November 24, 2021

Elior Group SA

IFRS Consolidated Financial Statements

For the Years Ended September 30, 2021 and September 30, 2020

The finalization of the audit procedures on the consolidated financial statements is in progress

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

www.eliorgroup.com

Elior Group SA
Société anonyme
Share capital: €1,724,442.29
Registered in Nanterre under no. 408 168 003
Registered office: 9-11 Allée de l'Arche, 92032 Paris La Défense – France

IFRS Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Year ended September 30, 2021	Year ended September 30, 2020
Revenue	**7.1, 7.2**	**3,690**	**3,967**
Purchase of raw materials and consumables		(1,134)	(1,287)
Personnel costs	7.3	(1,992)	(2,077)
Share-based compensation expense	7.18.2	(5)	-
Other operating expenses		(393)	(420)
Taxes other than on income		(67)	(71)
Depreciation, amortization and provisions for recurring operating items		(167)	(178)
Net amortization of intangible assets recognized on consolidation		(18)	(20)
Recurring operating profit/(loss) from continuing operations		**(86)**	**(86)**
Share of profit of equity-accounted investees		(1)	(3)
Recurring operating profit/(loss) from continuing operations including share of profit of equity-accounted investees	**7.1**	**(87)**	**(89)**
Non-recurring income and expenses, net	7.4	(1)	(240)
Operating profit/(loss) from continuing operations including share of profit of equity-accounted investees		**(88)**	**(329)**
Financial expenses	7.5	(53)	(45)
Financial income	7.5	9	7
Profit/(loss) from continuing operations before income tax		**(132)**	**(367)**
Income tax	7.6	12	(83)
Net profit/(loss) for the period from continuing operations		**(120)**	**(450)**
Net profit/(loss) for the period from discontinued operations	**7.7**	**14**	**(37)**
Net profit/(loss) for the period		**(106)**	**(487)**
Attributable to:			
Owners of the parent		**(100)**	**(483)**
Non-controlling interests		**(6)**	**(4)**

The accompanying notes form an integral part of the consolidated financial statements.

(in €)	Note	Year ended September 30, 2021	Year ended September 30, 2020
Earnings/(loss) per share	**7.8**		
Earnings/(loss) per share – continuing operations			
Basic		(0.67)	(2.57)
Diluted		(0.67)	(2.57)
Earnings/(loss) per share – discontinued operations			
Basic		0.09	(0.21)
Diluted		0.09	(0.21)
Total earnings/(loss) per share			
Basic		(0.58)	(2.78)
Diluted		(0.58)	(2.78)

1.2 Consolidated Statement of Comprehensive Income

(in € millions)	Year ended September 30, 2021	Year ended September 30, 2020
Net profit/(loss) for the period	**(106)**	**(487)**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (1)	-	7
Items that may be reclassified subsequently to profit or loss		
Financial instruments	4	3
Currency translation adjustments	9	(23)
Income tax	(2)	(1)
Total	**11**	**(21)**
Comprehensive income/(expense) for the period	**(95)**	**(500)**
Attributable to:		
- Owners of the parent	(90)	(496)
- Non-controlling interests	(5)	(4)
Comprehensive income/(expense) for the period attributable to owners of the parent	**(90)**	**(496)**
Relating to: - Continuing operations	(104)	(459)
- Discontinued operations	14	(37)

(1) Net of the effect of income tax

The accompanying notes form an integral part of the consolidated financial statements.

2. Consolidated Balance Sheet

2.1 Assets

(in € millions)	Note	At September 30, 2021	At September 30, 2020[1]
Goodwill	7.9	1,731	1,719
Intangible assets	7.10	197	221
Property, plant and equipment	7.10	278	314
Right-of-use assets	7.10	240	238
Other non-current assets		4	6
Non-current financial assets	7.11	119	111
Equity-accounted investees	7.12	-	-
Fair value of derivative financial instruments (*)		-	-
Deferred tax assets	7.14	86	71
Total non-current assets		**2,655**	**2,680**
Inventories		96	102
Trade and other receivables	7.13	632	625
Contract assets		-	-
Current income tax assets		9	14
Other current assets	7.15	50	54
Short-term financial receivables		1	3
Cash and cash equivalents (*)		80	41
Assets classified as held for sale	7.7	13	17
Total current assets		**881**	**856**
Total assets		**3,536**	**3,536**

(*) Included in the calculation of net debt

(1) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

The accompanying notes form an integral part of the consolidated financial statements.

2.2 Equity and Liabilities

(in € millions)	Note	At September 30, 2021	At September 30, 2020 (1)
Share capital	7.18.1	1	1
Reserves and retained earnings		1,073	1,162
Translation reserve		(11)	(19)
Non-controlling interests		(8)	(3)
Total equity	4	**1,056**	**1,142**
Long-term debt (*)	7.17.2	905	781
Long-term lease liabilities (*)	7.17.2	188	192
Fair value of derivative financial instruments (*)		-	6
Non-current liabilities relating to share acquisitions	7.19	12	18
Deferred tax liabilities	7.14	-	-
Provisions for pension and other post-employment benefit obligations	7.16	89	83
Other long-term provisions	7.16	24	23
Other non-current liabilities		-	-
Total non-current liabilities		**1,218**	**1,103**
Trade and other payables		521	448
Due to suppliers of non-current assets		10	11
Accrued taxes and payroll costs		484	536
Current income tax liabilities		2	1
Short-term debt (*)	7.17.2	22	2
Short-term lease liabilities (*)	7.17.2	58	58
Current liabilities relating to share acquisitions	7.19	2	2
Short-term provisions	7.16	77	130
Contract liabilities	7.2.2	49	62
Other current liabilities	7.20	20	21
Liabilities classified as held for sale	7.7	17	20
Total current liabilities		**1,262**	**1,291**
Total liabilities		**2,480**	**2,394**
Total equity and liabilities		**3,536**	**3,536**
(*) Included in the calculation of net debt		1,094	998
Net debt excluding fair value of derivative financial instruments and debt issuance costs		1,108	995

(1) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

The accompanying notes form an integral part of the consolidated financial statements.

3. Consolidated Cash Flow Statement

(in € millions)	Note	Year ended September 30, 2021	Year ended September 30, 2020
Cash flows from operating activities – continuing operations			
Recurring operating profit/(loss) including share of profit of equity-accounted investees		(87)	(89)
Amortization and depreciation (1)		189	195
Provisions		(2)	5
EBITDA		**100**	**111**
Dividends received from equity-accounted investees		-	-
Change in operating working capital		16	(9)
Interest and other financial expenses paid		(33)	(24)
Tax paid		(6)	(11)
Other cash movements		(35)	(17)
Net cash from operating activities – continuing operations		**42**	**50**
Cash flows from investing activities -– continuing operations			
Purchases of property, plant and equipment and intangible assets	7.10	(69)	(98)
Proceeds from sale of property, plant and equipment and intangible assets		7	9
Purchases of financial assets		(2)	(3)
Proceeds from sale of financial assets		-	-
Acquisitions of shares in consolidated companies, net of cash acquired		(3)	(10)
Other cash flows from investing activities		-	3
Net cash used in investing activities – continuing operations		**(67)**	**(99)**
Cash flows from financing activities – continuing operations			
Dividends paid to owners of the parent		-	(50)
Movements in share capital of the parent		-	-
Purchases of own shares		-	(21)
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	7.17.2	868	936
Repayments of borrowings	7.17.2	(746)	(736)
Repayments of lease liabilities	7.17.2	(65)	(59)
Net cash from financing activities – continuing operations		**57**	**70**
Effect of exchange rate and other changes		(7)	(2)
Increase in net cash and cash equivalents – continuing operations		**25**	**19**
Increase/(decrease) in net cash and cash equivalents – discontinued operations		**(7)**	**(55)**
Net cash and cash equivalents at beginning of period		**40**	**76**
Net cash and cash equivalents at end of period		**58**	**40**

(1) Including €2 million in amortization of advances on customer contracts in the years ended September 30, 2020 and 2021

Bank overdrafts and current accounts held for treasury management purposes are an integral part of the Group's cash management and are therefore deducted from cash in the cash flow statement whereas they are classified as short-term debt in the balance sheet. These items represent the sole difference between the cash and cash equivalents figure presented under assets in the balance sheet and the amount presented in the cash flow statement under "Net cash and cash equivalents at end of period".

The following table shows a reconciliation between the figures recorded for these items in the balance sheet and the cash flow statement:

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020
Balance sheet – Assets	**80**	**41**
Cash and cash equivalents	80	41
Balance sheet – Liabilities	**22**	**1**
Bank overdrafts	17	-
Current accounts	-	1
Accrued interest	5	-
Net cash and cash equivalents presented in the cash flow statement	**58**	**40**

The accompanying notes form an integral part of the consolidated financial statements.

4. Consolidated Statement of Changes in Equity

(in € millions)	Number of shares	Share capital	Additional paid in capital and other reserves	Net profit/(loss) for the period attributable to owners of the parent	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at Oct. 1, 2019 (restated)	**178,319,146**	**2**	**1,411**	**271**	**(17)**	**1,667**	**2**	**1,669**
Net loss for the period				(482)		(482)	(4)	(486)
Post-employment benefit obligations			7			7		7
Changes in fair value of financial instruments			2			2		2
Currency translation adjustments					(23)	(23)		(23)
Comprehensive expense for the period			**9**	**(482)**	**(23)**	**(497)**	**(4)**	**(501)**
Appropriation of prior-period net profit			271	(271)		-		-
Capital reduction	(4,268,550)		(20)			(20)		(20)
Dividends paid			(50)			(50)		(50)
Share-based payments (IFRS 2)	74,672		-			-		-
Other movements (1)			35			35	(1)	34
Balance at Sept. 30, 2020	**174,125,268**	**2**	**1,655**	**(482)**	**(40)**	**1,135**	**(3)**	**1,132**
IFRS IC – Pension benefit obligations			10			10		10
Balance at Sept. 30, 2020 (restated) (2)	**174,125,268**	**2**	**1,665**	**(482)**	**(40)**	**1,145**	**(3)**	**1,142**
Net loss for the period				(100)		(100)	(6)	(106)
Post-employment benefit obligations			-			-		-
Changes in fair value of financial instruments			2			2		2
Currency translation adjustments					9	9		9
Comprehensive expense for the period			**2**	**(100)**	**9**	**(89)**	**(6)**	**(95)**
Appropriation of prior-period net loss			(482)	482		-		-
Capital reduction	(1,703,594)					-		-
Dividends paid						-		-
Share-based payments (IFRS 2)	22,555		3			3		3
Other movements (1)			6			6		6
Balance at Sept. 30, 2021	**172,444,229**	**2**	**1,194**	**(100)**	**(31)**	**1,065**	**(9)**	**1,056**

(1) The amounts recognized under "Other movements" in "Equity attributable to owners of the parent" and "Non-controlling interests" for the years ended September 30, 2020 and 2021 correspond mainly to the remeasurement of the Elior North America ("Elior NA") put option.

(2) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

5. General Information and Significant Events

5.1 General Information

At September 30, 2021, Elior Group SA (the "Company") was 18.66% owned by Bagatelle Investissement et Management ("BIM", which is wholly owned by Robert Zolade), 5.42% by Corporacion Empresarial Emesa, S.L, 5.25% by Fonds Stratégique de Participations, and 70.67% by private and public investors following the Company's admission to trading on Euronext Paris on June 11, 2014.

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

5.2 Significant Events

Year ended September 30, 2021

- **The Covid-19 crisis**

The continuing Covid crisis in fiscal 2020-2021 led to a €277 million reduction in revenue compared with the €3,967 million generated in 2019-2020. The full twelve months of 2020-2021 were impacted by the crisis compared with seven months in the previous fiscal year. In the first three quarters of 2020-2021 the Group's revenue was between 73% and 74% of its pre-Covid level, but this increased to 85% in the fourth quarter. The Business & Industry market has been the most affected.

- **Amendments to the Securitization Program**

On October 13, 2020, the €360 million 2017 Securitization Program, which was originally scheduled to expire in July 2021, was amended in order to extend its maturity until October 2024 and to ensure compliance with the criteria provided for in Regulation (EU) 2017/2402 of the European Parliament and the Council of December 12, 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised ("STS") securitisation. The amendments concerned do not affect the accounting treatment applied to the 2017 Securitization Program.

- **Government-backed loan**

On March 22, 2021, Elior Group received a government-backed loan amounting to €225 million, of which 80% is guaranteed by the French State. The loan has a one-year term with a five-year extension option exercisable by Elior Group and is repayable in six-monthly installments of 10% as from October 1, 2022.

- **€550 million high-yield bond issue**

On July 8, 2021, Elior Group issued senior bonds representing an aggregate principal amount of €550 million, maturing in July 2026 and paying interest at an annual rate of 3.75%.

The proceeds from the issue were used to repay in full the Group's €530 million senior bank debt that was due to mature in 2023.

- **€100 million new term loan and €350 million multi-currency revolving credit facility**

Also on July 8, 2021, Elior Group set up new senior bank debt in the form of a €100 million term loan and a €350 million multi-currency renewable credit facility in euros and U.S. dollars.

Year ended September 30, 2020

- **The Covid-19 crisis**

The main significant event of fiscal 2019-2020 was the Covid-19 public health crisis, which affected the performance of the Group's Education and Business & Industry activities as from March 2020. The estimated impacts of the crisis in 2019-2020 were €1,003 million on consolidated revenue and €268 million on adjusted EBITA before the application of IFRS 16.

- **Payment of the 2018-2019 dividend**

The dividend for the year ended September 30, 2019 – which corresponded to €51.7 million (€0.29 per share) and was approved by the Company's shareholders at the March 20, 2020 Annual General Meeting – was paid on April 9, 2020.

- **Covenant holiday**

On May 26, 2020, Elior Group's lending banks agreed to suspend the covenant tests due to be performed on the Group's senior debt at September 30, 2020 and March 31, 2021.

- **Final purchase price adjustment for the Group's Concession Catering business**

On August 25, 2020, a final purchase price adjustment of €48 million (including an adjustment related to working capital) was paid to PAI Partners following the sale of the Group's Concession Catering business on July 1, 2019 (see Note 7.7).

6. Accounting Policies

6.1 Basis of Preparation of the Consolidated Financial Statements

6.1.1 Basis of preparation of the consolidated financial statements for the years ended September 30, 2021 and 2020

In compliance with European Commission Regulation (EC) number 1606/2002 dated July 19, 2002, the Group's consolidated financial statements for the years ended September 30, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union's Accounting Regulatory Committee. The IFRSs and related interpretations adopted by the European Union can be viewed on the website of the European Financial Reporting Advisory Group at https://www.efrag.org/Endorsement.

These consolidated financial statements cover the operations, results and cash flows for the twelve-month periods ended September 30, 2021 and 2020, as Elior Group and its subsidiaries have a September 30 fiscal year-end (apart from a small number of exceptional cases).

The consolidated financial statements for the year ended September 30, 2021 were authorized for issue by the Audit Committee on November 22, 2021.

All amounts are presented in millions of euros unless otherwise specified.

The accounting principles applied to prepare the consolidated financial statements at September 30, 2021 are the same as those used for the consolidated financial statements at September 30, 2020, except for the amendments to and interpretations of IFRS that were applied for the first time in fiscal 2020-2021 (see ote 6.1.3).

6.1.2 Going concern

Due to the impact of the Covid-19 pandemic on Elior's business in 2020-2021 and the uncertainty about what future effects it will have on the Group's earnings, cash and equity, for the purposes of preparing the consolidated financial statements, Management assessed the Group's ability to continue as a going concern.

At September 30, 2021, the Group had €539 million in available liquidity, including (i) the full amount of its €350 million revolving credit facility, and (ii) €109 million in other available credit facilities (see Note 7.17).

In view of (i) the Group's cash position, (ii) its available liquidity following the refinancing of its debt in early July 2021, which extended its maturity to between 2025 and 2027 (see Note 7.17), and (iii) the cash flow projections used for its 2021-2022 budget, the Group believes it has a sufficient level of cash to continue to operate as a going concern. In its forecasts for 2021-2022, the Group estimates that it will achieve organic growth of at least 18% and an adjusted EBITA margin of between 2.0% and 2.5%. These forecast cash flows for 2021-2022 also include the cash outflows required for the restructuring and redundancy plans (*Plan de Sauvegarde de l'Emploi*) in France and Spain. In addition, it is anticipated that the change in working capital will be neutral for 2021-2022 as the impact of the upturn in business is expected to be offset.

6.1.3 New standards, amendments and interpretations adopted by the European Union and applied by the Group

Amendment to IFRS 16

In fiscal 2020-2021, the Group applied the amendment to IFRS 16 issued on May 28, 2020 to help lessees account for Covid-19-related rent concessions. This amendment – which the Group early adopted in its 2019-2020 financial statements – provides lessees with an optional exemption from applying the principles of IFRS 16 when all of the following four conditions are met:

- The rent concessions were granted as a direct consequence of Covid-19.
- The lease payments after the rent concession are less than, or the same as, the lease payments immediately preceding the concession.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021.
- There is no substantive change to other terms and conditions of the lease.

The Group recognized Covid-19 related rent concessions as variable lease payments under "Other operating expenses" in its fiscal 2020-2021 and 2019-2020 financial statements (a non-material amount and €1 million respectively).

IFRS IC agenda decision of May 2021 – Attributing Benefit to Periods of Service

The IFRS IC received a request about the periods of service to which entities should attribute benefit under defined benefit plans where (i) employees are entitled to a retirement benefit when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age (with all benefit being lost if the employee leaves the entity before they retire), and (ii) the amount of the retirement benefit to which an employee is entitled depends on the length of employee service with the entity and is capped at a specified number of years of service. For the plan analyzed by the IFRS IC, the cap could be set at a date prior to the retirement date.

In line with standard practices in France, the Group previously measured and recognized its pension benefit obligations using the projected unit credit method as permitted under IAS 19. Under this method, the obligations corresponded to the benefit entitlement earned by the employee concerned based on their length of service at the measurement date.

In its agenda decision, the IFRC IC concluded that, for the defined benefit plan analyzed, the employee would not be entitled to any benefit if they leave the entity before their retirement age and that the benefit obligation should only be recognized for the last years of the career of the employee concerned.

As a result of this decision, the Group reviewed the actuarial methods used to calculate its obligations under certain defined benefit plans, with the impact recorded as a change in accounting method in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (see Note 6.1.6 below).

6.1.4 New standards, amendments and interpretations applied by the Group that have been issued by the IASB but not yet endorsed by the European Union

The Group has not early adopted any standards not yet endorsed by the European Union.

6.1.5 New standards, amendments and interpretations issued by the IASB but not yet applied by the Group

New standards, amendments and interpretations that have been issued by the IASB but whose application is not yet mandatory (with an effective date of January 1, 2021) correspond to Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform – Phase 2.

The Group is currently assessing the impacts of these amendments on its financial statements but does not expect them to be significant.

6.1.6 Change in accounting methods and presentation

Following the IFRS IC decision of May 2021 concerning the calculation of retirement benefit obligations under certain defined benefit plans, the Group concluded that the calculation method used for some of its defined benefit plans in France constitutes a change in accounting method as provided for in IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Consequently, this method has been applied retrospectively and the relevant figures in the 2019-2020 consolidated financial statements have been restated as well as the related notes. The impacts are as follows:

(in € millions)	At Sept. 30, 2020	Restatement	At Oct. 1, 2020
Deferred tax assets	74	(3)	71
Total non-current assets	**2,683**	**(3)**	**2,680**
Reserves and retained earnings	**1,132**	**10**	**1,142**
Provisions for pension and other post-employment benefit obligations	96	(13)	83
Total non-current liabilities	**1,116**	**(3)**	**1,113**
Total equity and liabilities	**3,539**	**(3)**	**3,536**

The impacts on the consolidated income statement for the year ended September 30, 2020 were not material.

6.2 Consolidation Methods

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

Associates are all entities over which the Group has significant influence but not control. This influence is deemed to exist where the consolidating company directly or indirectly holds at least 20% of the entity's voting rights. Investments in associates are accounted for by the equity method.

A list of consolidated companies – including changes in the scope of consolidation during the year ended September 30, 2021 – is provided in Note 12 below.

6.3 Use of Estimates and Judgment

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

These estimates and assumptions – which are based on historical experience and other factors believed to be reasonable in the circumstances – are used to assess the carrying amount of assets and liabilities. The actual values of the Group's assets, liabilities and equity may differ significantly from the values obtained based on these estimates if different assumptions or circumstances apply.

The areas involving significant estimates or assumptions are:

- Goodwill (Note 7.9). As explained in Note 6.7, goodwill is tested for impairment at least once a year. In order to determine whether an impairment loss should be recognized against goodwill, the carrying amount of each CGU is compared with its recoverable amount. The recoverable amounts used by the Group at September 30, 2021 corresponded to value in use based on five-year discounted cash flow projections plus a discounted terminal value to which a perpetuity growth rate was applied. The main assumption used by Management concerning cash flow projections was an estimated return to pre-Covid business levels as from 2023 or 2024 depending on the CGU concerned.
  The discount rate used for the annual goodwill impairment tests is the weighted average cost of capital (WACC), with a WACC determined for each CGU.
- Intangible assets (other than goodwill), property, plant and equipment, and right-of-use assets (Note 7.10). These assets are tested for impairment when there is an indicator that they may be impaired. At September 30, 2021 the only impairment indicators identified related to certain items of property, plant and equipment.
- Right-of-use assets (Note 6.9). Lease terms are assessed based on the applicable contractual provisions, the expected use of the premises for real-estate leases, and any other relevant economic factors.
- Impairment of trade receivables. Impairment losses for trade receivables are determined based on an impairment matrix by country (see Note 6.10.2), which is regularly updated in line with credit risk. At September 30, 2021, no significant additional credit risk was identified.
- Provisions for litigation (Note 7.16). A number of legal proceedings are under way involving the Group, primarily concerning employee-related disputes. Due to the nature of these cases, the outcomes or settlement costs could differ from the estimates used.
- Provisions for restructuring costs (Note 7.16). These provisions are recognized based on an assessment of the costs that will be incurred in the upcoming months or quarters. At September 30, 2021 the Group reversed €24 million that had not been used out of the €68 million provision recognized at September 30, 2020 for the redundancy plan ("*Plan de Sauvegarde de l'Emploi*") in France.
- Post-employment benefit obligations (Note 7.16). The Group's obligations for pension and other post-employment benefits are measured using actuarial valuations that are based on assumptions such as the discount rate. The discount rate used by the Group in Europe corresponds to the yield on AA rated corporate bonds.
- Deferred taxes (Note 7.14). A significant degree of judgment is required when assessing whether the Group will be able to utilize its tax loss carry forwards. In making this assessment, Management analyzes several economic factors that could affect the Group's business in the foreseeable future, as well as past events. The analysis is performed regularly at the level of each tax jurisdiction. At September 30, 2021, the Group analyzed its tax loss carry forwards based on (i) the assumptions applied when updating its five-year Business Plan used for goodwill impairment tests, and (ii) reasonable and relevant evidence and indicators for recent tax losses.

6.4 Fiscal Year-Ends

Elior Group's 2020-2021 and 2019-2020 fiscal years cover the 12-month periods from October 1, 2020 through September 30, 2021 and October 1, 2019 through September 30, 2020 respectively. Elior Group's subsidiaries and associates have a 12-month fiscal year ending on September 30, apart from in exceptional cases for regulatory reasons (India-based entities) or contractual reasons.

Where consolidated companies have a fiscal year-end other than September 30, these entities prepare full and audited interim financial statements at September 30.

6.5 Foreign Currency Translation

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

The balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in the consolidated financial statements have been translated (i) at the exchange rate prevailing at September 30, 2021 and 2020 respectively for the balance sheet, and (ii) at the average exchange rate for the period for the income statement and cash flow statement, except in the case of significant fluctuations in exchange rates. Any resulting translation differences have been recorded in other comprehensive income.

The main exchange rates used in the consolidated financial statements for the years ended September 30, 2021 and 2020 were as follows:

	Year ended September 30, 2021		Year ended September 30, 2020	
	Period-end rate	Average rate	Period-end rate	Average rate
- €/US $:	1.1581	1.1954	1.1718	1.1203
- €/£:	0.8594	0.8735	0.9068	0.8788
- €/INR:	85.8890	88.0258	86.1980	82.3151

6.6 Intangible Assets and Goodwill

6.6.1 Intangible assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets recognized in the Group's consolidated balance sheet include the following:

– Trademarks

In accordance with IAS 38, "Intangible Assets", trademarks are recorded under intangible assets. This item corresponds to trademarks that are generally amortized over a period of 30 years.

– Other intangible assets

As prescribed in IFRIC 12, assets used under certain of the Group's catering contracts are classified as intangible assets and amortized over their estimated useful lives (subject to a maximum period corresponding to the term of the underlying operating contracts).

– Software

The cost of software installed and operated within the Group is capitalized and amortized over estimated useful lives of between 4 and 10 years (with the 10-year maximum period applied for major ERP projects).

Intangible assets are amortized using the straight-line method.

6.6.2 Goodwill

At the date of a business combination, goodwill is measured as the difference between (i) the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests (measured at fair value or at the non-controlling interest's share of the identifiable net assets, which is likewise generally measured at fair value), plus the acquisition-date fair value of any equity interest in the acquiree previously held by the Group, and (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value).

In accordance with IFRS 3R, any adjustments to the fair values provisionally assigned to the assets or liabilities of an acquiree are accounted for as retrospective adjustments to goodwill if they are recognized within twelve months of the acquisition date and where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. Beyond this twelve-month measurement period, the impacts of any such fair value adjustments are recognized directly in profit or loss, unless they correspond to error corrections.

6.7 Impairment Tests and Impairment Losses

In accordance with IAS 36, "Impairment of Assets", at each reporting date, the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed in order to assess whether there is any indication that they may be impaired. If such an indication exists, the recoverable amount of the asset concerned is estimated. Goodwill is tested for impairment annually at September 30.

For the purpose of impairment testing, assets are grouped into cash-generating units (CGUs). A CGU corresponds to the smallest identifiable group of assets that generates cash inflows from continuing use of the assets that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising on business combinations is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

At September 30, 2021, the Group had the following eight CGUs, which mostly correspond to its main legal entities that have separate activities:

- Elior Entreprises
- Elior Enseignement et Santé
- Elior Services
- Elior Italy
- Elior Iberia (Spain & Portugal)
- Elior UK
- Elior North America
- Elior India

Goodwill is allocated at the level of the CGUs listed above. Since the implementation of the "New Elior" strategic plan and the sale of Areas, goodwill allocated to the Elior Entreprises and Elior Enseignement et Santé CGUs have been combined and tested at the level of the "Contract Catering – France" group of CGUs.

An impairment loss is recorded in the income statement under "Non-recurring income and expenses, net" if the estimated recoverable amount of a CGU or group of CGUs is lower than its carrying amount. The recoverable amount of a CGU corresponds to the higher of its fair value less costs of disposal and its value in use.

At September 30, 2021, the recoverable amounts of the Group's CGUs were determined based on their value in use, calculated using projections of the cash flows that the Group expects to derive from each CGU.

The cash flow projections used were based on five-year budgets drawn up for each CGU and validated by Group management.

Cash flow projections beyond the five-year budget period are estimated by extrapolating the projections using a long-term growth rate which may not exceed the average long-term growth rate for the operating segment.

The discount rate used by the Group corresponds to post-tax WACC and is applied to post-tax cash flows.

6.8 Property, Plant and Equipment

As permitted under IAS 16, "Property, Plant and Equipment", the Group has elected to apply the cost model rather than the revaluation model for measuring property, plant and equipment. Consequently, these assets are carried at acquisition or production cost less accumulated depreciation and any accumulated impairment losses. The capitalization of borrowing costs provided for in IAS 23R is not applicable to the Group.

Property, plant and equipment are depreciated using the straight-line method, over the estimated useful lives of each main class of asset, as follows:

- Buildings: between 20 and 40 years
- Fixtures and fittings: between 5 and 12 years
- Catering equipment: between 5 and 10 years
- Office equipment: between 4 and 5 years
- IT equipment: between 3 and 4 years
- Vehicles: between 4 and 5 years

The residual values and useful lives of property, plant and equipment are reviewed at each fiscal year-end based on indicators such as the term of the underlying operating contract.

6.9 Right-of-use Assets

In accordance with IFRS 16, when recognizing leases where it is the lessee, the Group recognizes a right-of-use asset on the assets side of the balance sheet and an associated lease liability on the liabilities side. The lease terms used – particularly for real estate – take into account the minimum contractual term of the lease plus any periods covered by an option to extend or an option to terminate if the Group is reasonably certain to exercise the extension option or not exercise the termination option. The "reasonably certain" threshold is determined by assessing all of the related facts and circumstances, notably the depreciation periods of any leasehold improvements, and changes in the amount of lease payments compared with market rates.

6.10 Operating Working Capital Accounts (Inventories and Trade and Other Receivables)

6.10.1 Inventories

Inventories of raw materials and goods held for resale are measured at the lower of cost and net realizable value.

The majority of the Group's inventories are measured at the most recent purchase price, net of supplier rebates and discounts, given the high turnover rate due to inventories being primarily composed of perishable goods. This method is consistent with the "First-in First-out method" recommended in IAS 2, "Inventories". Borrowing costs are not included in the measurement.

6.10.2 Trade and other receivables

Trade and other receivables are initially recognized at fair value, and an impairment loss is recorded in the income statement if they subsequently become impaired.

Loss allowances for trade receivables are determined based on expected losses in accordance with IFRS 9.

The Group has chosen to apply the simplified approach permitted under IFRS 9, whereby a loss allowance based on lifetime expected credit losses ("ECLs") is recognized at each reporting date. The ECLs are determined as from the initial recognition of the receivable using a provision matrix by country and a specific credit risk analysis for the largest receivables based on any available credit ratings.

There is no significant exposure to concentrations of customer credit risk at Group level as it has such a large number of customers, and the geographic locations of these customers and the operating sites concerned are highly diverse.

6.11 Cash and Cash Equivalents

Cash and cash equivalents are held primarily to meet the Group's short-term cash needs rather than for investment or other purposes. Cash and cash equivalents consist of cash balances, cash in the process of collection, deposits with maturities of less than three months, money-market mutual funds and money-market securities, which can be realized or sold at short notice and are subject to an insignificant risk of changes in value.

Bank overdrafts repayable on demand and current accounts held for treasury management purposes are an integral part of the Group's cash management and are therefore deducted from cash in the cash flow statement, whereas they are classified as short-term debt in the consolidated balance sheet (see Note 7.17). These items represent the sole difference between the amounts of cash and cash equivalents presented in the balance sheet and those presented in the cash flow statement.

The cash flow statement is presented based on the indirect method.

6.12 Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", provisions recorded by the Group are intended to cover liabilities of uncertain timing or amount. These liabilities represent a present legal or constructive obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They notably include compensation estimated by the Group and its legal counsel for litigation, claims and disputes brought by third parties. Provisions are discounted when the effect of the time value of money is material.

6.13 Current and Deferred Taxes

The consolidated income tax expense corresponds to the aggregate amount of income tax reported by each of the Group's companies, adjusted for any deferred taxes. French subsidiaries that are over 95%-owned by Elior Group form part of a consolidated tax group headed by Elior Group.

The Group has elected to apply the following accounting treatment to the business tax (*Contribution Economique Territoriale* – CET) applicable to French entities pursuant to the 2010 French Finance Act:

- The portion of the CET tax based on the rental value of real estate (CFE) is recognized as an operating expense.
- The portion of the CET tax based on the value added by the business (CVAE) is recognized as an income tax within the meaning of IAS 12.

In accordance with IAS 12, "Income Taxes", deferred taxes are recognized for (i) all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and (ii) the carryforward of unused tax losses (apart from in exceptional cases) to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred taxes are calculated using the liability method, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in tax rates is recorded in the income statement, except if the related tax was generated either (i) by a transaction recognized directly in equity under other comprehensive income, or (ii) in connection with a business combination. Deferred tax assets and liabilities are not discounted.

6.14 Employee Benefits

Statutory retirement bonuses, long-service awards and pension plans

In accordance with IAS 19R, "Employee Benefits", the Group's pension and other post-employment benefit obligations are measured by independent actuaries. A provision to cover these obligations (including the related payroll taxes) is recorded in the consolidated balance sheet. The discount rate applied is determined by reference to the interest rates on high quality corporate bonds that have the same terms to maturity as the terms of the obligations concerned.

Actuarial gains and losses are generated by changes in assumptions or experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred). In accordance with IAS 19R, actuarial gains and losses related to statutory retirement bonuses are recognized in full within "Other comprehensive income". Actuarial gains and losses on other long-term benefits (long-service awards and retention bonuses) are recognized immediately in the income statement.

6.15 Treasury Shares

Any treasury shares held by the Group are recorded as a deduction from equity. Proceeds from any sales of treasury shares are credited directly to equity, so that the related disposal gains or losses do not impact profit for the period.

6.16 Classification and Measurement of Financial Assets and Liabilities

6.16.1 Classification and measurement of financial assets (excluding derivatives)

On initial recognition, Management classifies financial assets based both on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the asset.

In application of IFRS 9, the Group has chosen to classify its financial assets as either financial assets at amortized cost or financial assets at fair value through profit or loss.

Financial assets at amortized cost

A financial asset is classified in this category if it is held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and, where applicable, interest on the principal amount outstanding. These assets are initially recognized at fair value less any transaction costs. After initial recognition they are measured at amortized cost using the effective interest method.

Where necessary, a loss allowance is recognized in an amount corresponding to the 12-month expected credit losses for the asset, unless the credit risk has increased significantly since initial recognition, in which case the loss allowance corresponds to the expected credit losses over the lifetime of the asset. For trade receivables and contract assets, the Group applies a simplified approach for the recognition of loss allowances (see Note 6.10.2).

Financial assets at fair value through profit or loss

This category is used when a financial asset is not measured at either amortized cost or at fair value through other comprehensive income.

Fair value adjustments to these financial assets are recognized in the income statement under other financial income and expenses.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or are transferred along with substantially all the risks and rewards of ownership of the financial asset.

6.16.2 Classification and measurement of financial liabilities (excluding derivatives)

Borrowings are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Any difference between (i) the proceeds of borrowings net of transaction costs and (ii) their repayment or redemption value is recognized as a financial expense over the life of the borrowings concerned using the effective interest method.

Borrowings are presented in current liabilities unless the Group has an unconditional right to defer the settlement of the liability beyond a period of 12 months after the end of the reporting period, in which case they are presented in non-current liabilities.

6.17 Recognition and Measurement of Derivatives

6.17.1 Interest rate and currency hedging instruments

In accordance with IFRS 9, derivatives are recognized in the balance sheet at fair value. As prescribed in IFRS 7, the fair value of interest rate and currency derivatives is calculated by discounting future cash flows at the interest rate prevailing at the balance sheet date.

Derivatives can be designated as hedging instruments when they form part of one of the following three types of hedging relationship:

- Fair value hedges, which are hedges of the exposure to changes in fair value of a recognized asset or liability.
- Cash flow hedges, which hedge the exposure to variability in future cash flows attributable to forecast transactions.
- Hedges of a net investment in a foreign operation, which are used by the Group to hedge its interests in the net assets of its international operations.

Derivatives qualify for hedge accounting when the following conditions are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship.
- The Group expects the hedge to be highly effective.
- The hedge's effectiveness can be reliably measured and the hedge is expected to be highly effective throughout the term of the hedging relationship.

The use of hedge accounting has the following consequences:

- For fair value hedges of recognized assets or liabilities, the hedged item is recognized at fair value in the balance sheet. The carrying amount of the hedged item is adjusted for fair value changes, which are recognized in profit or loss and are offset by symmetrical changes in the fair value of the hedging instrument, to the extent the hedge is effective.
- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income as changes in the fair value of the hedged portion of the hedged item are not recognized in the balance sheet. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness and is recognized in profit or loss. Amounts accumulated in equity through other comprehensive income are reclassified to the income statement in the same period or periods during which the hedged item affects profit or loss. The average period for this reclassification to apply is generally less than six months, except for licenses.

6.17.2 Liabilities relating to share acquisitions and commitments to purchase non-controlling interests

When the Group acquires an equity interest in an entity, it may give the non-controlling shareholders of the acquired entity a commitment to subsequently purchase their shares. Such purchase commitments correspond to put options written by the Group.

The Group recognizes a financial liability in its consolidated financial statements for put options written over non-controlling interests, with the amount of the liability calculated based on the price formulas in the related contractual documentation. A corresponding adjustment is made to equity and subsequent changes in the value of the financial liability are recognized in equity.

In July 2018, the Group raised its interest in Elior North America to 92%, following its purchase of the majority of this subsidiary's outstanding ordinary shares and all of its outstanding preference shares. The transaction led to a total cash outflow of €99 million, which was deducted from "Non-controlling interests" in equity in accordance with IFRS 3R as it corresponded to a transaction between owners not resulting in a transfer of control.

The remaining 8% interest in Elior North America not held by the Group is covered by cross put and call options exercisable from 2023, which have been measured based on a price formula that approximates a fair value measurement. A liability has been recognized under "Non-current liabilities relating to share acquisitions" for the fair value of the put. As the put also corresponds to a transaction between owners, the liability was initially recognized and is being remeasured at fair value at the close of each fiscal year until it is derecognized through "Equity attributable to owners of the parent", with no impact on consolidated profit.

6.18 Definition of Net Debt

Net debt as defined by the Group represents short- and long-term debt plus IFRS 16 lease liabilities and the fair value of derivative financial instruments recognized under liabilities, less cash and cash equivalents, short-term financial receivables recognized in accordance with IFRIC 12 and the fair value of derivative financial instruments recognized under assets. It does not include liabilities relating to share acquisitions.

6.19 Accounting Treatment and Presentation of Assets or Groups of Assets Held for Sale and Discontinued Operations

IFRS 5 sets out the accounting treatment, presentation and disclosures required in relation to assets or groups of assets held for sale and discontinued operations. A discontinued operation represents a separate major line of business or a geographical area of operations that the Group has either disposed of or has classified as held for sale.

IFRS 5 requires entities to present assets and groups of assets held for sale on a separate line in the balance sheet if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, (i) the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, (ii) the entity concerned must have made the decision to sell the asset (e.g. by management being committed to a plan to sell), and (iii) the sale must be highly probable within 12 months following the end of the reporting period.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and cease to be depreciated once they are classified in this category.

Profit or loss from discontinued operations, after the elimination of intra-group transactions, is presented on a separate line of the income statement. It includes the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the post-tax gain or loss recognized on the disposal, for the current period and the comparative periods presented.

The net cash flows attributable to discontinued operations are also presented in a separate line in the cash flow statement and correspond to the cash flows generated by these operations until the date of their disposal as well as the cash generated by their disposal (excluding tax), for the current period and the comparative periods presented.

6.20 Revenue

In its contract catering and facilities management operations, the Group serves three key client markets: corporate entities and government agencies ("Business & Industry"), state-run and private educational establishments ("Education"), and public and private health and welfare establishments ("Health & Welfare").

Through its contract catering business, the Group offers sit-down dining services and other catering-related services, such as meal deliveries, vending solutions and foodservices technical support.

The service contracts in the contract catering business provide for a flat fee calculated on a cost-plus basis or for management fees. These service contract fees are invoiced and paid on a monthly basis.

In the Business & Industry and Education markets, revenue corresponds to the amount invoiced to the client (i.e. companies or local or regional authorities) in the form of a price per cover, less any partial payments received from restaurant guests in the Business & Industry market or paid by families in the Education market.

The Group's services business, which it notably conducts in France, involves the provision of soft facility management solutions, mainly value-added cleaning services in healthcare establishments, sensitive industrial environments and shopping malls. Remuneration provided for under these service contracts is on a per service basis and is invoiced and paid monthly.

Consolidated revenue corresponds to sales of goods and services in the course of the ordinary activities of consolidated companies. It includes all income provided for in the Group's contracts, whether the Group entity concerned is acting as principal (the majority of cases) or agent.

Revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes as well as the amortization of advances on customer contracts. No revenue is recognized if there is significant uncertainty about the recoverability of the payment to which the Group is entitled as consideration for goods or services provided.

Revenue generated from the rendering of contract catering services and support services or the sale of goods in travel retail stores is recognized when the service is rendered or the goods are sold.

Consideration payable to clients

In the ordinary course of its business, the Group may have to pay consideration to a client when a contract catering or services contract is awarded. This type of consideration – which is mainly paid for multi-annual contracts – corresponds to prepaid discounts. The prepaid discounts are recognized under “Other non-current assets” in the balance sheet and are amortized as a reduction of revenue over the term of the related contract in accordance with IFRS 15, unless the payment to the client is in exchange for a distinct service received from the client.

Variable consideration

The Group sometimes has to pay certain fees to its clients. These fees – which were previously recognized as operating expenses – are now recorded as a reduction of revenue in accordance with IFRS 15.

6.21 Share-Based Compensation

The Group’s share-based and cash-settled long-term compensation plans primarily correspond to Elior Group stock option and performance share plans authorized by the Company's shareholders and put in place during the years ended September 30, 2016, 2019, 2020 and 2021 for selected Group managers. These plans are considered to be either equity-settled (in Elior Group shares) or cash-settled instruments and are recognized in accordance with IFRS 2.

6.22 Other Operating Expenses

This item includes all recurring operating expenses except costs for the purchase of raw materials and consumables, personnel costs, taxes other than on income, and depreciation, amortization and provision expense.

6.23 Non-Recurring Income and Expenses, Net

This item consists of income and expenses that are not considered as generated or incurred in the normal course of business, and mainly includes impairment of goodwill and other non-current assets, restructuring costs, acquisition costs for consolidated subsidiaries, and gains and losses on disposals of assets and investments in consolidated companies.

Previously, "Non-recurring income and expenses, net" also included annual charges to amortization recorded in the consolidated financial statements for intangible assets recognized on business combinations (notably customer relationships). However, these charges are now recognized within recurring operating profit.

6.24 Recurring Operating Profit

Recurring operating profit represents total income less total expenses before (i) non-recurring income and expenses, net, (ii) financial income and expenses, (iii) net profit for the period from discontinued operations, and (iv) income tax. Since the year ended September 30, 2014 the Group has included within recurring operating profit the share of profit of equity-accounted investees whose activities are the same or similar to those of the Group as a whole.

6.25 Calculation of Earnings Per Share

In accordance with IAS 33, basic earnings per share is calculated by dividing net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding shares held in treasury.

For the purpose of calculating diluted earnings per share, (i) the weighted average number of ordinary shares outstanding is increased by the number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, and (ii) net profit attributable to owners of the parent is adjusted by the amount of dividends and interest recognized in the period in respect of any dilutive potential ordinary shares and any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Potential ordinary shares are treated as dilutive, if, and only if, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

6.26 Segment Reporting

Following the sale of its Concession Catering business, the Group has two continuing operations: "Contract Catering" and "Services", which are divided into four operating sectors: "Contract Catering – France", "Services – France", "Contract Catering – International" and "Services – International".

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

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

The "Concession Catering" operating segments are presented as discontinued operations.

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

7. Analysis of Changes in Income Statement and Balance Sheet Items

7.1 Revenue, Adjusted EBITDA and Non-Current Assets by Segment

Fiscal 2020-2021

(in € millions) Year ended September 30, 2021	Contract Catering & Services			Corporate & Other	Group total
	France	International	Total		
Revenue	**1,711**	**1,975**	**3,686**	**4**	**3,690**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	**(21)**	**(39)**	**(60)**	**(27)**	**(87)**
Of which:					
Share-based compensation expense	-	-	**-**	5	**5**
Net amortization of intangible assets recognized on consolidation	-	18	**18**	-	**18**
Adjusted EBITA	**(21)**	**(22)**	**(43)**	**(21)**	**(64)**
Adjusted EBITA as a % of revenue	*(1)%*	*(1)%*	*(1)%*	*(535)%*	*(2)%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(68)	(81)	**(149)**	(18)	**(167)**
Non-current assets (1)	**1,267**	**1,112**	**2,379**	**68**	**2,447**

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

Fiscal 2019-2020

(in € millions) Year ended September 30, 2020	Contract Catering & Services			Corporate & Other	Group total
	France	International	Total		
Revenue	**1,778**	**2,182**	**3,960**	**7**	**3,967**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	(13)	(51)	**(64)**	(25)	**(89)**
Of which:					
Share-based compensation expense	-	1	**1**	(1)	**-**
Net amortization of intangible assets recognized on consolidation	-	20	**20**	-	**20**
Adjusted EBITA	**(13)**	**(30)**	**(43)**	**(26)**	**(69)**
Adjusted EBITA as a % of revenue	*(1)%*	*(1)%*	*(1)%*	*(384)%*	*(2)%*
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(67)	(93)	**(160)**	(18)	**(178)**
Non-current assets (1)	**1,281**	**1,133**	**2,414**	**79**	**2,493**

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

7.2 Consolidated Revenue

7.2.1 Revenue by client market

Revenue by client market can be analyzed as follows:

(in € millions)	Year ended Sept. 30, 2021	% of total revenue	Year ended Sept. 30, 2020	% of total revenue	Year-on-year change	% change
Business & Industry	1,341	36.3%	1,620	40.8%	(279)	(17.2)%
Education	1,215	32.9%	1,149	29.0%	66	5.7%
Health & Welfare	1,134	30.7%	1,198	30.2%	(64)	(5.3)%
Group total	**3,690**	**100.0%**	**3,967**	**100.0%**	**(277)**	**(7.0)%**

7.2.2 Contract assets and liabilities

In 2020-2021, the Group recognized €62 million in revenue related to contract liabilities recorded at September 30, 2020.

7.3 Personnel Costs and Employee Numbers

7.3.1 Analysis of Personnel Costs

Personnel costs break down as follows:

(in € millions)	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
Personnel costs (excluding employee profit-sharing)	(1,992)	(2,077)
Employee profit-sharing	-	-
Share-based compensation expense	(5)	-
Personnel costs	**(1,997)**	**(2,078)**

7.3.2 Employee Numbers

The table below shows the number of employees of Group companies at the year-end. Consequently, year-on-year changes cannot be directly compared with those of personnel costs recorded in the consolidated income statement.

The number of employees at September 30, 2021 and 2020 (both full and part-time) breaks down as follows by category:

	At Sept. 30, 2021	At Sept. 30, 2020
Management and supervisory staff	15,808	16,522
Other	82,947	88,044
Total	**98,755**	**104,566**

Employee numbers break down as follows by geographic region:

	At Sept. 30, 2021	At Sept. 30, 2020
France	42,650	43,684
International	56,105	60,882
Total	**98,755**	**104,566**

7.4 Non-Recurring Income and Expenses

For the year ended September 30, 2021, non-recurring income and expenses represented a net expense of €1 million and primarily included (i) €5 million in net additions to provisions for severance payments and other employee-related costs, and (ii) a €6 million reversal of impairment losses for right-of-use assets due to favorable terms and conditions for existing a real-estate lease contract. Net additions to restructuring provisions included €24 million reversed from a provision recognized in France for the redundancy plan announced on September 30, 2020, which was unused due to a high number of resignations and internal job redeployments that resulted in the initially planned 1,881 redundancies being reduced to 1,016 (see Note 7.16.2).

For the year ended September 30, 2020, non-recurring income and expenses represented a net expense of €240 million and primarily included (i) €123 million in goodwill impairment losses (see Note 7.9), (ii) €103 million in provisions for severance payments and other employee-related costs, and (iii) €12 million in impairment losses for right-of-use assets and other assets. A €68 million provision for restructuring costs was recognized in France in 2019-2020 following the announcement of the redundancy plan to employee representatives on September 30, 2020 (see Note 7.16.2).

7.5 Financial Income and Expenses

The net financial expense recorded in the years ended September 30, 2021 and 2020 breaks down as follows:

(in € millions)	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
Interest expense on debt	(42)	(32)
Interest income on short-term investments	5	5
Other financial income and expenses (1)	(6)	(11)
Interest cost on post-employment benefit obligations	(1)	-
Net financial expense	**(44)**	**(38)**
(1) Including:		
- Fair value adjustments recognized in profit on interest rate and currency hedging instruments	*2*	*-*
- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies	*-*	*(6)*
- Amortization of debt issuance costs	*(2)*	*(2)*
- Net foreign exchange gain/(loss)	*1*	*(2)*
- Other financial expenses	*(6)*	*(1)*

Interest expense related to leases (recognized in accordance with IFRS 16) amounted to €9 million for the years ended September 30, 2020 and 2021.

7.6 Income Tax

(in € millions)	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
Current tax (1)	(8)	(15)
Deferred tax	20	(68)
Total	**12**	**(83)**

(1) *Including €19 million and €11 million for the French CVAE tax for the years ended September 30, 2020 and 2021 respectively.*

The deferred tax benefit for the year ended September 30, 2021 primarily results from a reassessment of the recoverability of tax losses carried forward from prior years, and, to a lesser extent, from deductible temporary differences.

The following table shows a reconciliation between the Group's net income tax benefit/(expense) recognized in the income statement and its theoretical income tax for the years ended September 30, 2021 and 2020:

(in € millions)	Year ended Sept. 30, 2021		Year ended Sept. 30, 2020	
	Base	Tax impact	Base	Tax impact
Profit/(loss) before income tax	**(132)**		**(367)**	
Share of profit of equity-accounted investees	(1)		(3)	
Profit/(loss) before income tax and share of profit of equity-accounted investees	(131)		(364)	
Theoretical income tax (1)		42		125
Impact of tax rates on profit generated outside France		(11)		(33)
Tax loss carryforwards generated during the year for which no deferred tax assets were recognized (2)		(25)		(41)
Tax loss carryforwards recognized in prior years and written down during the fiscal year or written down in prior years and utilized during the fiscal year (3)		10		(87)
Income not subject to tax and expenses not deductible for tax purposes (4)		(4)		(47)
Net income tax benefit/(expense)		**12**		**(83)**

(1) *The standard income tax rate used by the Group is 32.02%.*

(2) *Including the following amounts of deferred tax assets not recognized in France and Italy respectively: (i) €18 million and €3 million in 2020-2021, and (ii) €28 million and €9 million in 2019-2020.*

(3) *Including (i) €6 million and €4 million relating to deferred tax assets not recognized in prior years and utilized in 2020-2021 in Spain and the United States respectively, and (ii) 73 million and €9 million relating to deferred tax assets recognized in prior years and written down in 2019-2020 for France and Italy respectively.*

(4) *Including, (i) for the year ended September 30, 2021, €8 million related to the net CVAE tax and €28 million for goodwill impairment losses in Italy and the UK, and (ii) for the year ended September 30, 2020, €12 million related to the net CVAE tax.*

7.7 Net Profit/(Loss) for the Period from Discontinued Operations

Year ended September 30, 2021

The net profit from discontinued operations recognized in 2020-2021 mainly relates to the sale of the business base of Restaurant & Sites on September 30, 2021.

At September 30, 2021, the India-based company Elior West was classified under assets held for sale in accordance with IFRS 5.

Year ended September 30, 2020

The net loss from discontinued operations recognized in 2019-2020 mainly related to (i) the €48 million purchase price adjustment paid to PAI Partners, and (ii) the remaining non-core Concession Catering operations that were in the process of being sold and whose sale was held up due to the Covid crisis.

7.8 Earnings Per Share

The table below shows the number of outstanding shares before and after dilution.

	Year ended September 30	
	2021	2020
Weighted average number of shares outstanding – Basic	172,356,855	173,729,703
Dilutive impact of stock option and performance share plans	1,489,916	270,911
Weighted average number of shares outstanding – Diluted	173,846 771	174,000,614

Basic and diluted earnings/(loss) per share for the years ended September 30, 2021 and 2020 were as follows:

	Year ended September 30	
	2021	2020
Attributable net profit/(loss) for the period (in € millions)	(100)	(483)
Basic earnings/(loss) per share (in €)	**(0.58)**	**(2.78)**
Diluted earnings/(loss) per share (in €)	**(0.58)**	**(2.78)**

7.9 Goodwill

7.9.1 Analysis of goodwill

The table below shows an analysis of consolidated goodwill based on the CGUs defined in Note 6.7 above.

(in € millions)	At Sept. 30, 2020	Additions	Impairment	Other movements including currency translation adjustments	At Sept. 30, 2021
Elior Entreprises	578	1	-	-	579
Elior Enseignement et Santé	365	-	-	-	365
Elior Services	134	-	-	-	134
Sub-total – France	**1,077**	**1**	**-**	**-**	**1,078**
Elior North America	272	-	-	10	282
Elior Italy	104	-	-	-	104
Elior Iberia	149	-	-	-	149
Elior UK	117	-	-	1	118
Elior India	-	-	-	-	-
Sub-total – International	**642**	**-**	**-**	**11**	**653**
Total, net	**1,719**	**1**	**-**	**11**	**1,731**

Year ended September 30, 2021

The Group did not carry out any significant acquisitions in the year ended September 30, 2021.

Year ended September 30, 2020

The net decrease in goodwill in fiscal 2019-2020 was mainly due to €123 million in impairment losses recognized against goodwill in Italy and the UK.

The Group did not carry out any significant acquisitions in the year ended September 30, 2020.

7.9.2 Impairment losses and sensitivity analyses

Key assumptions used for calculating recoverable amounts

The recoverable amounts of the Group's CGUs correspond to their value in use calculated based on key assumptions that could have a significant impact on the consolidated financial statements.

As in previous years, the CGUs' recoverable amounts at September 30, 2021 were determined based on a revised Business Plan drawn up by Group Management, which was reviewed by the Board of Directors on November 23, 2021. The main assumptions in this Business Plan were as follows:

- A gradual return to pre-Covid business volumes as from 2023 or 2024 depending on the CGU concerned.
- Faster diversification of the Group's offerings and markets.
- An approximately 100 basis-point improvement in adjusted EBITA margin compared with the pre-Covid figure.

The main discount rates and perpetuity growth rates used were as follows:

	Discount rate		Perpetuity growth rate	
	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
Elior Entreprises and Elior Enseignement et Santé	8.0%	7.9%	1.4%	1.4%
Elior Services	7.6%	7.9%	1.4%	1.6%
Elior North America	8.4%	7.9%	2.5%	1.6%
Elior UK	8.5%	8.3%	1.7%	0.8%
Elior Italy	9.4%	9.6%	1.5%	0.8%
Elior Iberia	8.3%	8.3%	1.5%	1.6%

2021 annual impairment tests

No goodwill impairment losses were recognized in the year ended September 30, 2021.

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

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

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

The changes in assumptions set out above would not lead to any goodwill impairment losses.

In view of the uncertainties prevailing concerning the end of Covid restrictions and the pace at which its business activities will pick up, the Group performed an additional sensitivity analysis in 2020-2021. This analysis consisted of reducing projected cash flows by an average of 20%. and showed that such a reduction would not lead to the recognition of any goodwill impairment losses.

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

- Elior Entreprises and Elior Enseignement et Santé: -22%
- Elior Iberia: -27%
- Other CGUs: not relevant (>-40%).

2020 annual impairment tests

Following the annual impairment tests performed at September 30, 2020, a €123 million impairment loss was recognized against goodwill, breaking down as €67 million for Elior Italy and €56 million for Elior UK.

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

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

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

The changes in assumptions set out above would have led to:

- Impairment losses of between €7 million and €8 million for the Elior Italy CGU depending on the metric concerned, and €7 million for the Elior UK CGU.
- An impairment loss of between €8 million and €10 million for the Elior Iberia CGU depending on the metric concerned.

No other CGUs would have been affected.

The Group performed an additional sensitivity analysis in 2019-2020 in view of the uncertainties caused by the Covid crisis. This analysis entailed calculating the percentage decrease in projected net cash flows whereby the value in use of each CGU's net assets would be equal to their recoverable amount. The percentage decreases were as follows:

- Elior Entreprises and Elior Enseignement et Santé: - 8%
- Elior North America: - 11%
- Elior Iberia: - 1%
- Elior Services and Elior India: not relevant (> -40%).

7.10 Analysis of Intangible Assets, Property, Plant and Equipment and Right-of-Use Assets

7.10.1 Intangible assets

(in € millions)	At Sept. 30, 2020	Increase	Decrease	Other movements (3)	At Sept. 30, 2021
Concession rights	18	-	(1)	-	17
Assets operated under concession arrangements (1)	37	-	-	-	37
Trademarks	24	-	-	1	25
Software	130	3	-	8	141
Intangible assets in progress	11	5	-	(8)	8
Other (2)	272	1	(6)	3	270
Gross value	**492**	**9**	**(7)**	**4**	**498**
Concession rights	(6)	(1)	-	-	(7)
Assets operated under concession arrangements (1)	(37)	-	-	-	(37)
Trademarks	(7)	(1)	-	-	(9)
Software	(105)	(13)	-	(1)	(119)
Other (2)	(115)	(20)	8	(2)	(129)
Total amortization	**(270)**	**(35)**	**8**	**(3)**	**(300)**
Carrying amount	**221**	**(26)**	**1**	**1**	**197**

(1) Assets recognized in accordance with IFRIC 12 for the Group's right to use central kitchens in the education market in France as granted under leases and public sector contracts.

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

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

7.10.2 Property, plant and equipment

(in € millions)	At Sept. 30, 2020	Increase	Decrease	Other movements (1)	At Sept. 30, 2021
Land	8	-	(1)	-	7
Buildings	87	2	(4)	1	86
Technical installations	450	26	(24)	9	461
Other items of property, plant and equipment	375	24	(17)	4	386
Assets under construction	8	5	-	(10)	3
Prepayments to suppliers of property, plant and equipment	2	2	-	(2)	2
Gross value	**930**	**59**	**(46)**	**2**	**945**
Buildings	(44)	(5)	4	-	(45)
Technical installations	(351)	(45)	25	(2)	(373)
Other items of property, plant and equipment	(222)	(42)	15	(1)	(250)
Total depreciation	**(616)**	**(92)**	**44**	**(3)**	**(668)**
Carrying amount	**314**	**(33)**	**(2)**	**(1)**	**278**

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

7.10.3 Right-of-use assets

(in € millions)	At Sept. 30, 2020	Increase	Decrease	Other movements (1)	At Sept. 30, 2021
Concession fees	25	15	(1)	1	40
Real estate	205	41	(28)	3	221
Technical installations and other equipment	25	2	(1)	45	71
Vehicles	57	19	(8)	-	68
Right-of-use assets – Gross	**312**	**77**	**(38)**	**49**	**400**
Concession fees	(5)	(6)	-	-	(11)
Real estate (2)	(36)	(26)	(1)	(1)	(64)
Technical installations and other equipment	(16)	-	6	(45)	(55)
Vehicles	(17)	(13)	-	-	(30)
Depreciation of right-of-use assets	**(74)**	**(39)**	**(1)**	**(46)**	**(160)**
Carrying amount of right-of-use assets	**238**	**38**	**(39)**	**3**	**240**

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

(2) *Including €10 million relating to an impairment loss recognized against a right-of-use asset concerning a site in the United States following the identification of an impairment indicator.*

7.11 Non-Current Financial Assets

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020
Investments in non-consolidated companies	6	5
Loans (1)	76	73
Deposits and guarantees paid	19	18
Financial receivables	17	13
Total	**118**	**111**

(1) At September 30, 2021 and 2020, "Loans" included the €70 million vendor loan granted to PAI Partners in connection with the July 1, 2019 sale of the Concession Catering business, which is measured at amortized cost.

7.12 Equity-Accounted Investees

(in € millions)	Carrying amount at Sept. 30, 2020	Dividends paid	Net profit/(loss) for the period	Changes in scope of consolidation and other	Carrying amount at Sept. 30, 2021
SMRLC	-	-	(1)	1	-
Riverside Events (UK)	-	-	-	-	-
Total	**-**	**-**	**(1)**	**1**	**-**

7.13 Trade and Other Receivables

(in € millions)	At Sept. 30, 2021		At Sept. 30, 2020	
	Gross	Net	Gross	Net
Trade receivables	439	393	444	397
Revenue accruals	108	108	88	88
Prepayments to suppliers	58	58	48	48
Prepaid and recoverable VAT	42	42	56	56
Receivables relating to asset disposals	7	7	7	7
Other	24	24	29	29
Total	**678**	**632**	**672**	**625**

Net trade receivables break down as follows by maturity:

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020
Receivables not past due	267	244
Receivables less than 30 days past due	47	50
Receivables more than 30 days but less than 6 months past due	55	70
Receivables more than 6 months but less than 1 year past due	11	23
Receivables more than 1 year past due	13	10
Total net trade receivables	**393**	**397**

The outstanding amounts in the “ON” and “OFF” compartments of the receivables securitization program are presented in Note 7.17.1.4.

7.14 Deferred Taxes

The deferred tax balances recorded in the consolidated balance sheet at September 30, 2021 and 2020 break down as follows by type of temporary difference:

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020 (3)
Paid leave provisions	6	7
Other non-deductible provisions and expenses	54	37
Provisions for pension benefit obligations	19	18
Recognition of tax loss carryforwards (2)	68	42
Total deferred tax assets	**147**	**104**
Fair value adjustments (1)	(61)	(33)
Total net deferred taxes	**86**	**71**

(1) This item corresponds to (i) the deferred tax impact of fair value measurements concerning the assets of companies consolidated for the first time in prior periods, and (ii) changes in the fair value of interest rate hedges.

(2) Primarily including:

- At September 30, 2021, the following net tax loss carryforwards: (i) €42 million for Elior Group, recoverable through the French tax consolidation group which it heads, (ii) €20 million for US subsidiaries and (iii) €8 million for Spanish and Portuguese subsidiaries. The Group has remeasured the recoverability of these deferred tax assets based on its updated business plan. The projection periods for the taxable earnings used for recognizing deferred taxes are the same as those used for the business plan, i.e. five years.

- At September 30, 2020, the following net tax loss carryforwards: (i) €21 million for Elior Group, recoverable through the French tax consolidation group which it heads, (ii) €19 million for US subsidiaries, and (iii) €2 million for UK and Spanish and Portuguese subsidiaries.

(3) The figure for deferred taxes related to provisions for pension benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

Deferred taxes are classified under non-current assets and liabilities in the consolidated balance sheet.

Unrecognized tax loss carryforwards at September 30, 2021 break down as follows:

(in € millions)	Amount of tax loss carryforwards (base)	Amount of unrecognized tax loss carryforwards (base)
France	485	322
United States	66	17
Italy	50	50
Spain	35	5
UK	26	3
Total	**662**	**397**

Tax losses generated in the above jurisdictions can be carried forward indefinitely, except for USD 20 million in tax losses generated in the United States prior to 2016 which expire in 2036.

7.15 Other Current Assets

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020
Prepaid expenses	36	37
Other	14	17
Total	**50**	**54**

7.16 Provisions for Pension and Other Post-Employment Benefit Obligations and Other Provisions

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

(in € millions)	At September 30, 2021	At September 30, 2020[1]
Long-term provisions for pension and other post-employment benefit obligations	89	83
Provision for non-renewal of concession contracts	9	10
Other	15	13
Long-term provisions	**113**	**106**
Provision for commercial risks	1	2
Provision for tax risks and employee-related disputes	12	13
Provision for reorganization costs	41	79
Short-term provisions for pension and other post-employment benefit obligations	9	8
Other	14	28
Short-term provisions	**77**	**130**
Total	**190**	**236**

(1) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

7.16.1 Provisions for pension and other post-employment benefit obligations

7.16.1.1 Summary of provisions and description of plans

(in € millions)	Pension and other post-employment benefit obligations	
	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020[1]
Provisions at Oct. 1	**91**	**99**
Net expense for the period	11	4
Gains on plan curtailments	-	-
Benefits and contributions paid	(9)	(9)
Changes in scope of consolidation	5	-
Actuarial (gains) and losses recognized in equity	(1)	(2)
Currency translation adjustments	1	(1)
Provisions at year-end	**98**	**91**
O/w short-term	*9*	*8*
O/w long-term	*89*	*83*

(1) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

7.16.1.2 Defined benefit plans

These plans primarily concern pension and other post-employment benefit plans.

Pension and other post-employment benefit plans

The main pension and other post-employment benefit plans in place within the Group are as follows:

In **France**, the Group's main defined benefit obligations relate to retirement bonuses, which are payable when an employee retires if they still form part of the Group at that date. These obligations are covered by liabilities recognized in the consolidated balance sheet.

The official retirement age in France is 62 and the average retirement age observed within the Group is 64.

In the **United Kingdom,** Elior has several defined benefit pension plans in place which are financed through independently-managed funds. Elior pays contributions into these funds and the funds pay out the pension benefits. The members of these pension plans correspond to employees working on a small number of contract catering contracts operated by the Group's recently acquired UK companies, Waterfall and Edwards & Blake. The official retirement age in the UK is 65.

In **Spain**, Elior has a number of unfunded pension plans in place. The Group's obligations under these plans are primarily based on the pensionable salary and length of service of the employees concerned.

In **Italy**, the Group's obligations correspond to the legal requirement to pay an indemnity to employees on termination of their employment contract (TFR). At each balance sheet date, vested rights of employees are valued in accordance with the legal requirements and are fully covered by provisions. Since January 1, 2007, following a change in Italian legislation, employees can request that their entitlements be transferred to the Italian state plan or private insurance funds.

At September 30, 2021, the Group's employee benefit obligations broke down as follows by geographic region:

(in € millions)	France	United Kingdom	Italy	Other (*)	**Total**
Present value of obligations	64	53	7	7	**131**
Fair value of plan assets	-	(33)	-	-	**(33)**
TOTAL PROVISIONS FOR PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	***64***	***20***	***7***	***7***	**98**
Payments	*(7)*	*(1)*	*(1)*	-	***(9)***
Average duration (in years)	*9*	*20*	*11*	*N/A*	***N/A***

(*) Including Spain and India

On average, the Group pays around €1 million a year into the plan assets (see Note 7.16.1.4).

7.16.1.3 Items recognized in the income statement and statement of comprehensive income

Income statement

(in € millions)	**Pension and other post-employment benefit obligations**	
	Year ended Sept. 30, 2021	**Year ended Sept. 30, 2020[1]**
Service cost:		
- Current service cost	(9)	(11)
- Past service cost and gains on plan curtailments	-	-
- Other costs or provision reversals	(1)	8
Net interest cost:		
- Interest expense on obligations	(1)	(2)
- Return on plan assets	-	1
Components of the cost of defined benefit plans recognized as expenses	**(11)**	**(4)**

(1) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

Statement of comprehensive income (SOCI)

(in € millions)	Pension and other post-employment benefit obligations	
	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
At October 1	**(28)**	**(30)**
Actuarial gains/(losses) on plan assets:		
- Related to return on plan assets	3	(5)
Actuarial gains/(losses) on provisions for pension and other post-employment benefit obligations:		
- Related to changes in demographic assumptions	(1)	-
- Related to changes in financial assumptions (1) (2)	(2)	3
- Related to experience adjustments	1	4
Components of the cost of defined benefit plans recognized in the SOCI	**1**	**2**
Changes in scope of consolidation	(5)	-
At the year end	**(32)**	**(28)**

(1) *For 2020-2021, there were virtually no changes in the discount rates applied (see Note 7.16.1.6).*

(2) *For 2019-2020, the increase in the discount rates applied led to €4 million in actuarial gains.*

7.16.1.4 Movements in obligations and plan assets

(in € millions)	Present value of obligations		Fair value of plan assets		Net provisions for pension and other post-employment benefits	
	At Sept. 30, 2021	At Sept. 30, 2020(1)	At Sept. 30, 2021	At Sept. 30, 2020(1)	At Sept. 30, 2021	At Sept. 30, 2020(1)
At October 1	**120**	**128**	**(29)**	**(29)**	**91**	**99**
Service cost	9	11	-	-	9	11
Net interest cost	1	2	-	(1)	1	1
Remeasurement – Actuarial (gains)/losses relating to:						
- changes in demographic assumptions	1	-	-	-	1	-
- changes in financial assumptions	2	(3)	-	-	2	(3)
- experience adjustments	(1)	(4)	-	-	(1)	(4)
- return on plan assets	-	-	(3)	5	(3)	5
Past service cost, including gains/(losses) on plan curtailments	(10)	(10)	11	2	1	(8)
Employer contributions	-		(1)	(1)	(1)	(1)
Benefits paid	(8)	(8)	-	-	(8)	(8)
Changes in scope of consolidation	14	2	(9)	(2)	5	-
Currency translation adjustments	3	(1)	(2)	-	1	(1)
Other (change of pension system)	-	3	-	(3)	-	-
At the year end	**131**	**120**	**(33)**	**(29)**	**98**	**91**
Partially funded obligations	*53*	*45*	*(33)*	*(29)*	*20*	*16*
Unfunded obligations	*78*	*75*	*0*	-	*78*	*75*

(1) The figure recorded in provisions for pension and other post-employment benefit obligations at September 30, 2020 has been restated following the IFRS IC agenda decision published in May 2021 (see note 6.1.6).

The Group expects that the defined benefits payable in fiscal 2020-2021 directly by Group entities to their employees will total approximately €7 million.

7.16.1.5 Plan assets

(in % and € millions)	Breakdown of plan assets at Sept. 30,		Fair value of plan assets at Sept. 30,	
	2021	2020	2021	2020
Cash and cash equivalents	24%	-	8	-
Equities	52%	66%	17	19
Debt securities	12%	34%	4	10
Real estate	12%	-	4	-
Insurance contracts	-	-	-	-
Total	**100%**	**100%**	**33**	**29**

The fair value of debt securities and equities is based on quoted prices in active markets. The fair value of plan assets does not include any financial instruments issued by Elior or any other assets used by the Group.
The actual return on plan assets in 2021 was €3 million.

7.16.1.6 Assumptions used for actuarial calculations

The main actuarial assumptions used for the years ended September 30, 2021 and 2020 were as follows:

Country	France		Italy		Spain		UK	
	2021	2020	2021	2020	2021	2020	2021	2020
Type of obligation	Statutory retirement bonuses and long-service awards		TFR provision for employment contract termination indemnities		Retirement and retention bonuses		Retirement bonuses	
Discount rate	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	1.65%	1.60%
Salary growth rate	2.00%	2.00%	N/A	N/A	1.80%	1.60%	3.35%	3.10%

Methods applied to determine discount rates

The discount rates used for the eurozone and the United Kingdom are based on AA rated corporate bonds:

	Pension and other post-employment benefit obligations	Benchmark index
Eurozone	0.70%	AA rated bonds
United Kingdom	1.65%	AA rated bonds in the iBoxx sterling corporate bond index
India	7.00%	Indian government bonds index in accordance with the maturity of the obligations

Sensitivity of provisions for pension and other post-employment benefit obligations to the main assumptions used

The sensitivity of provisions for pension and other post-employment benefit obligations to the main actuarial assumptions used at September 30, 2021 can be analyzed as follows:

(in € millions)	France	Italy	Spain	United Kingdom
Discount rate				
· 0.5% increase	(3)	-	(1)	(5)
· 0.5% decrease	3	-	1	5
Salary growth rate				
· 0.5% increase	3	-	1	2
· 0.5% decrease	(2)	-	(1)	(2)

7.16.1.7 Defined contribution plans

The costs related to defined contribution plans correspond to contributions paid by the Group to independently-managed funds. These plans guarantee employees a level of benefits that is directly related to the amount of contributions paid. The Group paid €10 million into defined contribution plans in the year ended September 30, 2021 and €9 million in the year ended September 30, 2020.

7.16.2 Provisions for reorganization costs

At September 30, 2021, provisions for reorganization costs primarily included the remaining €27 million of a provision recognized in France for the redundancy plan announced to Elior Group's employee representatives and consultative bodies on September 30, 2020. This plan originally involved 1,881 redundancies but the number was subsequently reduced to 1,016 (mainly at Elior Entreprises).

7.16.3 Provisions for non-renewal of concession contracts

Provisions for non-renewal of concession contracts are recorded to cover the risk of asset write-downs or reconditioning expenses for property, plant and equipment to be returned to concession grantors.

7.17 Financial Risk Management, Debt and Derivative Financial Instruments

7.17.1 Management of financial risks and financial instruments

7.17.1.1 Exposure to foreign exchange risk

The Group operates primarily in eurozone countries. In the year ended September 30, 2021, the Group's main non-eurozone countries – the United Kingdom, the United States and India – accounted for 32% of consolidated revenue (35.9% in fiscal 2019-2020), including 5.8% contributed by the United Kingdom (2019-2020: 7.1%) and 25.9% by the United States (2019-2020: 28.1%).

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

The Group's external borrowings are essentially denominated in euros. Elior Participations SCA uses forward currency sale contracts to hedge loans granted to its subsidiary in the United Kingdom. The outstanding amount of these currency hedges was £69 million at both September 30, 2021 and September 30, 2020.

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

- The pound sterling against the euro: a 5% increase or decrease in this currency compared with the average rate of 0.8735 for the year ended September 30, 2021 would result in corresponding changes in consolidated revenue and recurring operating profit of €11 million and €0.5 million respectively.
- The US dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.1954 for the year ended September 30, 2021 would result in corresponding changes in consolidated revenue and recurring operating profit of €48 million and €2 million respectively.

7.17.1.2 Exposure to interest rate risk

The Group is exposed to the risk of fluctuations in interest rates on debt that is indexed to the Euro Interbank Offered Rate ("Euribor") with a zero floor plus an applicable margin.

A 1% increase in interest rates would have an impact of approximately €4 million on the Group's finance costs for fiscal 2021-2022.

7.17.1.3 Exposure to liquidity risk

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

The Group has a centralized multi-currency cash management system, which is used in countries where permitted by local legislation in order to reduce the liquidity risk to which it is exposed. The cash surpluses and financing needs of subsidiaries are centralized through a cash-pooling system and investments are placed, or borrowings taken out, via the head of the cash pool – Elior Participations. A local cash pool has also been set up in each country where the Group operates. In India, a local cash-pooling system denominated in local currency has been put in place, as well as a bilateral credit facility guaranteed by Elior Participations.

At September 30, 2021, the Group had €80 million in cash and cash equivalents (versus €41 million at September 30, 2020). The September 30, 2021 figure includes €75 million worth of bank deposits.

Other than cash and cash equivalents, the Group's sources of liquidity at September 30, 2021 were as follows:

- A €350 million multi-currency (euro and US dollar) revolving credit facility made available under the Senior Facilities Agreement, none of which had been drawn down at September 30, 2021.

- A €360 million European receivables securitization program, of which €231 million had been utilized at September 30, 2021 (including €191 million in off balance-sheet financing/debt). In the event that the ABCP (Asset-backed commercial paper) markets close, the Group would have a €360 million liquidity line available for six months.

At September 30, 2021, the Group's gross debt (including lease liabilities recognized in accordance with IFRS 16) totaled €1,188 million (versus €1,036 million at September 30, 2020). The September 30, 2021 figure includes €80 million in short-term debt and €1,108 million in long-term debt.

On May 19, 2021, Standard & Poor's affirmed its BB- rating for the Company, with a negative outlook, and on June 28, 2021 Moody's affirmed its Ba3 rating with a negative outlook.

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

		At September 30, 2021				At September 30, 2020	
(in € millions)	Original currency	Short-term	*Due in 1 to 5 years*	*Due beyond 5 years*	Long-term	Short-term	Long-term
Bank borrowings							
Medium-term borrowings – Elior Group SA	€		*100*	*225*	325		530
Medium-term borrowings – Elior Participations	€ / $		-		-		200
Other medium- and long-term bank borrowings	€				-		
Sub-total – bank borrowings			***100***	***225***	**325**		**730**
Other debt							
Elior Group bond debt	$		*550*		550		
Lease liabilities	€	58	*135*	*53*	188	58	192
Other (1)	€		*45*		45	1	54
Bank overdrafts (2)	€	17				1	
Accrued interest on borrowings	€ / $	5				-	
Sub-total – other debt		**80**	***730***	***53***	**783**	**60**	**246**
Total debt		**80**	***830***	***278***	**1,108**	**60**	**976**

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

7.17.1.4 Exposure to credit and counterparty risk

Credit and/or counterparty risk is the risk that a party bound by a contract with the Group will fail to meet its obligations in accordance with agreed terms, leading to a financial loss for the Group.

The main financial instruments that could expose the Group to concentrations of counterparty risk are trade receivables, cash and cash equivalents, investments and derivatives. The Group's maximum exposure to credit risk corresponds to the carrying amount of all of the financial assets recognized in the consolidated financial statements, net of any accumulated impairment losses.

The Group considers that it has very low exposure to concentrations of credit risk in relation to trade receivables. There is no material exposure to concentrations of customer credit risk at Group level as the subsidiaries have a large number of customers and the geographic locations of these customers and the operating sites concerned are highly diverse. Invoices are generally issued based on services already performed and after customers have accepted the services, which reduces the possibility of a customer disputing an invoice. A procedure for tracking receivables and issuing reminders is in place in each country in order to accelerate the collection process.

In addition, in July 2017 the Group set up a four-year €360 million European receivables securitization program, covering France and Spain (the "2017 Securitization Program"). Under this program, trade receivables arising from sales carried out or services rendered in France and Spain under commercial contracts (subject to certain eligibility criteria) that are denominated in euros and originated by any Elior Group Receivables Seller are sold to Ester Finance Titrisation Technologies (the "Purchaser"), a French subsidiary of Crédit Agricole CIB. The sales are carried out monthly with receivables arising in the previous month fully financed.

In October 2020, the 2017 Securitization Program was amended in order to extend its maturity until October 2024 and to ensure immediate compliance with the criteria provided for in Regulation (EU) 2017/2402 of the European Parliament and the Council of December 12, 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised ("STS") securitisation. The amendments concerned do not affect the accounting treatment applied to the 2017 Securitization Program.

The 2017 Securitization Program comprises two separate compartments: an "ON compartment" whereby receivables are sold with recourse and an "OFF compartment" whereby receivables are sold without recourse.

For the ON compartment, as the Group continues to bear almost all of the late payment and credit risks, the sold receivables do not meet the conditions required under IFRS 9 for off balance-sheet accounting. Consequently, the financing received is accounted for as debt. Sales to the Purchaser are made at the face value of the receivables, less a discount to reflect the financing costs until settlement. At September 30, 2021, outstanding securitized receivables relating to the ON compartment, net of the related €27 million overcollateralization reserve, stood at €39 million (compared with €26 million and €50 million respectively at September 30, 2020).

For the OFF compartment, the credit risks, interest rate risks and late payment risks associated with the sold receivables are definitively transferred to the Purchaser through the discount applied on the receivables, which corresponds to remuneration for the credit risk and the financing cost. Dilution risk – which is subject to a specific contractual framework and is separate from late payment risk – is not included in the assessment of whether the risks and rewards associated with the receivables are transferred as the receivables relate to services that have already been rendered. Consequently, the receivables sold under the OFF compartment are derecognized. At September 30, 2021, the amount of derecognized receivables totaled €191 million, compared with €203 million one year earlier.

Lastly, the Group only deposits its cash and enters into currency and interest rate hedging contracts with leading financial institutions and, as at the date of these financial statements, it considers that the risk of any of these counterparties defaulting on their contractual obligations to be very low as the financial exposure of each one is limited.

7.17.1.5 Fair value of financial assets and liabilities

The table below presents the Group's financial assets and liabilities by category as well as their carrying amounts and fair values and the account headings in which they are included in the consolidated balance sheet. It also shows the applicable fair value hierarchy levels, which correspond to the following:

- Level 1: Quoted prices in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(in € millions)	Carried at amortized cost	Fair value hierarchy level	At Sept. 30, 2021 Carrying amount	At Sept. 30, 2021 Fair value	At Sept. 30, 2020 Carrying amount	At Sept. 30, 2020 Fair value
Financial assets						
Non-current financial assets	✓		76	76	73	73
Non-current financial assets		Level 3	43	43	38	38
Equity-accounted investees		Level 3	0	0	0	0
Derivative financial instruments		Level 2	0	0	0	0
Trade and other receivables	✓		632	632	625	625
Other current assets	✓		50	50	54	54
Current income tax assets	✓		9	9	14	14
Cash and cash equivalents		Level 1	80	80	41	41
Financial liabilities						
Short- and long-term debt	✓		928	928	783	783
Derivative financial instruments		Level 2	0	0	6	6
Liabilities relating to share acquisitions		Level 3	14	14	20	20
Trade and other payables	✓		521	521	448	448
Due to suppliers of non-current assets	✓		10	10	11	11

7.17.2 Analysis of debt

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

(in € millions)	Original currency	At Sept. 30, 2021 Amortized cost	At Sept. 30, 2021 Fair value	At Sept. 30, 2020 Amortized cost	At Sept. 30, 2020 Fair value
Bank overdrafts	€	17	17	1	1
Other short-term debt (including short-term lease liabilities)	€	63	63	59	59
Sub-total – short-term debt		**801**	**80**	**60**	**60**
Syndicated bank loans	€ / $	320	325	527	530
Other medium- and long-term borrowings	$	541	550	200	200
Factoring and securitized trade receivables	€	44	44	54	54
Other long-term debt (including long-term lease liabilities)	€	189	189	192	192
Sub-total – long-term debt		**1,094**	**1,108**	**973**	**976**
Total debt		**1,174**	**1,188**	**1,033**	**1,036**

The following table shows the movements in the Group's debt in the year ended September 30, 2021:

(in € millions)	At Sept. 30, 2020	Increases	Redemptions/ repayments	Other movements (1)	At Sept. 30, 2021
Syndicated bank loans	726	862	(730)	3	861
Factoring and securitized trade receivables	54	6	(16)	-	44
Lease liabilities	250	-	(65)	61	246
Other borrowings	3	-	-	20	23
Total debt	**1,033**	**868**	**(811)**	**84**	**1,174**

(1) *"Other movements" mainly correspond to new lease liabilities recognized in accordance with IFRS 16 as well as the impact of reclassifications and changes in the scope of consolidation during the fiscal year.*

The Group's debt at September 30, 2021 included the following:

- **Elior Group SA:**
  - A senior bank loan totaling €100 million at September 30, 2021 and maturing in July 2025. Interest is based on the Euribor with a zero floor plus a standard margin of 2.60%.
  - Senior bond debt totaling €550 million at September 30, 2021 and maturing in July 2026 The bonds pay interest at an annual rate of 3.75%.
  - A French government-backed loan totaling €225 million at September 30, 2021 and repayable as from October 2022 with a final maturity date of March 2027. The weighted average cost of this loan is 2% (including the guarantee provided by the French State).
- **Elior Participations SCA:**
  - A €350 million multi-currency revolving credit facility (which can also be used by Elior Group) expiring in July 2025. Interest is based on the Euribor with a zero floor plus a standard margin of 2.20% for drawdowns in euros, and on the US Libor (or its replacement) with a zero floor plus a 2.40% margin for drawdowns in US dollars. If the facility is not used, a commitment fee is payable which is calculated as a portion of the applicable margin. None of this facility had been used by Elior Participations at September 30, 2021.
  - Liabilities relating to the Group's receivables securitization program. At September 30, 2021, outstanding securitized receivables under this program – net of the related €27 million overcollaterization reserve – stood at €39 million. The program's ceiling (net of the equivalent of an overcollaterization reserve) is €360 million and it includes the receivables of Elior Group's French and Spanish subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.46% in fiscal 2020-2021.

The Group's debt at September 30, 2020 included:

- **Elior Group SA:**
  - A senior bank loan totaling €530 million at September 30, 2020, fully repayable in May 2023. Interest was based on the Euribor (with no floor) plus a standard margin of 1.40%.
- **Elior Participations SCA:**
  - A €450 million revolving credit facility (which could also be used by Elior Group), expiring in May 2023. Interest was based on the Euribor (with no floor) plus a standard margin of 1.00%. If the facility was not used, a commitment fee was payable, calculated as a portion of the applicable margin. At September 30, 2020, Elior Participations had used €200 million of this facility.
  - A $250 million revolving credit facility (which could also be used by Elior Group), expiring in May 2023. Interest was based on the Libor (with no floor) plus a standard margin of 1.00%. If the facility was not used, a commitment fee was payable, calculated as a portion of the applicable margin. None of this facility had been used by Elior Participations at September 30, 2020.
  - Liabilities relating to the Group's receivables securitization program. At September 30, 2020, outstanding securitized receivables under this program – net of the related €26 million overcollaterization reserve – stood at €50 million. The program's ceiling (net of the equivalent of an overcollaterization reserve) was €360 million and it included the receivables of Elior Group's French and Spanish subsidiaries.

The program's cost, based on net amounts securitized, was approximately 1.23% in fiscal 2019-2020.

The net exposure of the Group's variable rate debt to the instruments described below (both before and after hedging) is set out in the risk management section of this Universal Registration Document (Chapter 3, Section 3.2.1.).

7.17.3 Derivative financial instruments

Until October 4, 2021, a portion of the Group's debt was hedged by caps and swaps set up by Elior Group and Elior Participations at September 30, 2021 and 2020.

(in € millions)	Fair value of derivatives Assets/(Liabilities)	
	At Sept. 30, 2021	At Sept. 30, 2020
Instruments qualifying as cash flow hedges	-	(6)
Instruments qualifying as fair value hedges	-	-
Instruments not qualifying for hedge accounting	-	-
Total	**-**	**(6)**
Interest rate hedging instruments	-	(6)
Foreign currency hedging instruments	-	-
Total	**-**	**(6)**

Derivatives are classified as non-current assets and liabilities in the consolidated balance sheet. The net-of-tax amount recorded in equity (under "Other comprehensive income") in relation to cash flow hedges was a positive €2 million for the year ended September 30, 2021 (see Note 4 – Consolidated Statement of Changes in Equity).

The Group’s interest rate hedges were wound up at September 30, 2021, generating a €1 million financial expense that was paid on October 4, 2021.

7.17.4 Financial covenants

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

The indenture for the Group's High Yield Bonds (the "Indenture") includes restrictive clauses and cases of default that are customary for the European high-yield market, with each case subject to a certain number of exceptions, thresholds and major reserves.

In particular, the Indenture provides for undertakings to the holders of the High Yield Bonds which are aimed at, among other things, limiting the ability of the Company and certain subsidiaries to take out additional debt, pay dividends or make any other distributions, make any restricted payments or investments, grant security or guarantees, create supplementary levels of debt, sell or transfer assets, merge or consolidate with other entities, carry out transactions with affiliated companies, or grant additional guarantees.

These limitations are subject to various exceptions and standard terms and conditions.

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

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

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

The Senior Facilities Agreement does not provide for a leverage test (IFRS 16) before September 30, 2022. From that date, the Group's leverage ratio must be below or equal to 7.5x at September 30, 2022, below or equal to 6.0x at March 31, 2023, and below or equal to 4.5x from September 2023 until the end of the Agreement.

The system whereby lending margins increase or decrease based on the Group's leverage ratio apply at all times, irrespective of the date.

In August 2021, after the Group had refinanced its debt, an amendment to the contract governing the French government-backed loan was signed in order for the undertakings and restrictive clauses in that contract to strictly reflect those contained in the new Senior Facilities Agreement.

7.18 Parent Company's Share Capital and Share-Based Compensation

7.18.1 Elior Group SA's share capital

At September 30, 2021, Elior Group SA's share capital amounted to €1,724,442.29, divided into 172,444,229 shares with a par value of €0.01 each. During the year ended September 30, 2021, 22,555 new shares were issued on the vesting of shares under performance share plan no. 2 dated October 27, 2016.

At September 30, 2021, Elior Group held 84,566 shares in treasury.

On September 23, 2021, the Board of Directors used the shareholder authorization granted on March 22, 2019 to cancel 1,703,594 treasury shares purchased under the share buyback program for €20 million, and therefore to reduce the Company's capital by €17,036. The difference between the par value of the canceled shares and their €20 million purchase price was recognized in "Additional paid-in capital".

At September 30, 2020, Elior Group SA's share capital amounted to €1,741,252.68, divided into 174,125,268 shares with a par value of €0.01 each. During the year ended September 30, 2020, 42,243 and 32,429 new shares were issued respectively on the vesting of shares under the performance share plans dated (i) December 5, 2017, and (ii) March 11 and October 27, 2016.

At September 30, 2020, Elior Group held 1,855,783 shares in treasury, of which 1,703,594 were purchased under the share buyback program.

On December 3, 2019, the Board of Directors used the shareholder authorization granted on March 22, 2019 to cancel 4,268,550 treasury shares purchased under the share buyback program for €50 million, and therefore to reduce the Company's capital by €42,686. The difference between the par value of the canceled shares and their €50 million purchase price was recognized in "Additional paid-in capital".

7.18.2 Stock Options and Performance Shares Granted to Employees of Elior Group and its Subsidiaries

Type of instrument	Grant date	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/vestable performance shares (1)	Estimated fair value (in € millions)
Stock options	March 11, 2016	March 11, 2020	March 11, 2024	16.30	-	0.6
Stock options	Oct. 27, 2016	Oct. 27, 2020	Oct. 27, 2024	18.29	-	0.6
Stock options	April 6, 2021	April 6, 2024	Oct. 6, 2024	8.74	4,270,749	3.0
Stock options	April 6, 2021	April 6, 2024	Oct. 6, 2024	10.49	2,548,211	1.5
Total					**62,117**	
Performance shares	July 24, 2019	-	-	N/A	1,309 527	13.7
Performance shares	March 20, 2020	-	-	N/A	1,608,069	1.8
Performance shares	April 6, 2021	-	-	N/A	873,859	5.1
Performance shares	April 6, 2021	-	-	N/A	1,451,227	8.6
Total					**5,242 682**	

(1) Adjusted to take into account departures of beneficiary employees prior to September 30, 2021.

Stock option and performance share plans set up in 2016

The stock options granted under the March 11, 2016 and October 27, 2016 plans have a four-year life and are exercisable for shares at a 10% discount to their market value.

The fair value of the stock options (which correspond to equity-settled options) was estimated at the grant date using a Black & Scholes-type pricing model which factors in the terms and conditions under which the options were granted and assumptions about beneficiaries' exercise patterns.

The main assumptions used for the fair value estimations were as follows:

- Expected life of the options: 4 years
- Volatility: 23%
- Expected dividend yield: 2% and 2.2%

Performance share plans set up in 2018

The performance shares granted on June 15, 2018 were mainly allocated to the members of the Management Committee and Leaders Committee and will only vest if the beneficiary still forms part of the Group on the vesting date and if certain performance conditions are met. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) the cumulative annual growth rate for Elior North America's share price (only for the plan for Elior North America employees), and (iii) Elior Group's share performance compared with a peer group and compared with the CAC Next 20 index. The achievement of these conditions will be assessed on June 15, 2021 for the presence condition, on September 30, 2021 for the internal performance conditions, and on December 31, 2021 for the external performance conditions.

The aggregate fair value of the performance shares granted on June 15, 2018 amounted to €10.7 million.

The performance conditions relating to the cumulative annual growth rates for Elior Group's adjusted earnings per share and Elior North America's share price were not met at September 30, 2021.

Performance share plans set up in 2019

The performance shares granted on July 24, 2019 were mainly allocated to the members of the Management Committee and Leaders Committee and are also subject to vesting conditions relating to presence and performance. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) the cumulative annual growth rate for Elior North America's share price (only for the plan for Elior North America employees), and (iii) Elior Group's share performance compared with a peer group and compared with the CAC Next 20 index. The achievement of these conditions will be assessed on July 24, 2022 for the presence condition, on September 30, 2022 for the internal performance conditions, and on December 31, 2022 for the external performance conditions.

The aggregate fair value of the performance shares granted on July 24, 2019 amounted to €13.7 million.

Performance share plans set up in 2020

The performance shares granted on March 20, 2020 were mainly allocated to the members of the Management Committee and Leaders Committee and are also subject to vesting conditions relating to presence and performance. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, and (ii) Elior Group's share performance compared with a peer group and with the CAC Next 20 index. The achievement of these conditions will be assessed on March 20, 2023 for the presence condition, on September 30, 2022 for the internal performance conditions, and on December 31, 2022 for the external performance conditions.

The aggregate fair value of the performance shares granted on March 20, 2020 amounted to €1.8 million.

Stock option plans set up in 2021

The stock options granted on April 6, 2021 were mainly allocated to the members of the Management Committee and the Leaders Committee. The options have a life of 3.5 years and are exercisable for shares at a price representing a discount to their market value (8.74% and 10.49% respectively for the two plans concerned).

The fair value of the stock options (which correspond to equity-settled options) was estimated at the grant date using a Black & Scholes-type pricing model which factors in the terms and conditions under which the options were granted and assumptions about beneficiaries' exercise patterns.

The main assumptions used for the fair value estimations were as follows:

- Expected life of the options: 3 years
- Volatility: 30.7%
- Expected dividend yield: 0%

Performance share plans set up in 2021

The performance shares granted under the two plans set up on April 6, 2021 were mainly allocated to the members of the Management Committee and Leaders Committee. Half of the shares granted are subject to vesting conditions relating to presence and performance. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) Elior Group's share performance compared with a peer group and with the CAC Next 20 index, and (iii) CSR objectives based on the Group's accident frequency rate, carbon footprint and gender diversity.

The achievement of these conditions will be assessed on April 6, 2023 for the presence condition, on September 30, 2023 for the internal performance conditions, and on December 31, 2023 for the external performance conditions.

The aggregate fair value of the performance shares granted under the two plans set up on April 6, 2021 amounted to €5.1 million and €8.6 million respectively.

The total share-based compensation expense recognized in the 2020-2021 income statement in accordance with IFRS 2 – which covered all of the Group's plans – amounted to €5 million.

7.19 Liabilities Relating to Share Acquisitions and Commitments to Purchase Non-Controlling Interests

The net amount recognized in the consolidated financial statements at September 30, 2021 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €12 million (of which €11 million recorded as non-current liabilities). This total primarily includes the following:

Commitments to purchase non-controlling interests

- €8 million corresponding to the liability related to a put option written over the non-controlling interests in Elior North America, exercisable in 2023.
- €1 million corresponding to the Group's liability towards the non-controlling shareholders of the Italian company, Emily SRL, under a put option exercisable in 2021 relating to the 45% of the company's capital that they still hold.

Liabilities relating to share acquisitions

- €2 million relating to additional purchase consideration payable for the acquisition of the Indian company, MegaBite.

The net amount recognized in the consolidated financial statements at September 30, 2020 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €20 million (of which €19 million recorded as non-current liabilities). This total primarily included the following:

Commitments to purchase non-controlling interests

- €9 million corresponding to the liability related to a put option written over the non-controlling interests in Elior North America, exercisable in 2023.
- €4 million corresponding to the Group's liability towards the non-controlling shareholders of the Indian company, CRCL, under a put option exercisable in 2024 relating to the 49% of the company's capital that they still hold.
- €1 million corresponding to the Group's liability towards the non-controlling shareholders of the Italian company, Emily SRL, under a put option exercisable in 2021 relating to the 45% of the company's capital that they still hold.

Liabilities relating to share acquisitions

- €2 million relating to additional purchase consideration payable for the acquisition of the Indian company, MegaBite.

7.20 Other Current Liabilities

Other current liabilities consist of the following:

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020
Deferred income	11	8
Other liabilities	9	13
Total	**20**	**21**

8. Off-Balance Sheet Commitments

8.1 Pledges and Guarantees Granted in Relation to Bank Borrowings and Bond Debt

None

8.2 Guarantees Given/Received

(in € millions)	At Sept. 30, 2021	At Sept. 30, 2020
Guarantees given on commercial contracts (1)	310	169
Total guarantees given (2)	**310**	**169**

(1) Guarantees relating to performance bonds, commitments to pay lease payments and concession fees, and bid bonds for contracts.

(2) The precise maturity of these guarantees cannot be determined.

The Group also grants and receives guarantees in respect of assets and liabilities in relation to acquisitions and divestments of businesses, on terms and conditions which are usual for such transactions. Where the guarantees granted by the Group are subject to valid claims not yet settled at the reporting date, a provision is recorded in the balance sheet.

8.3 Contractual Commitments

Total contractual commitments relating to leases excluded from the scope of application of IFRS 16 or covered by IFRS 16 exemptions amounted to €22 million at September 30, 2021. This total breaks down as follows by maturity:

- Due in less than one year: €10 million
- Due in 1 to 5 years: €12 million
- Due beyond 5 years: non-material amount.

In addition, for certain lease contracts, on top of the fixed or guaranteed minimum lease payments due, the Group has committed to pay variable amounts that are not included when calculating lease liabilities. These variable amounts are generally based on footfall or revenue levels and cannot therefore be calculated for future periods.

9. Related Party Transactions

9.1 Compensation and Benefits Paid to the Company's Key Executives

The Company's key executives classified as related parties correspond to individuals who exercise authority and responsibility for the control and management of the Group's entities.

(in € millions)	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
Amount expensed for the year	**11**	**5**
Of which:		
Short-term benefits	7	5
Fair value of stock options and performance shares	3	NM
Other long-term benefits	1	NM
Amount recognized as a liability in the balance sheet	-	-
Post-employment benefits	-	-

The compensation and benefit figures presented in the above table comprise directors' remuneration and share-based compensation expense (for stock options and performance shares) recognized in accordance with IFRS 2, as well as all other types of compensation and benefits paid (or awarded for the year in return for duties performed) by Elior Group SA and/or other Group companies.

For both the years ended September 30, 2021 and September 30, 2020, these amounts concerned the members of the Executive Committee, including the Group Chief Executive Officer, and the members of the Elior Group Board of Directors.

9.2 Transactions with Other Related Parties

Elior Group's other related parties (i.e. other than its directors and members of the Executive Committee) correspond to its associates, which are accounted for by the equity method.

(in € millions	Year ended Sept. 30, 2021	Year ended Sept. 30, 2020
Revenue		
Associates	NM	2
Expenses		
Associates	-	(1)
Trade receivables	1	NM
Associates		
Trade payables		
Associates	-	(1)
Current accounts		
Associates	1	3

NM: not material

10. Events After the Reporting Date

No significant events requiring disclosure in these financial statements have taken place since the reporting date.

11. Statutory Auditors' Fees

The total fees paid to the Statutory Auditors appointed by Elior Group and recorded in the income statement for the year ended September 30, 2021 amounted to €2.9 million. The total breaks down as €2.5 million for statutory audit work and €0.4 million for services rendered by the Statutory Auditors or members of their networks other than certifying accounts.

In order to ensure that the statutory audit work performed on the financial statements of the Group's companies is consistent and of a high quality, and with a view to centralizing relations with the external auditors at Finance Department and Audit Committee level, a plan has been drawn up for substantially all of the Group's subsidiaries stipulating that they appoint one of the two international audit firms used by Elior Group (PricewaterhouseCoopers Audit and Deloitte).

Together, PricewaterhouseCoopers Audit and Deloitte – which are members of the Compagnie Régionale des Commissaires aux Comptes de Versailles – represent nearly 100% of the Group's audit fees. The fees paid by Group subsidiaries for the audits of their accounts to audit firms other than PricewaterhouseCoopers, Deloitte or the members of their networks were not material in fiscal year 2020-2021.

In addition, in compliance with the new rules applicable in France concerning the authorization of Statutory Auditors’ engagements, the Group’s Finance Department (acting under the supervision of the Audit Committee) has drawn up a policy and put in place procedures for all of the Group's subsidiaries concerning the appointment of Statutory Auditors, the verification of statutory audit fees, and the prior approval of other services provided by the Statutory Auditors.

(in € millions, excluding VAT)	**Deloitte**				**PwC**			
	2021		**2020**		**2021**		**2020**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1. Audit services rendered by the Statutory Auditors or members of their network in relation to certifying separate or consolidated accounts								
- Issuer	0.2	*15%*	0.2	*18%*	0.3	*23%*	0.2	*14%*
- Fully consolidated subsidiaries	0.9	*69%*	0.8	*73%*	0.9	*69%*	1.0	*71%*
2. Services rendered by the Statutory Auditors or members of their network other than certifying separate or consolidated accounts (*)								
- Issuer	0.2	*15%*	0.1	*9%*	0.1	*8%*	0.1	*7%*
- Fully consolidated subsidiaries	0.0	*0%*	0.0	*0%*	0.0	*0%*	0.1	*7%*
Total	**1.3**	***100%***	**1.1**	***100%***	**1.3**	***100%***	**1.4**	***100%***
- Issuer	0.4	*31%*	0.3	*27%*	0.4	*31%*	0.3	*21%*
- Fully consolidated subsidiaries	0.9	*69%*	0.8	*73%*	0.9	*69%*	1.1	*79%*

(*) These services primarily comprise services required under the applicable laws and regulations, performing agreed-upon procedures and issuing the related reports, carrying out due diligence procedures, and providing advisory services for technical subjects relating to accounting, tax or any other audit-related matters.

12. List of Consolidated Companies at September 30, 2021

In the following table, the percentage of ownership and control is not provided when both represent 100%.

Company	% interest	% control	Principal activity	Consolidation method
ELIOR GROUP	PARENT	PARENT	HOLD	FULL
France (Metropolitan)				
Academy by Elior			CT	FULL
Alfred & Partners			CT	FULL
L'Alsacienne de Restauration			CT	FULL
Ansamble			CT	FULL
Ansamble Investissements			HOLD	FULL
Aprest			MO	FULL
Arpège			CT	FULL
Bercy Participations			HOLD	FULL
Bercy Services I			MO	FULL
Bercy Services II			MO	FULL
BSXXV			HOLD	FULL
BSXXVII			HOLD	FULL
BSXXIX			CT	FULL
C2L			HOLD	FULL
Centre d'expertise Elior RC France			CT	FULL
EGEE Venture			HOLD	FULL
Egée Services 1			CT	FULL
Elcena			MO	FULL
Eléat			MO	FULL
Elior Achats Services			MO	FULL
Elior Alsace			CT	FULL
Elior Data			MO	FULL
Elior Data RC France			HOLD	FULL
Elior Domicile			CT	FULL
Elior Entreprises			CT/HOLD	FULL
Elior F.A.3.C.			MO	FULL
Elior Financement			HOLD	FULL
Elior Gestion			MO	FULL
Elior Participations			HOLD	FULL
Elior RC France			HOLD	FULL
Elior Restauration Approvisionnements			CT	FULL
Elior Restauration et Services			HOLD	FULL
Elior Réseaux			CT	FULL
Elior Service FM			CT	FULL
Elior Services Propreté et Santé			CT/HOLD	FULL
Elior Services Supports			MO	FULL
Elior Trésorerie			MO	FULL
E.L.R.E.S.			CT/HOLD	FULL
Eurobar			CO	FULL
G.S.R Ciel de Paris			CO	HFS
Resapro			MO	FULL
Restaurants et Sites			CO/HOLD	FULL
Restogen			CT	FULL
Sacores			MO	FULL

Company		% interest	% control	Principal activity	Consolidation method
Saveurs à l'ancienne				CT	FULL
SC2R				MO	FULL
SCI Les Hirondelles				CT	FULL
SCICB				CT	FULL
Services et Santé				CT	FULL
SMR				CT	FULL
Société de Restauration du Musée d'Orsay		40%	40%	CO	EQUITY
Société de Restauration du Musée du Louvre		40%	40%	CO	EQUITY
Société de Restauration Musées et Lieux culturels		40%	40%	CO	EQUITY
Soferest		40%	40%	CO	EQUITY
Sorebou				CT	FULL
Sorelez	FTC			CT	FULL
Soreno				CT	FULL
Soreset				CT	FULL
Tabapag				CT	FULL
TPJ Creil				CT	FULL
French Overseas Territories					
S.O.G.E.C.C.I.R.				CT	HFS
India					
Elior India				CT	FULL
Elior West				CT	FULL
Italy					
Elior Ristorazione		99%	100%	CT	FULL
Elior Servizi		99%	100%	CT	FULL
Gemeaz		99%	100%	CT	FULL
Hospes				CT	FULL
Luxembourg					
Äre-Resto Hausgemachten				CT	FULL
Äre-Resto Les petites canailles				CT	FULL
Elior Luxembourg				CT	FULL
Elior Luxembourg Holdings				CT	FULL
Elior Services Supports	FTC			CT	FULL
Portugal					
Serunión Restaurantes Portugal				CT	FULL
Spain					
Alessa Catering Services				CT	FULL
Alimentacion Saludable Gallega				CT	FULL
ARCE				CT	FULL
Basic Serveis Escolars				CT	FULL
Excellent Market				CT	FULL
Geriatrio Siglo XXI				CT	FULL
Hostesa				CT	FULL
Serunión				CT/HOLD	FULL
Serunion Alimentacio Saludable S.L.U.				CT	FULL
Serunión Norte				CT	FULL
Serunión Servicios Sociai				CT	FULL
Serunión Vending				CT	FULL
Serunion Servizos Sociais ULLA S.A.R.				CT	FULL
Serunion Singularis Catering de autor S.L.U.				CT	FULL
Vitalista		97%	100%	CT	FULL
United Kingdom					
Caterplus Services Ltd				CT	FULL
Edwards & Blake				CT	FULL
Elior UK				CT	FULL
Elior UK Holdings				HOLD	FULL
Elior UK Services				MO	FULL

Company	% interest	% control	Principal activity	Consolidation method
Hospitality Catering Services			CT	FULL
Lexington			CT	FULL
Taylor Shaw Ltd			CT	FULL
Waterfall Catering Group			CT	FULL
Waterfall Elior Ltd			CT/HOLD	FULL
Waterfall Services Ltd			CT	FULL
United States				
Abigail Kirsch at Tappan Hill Inc.	92%	100%	CT	FULL
Abigail Kirsch Connecticut LLC	92%	100%	CT	FULL
ABL Management Inc.	92%	100%	CT	FULL
AK 530 LLC	92%	100%	CT	FULL
530 Lounge LLC	50%	100%	CT	FULL
Aladdin Food Management LLC	92%	100%	CT	FULL
Aladdin Food and Beverage LLC	92%	100%	CT	FULL
A'viands LLC	92%	100%	CT	FULL
Bateman Community Living LLC	92%	100%	CT	FULL
Blue Bell Enterprises Inc.	92%	100%	CT	FULL
Brompton Group LLC	92%	100%	CT	FULL
Corporate Chefs LLC	92%	100%	CT	FULL
Cura Hospitality LLC	92%	100%	CT	FULL
DC Party Rentals LLC	92%	100%	CT	FULL
Elior Inc.	92%	100%	MO	FULL
Food Services Inc.	92%	100%	CT	FULL
Galaxy GP LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group GFS LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group LP	92%	100%	CT	FULL
Galaxy Restaurants Catering Group MAM LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group NYBG GB LLC	92%	100%	CT	FULL
Galaxy Restaurants Catering Group NYBG LP	92%	100%	CT	FULL
Gourmet Acquisition Holding Inc.	92%	100%	HOLD	FULL
KV International LLC	92%	100%	CT	FULL
Lancer Food Holdings LLC	92%	100%	HOLD	FULL
Lancer Food and Beverage LLC	92%	100%	CT	FULL
Lancer Hospitality Washington LLC	92%	100%	CT	FULL
Lancer Management Services LLC	92%	100%	CT	FULL
Lindley Acquisition Corp.	92%	100%	HOLD	FULL
National Food Enterprises Inc.	92%	100%	CT	FULL
O'Reilly Custom 4 LLC	92%	100%	CT	FULL
PAFA JVLL Holding	50%	100%	CT	FULL
Performance Hospitality NYC LLC	92%	100%	CT	FULL
Preferred Meal Systems (CA) Inc.	92%	100%	CT	FULL
Preferred Meal Systems Inc.	92%	100%	CT	FULL
Prepared Meal Holdings Inc.	92%	100%	HOLD	FULL
Summit Food Service LLC	92%	100%	CT	FULL
The Maramont Corporation	92%	100%	CT	FULL
TRIO Community Meals LLC	92%	100%	CT	FULL

- *FULL: fully consolidated companies.*
- *EQUITY: companies accounted for by the equity method.*
- *CT: companies specialized in contracting catering & services.*
- *CO: companies specialized in concession catering.*
- *HOLD: companies operating as holding companies.*
- *MO: companies providing headquarters and support services to Group companies.*
- *FTC: companies consolidated for the first time during the period.*
- *HFS: companies held for sale.*