underlying operating profit	**673**	290
Underlying free cash flow conversion (%)	**53.5%**	123.8%

UNDERLYING CASH TAX RATE	Six months ended 31 March 2022 £m	2021 £m
Tax received	**12**	25
Tax paid	**(145)**	(85)
Net tax paid	**(133)**	(60)
Underlying profit before tax	**636**	234
Underlying cash tax rate (%)	**20.9%**	25.6%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

13 EXCHANGE RATES

	Six months ended 31 March	
	2022	2021
AVERAGE EXCHANGE RATE FOR THE PERIOD[1]		
Australian Dollar	**1.85**	1.81
Brazilian Real	**7.20**	7.44
Canadian Dollar	**1.70**	1.74
Chilean Peso	**1091.06**	1,003.19
Euro	**1.18**	1.13
Japanese Yen	**154.55**	142.45
Norwegian Krone	**11.81**	11.94
Swedish Krona	**12.18**	11.56
Turkish Lira	**16.66**	10.46
UAE Dirham	**4.93**	4.95
US Dollar	**1.34**	1.35
CLOSING EXCHANGE RATE AS AT THE END OF THE PERIOD[1]		
Australian Dollar	**1.75**	1.81
Brazilian Real	**6.26**	7.79
Canadian Dollar	**1.64**	1.73
Chilean Peso	**1036.11**	991.17
Euro	**1.18**	1.17
Japanese Yen	**159.81**	152.46
Norwegian Krone	**11.51**	11.78
Swedish Krona	**12.27**	12.03
Turkish Lira	**19.31**	11.42
UAE Dirham	**4.84**	5.07
US Dollar	**1.32**	1.38

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

Forward looking statements

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

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