COMPASS GROUP

Full-year results announcement for the year ended 30 September 2024

	Underlying[1] results			Statutory results		
	2024	Restated[2] 2023	Change	**2024**	Restated[2] 2023	Change
Revenue	**$42.2bn**	$38.1bn[3]	10.6%[4]	**$42.0bn**	$37.9bn	10.8%
Operating profit	**$2,998m**	$2,576m[3]	16.4%[3]	**$2,584m**	$2,313m	11.7%
Operating margin	**7.1%**	6.8%	30bps	**6.2%**	6.1%	10bps
Earnings per share	**119.5c**	104.3c[3]	14.6%[3]	**82.3c**	92.2c	(10.7)%
Operating cash flow	**$2,642m**	$2,228m	18.6%	**$3,135m**	$2,536m	23.6%
Free cash flow	**$1,740m**	$1,516m	14.8%			
Annual dividend per share	**59.8c**	52.6c	13.7%	**59.8c**	52.6c	13.7%

Another year of strong performance.
Confident in delivering high single-digit profit growth[5] in 2025.

Strong revenue and profit growth:

- Underlying operating profit growth of 16.4%[3]
  - organic revenue increased by 10.6% with net new business growth of 4.2%, which accelerated in H2
  - underlying operating margin of 7.1% (+30bps year on year), with good progress in all regions
- Underlying operating cash flow increased by 18.6% to $2.6bn, providing flexibility for investment
- Invested $2.6bn in growth through capex (3.7% of underlying revenue) and M&A ($1bn)
- Returned $1.5bn to shareholders through dividends and share buybacks
- Strong balance sheet (net debt to EBITDA of 1.3x) and consistent capital allocation model

Strategic highlights:

- Increased focus and investment in the significant growth opportunities across our core markets
- Acquired, or agreed to acquire, attractive businesses in Europe: HOFMANN[S], CH&CO, Dupont Restauration and 4Service AS
- Further improved the quality of our portfolio by exiting, or agreeing to exit, nine non-core markets

Outlook:

- For 2025, we expect high single-digit underlying operating profit growth[5] driven by organic revenue growth above 7.5% and ongoing margin progression
- Longer term, we are confident in sustaining mid-to-high single-digit organic revenue growth, ongoing margin progression and profit growth ahead of revenue growth

Statutory results:

- Revenue increased by 10.8% reflecting the strong trading performance
- Operating profit, including non-underlying charges related to business acquisitions and reshaping our portfolio, increased by 11.7% to $2,584m
- Basic earnings per share decreased by 10.7%, to 82.3c, as the higher operating profit is more than offset by the impact of the reclassification of cumulative currency translation differences on sale of businesses, higher finance costs and higher effective tax rate

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 14 (non-GAAP measures) to the consolidated financial statements.
2. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.
3. Measured on a constant-currency basis.
4. Organic revenue change.
5. On a constant-currency basis, including announced acquisitions, disposals and exits in 2024 and to date in 2025.

Business review

Dominic Blakemore, Group Chief Executive, said:

"2024 has been a year of strong operational and financial performance, with net new business growth accelerating in the second half as expected. The business continues to successfully capitalise on the dynamic market trends, using its proven competitive advantages to drive higher revenue and profit growth.

We have exited, or agreed to exit, nine non-core countries, further improving the quality of our portfolio and enabling us to better focus on our core markets with the greatest growth opportunities. To support this growth, we're investing in capex to drive net new business and are currently prioritising strategic acquisitions to further enhance our unique sectorised approach to clients.

We have a proven track record of successful M&A in North America and are using that blueprint to unlock growth in other regions. The integration of recent high-quality acquisitions in Europe is progressing well, and we're excited by the capabilities they bring to the Group.

In 2025, we expect high single-digit underlying operating profit growth, driven by organic revenue growth above 7.5% and ongoing margin progression. Longer term, we are confident in sustaining mid-to-high single-digit organic revenue growth with ongoing margin progression, leading to profit growth ahead of revenue growth. Our priority is to invest in the business through capex and M&A to support future growth, with surplus capital being returned to shareholders as we maintain our strong track record of delivering long-term, compounding shareholder returns."

Results presentation today

Today, 26 November 2024, management will present Compass Group's Full Year 2024 results.

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

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

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Financial calendar

Ex-dividend date for 2024 final dividend	16 January
Record date for 2024 final dividend	17 January
Last day for dividend currency elections	3 February
Last day for DRIP elections	6 February
Q1 Trading Update / Annual General Meeting	6 February
Sterling equivalent of 2024 final dividend announced	11 February
Half-year results	14 May

Business review (continued)

Basis of preparation

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The change in presentation currency provides investors and other stakeholders with greater transparency in relation to the Group's performance and reduces foreign exchange volatility on earnings given that approximately three-quarters of the Group's underlying operating profit originates in US dollars. The amounts for prior periods have been translated into US dollars at average exchange rates for the relevant periods for income statements and cash flows, with spot rates used for significant transactions, and at the exchange rates on the relevant balance sheet dates for assets and liabilities.

Throughout this Annual Results Announcement, and consistent with prior years, underlying and other alternative performance measures are used to describe the Group's performance alongside statutory measures (see page 6).

Strategy

Compass is focused on the provision of food services, with targeted support services where appropriate. By divesting of non-core markets we have further improved the quality of our portfolio. This also enables us to better focus on our core markets, where there remain significant opportunities for growth. We now operate in around 30 countries in North America, Europe, and Asia-Pacific.

Our addressable market in food services is worth c.$320bn, a significant proportion of which remains self-operated. More demanding consumer expectations and increased macroeconomic pressures have contributed to the acceleration of first-time outsourcing, and we have clear competitive advantages built over the last 30 years to capture these opportunities.

Our sector and sub-sector portfolio enables us to better differentiate our offer compared to our competitors and create bespoke solutions for our clients. We also leverage our scale, particularly in food procurement, and are increasing the flexibility of our offer, ranging from different food models to digital or sustainability initiatives.

Our thought leadership and solutions in these areas are also often cited by clients as one of the reasons they outsource to Compass.

Performance

Compass has delivered another strong year, with organic revenue growth of 10.6%[1] and underlying operating margin improving by 30bps to 7.1%[1]. As a result, underlying operating profit grew by 16.4%[1] on a constant-currency basis to $2,998m[1] (2023: $2,576m).

Statutory revenue increased by 10.8% reflecting the strong trading performance. Statutory operating profit increased by 11.7% to $2,584m.

Cash flow generation remains robust, with underlying operating cash flow of $2,642m[1] (2023: $2,228m) and underlying free cash flow of $1,740m[1] (2023: $1,516m). Leverage (net debt to underlying EBITDA) remains well within the Group's guided range at 1.3x[1] as at 30 September 2024.

Our strong balance sheet provides us with flexibility to invest in future growth, both through M&A and capital expenditure, which was 3.7% of underlying revenue[1]. This was slightly higher than our guidance of 3.5% due to catch-up from the prior year.

Net M&A expenditure was $1,040m, the main outflows being HOFMANN^S (Germany) and CH&CO (UK and Ireland), offset by an inflow from the disposal of Brazil. Subsequent to the year-end, the Group also completed the acquisition of Dupont Restauration, a food services business in France, and agreed to acquire 4Service AS, a catering and facility management services business in Norway.

The Group has refined its portfolio and has exited five countries during the year, those being Argentina, Angola, Brazil, mainland China and the United Arab Emirates. In addition, we have also agreed to exit Chile, Colombia, Mexico and Kazakhstan, subject to regulatory approval and completion procedures.

Revenue

Organic revenue growth was strong at 10.6%[1], including net new business growth of 4.2%[1], which remains above our historical level of approximately 3%, pricing of around 4% and like-for-like volume growth of around 2%. As expected, volume growth moderated during the year as we lapped strong prior year comparatives. Client retention rates remained strong at 96.0%.

On a statutory basis, revenue increased by 10.8% to $42,002m (2023: $37,907m).

Profit

Underlying operating profit increased by 16.4%[1] on a constant-currency basis, to $2,998m[1], with underlying operating margin at 7.1%[1] (2023: 6.8%). Strong margin progression was achieved across all regions, underpinned by our operational scale, efficiencies and appropriate levels of pricing to mitigate inflation.

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

Business review (continued)

Statutory operating profit was $2,584m (2023: $2,313m), an increase of 11.7%, with statutory operating margin of 6.2% (2023: 6.1%).

Statutory profit before tax of $2,056m (2023: $2,137m) includes net charges of $693m[1] (2023: $289m) which are excluded from underlying profit before tax, including net charges of $373m (2023: $94m) in relation to our strategic portfolio review to focus on the Group's core markets and acquisition-related charges of $244m (2023: $153m).

Charges related to our strategic portfolio review include a net loss of $203m (2023: net gain of $24m) on the sale and closure of businesses, including exit costs of $92m (2023: $14m) and a charge of $250m (2023: credit of $1m) in respect of the reclassification of cumulative currency translation differences. We exited five countries during the year and, in July, the Group agreed the sale of its businesses in Chile, Colombia and Mexico, subject to regulatory approval and completion procedures. Subsequent to the year-end, we agreed the sale of our business in Kazakhstan, subject to regulatory approval. As part of our strategic portfolio review, and considering country exits, ongoing advancement of technologies and the increased decentralisation of our business, we have reviewed our European regional business transformation ERP programme that commenced a number of years ago. We have decided to discontinue the implementation and roll out of our cross-market ERP programme and, accordingly, have recognised a charge of $160m as a specific adjusting item, which includes $146m for the non-cash impairment of work-in-progress head office (non-client-related) computer software assets. An impairment charge of $10m has been recognised in respect of our business in Qatar.

In the prior year, the net charge included the exit from seven tail countries and the sale of a business, site closures and contract renegotiations and terminations in the UK.

2025 guidance

The Group expects to achieve high single-digit underlying operating profit growth[2] in 2025 with organic revenue growth above 7.5%[1]. We expect underlying finance costs to be around $300m[1], with an underlying effective tax rate of around 25.5%[1].

The net impact of announced acquisitions, disposals and exits in 2024 and to date in 2025 is expected to reduce underlying operating profit by around $30m[1] in 2025.

Capital allocation

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

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

Shareholder returns

Our dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend, with the interim dividend reflecting around one-third of the total annual dividend. The Board has proposed a final dividend of 39.1c which, including the interim dividend of 20.7c, gives a total dividend of 59.8c for 2024.

Shareholders appearing on the Register of Members or holding their shares through CREST will automatically receive their dividends in sterling, but have the option to elect to receive their dividends in US dollars. Details on how to elect to receive the final dividend in US dollars are provided on page 10.

At the date of this Announcement, $476m of the $500m share buyback announced in November 2023 had been completed, with the remainder scheduled to complete in December 2024. We prioritise investment in the business through capex and M&A to support future growth, with any surplus capital being returned to shareholders as we maintain our strong track record of delivering long-term, compounding shareholder returns.

People

Our team of about 580,000 colleagues delivers exceptional experiences to clients and consumers worldwide every day. These dedicated professionals are the core of our business, and our people strategy is designed to identify, attract, develop, support, and retain the high-calibre talent essential for achieving our objectives.

Our goal is to provide lifelong opportunities for diverse individuals from the communities we serve, ensuring they work in a positive and secure environment. This approach is bolstered by empowered teams and proactive leaders, grounded in respect, teamwork, and growth.

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 14 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 14 to the consolidated financial statements.
2. On a constant-currency basis, including announced acquisitions, disposals and exits in 2024 and to date in 2025.

Business review (continued)

When sourcing new talent, we assess the specific requirements of each sector and organisational level, adjusting our recruiting strategies accordingly. For example, our North America business employs targeted campaigns, process automation, AI, and other tools to locate suitable candidates and facilitate their engagement with the selection process in their preferred language and at convenient times.

We aspire to cultivate a diverse and inclusive workforce at all levels. Our focus is on treating everyone with fairness and respect, providing opportunities for growth and development, and fostering a positive, supportive workplace throughout their careers.

Recognising the challenges of daily life, we offer a variety of support measures to ensure our employees' wellbeing, encompassing physical, financial, and mental health.

Purpose

We are dedicated to building a sustainable future for everyone. We harness our passion for food, advocate for responsible sourcing, and reduce food waste on a large scale to drive global change and improve lives.

Through culinary innovation, collaboration, and partnerships, we are committed to achieving climate net zero across our global operations by 2050 as part of our Planet Promise. This isn't achievable through a single solution; instead, we continually review and enhance our practices across the Group to amplify our impact and expedite our progress towards sustainability goals.

One significant initiative demonstrating our commitment to reducing food waste is linking a food waste-related KPI to the annual bonus plan of our executive directors and senior management.

Our culinary teams and front-line staff understand the importance of minimising food waste and are utilising various waste-reduction technologies. For example, Waste Not 2.0 is our proprietary tablet-based online tracking tool for chefs, and has been deployed in 12 countries, helping kitchen teams to identify opportunities to reduce food waste and giving our unit managers tools to report on their carbon footprint.

Whilst the Group's absolute Scope 1, 2 and 3 emissions increased year on year due to new business wins, our overall greenhouse gas intensity ratio (normalised for revenue growth) reduced by 4% compared to 2023.

Part of our core identity is being an ethical, sustainable, and inclusive business. By integrating these principles into our culture, we aim to make a meaningful difference and positively influence the world. Our customers and partners increasingly align with these values, which are crucial for our growth goals and long-term success.

Summary

Our 2024 results were strong across all our key performance metrics. We delivered double-digit organic revenue growth and good margin progress, driving strong underlying operating profit growth. The Group remains very cash generative, enabling us to invest in future opportunities for growth and return capital to shareholders, whilst maintaining a strong balance sheet.

We have further improved the quality of our portfolio, having exited, or agreed to exit, nine countries. The Group is also increasing investment in its core markets, particularly in Europe, where there are significant first-time outsourcing opportunities. We are consistently delivering net new business growth in our target 4 to 5% range, with excellent client retention.

The Group is continuing to develop its sub-sector portfolio, particularly in Europe, where we have acquired, or agreed to acquire, four great businesses. These also provide us with additional resources and talent to help drive growth. We are also increasing investment in more flexible operating models and innovating our offer to meet more sophisticated consumer demands.

We remain excited about the significant global structural opportunities and continue to anticipate profit growth ahead of revenue growth. We expect our established value creation model to continue to deliver strong earnings momentum, rewarding shareholders with compounding returns over the long term.

Dominic Blakemore
Group Chief Executive Officer
26 November 2024

Financial review

Group performance

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

	2024 $m	Restated[1] 2023 $m	Change
Revenue			
Underlying[2]	**42,176**	38,216	10.4%
Underlying (constant currency)[2]	**42,176**	38,147	10.6%
Organic[2]	**41,021**	37,075	10.6%
Statutory	**42,002**	37,907	10.8%
Operating profit			
Underlying[2]	**2,998**	2,592	15.7%
Underlying (constant currency)[2]	**2,998**	2,576	16.4%
Statutory	**2,584**	2,313	11.7%
Operating margin			
Underlying[2]	**7.1%**	6.8%	30bps
Statutory	**6.2%**	6.1%	10bps
Return on capital employed (ROCE)			
ROCE	**19.0%**	19.3%	(30)bps
Basic earnings per share			
Underlying[2]	**119.5c**	105.2c	13.6%
Underlying (constant currency)[2]	**119.5c**	104.3c	14.6%
Statutory	**82.3c**	92.2c	(10.7)%
Cash flow			
Underlying – free cash flow[2]	**1,740**	1,516	14.8%
Statutory – net cash flow from operating activities	**3,135**	2,536	23.6%
Dividend			
Full-year dividend per ordinary share	**59.8c**	52.6c	13.7%

1. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.
2. Alternative Performance Measure (APM) (see pages 48 to 55).

Financial review (continued)

Income statement

	2024			Restated[1] 2023		
	Statutory $m	Adjustments $m	Underlying[2] $m	Statutory $m	Adjustments $m	Underlying[2] $m
Revenue	**42,002**	**174**	**42,176**	37,907	309	38,216
Operating profit	**2,584**	**414**	**2,998**	2,313	279	2,592
Net (loss)/gain on sale and closure of businesses	**(203)**	**203**	**–**	24	(24)	–
Finance costs	**(325)**	**76**	**(249)**	(200)	34	(166)
Profit before tax	**2,056**	**693**	**2,749**	2,137	289	2,426
Tax expense	**(642)**	**(60)**	**(702)**	(525)	(63)	(588)
Profit for the year	**1,414**	**633**	**2,047**	1,612	226	1,838
Non-controlling interests	**(10)**	**–**	**(10)**	(5)	–	(5)
Attributable profit	**1,404**	**633**	**2,037**	1,607	226	1,833
Average number of shares	**1,705m**	**–**	**1,705m**	1,743m	–	1,743m
Basic earnings per share	**82.3c**	**37.2c**	**119.5c**	92.2c	13.0c	105.2c
EBITDA			**$4,145m**			$3,620m

1. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.
2. Alternative Performance Measure (APM) (see pages 48 to 55).

Statutory income statement

Revenue

On a statutory basis, revenue increased by 10.8% to $42,002m (2023: $37,907m).

Operating profit

Statutory operating profit was $2,584m (2023: $2,313m), an increase of 11.7%, with statutory operating margin of 6.2% (2023: 6.1%).

Statutory operating profit includes non-underlying item charges of $414m (2023: $279m), including acquisition-related charges of $235m (2023: $153m) and $170m (2023: $118m) of charges related to the strategic portfolio review.

As part of our strategic portfolio review, and considering country exits, ongoing advancement of technologies and the increased decentralisation of our business, we have reviewed our European regional business transformation ERP programme that commenced a number of years ago. We have decided to discontinue the implementation and roll out of our cross-market ERP programme and, accordingly, have recognised a charge of $160m as a specific adjusting item, which includes $146m for the non-cash impairment of work-in-progress head office (non-client-related) computer software assets. An impairment charge of $10m has been recognised in respect of our business in Qatar. In 2023, the net charge included the impact of site closures and contract renegotiations and terminations in the UK.

A full list of non-underlying items is included in note 14 (non-GAAP measures).

Net gain or loss on sale and closure of businesses

The Group has recognised a net loss of $203m (2023: net gain of $24m) on the sale and closure of businesses, including exit costs of $92m (2023: $14m) and a charge of $250m (2023: credit of $1m) in respect of the reclassification of cumulative currency translation differences. As part of our strategic portfolio review, we exited five countries during the year and, in July, the Group agreed the sale of its businesses in Chile, Colombia and Mexico, subject to regulatory approval and completion procedures. Subsequent to the year-end, we agreed the sale of our business in Kazakhstan, subject to regulatory approval.

Finance costs

Finance costs increased to $325m (2023: $200m) mainly reflecting both higher net debt and interest rates during the year, together with a partial reversal of the fair value gains on derivatives held to minimise volatility in short-term underlying finance costs in previous years.

Tax expense

Profit before tax was $2,056m (2023: $2,137m) giving rise to an income tax expense of $642m (2023: $525m), equivalent to an effective tax rate of 31.2% (2023: 24.6%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023 and the impact of non-taxable non-underlying items.

Financial review (continued)

Earnings per share

Basic earnings per share was 82.3c (2023: 92.2c), a decrease of 10.7%, as the higher operating profit is more than offset by the impact of the reclassification of cumulative currency translation differences on sale of businesses, higher finance costs and higher effective tax rate.

Underlying income statement

Revenue

Organic revenue growth was strong at 10.6%, including net new business growth of 4.2%, which remains above our historical level of approximately 3%, pricing of around 4% and like-for-like volume growth of around 2%. As expected, volume growth moderated during the year as we lapped strong prior year comparatives.

Growth in underlying revenue was broad-based reflecting double-digit organic revenue growth, especially in North America and Europe, and also the contributions from significant acquisitions during the year. This was partly offset by the impact of exits from non-core countries as part of the Group's strategy to focus on our larger developed markets and de-risk our portfolio. Client retention rates remained strong at 96.0%.

Operating profit

Underlying operating profit increased by 16.4% on a constant-currency basis, to $2,998m, with underlying operating margin at 7.1% (2023: 6.8%). Strong margin progression was achieved across all regions, underpinned by our operational scale, efficiencies and appropriate levels of pricing to mitigate inflation.

Finance costs

Underlying finance costs increased to $249m (2023: $166m) mainly reflecting both higher net debt and interest rates during the year.

Tax expense

On an underlying basis, the tax charge was $702m (2023: $588m), equivalent to an effective tax rate of 25.5% (2023: 24.2%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023. The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally.

Earnings per share

On a constant-currency basis, underlying basic earnings per share increased by 14.6% to 119.5c (2023: 104.3c) reflecting the higher profit for the year.

Balance sheet

Liquidity

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

The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. A $352m US Private Placement (USPP) note matured and was repaid in October 2023. In February 2024, the Group issued a €750m ($806m) fixed-rate sustainable bond maturing in February 2031. The new bond effectively pre-financed a €750m ($809m) bond which matured and was repaid in July 2024. In September 2024, the Group issued a €500m ($557m) fixed-rate sustainable bond maturing in September 2033. The maturity profile of the Group's principal borrowings at 30 September 2024 shows that the average period to maturity is 4.6 years (2023: 3.3 years).

The Group's USPP notes contain leverage and interest cover covenants which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.1 times and 19.6 times, respectively, at 30 September 2024. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests.

At 30 September 2024, the Group had access to $3,236m (2023: $3,271m) of liquidity, including $2,683m (2023: $2,441m) of undrawn bank facilities committed to August 2026 and $553m (2023: $830m) of cash, net of overdrafts. Our credit ratings remain strong investment grade: Standard & Poor's A/A-1 long-term/short-term (outlook Stable); and Moody's A2/P-1 long-term/short-term (outlook Stable).

Financial review (continued)

Net debt

Net debt has increased by $932m to $5,391m (2023: $4,459m). The Group generated $1,675m of free cash flow and received $327m in respect of the sale of its 19% effective interest in ASM Global Parent, Inc., which was more than offset by $999m spent on the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, dividends of $963m and share buybacks of $577m. Adverse exchange translation was $143m. Cash net of lease liabilities of $34m in Chile, Colombia and Mexico has been reclassified to held for sale in the Group's balance sheet at 30 September 2024.

At 30 September 2024, the ratio of net debt to underlying EBITDA was 1.3x (2023: 1.2x). Our leverage policy is to maintain strong investment-grade credit ratings and to target net debt to underlying EBITDA in the range of 1x-1.5x.

Post-employment benefits

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

The accounting surplus in the Compass Group Pension Plan is $542m at 30 September 2024 (2023: $525m). The deficit in the rest of the Group's defined benefit pension schemes has increased to $1,274m (2023: $983m). The net deficit in these schemes is $154m (2023: $130m) including investments of $1,120m (2023: $853m) held in respect of unfunded pension schemes and the US Rabbi Trust arrangements which do not meet the definition of pension assets under IAS 19 Employee Benefits.

The total pensions operating charge for defined contribution schemes in the year was $289m (2023: $254m) and $41m (2023: $37m) for defined benefit schemes.

Return on capital employed

Return on capital employed was 19.0% (2023: 19.3%) based on net underlying operating profit after tax. Excluding the effect of the higher underlying effective tax rate of 25.5% (2023: 24.2%), the impact of recent business acquisitions on capital employed was offset by the Group's strong trading performance.

Cash flow

Free cash flow

Free cash flow totalled $1,675m (2023: $1,425m). During the year, we made cash payments totalling $24m (2023: $70m) in relation to restructuring and strategic programmes and the one-off pension charge. Adjusting for this, and for acquisition transaction costs of $41m (2023: $21m) which are reported as part of operating cash flow, underlying free cash flow was $1,740m (2023: $1,516m), with underlying free cash flow conversion at 85.0% (2023: 82.5%). Underlying profit for the year has replaced underlying operating profit as the denominator in the calculation of underlying free cash flow conversion. Underlying free cash flow conversion would be 58.0% (2023: 58.5%) using underlying operating profit as the denominator.

Capital expenditure of $1,541m (2023: $1,098m) is equivalent to 3.7% (2023: 2.9%) of underlying revenue. The working capital inflow, excluding provisions and pensions, was $186m (2023: outflow of $120m). The net interest outflow increased to $228m (2023: $147m) consistent with the higher underlying finance costs in the year. The net tax paid was $693m (2023: $539m), which is equivalent to an underlying cash tax rate of 25.2% (2023: 22.2%).

Acquisition and disposal of businesses

The Group spent $1,224m (2023: $408m) on business acquisitions during the year, net of cash acquired, including $878m on CH&CO in the UK and Ireland and HOFMANN^S in Germany (including the repayment of acquired borrowings), $285m on bolt-on acquisitions and interests in joint ventures and associates, and $61m of deferred and contingent consideration and other payments relating to businesses acquired in previous years.

The Group received $225m (2023: $58m) in respect of disposal proceeds net of exit costs, which primarily comprises the sale of businesses in five countries during the year.

Including $41m (2023: $21m) of acquisition transaction costs included in net cash flow from operating activities, the total net cash spent on the acquisition and disposal of businesses is $1,040m (2023: $371m).

Sale of 19% effective interest in ASM Global Parent, Inc.

The Group received $327m in respect of the sale of its 19% effective interest in ASM Global Parent, Inc. in August 2024.

Dividends paid

Dividends paid in 2024 of $963m represents the 2023 final dividend ($606m) and the 2024 interim dividend ($357m).

Financial review (continued)

Purchase of own shares

The cash outflow in respect of share buybacks totalled $577m during the year, which comprises $185m in respect of the completion of the share buyback announced in May 2023 and $392m in respect of the $500m share buyback announced in November 2023. The share buyback is scheduled to complete in December 2024.

Foreign exchange translation

The $143m (2023: $91m) loss on foreign exchange translation of net debt primarily arises in respect of the Group's sterling and euro debt.

Other movements

Other movements primarily comprises fair value movements on derivative financial instruments used to manage the Group's interest rate exposure and lease liabilities acquired through business acquisitions.

Shareholder returns

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

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

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

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

Compass Group PLC, the Parent Company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies. The level of distributable reserves in the Parent Company is reviewed annually and the Group aims to maintain distributable reserves that provide adequate cover for shareholder returns. The distributable reserves of the Parent Company include the distributable portion of retained earnings and the own shares reserve, which total £2,457m at 30 September 2024 (2023: £2,379m).

An interim dividend of 20.7c per share (2023: 17.9c per share), $357m in aggregate, was paid in July 2024. It is proposed that a final dividend of 39.1c per share (2023: 34.7c per share), $664m in aggregate, be paid on 27 February 2025 to shareholders on the register on 17 January 2025. This will result in a total dividend for the year of 59.8c per share (2023: 52.6c per share), $1,021m in aggregate (2023: $940m). The dividend is covered 2.0 times on an underlying earnings basis.

Shareholders appearing on the Register of Members or holding their shares through CREST will automatically receive their dividends in sterling, but have the option to elect to receive their dividends in US dollars. The closing date for the receipt of dividend currency elections is 3 February 2025. The sterling equivalent of the 2024 final dividend will be announced on 11 February 2025.

For shares held in certificated form on the register, US dollar elections can be made by contacting our share registrar, Link Group. Link's contact details can be found on our website under Dividend Information.

A Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 6 February 2025.

The Group is in a strong position to fund its dividend, which is well covered by cash generated by the business. Details of the Group's going concern assessment can be found on page 29. The ability of the Board to maintain its future dividend policy will be influenced by a number of the principal risks identified on pages 17 to 20 that could adversely impact the performance of the Group, although we believe we have the ability to mitigate those risks as outlined on pages 17 to 20.

At the date of this Announcement, $476m of the $500m share buyback announced in November 2023 had been completed, with the remainder scheduled to complete in December 2024. We prioritise investment in the business through capex and M&A to support future growth, with any surplus capital being returned to shareholders as we maintain our strong track record of delivering long-term, compounding shareholder returns.

Financial review (continued)

Treasury

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

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

Foreign currency risk

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

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

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

Interest rate risk

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

Tax

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

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

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

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

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

Financial review (continued)

Risks and uncertainties

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

The principal risks and uncertainties facing the business, and the activities the Group undertakes to mitigate these, are set out on pages 17 to 20.

Related party transactions

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

Going concern

The factors considered by the directors in assessing the ability of the Group to continue as a going concern are discussed on page 29.

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

Based on the assessment discussed on page 29, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period to 31 March 2026. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Regional review

	Underlying revenue[1] 2024 $m	Underlying revenue[1] Restated[2] 2023 $m	Change Reported rates %	Change Constant currency %	Change Organic %	Statutory revenue 2024 $m	Statutory revenue Restated[2] 2023 $m	Change Reported rates %
North America	**28,581**	25,768	10.9%	10.9%	10.5%	**28,557**	25,745	10.9%
Europe	**9,887**	8,598	15.0%	14.3%	11.9%	**9,737**	8,312	17.1%
Rest of World	**3,708**	3,850	(3.7)%	(0.8)%	8.5%	**3,708**	3,850	(3.7)%
Total	**42,176**	38,216	10.4%	10.6%	10.6%	**42,002**	37,907	10.8%

	Underlying operating profit[1] 2024 $m	Underlying operating profit[1] Restated[2] 2023 $m	Change Constant currency %	Underlying operating margin[1] 2024 %	Underlying operating margin[1] 2023 %	Statutory operating profit 2024 $m	Statutory operating profit Restated[2] 2023 $m	Statutory operating margin 2024 %	Statutory operating margin 2023 %
North America	**2,335**	2,019	15.7%	**8.2%**	7.8%	**2,251**	1,931	**7.9%**	7.5%
Europe	**583**	479	22.0%	**5.9%**	5.6%	**380**	297	**3.9%**	3.5%
Rest of World	**224**	214	10.3%	**6.0%**	5.6%	**224**	205	**6.0%**	5.3%
Unallocated overheads	**(144)**	(120)				**(271)**	(120)		
Total	**2,998**	2,592	16.4%	**7.1%**	6.8%	**2,584**	2,313	**6.2%**	6.1%

1. Alternative Performance Measure (APM) (see pages 48 to 55).
2. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the year ended 30 September 2023 have been restated in US dollars.

North America – 67.8% of Group underlying revenue (2023: 67.4%)

Underlying

Operating profit growth was 15.7% on a constant-currency basis, increasing to $2,335m, driven by strong revenue growth and operating margin progression.

Organic revenue growth was 10.5%, driven by net new business growth, appropriate levels of pricing and like-for-like volume growth. Client retention rates remained strong at 96.4%.

Growth rates were high single-digit or greater across all sectors, and notably strong in Business & Industry driven by net new business growth and like-for-like volumes, which benefited from the continued ‘return to office’ trend and value proposition versus the high street. Across our other sectors, Sports & Leisure and Education continued to benefit from high attendance levels and per capita spend levels, while Healthcare & Senior Living business performance included strong retail sales and new business openings.

Operating margin increased by 40bps to 8.2% driven by management productivity initiatives, cost control and appropriate levels of pricing.

The region continues to acquire high-quality businesses and talent within our existing sectors, with a particular focus on vending.

Statutory

Statutory revenue increased by 10.9% to $28,557m reflecting the strong organic revenue growth.

Statutory operating profit was $2,251m (2023: $1,931m), with the difference from underlying operating profit being acquisition-related charges of $84m (2023: $88m).

Regional review (continued)

Europe – 23.4% of Group underlying revenue (2023: 22.5%)

Underlying

The region continues to benefit from ongoing investments in its people, brands and processes. Operating profit was $583m, representing growth of 22.0% on a constant-currency basis, driven by double-digit revenue growth, strong margin progression and the impact of acquisitions during the year.

Organic revenue growth of 11.9% comprised net new business growth, volume growth and pricing. Client retention rates at 95.5% remain significantly above historical levels. All sectors delivered high single-digit growth rates or above, with double-digit growth rates achieved in Business & Industry, Education and Defence, Offshore & Remote.

Operating margin increased by 30bps to 5.9%, reflecting management focus across the portfolio, ongoing operational efficiencies and appropriate levels of pricing.

We have increased our focus on M&A with significant acquisitions to deepen our sectorisation and sub-sectorisation strategy, unlock new capabilities and increase the flexibility of our operating model. During the year, we acquired HOFMANN^{S} in Germany and CH&CO in the UK and Ireland. Subsequent to the year-end, we also completed the acquisition of Dupont Restauration in France and agreed to acquire 4Service AS in Norway. Additionally, as part of our focus on core markets, we exited our joint venture in the United Arab Emirates.

Statutory

Statutory revenue increased by 17.1% to $9,737m, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

Statutory operating profit was $380m (2023: $297m), with the difference from underlying operating profit mainly reflecting acquisition-related charges of $151m (2023: $56m) and charges related to the Group's strategic portfolio review of $43m (2023: $118m).

Rest of World – 8.8% of Group underlying revenue (2023: 10.1%)

Underlying

Operating profit grew by 10.3% on a constant-currency basis, to $224m, driven by strong organic revenue growth and margin progression. This growth was despite the impact of exits from our operations in four non-core countries during the year.

Organic revenue growth was 8.5% and strongest in our Business & Industry sector, particularly in India, driven by high levels of net new business growth and the 'return to office' trend. All other sectors delivered mid-to-high single-digit organic revenue growth underpinned by net new business growth, like-for-like volume growth and pricing. Client retention rates remained above historical levels at 94.3%.

Operating margin increased by a further 40bps to 6.0% reflecting the benefits from strong focus on our core markets, including Australia, Japan and India.

As part of the Group's strategy to increase focus on its core markets, we exited Argentina, Angola, mainland China and Brazil during the year and agreed to exit our businesses in Chile, Colombia and Mexico, subject to regulatory approval and completion procedures. Subsequent to the year-end, we agreed to exit our business in Kazakhstan, subject to regulatory approval.

Statutory

Statutory revenue decreased by 3.7% to $3,708m reflecting the non-core business disposals. There is no difference between statutory and underlying revenue.

Statutory operating profit was $224m (2023: $205m), with the difference from underlying operating profit in 2023 being acquisition-related charges of $9m.

Risk management

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

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

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

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

Risk management framework

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

The Board has approved a Risk Management Policy. The Group operates a formal risk management process in accordance with this policy, under which the Group's principal risks (set out on pages 17 to 20) are assessed and prioritised biannually. In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial Business Reporting 2014 and in the Code, this process has been in place for the financial year under review. These systems are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, safeguard the Group's assets against material loss, fairly report the Group's performance and position, and ensure compliance with relevant legislation, regulation and best practice including that related to social, environmental and ethical matters. These systems provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board delegates aspects of risk management, with the Executive Committee responsible for the day-to-day management of significant risk, and the Audit Committee responsible for the oversight of Compass' risk management systems and internal financial controls. The Group Director of Risk and Internal Audit maintains the risk management framework including the Risk Management Policy.

The Audit Committee annually reviews the effectiveness of the Group's approach to risk management and any changes to the Risk Management Policy and recommends the principal risks and uncertainties disclosures made in the Annual Report and Accounts to the Board for approval.

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

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

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

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

Risk management (continued)

Risk appetite

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

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

New and emerging risks

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

The democratisation of generative artificial intelligence (AI) has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including breach of data confidentiality and data privacy, and other intellectual property-related risks. In response, to mitigate these risks, Compass has implemented principles-based rules that apply globally, and we have developed a framework for responsible use of AI to support all our markets.

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

Our principal risks

Over recent years, we have reviewed our global portfolio of operations and as part of this we have exited a number of countries deemed both higher-risk and non-core to our long-term business objectives.

This has significantly reduced our risk exposure in certain areas including political instability, economic volatility, employee welfare (particularly foreign migrant labour risks) and international tax. Risks arising in the immediate aftermath of the COVID-19 pandemic have also reduced.

As a result, certain risks (Political instability and International tax as set out in Annual Report 2023) are no longer considered to be principal risks while others have been combined and streamlined.

All risks disclosed in previous years can be found in the annual reports available on our website, www.compass-group.com. These risks remain important to the business and are kept under regular review.

The principal risks and uncertainties facing the business at the date of this Announcement are set out on pages 17 to 20. These risks are not listed in any order of priority.

Other risks

The principal risks do not comprise all the risks that the Group may face. The Group faces a number of operational risks on an ongoing basis, such as litigation and financial risks. Additional risks and uncertainties not presently known to management, or which are considered to be remote or are deemed to be less material at the date of this Announcement, may also have an adverse effect on the Group.

Principal risks

Risk and description	Mitigation
Climate change ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ➔ **Strategic pillar link:** The impact of climate change on the environment may lead to issues around food sourcing and security, and supply chain continuity in some of the Group's markets. Issues in these areas could affect the availability of some food products, and potentially may lead to food cost inflation.	The Group continues to focus on evaluating its exposure to climate change and seeks to identify potential future issues early so that sourcing and operations can be adjusted, and menus adapted appropriately. The Task Force on Climate-related Financial Disclosures scenario analysis helps inform the materiality of these risks. Work continues with clients and suppliers to propose, execute and measure solutions to support their efforts and those of Compass in reducing greenhouse gas (GHG) emissions. Compass has targeted climate net zero GHG emissions by 2050 alongside validated science-based targets to reduce emissions by 2030 (from a 2019 base year) in line with the 2015 Paris Agreement.
Food safety[1] ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ➔ **Strategic pillar link:** Compass Group companies feed millions of consumers every day. For that reason, setting the highest standards for food hygiene and safety is paramount. Safety breaches could cause serious business interruption and could result in criminal and/or civil prosecution, increased costs and potential damage to the Company's reputation.	Management meetings throughout the Group feature a health and safety update (food safety and/or occupational safety) as one of their first substantive agenda items. Food safety improvement KPIs are included in the annual bonus plans for each of the businesses' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. The safety and quality of the Group's global supply chain are assured through compliance with a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity. Further mitigations in place include our Global Safety Standards, Global Supply Chain Integrity Standards and a Global Allergen Management Plan.
Occupational safety[1] ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ➔ **Strategic pillar link:** Compass Group companies employ hundreds of thousands of people globally. Ensuring the safety of our employees, consumers, and suppliers is our top priority. Failure to comply with workplace safety standards can result in injuries to employees, clients and consumers, or other third parties, potentially causing operational disruptions and adverse financial, legal, and reputational consequences.	In addition to the priority focus in management meetings, occupational safety improvement KPIs are included in the annual bonus plans for each of the businesses' management teams. Our safety framework outlines the methods for executing and reporting safety measures, ensuring a secure environment for colleagues, contractors, and consumers. We regularly update and refine the health and safety framework to address any challenges that may emerge from operational changes. Group standards are supplemented in country with occupational safety standards that meet local regulatory conditions.

1. Combined under Health and safety risk in Annual Report 2023.

Key
- Increased risk
- Static risk
- Decreasing risk
- New risk

Link to MAP
- ❶ MAP 1: Client sales and marketing
- ❷ MAP 2: Consumer sales and marketing
- ❸ MAP 3: Cost of food
- ❹ MAP 4: In-unit costs
- ❺ MAP 5: Above-unit overheads

Alignment with our strategic focus areas

People Performance Purpose

Principal risks (continued)

Risk and description	Mitigation
Pandemic ❶ ❷ ❸ ❹ ❺ 2024 Decreasing 2023 Decreasing **Strategic pillar link:** People, Performance, Purpose The Group's operations were significantly disrupted due to the global COVID-19 pandemic and associated containment measures. Compass recovered well and learned from the pandemic, and this risk has now diminished. However, outbreaks of another pandemic, could cause further business risk.	Operations and working practices have been adjusted to retain the skills and experience of colleagues and provide flexibility in the event of another pandemic which leads to a resumption of containment measures. To protect the Group's employees, clients and consumers, in the event of another pandemic, enhanced health and safety protocols and personal protective equipment requirements and guidelines, hygiene requirements and site layout solutions developed in consultation with expert advisers and with our clients, would be adopted. Careful management of the Group's cost base and robust measures to protect the Group's liquidity position have ensured that we remain resilient and well placed to take advantage of appropriate opportunities as they arise. Robust incident management and business continuity plans are in place and are monitored for effectiveness and regularly reviewed to ensure they reflect evolving best practice.
Talent[1] ❹ ❺ 2024 Static 2023 Decreasing **Strategic pillar link:** People, Performance Attracting, retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long-term success of the Group. Changes to economic conditions may increase the risk of attrition at all levels of the organisation.	Leadership succession planning is performed at Board, regional and country-levels. The Group has established tools, training, development, performance management and reward programmes to help retain, develop, motivate and support its skilled workforce, including an increasing focus on global mobility and opportunities. The Group has a number of well-established initiatives which help to monitor levels of engagement and to respond to the needs of employees. Specifically, Compass has increased its local focus and employee support on mental health awareness, stress management and resilience and the provision of financial advice and assistance to better equip its people in times of uncertainty and change.
Sales and retention[2] ❶ ❷ 2024 Static 2023 Static **Strategic pillar link:** People, Performance The Group's growth ambitions rely on sustainably driving positive net new business through securing and retaining a diverse range of clients. The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to the loss of business and/or claims. The potential loss of material client contracts and the inability to secure additional new contracts in a competitive market is a risk to Compass' businesses. The emergence of new industry participants and traditional competition using disruptive technology could adversely affect the Group's businesses.	Compass has strategies based on quality, value, innovation and investment in new technologies that strengthen its long-term relationships with its clients and consumers. The Group's business model is structured so that it is not reliant on one particular sector or group of clients. Technology is used to support the delivery of efficiencies and to contribute to growth through, for example, cashierless and cashless payment systems and the use of AI. This is beneficial to clients and consumers and positively impacts retention and new business wins. Compass continues to focus on financial security and safety. In today's environment, these are key strengths for clients. Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions. Compass continues to evolve its offer to increase participation rates and service sites of different sizes.

1. Combines and streamlines risks relating to Recruitment and Retention and motivation as set out in Annual Report 2023.
2. Incorporates and streamlines risks relating to Service delivery, contractual compliance and retention, and Competition and disruption as set out in Annual Report 2023.

Key

- Increased risk
- Static risk
- Decreasing risk
- New risk

Link to MAP

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

Alignment with our strategic focus areas

People Performance Purpose

Principal risks (continued)

Risk and description	Mitigation
Geopolitical ❶ ❷ ❸ ❹ ❺ 2024 2023 **Strategic pillar link:** The conflict in the Middle East and the ongoing Russia-Ukraine war have increased geopolitical risks, heightened national security threats in those regions, and disrupted the global energy market. These factors contribute to risks such as economic volatility including cost inflation and cybersecurity threats.	As a Group, Compass is monitoring the situation closely with the safety and security of the Group's employees front of mind. Whilst we do not operate in Israel or the Palestinian territories, we do have interests elsewhere in the Middle East. Compass has permanently exited the Russian market and moved away from all known Russian suppliers. The Group has in place strategies to manage economic volatility including cost inflation and cybersecurity threats.
Economic volatility[1] ❶ ❷ ❸ ❹ ❺ 2024 2023 **Strategic pillar link:** Certain sectors of Compass' business could be susceptible to negative shifts in the economy and employment rates. Compass has strategically exited a number of countries with high economic volatility. This move, coupled with improved economic conditions in our primary markets, has reduced the risks affecting the Group.	As part of Compass' strategy, the Group is focused on productivity and purchasing initiatives which help to manage the cost base. During adverse conditions, if necessary, actions can be taken to reduce labour costs and action plans have been implemented to protect profitability and liquidity. As part of the MAP framework, and by sharing best practice across the Group, Compass seeks to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity, and through the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients. Our success in managing cost inflation also provides an opportunity, as the scale and maturity of our procurement operations allows us to manage supply chain price increases more effectively than some of our competitors and in-house operations. We believe this is a factor in increasing levels of first-time outsourcing.
Business ethics and integrity[2] ❶ ❷ ❸ ❹ ❺ 2024 2023 **Strategic pillar link:** Ineffective compliance management systems, lack of an embedded business integrity culture or serious violation of our policies, relevant laws, or regulations (including but not limited to anti-bribery and corruption, anti-competitive behaviour, fraud, money laundering, tax evasion, trade and economic sanctions, human rights and modern slavery, and data protection), could result in civil and/or criminal proceedings leading to significant fines, sanctions, financial loss and reputational harm. Regulatory expectations and new laws in these areas are being introduced in certain countries and regions, with a heightened focus on corporate enforcement, accountability and supply chain resilience.	The Group's zero-tolerance-based Code of Business Conduct (CBC), Business Integrity Policy (BIP) and Human Rights Policy (HRP), govern all aspects of its relationships with its stakeholders. Compass operates a continuous improvement process as part of the Group's Ethics and Integrity programme (EIP). The Group's risk management process helps identify major risks and informs the regular monitoring, effectiveness testing and review of key areas of our internal control framework. A strong culture of integrity is promoted through Compass' EIP (including training and awareness activities) and its independently operated SpeakUp, We're Listening helpline and web platform. All alleged breaches of the CBC, BIP and the HRP, and other serious misconduct, are followed up and investigated (as appropriate). To enhance its ability to counter risks to its businesses and supply chains from modern slavery, Compass has focused on the areas where its human rights strategy can have the greatest impact. This has been done through the continued implementation of the HRP, the work of the Human Rights Working Group, the engagement of external specialist advisers, e-learning and continued efforts to improve the Group's human rights due diligence through supplier evaluation and labour agency reviews. The strategic exit of several countries has helped to lower the risk around employee welfare.

1. Incorporates risk relating to Cost inflation as set out in Annual Report 2023.
2. Combines and streamlines risks relating to Social and ethical standards, and Compliance and fraud as set out in Annual Report 2023.

Key

- Increased risk
- Static risk
- Decreasing risk
- New risk

Link to MAP

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

Alignment with our strategic focus areas

People Performance Purpose

Principal risks (continued)

Risk and description	Mitigation
Cybersecurity and data privacy ❶ ❷ ❸ ❹ ❺ 2024 ➔ 2023 ↑ **Strategic pillar link:** People, Performance The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data, data privacy breaches and damage to brand reputation through, for example, the increased threat of cyber-attacks, and use and instantaneous nature of social media. Disruption caused by the failure of key software applications, security controls, or underlying infrastructure, or disruption caused by cyber-attacks could impact day-to-day operations and management decision-making or result in a regulatory fine or other sanction and/or third-party claims. The incidence of sophisticated phishing and malware attacks (including ransomware) on businesses is rising with an increase in the number of companies suffering operational disruption, unauthorised access to and/or loss of data, including confidential, commercial, and personal identifiable data. A combination of geopolitical instability and accessibility of sophisticated AI enabled tools and techniques have contributed to an increase in the risk of phishing and malware attacks including ransomware across all industries. The democratisation of generative AI has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including to data privacy and confidentiality.	Compass continually assesses its cyber risk, and monitors and manages the maturity of its enterprise infrastructure, platforms and security controls to ensure that it can effectively prevent, detect and respond to current or future cyber attacks. Appropriate crisis management procedures are in place to manage issues in the event of a cyber incident occurring. Our response protocols are supported by using industry-standard tooling, experienced IT and security professionals, and external partners to mitigate potential impacts. Assurance is provided by regular compliance monitoring of our key information technology control framework, which is designed to prevent and defend against cyber threats and other risks. The Group relies on a variety of digital and technology platforms to manage and deliver services and communicate with its people, clients, consumers and suppliers. Compass' decentralised model and infrastructure help to mitigate propagation of attacks across the Group's technology estate. Compass continues to be focused on the need to maximise the effectiveness of its information systems and technology as a business enabler. As such, the Group continues to invest in technology and specialist resources in order to further strengthen its platforms, cyber-security defences and controls to prevent and detect cyber threats and respond to attacks in order to mitigate the risk of operational disruption, technology failure, unauthorised access to and/or loss of data. The Group has implemented configuration changes designed to block phishing emails, increased awareness campaigns, and provided cyber training to help employees identify these kinds of attacks. In response to the potential risks posed by AI, Compass has implemented principles-based rules that apply globally, and we are currently developing a framework for the responsible use of AI in all our markets. Information systems, technology and cyber-security controls and risks are assessed as part of the Group's formal governance processes and are reviewed by the Audit Committee on a regular basis.

Key

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

Link to MAP

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

Alignment with our strategic focus areas

People Performance Purpose

Viability statement

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

Business prospects

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

Assessment

The directors have determined that a three-year period to 30 September 2027 is an appropriate period over which to provide the Group's viability statement on the basis that it is the period reviewed by the Board in its strategic planning process and is aligned to the typical length of the Group's contracts (three to five years). The directors believe that this presents the Board and readers of the Annual Report with a reasonable degree of confidence over this longer-term outlook.

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

- *Risk management process*

  The Group operates a formal risk management process under which the Group's principal risks are assessed and prioritised biannually. Risks and corresponding controls and mitigations are reviewed by country and regional leadership teams on an ongoing basis. The findings of the risk reviews, including the principal risks and any developing trends, are reported to the Board twice a year. In making its viability assessment, the Board carried out a robust evaluation of the emerging and principal risks facing the Group (see pages 17 to 20), including those that would threaten its business model, future performance, solvency or liquidity.

- *Strategic planning process*

  The Board considers annually a three-year, bottom-up strategic plan and a more detailed budget which is prepared for the following year. Current-year business performance is reforecast during the year. The plan is reviewed and approved by the Board, with involvement throughout from the Group CEO, Group CFO and the executive team. The Board's role is to consider the appropriateness of key assumptions, taking into account the external environment and business strategy. The most recent three-year plan was approved by the Board in November 2024.

- *Headroom and covenant analysis*

  At 30 September 2024, the Group had $2.7bn of undrawn committed bank facilities and $0.6bn of cash net of overdrafts. Term debt maturities in the three-year period total $1.4bn. Based on the forecast cash flows in the strategic plan, the maturing debt is expected to be refinanced during the three-year period to 30 September 2027 to maintain the desired level of headroom. The $2.7bn of committed bank facilities mature in 2026, but are expected to be refinanced during 2025. The Group's long-term (A/A2) and short-term (A-1/P-1) credit ratings and well-established presence in the debt capital markets provide the directors with confidence that the Group could refinance the maturing debt and facilities as required.

  A reverse stress test has been undertaken to identify the circumstances that would cause the Group to breach the headroom against its committed facilities or the financial covenants on its US Private Placement (USPP) debt. At 30 September 2024, the nominal value of USPP debt outstanding totalled $700m (2023: $1,052m). The reverse stress test, which removes discretionary M&A expenditure as a mitigating action, shows that underlying operating profit[1] would have to reduce by more than 55% of the strategic plan level throughout the three-year assessment period before the Group's committed facilities are reached. The refinancing requirement is not accelerated in the reverse stress test as a mitigating action given the strong liquidity position of the Group.

  The principal risks that would have the most significant impact on the Group's business model, future performance, solvency or liquidity are another pandemic and associated containment measures and geopolitical tensions, and these, together with the other principal risks identified on pages 17 to 20, have been considered as part of the viability assessment. Specific scenarios based on the principal risks have not been modelled on the basis that the level of headroom to absorb the occurrence of such risks is substantial and there is a range of other actions available that could be implemented to mitigate the potential impact.

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

Viability statement (continued)

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

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

Conclusion

Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 30 September 2027.

Petros Parras
Group Chief Financial Officer
26 November 2024

Compass Group PLC
Consolidated Financial Statements

Consolidated income statement

For the year ended 30 September 2024

	Notes	2024 $m	2024 $m	Restated[1] 2023 $m	Restated[1] 2023 $m
Revenue	2		**42,002**		37,907
Operating costs			**(39,462)**		(35,662)
Operating profit before joint ventures and associates			**2,540**		2,245
Share of results of joint ventures and associates	2		**44**		68
Underlying operating profit[2]	2,14	**2,998**		2,592	
Acquisition-related charges	3,14	**(235)**		(153)	
Charges related to the strategic portfolio review	3,14	**(170)**		(118)	
Other[3]	14	**(9)**		(8)	
Operating profit	2		**2,584**		2,313
Net (loss)/gain on sale and closure of businesses	10,14		**(203)**		24
Finance income		**37**		59	
Finance expense		**(286)**		(225)	
Acquisition-related charges	14	**(9)**		–	
Other financing items	14	**(67)**		(34)	
Finance costs			**(325)**		(200)
Profit before tax			**2,056**		2,137
Income tax expense	4		**(642)**		(525)
Profit for the year			**1,414**		1,612
Attributable to					
Equity shareholders			**1,404**		1,607
Non-controlling interests			**10**		5
Profit for the year			**1,414**		1,612
Basic earnings per share	5		**82.3c**		92.2c
Diluted earnings per share	5		**82.2c**		92.1c

1. See note 1.
2. Operating profit excluding specific adjusting items (see note 14).
3. Other specific adjusting items include one-off pension charge and tax on share of profit of joint ventures (see note 14).

Compass Group PLC
Consolidated Financial Statements

Consolidated statement of comprehensive income

For the year ended 30 September 2024

	Notes	2024 $m	Restated[1] 2023 $m
Profit for the year		**1,414**	1,612
Other comprehensive income			
Items that will not be reclassified to the income statement			
Remeasurement of post-employment benefit obligations		**(286)**	33
Return on plan assets, excluding interest income		**63**	(331)
Change in asset ceiling, excluding interest income		**(1)**	6
Change in fair value of financial assets at fair value through other comprehensive income[2]		**322**	115
Tax (charge)/credit on items relating to the components of other comprehensive income		**(37)**	36
		61	(141)
Items that may be reclassified to the income statement			
Currency translation differences[3]		**267**	229
Change in fair value of financial assets at fair value through other comprehensive income[2]		**28**	–
Reclassification of cumulative currency translation differences on sale of businesses	10	**250**	(1)
Tax credit on items relating to the components of other comprehensive income		**2**	4
		547	232
Total other comprehensive income for the year		**608**	91
Total comprehensive income for the year		**2,022**	1,703

Attributable to

		2024 $m	Restated[1] 2023 $m
Equity shareholders		**2,012**	1,698
Non-controlling interests		**10**	5
Total comprehensive income for the year		**2,022**	1,703

1. See note 1.
2. The credit totalling $350m (2023: $115m) from the change in fair value of financial assets at fair value through other comprehensive income includes $171m (2023: $69m) in respect of assets held by the Rabbi Trust arrangements and $179m (2023: $46m) in respect of trade and other investments in the US.
3. Includes a gain of $318m (2023: $203m) in relation to the effective portion of net investment hedges.

Compass Group PLC
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Consolidated statement of changes in equity

For the year ended 30 September 2024

	Notes	Attributable to equity shareholders					
		Share capital $m	Share premium $m	Other reserves $m	Retained earnings $m	Non-controlling interests $m	Total equity $m
At 1 October 2023 (restated[1])		346	317	4,582	1,018	37	6,300
Profit for the year		–	–	–	1,404	10	1,414
Other comprehensive income							
Remeasurement of post-employment benefit obligations		–	–	–	(286)	–	(286)
Return on plan assets, excluding interest income		–	–	–	63	–	63
Change in asset ceiling, excluding interest income		–	–	–	(1)	–	(1)
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	350	–	350
Currency translation differences		–	–	267	–	–	267
Reclassification of cumulative currency translation differences on sale of businesses	10	–	–	250	–	–	250
Tax credit/(charge) on items relating to the components of other comprehensive income		–	–	2	(37)	–	(35)
Total other comprehensive income for the year		–	–	519	89	–	608
Total comprehensive income for the year		–	–	519	1,493	10	2,022
Fair value of share-based payments		–	–	–	68	–	68
Change in fair value of non-controlling interest put options		–	–	7	–	–	7
Changes to non-controlling interests due to acquisitions and disposals		–	–	(54)	–	40	(14)
Reclassification of revaluation reserve on sale of businesses		–	–	(14)	14	–	–
Cost of shares transferred to employees		–	–	64	(64)	–	–
Purchase of own shares – share buyback		–	–	(512)	–	–	(512)
Tax credit on items taken directly to equity		–	–	–	8	–	8
		346	317	4,592	2,537	87	7,879
Dividends paid to equity shareholders	6	–	–	–	(963)	–	(963)
Dividends paid to non-controlling interests		–	–	–	–	(10)	(10)
At 30 September 2024		346	317	4,592	1,574	77	6,906

1. See note 1.

Compass Group PLC
Consolidated Financial Statements

Consolidated statement of changes in equity

For the year ended 30 September 2024

	Notes	Attributable to equity shareholders					
		Share capital $m	Share premium $m	Other reserves $m	Retained earnings $m	Non-controlling interests $m	Total equity $m
At 1 October 2022 (restated[1])		346	317	5,559	325	44	6,591
Profit for the year		–	–	–	1,607	5	1,612
Other comprehensive income							
Remeasurement of post-employment benefit obligations		–	–	–	33	–	33
Return on plan assets, excluding interest income		–	–	–	(331)	–	(331)
Change in asset ceiling, excluding interest income		–	–	–	6	–	6
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	115	–	115
Currency translation differences		–	–	229	–	–	229
Reclassification of cumulative currency translation differences on sale of businesses		–	–	(1)	–	–	(1)
Tax credit on items relating to the components of other comprehensive income		–	–	4	36	–	40
Total other comprehensive income/(loss) for the year		–	–	232	(141)	–	91
Total comprehensive income for the year		–	–	232	1,466	5	1,703
Fair value of share-based payments		–	–	–	54	–	54
Change in fair value of non-controlling interest put options		–	–	16	–	–	16
Changes to non-controlling interests due to acquisitions and disposals		–	–	(2)	–	2	–
Reclassification of non-controlling interest put options reserve on exercise of put options		–	–	7	–	(7)	–
Cost of shares transferred to employees		–	–	35	(35)	–	–
Purchase of own shares – share buyback		–	–	(1,246)	–	–	(1,246)
Purchase of own shares – employee share-based payments		–	–	(19)	–	–	(19)
Tax credit on items taken directly to equity		–	–	–	4	–	4
		346	317	4,582	1,814	44	7,103
Dividends paid to equity shareholders	6	–	–	–	(796)	–	(796)
Dividends paid to non-controlling interests		–	–	–	–	(7)	(7)
At 30 September 2023 (restated[1])		346	317	4,582	1,018	37	6,300

1. See note 1.

Compass Group PLC
Consolidated Financial Statements

Consolidated balance sheet

At 30 September 2024

	Notes	30 September 2024 $m	Restated[1] 30 September 2023 $m	Restated[1] 1 October 2022 $m
Non-current assets				
Goodwill	7	**6,899**	6,105	5,715
Other intangible assets		**3,325**	2,480	2,188
Costs to obtain and fulfil contracts		**1,525**	1,316	1,235
Right-of-use assets		**1,144**	992	917
Property, plant and equipment		**1,411**	1,166	1,058
Interests in joint ventures and associates		**203**	298	301
Other investments		**1,149**	1,049	881
Post-employment benefit assets		**542**	525	649
Trade and other receivables		**410**	309	180
Deferred tax assets		**179**	237	256
Derivative financial instruments		**69**	55	85
Non-current assets		**16,856**	14,532	13,465
Current assets				
Inventories		**734**	692	570
Trade and other receivables		**5,686**	5,094	4,452
Tax recoverable		**141**	109	119
Cash and cash equivalents		**623**	1,029	2,214
Derivative financial instruments		**36**	22	79
		7,220	6,946	7,434
Assets held for sale	10	**273**	5	29
Current assets		**7,493**	6,951	7,463
Total assets		**24,349**	21,483	20,928
Current liabilities				
Borrowings		**(822)**	(1,327)	(774)
Lease liabilities		**(273)**	(237)	(216)
Derivative financial instruments		**(21)**	(45)	(6)
Provisions		**(370)**	(284)	(301)
Current tax liabilities		**(235)**	(261)	(274)
Trade and other payables		**(8,172)**	(7,166)	(6,281)
		(9,893)	(9,320)	(7,852)
Liabilities held for sale	10	**(179)**	–	–
Current liabilities		**(10,072)**	(9,320)	(7,852)
Non-current liabilities				
Borrowings		**(3,774)**	(2,787)	(3,651)
Lease liabilities		**(1,042)**	(916)	(803)
Derivative financial instruments		**(187)**	(253)	(265)
Post-employment benefit obligations		**(1,274)**	(983)	(847)
Provisions		**(344)**	(349)	(346)
Deferred tax liabilities		**(287)**	(132)	(178)
Trade and other payables		**(463)**	(443)	(395)
Non-current liabilities		**(7,371)**	(5,863)	(6,485)
Total liabilities		**(17,443)**	(15,183)	(14,337)
Net assets		**6,906**	6,300	6,591
Equity				
Share capital		**346**	346	346
Share premium		**317**	317	317
Other reserves		**4,592**	4,582	5,559
Retained earnings		**1,574**	1,018	325
Total equity shareholders' funds		**6,829**	6,263	6,547
Non-controlling interests		**77**	37	44
Total equity		**6,906**	6,300	6,591

1. See note 1.

Approved by the Board of Directors on 26 November 2024 and signed on its behalf by:

Dominic Blakemore, Director
Petros Parras, Director

Compass Group PLC
Consolidated Financial Statements

Consolidated cash flow statement

For the year ended 30 September 2024

	Notes	2024 $m	Restated[1] 2023 $m
Cash flow from operating activities			
Cash generated from operations	8	**4,095**	3,283
Interest paid		**(267)**	(208)
Tax received		**18**	31
Tax paid		**(711)**	(570)
Net cash flow from operating activities		**3,135**	2,536
Cash flow from investing activities			
Purchase of subsidiary companies		**(784)**	(389)
Purchase of interests in joint ventures and associates		**(9)**	(9)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs[2]		**225**	58
Purchase of intangible assets		**(329)**	(263)
Purchase of contract fulfilment assets		**(508)**	(380)
Purchase of property, plant and equipment		**(572)**	(445)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		**81**	78
Purchase of other investments		**(2)**	(4)
Proceeds from sale of other investments[3]		**330**	4
Dividends received from joint ventures and associates		**65**	60
Interest received		**39**	61
Loans to third parties		**(25)**	–
Net cash flow from investing activities		**(1,489)**	(1,229)
Cash flow from financing activities			
Purchase of own shares – share buyback		**(577)**	(1,148)
Purchase of own shares – employee share-based payments		**–**	(19)
Increase in borrowings		**1,381**	1
Repayment of borrowings		**(1,161)**	(543)
Repayment of borrowings acquired through business acquisitions		**(431)**	–
Net cash flow from derivative financial instruments		**46**	157
Repayment of principal under lease liabilities		**(227)**	(215)
Purchase of non-controlling interests		**–**	(10)
Dividends paid to equity shareholders	6	**(963)**	(796)
Dividends paid to non-controlling interests		**(10)**	(7)
Net cash flow from financing activities		**(1,942)**	(2,580)
Cash and cash equivalents			
Net decrease in cash and cash equivalents		**(296)**	(1,273)
Cash and cash equivalents at 1 October		**830**	1,934
Currency translation gains on cash and cash equivalents		**59**	169
		593	830
Cash reclassified to held for sale		**(40)**	–
Cash and cash equivalents at 30 September		**553**	830
Cash and cash equivalents[4]		**623**	1,029
Bank overdrafts[4]		**(70)**	(199)
Cash and cash equivalents at 30 September		**553**	830

1. See note 1.
2. 2024 includes $35m of tax payments arising on the disposal of businesses.
3. 2024 includes $327m received in respect of the sale of the Group's 19% effective interest in ASM Global Parent, Inc. in August 2024.
4. As per the consolidated balance sheet.

Compass Group PLC
Consolidated Financial Statements

Notes to the consolidated financial statements
For the year ended 30 September 2024

1 Basis of preparation

Introduction

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

The financial information set out below does not constitute the Company's statutory accounts for the years ended 30 September 2024 or 2023, but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts. The reports of the auditor were unqualified, did not draw attention to any matters by way of emphasis without qualifying its reports and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Change in reporting currency

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The change in presentation currency provides investors and other stakeholders with greater transparency in relation to the Group's performance and reduces foreign exchange volatility on earnings given that approximately three-quarters of the Group's underlying operating profit originates in US dollars. The amounts for prior periods have been translated into US dollars at average exchange rates for the relevant periods for income statements and cash flows, with spot rates used for significant transactions, and at the exchange rates on the relevant balance sheet dates for assets and liabilities. Share capital, share premium and other equity items have been translated into US dollars at historical exchange rates either at 1 October 2004, the date of transition to International Financial Reporting Standards (IFRS), or on the date of each relevant transaction.

Going concern

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

At 30 September 2024, the Group's financing arrangements included sterling and euro bonds ($3.9bn) and US dollar US Private Placement (USPP) notes ($0.7bn). In addition, the Group had a Revolving Credit Facility of $2.7bn, committed to August 2026, which was fully undrawn, and $0.6bn of cash, net of overdrafts. With the exception of a €296m ($321m) payment to acquire Dupont Restauration on 31 October 2024 (see note 13), the liquidity position of the Group has remained substantially unchanged at the date of approving these consolidated financial statements.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 31 March 2026 (the assessment period) from the most recent three-year strategic plan approved by the Board in November 2024. The directors consider 18 months to be a reasonable period for the going concern assessment as it enables them to consider the potential impact of macroeconomic and geopolitical factors over an extended period.

Debt maturities in the going concern period include, in December 2024, a $100m USPP note and, in September 2025, a £250m ($335m) Eurobond and $300m USPP note. No additional refinancing of debt is assumed in the going concern assessment.

The USPP notes are subject to leverage and interest cover covenants which are tested on 31 March and 30 September each year. The Group met both covenants at 30 September 2024. The Group's other financing arrangements do not contain any financial covenants.

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

The Group has performed a stress test against the base case to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants. The Group's committed facilities would be reached in the event that underlying operating profit reduced by more than 40% of the strategic plan level. The directors do not consider this scenario to be likely. The stress test assumes no new business acquisitions (with the exception of Dupont Restauration in October 2024 and 4Service AS in 2025) as a mitigating action.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least the period to 31 March 2026 and, therefore, have prepared the financial statements on a going concern basis.

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1 Basis of preparation (continued)

Changes in accounting policies

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

Judgements

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

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

With the exception of contract fulfilment assets, cash payments in respect of contract balances are classified as cash flows from operating activities. The Group classifies additions to contract fulfilment assets as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities was \$508m (2023: \$380m).

Estimates

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

Major sources of estimation uncertainty

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

Other sources of estimation uncertainty

In addition to the major sources of estimation uncertainty, tax and acquisition intangibles have been identified as additional sources of estimation uncertainty. Whilst not considered to be major sources of uncertainty as defined by IAS 1 Presentation of Financial Statements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties.

Climate change

Climate change is identified as a principal risk as its impact on the environment may lead to issues around food sourcing and security, and supply chain continuity in some of the Group's markets (see page 17). The potential impact of climate change has been assessed with scenario analysis conducted in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The Group has a commitment to reach climate net zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050.

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

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

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

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2 Segmental analysis

Revenue by sector and geographical segment[1,2]	Geographical segments North America $m	Europe $m	Rest of World $m	Total $m
Year ended 30 September 2024				
Business & Industry	**9,912**	**4,720**	**1,284**	**15,916**
Education	**5,932**	**1,393**	**259**	**7,584**
Healthcare & Senior Living	**7,991**	**1,479**	**503**	**9,973**
Sports & Leisure	**4,396**	**1,317**	**163**	**5,876**
Defence, Offshore & Remote	**350**	**978**	**1,499**	**2,827**
Underlying revenue[3,4]	**28,581**	**9,887**	**3,708**	**42,176**
Less: Share of revenue of joint ventures	**(24)**	**(150)**	**–**	**(174)**
Revenue	**28,557**	**9,737**	**3,708**	**42,002**
Year ended 30 September 2023 (restated[5])				
Business & Industry	8,078	3,985	1,360	13,423
Education	5,481	1,239	257	6,977
Healthcare & Senior Living	7,424	1,352	518	9,294
Sports & Leisure	4,409	1,123	162	5,694
Defence, Offshore & Remote	376	899	1,553	2,828
Underlying revenue[3,4]	25,768	8,598	3,850	38,216
Less: Share of revenue of joint ventures	(23)	(286)	–	(309)
Revenue	25,745	8,312	3,850	37,907

1. There is no inter-segment trading.
2. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows are considered to be similar.
3. Revenue plus share of revenue of joint ventures.
4. Underlying revenue arising in the UK, the Group's country of domicile, was $3,461m (2023: $2,915m). Underlying revenue arising in the US region was $27,136m (2023: $24,456m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was $38,715m (2023: $35,301m).
5. See note 1.

Profit by geographical segment	Geographical segments North America $m	Europe $m	Rest of World $m	Central activities $m	Total $m
Year ended 30 September 2024					
Underlying operating profit/(loss) before results of joint ventures and associates	**2,313**	**560**	**224**	**(144)**	**2,953**
Add: Share of profit before tax of joint ventures	**1**	**16**	**–**	**–**	**17**
Add: Share of results of associates	**21**	**7**	**–**	**–**	**28**
Underlying operating profit/(loss)[1]	**2,335**	**583**	**224**	**(144)**	**2,998**
Less: Acquisition-related charges[2]	**(84)**	**(151)**	**–**	**–**	**(235)**
Less: Charges related to the strategic portfolio review[2]	**–**	**(43)**	**–**	**(127)**	**(170)**
Less: One-off pension charge[2]	**–**	**(8)**	**–**	**–**	**(8)**
Less: Tax on share of profit of joint ventures[2]	**–**	**(1)**	**–**	**–**	**(1)**
Operating profit/(loss)	**2,251**	**380**	**224**	**(271)**	**2,584**
Net loss on sale and closure of businesses[2]					**(203)**
Finance costs					**(325)**
Profit before tax					**2,056**
Income tax expense					**(642)**
Profit for the year					**1,414**

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

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For the year ended 30 September 2024

2 Segmental analysis (continued)

Profit by geographical segment	North America $m	Europe $m	Rest of World $m	Central activities $m	Total $m
	Geographical segments				
Year ended 30 September 2023 (restated[1])					
Underlying operating profit/(loss) before results of joint ventures and associates	2,001	429	214	(120)	2,524
Add: Share of profit before tax of joint ventures	1	35	–	–	36
Add: Share of results of associates	17	15	–	–	32
Underlying operating profit/(loss)[2]	2,019	479	214	(120)	2,592
Less: Acquisition-related charges[3]	(88)	(56)	(9)	–	(153)
Less: Charges related to the strategic portfolio review[3]	–	(118)	–	–	(118)
Less: One-off pension charge[3]	–	(8)	–	–	(8)
Operating profit/(loss)	1,931	297	205	(120)	2,313
Net gain on sale and closure of businesses[3]					24
Finance costs					(200)
Profit before tax					2,137
Income tax expense					(525)
Profit for the year					1,612

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

3 Operating costs

Acquisition-related charges

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

Acquisition-related charges	2024 $m	Restated[1] 2023 $m
Amortisation – acquisition intangibles	**162**	122
Impairment losses – goodwill	**–**	6
Acquisition transaction costs	**41**	21
Adjustment to contingent consideration payable on business acquisitions	**67**	4
Gains on bargain purchases	**(35)**	–
Total	**235**	153

1. See note 1.

Charges related to the strategic portfolio review

As part of our strategic portfolio review, and considering country exits, ongoing advancement of technologies and the increased decentralisation of our business, we have reviewed our European regional business transformation ERP programme that commenced a number of years ago. We have decided to discontinue the implementation and roll out of our cross-market ERP programme and, accordingly, have recognised a charge of $160m as a specific adjusting item, which includes $146m for the non-cash impairment of work-in-progress head office (non-client-related) computer software assets. An impairment charge of $10m has been recognised in respect of our business in Qatar.

In 2023, charges related to the strategic portfolio review reflect the impact of site closures and contract renegotiations and terminations in the UK.

Charges related to the strategic portfolio review	2024 $m	Restated[1] 2023 $m
Other intangible assets	**146**	–
Right-of-use assets	**–**	52
Property, plant and equipment	**–**	8
Joint ventures and associates	**10**	–
Impairment losses	**156**	60
Write-off – other receivables	**–**	25
Onerous contracts and other costs – provisions	**14**	24
Other costs – other payables	**–**	9
Total	**170**	118

1. See note 1.

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4 Tax

Income tax expense	2024 $m	Restated[1] 2023 $m
Current tax		
Current year	**703**	593
Adjustment in respect of prior years	**(38)**	(47)
Current tax expense	**665**	546
Deferred tax		
Current year	**(39)**	(12)
Impact of changes in statutory tax rates	**–**	(1)
Adjustment in respect of prior years	**16**	(8)
Deferred tax credit	**(23)**	(21)
Total	**642**	525

1. See note 1.

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 25% (2023: 22%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

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

The Group has operations in around 30 countries. The tax position in each country is often not agreed with the tax authorities until some time after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including historical experience, interpretations of tax law and the likelihood of settlement.

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

Uncertain tax positions

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

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

The UK tax authority's inquiry into an intra-group refinancing was resolved during the year consistent with the provision previously held.

The Group does not currently anticipate any material changes to the amounts recorded at 30 September 2024.

Deferred tax assets

Deferred tax assets of $179m (2023: $237m) include $80m (2023: $103m) relating to the carry forward of unused tax losses. It is considered probable that sufficient taxable profits over a period of between one and five years will be available against which the unused tax losses can be utilised. In evaluating whether sufficient taxable profits will be available in the future, forecasts have been derived from the most recent three-year strategic plan approved by management adjusted for the effect of applicable tax laws and regulations relevant to those future taxable profits. No reasonably possible change in any of the key assumptions would result in a significant reduction in projected taxable profits such that the recognised deferred tax assets would not be realised.

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4 Tax (continued)

Regulatory developments

The legislation implementing the Pillar Two Model Rules in the UK will apply from the financial year ending 30 September 2025. The Group is reviewing this legislation and also monitoring the status of implementation of the model rules worldwide. The impact is not expected to be material. The Group has applied the temporary exception under IAS 12 Income Taxes in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two Model Rules.

5 Earnings per share

Profit for the year attributable to equity shareholders	2024 $m	Restated[1] 2023 $m
Profit for the year attributable to equity shareholders	**1,404**	1,607

1. See note 1.

Weighted average number of ordinary shares	2024 Ordinary shares of $11^{1}/_{20}$p each millions	2023 Ordinary shares of $11^{1}/_{20}$p each millions
Weighted average number of ordinary shares for basic earnings per share	**1,705**	1,743
Dilutive effect of share-based payment plans	**2**	2
Weighted average number of ordinary shares for diluted earnings per share	**1,707**	1,745

Earnings per share	2024 cents	Restated[1] 2023 cents
Basic	**82.3**	92.2
Diluted	**82.2**	92.1

1. See note 1.

Underlying earnings per share for the year ended 30 September 2024 was 119.5c (2023: 105.2c). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition-related charges, charges related to the strategic portfolio review, one-off pension charge, gains and losses on sale and closure of businesses and other financing items, together with the tax attributable to these amounts (see note 14).

6 Dividends

A final dividend in respect of 2024 of 39.1c per share, $664m in aggregate[1], has been proposed, giving a total dividend in respect of 2024 of 59.8c per share (2023: 52.6c per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 6 February 2025.

Dividends on ordinary shares	2024 Dividends per share cents	2024 $m	Restated[2] 2023 Dividends per share cents	Restated[2] 2023 $m
Amounts recognised as distributions to equity shareholders during the year				
Final 2022	**–**	**–**	27.7	462
Interim 2023	**–**	**–**	17.9	334
Final 2023	**34.7**	**606**	–	–
Interim 2024	**20.7**	**357**	–	–
Total	**55.4**	**963**	45.6	796

1. Based on the number of ordinary shares in issue at 30 September 2024, excluding shares held in treasury and the Compass Group PLC All Share Schemes Trust (1,697m shares).
2. See note 1.

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7 Goodwill

Goodwill	2024 $m	Restated[1] 2023 $m
Cost		
At 1 October	**6,748**	6,323
Business acquisitions	**618**	225
Sale and closure of businesses	**(78)**	(33)
Transfer to held for sale	**(14)**	–
Currency adjustment	**407**	233
At 30 September	**7,681**	6,748
Impairment		
At 1 October	**643**	608
Impairment	**–**	6
Sale and closure of businesses	**(7)**	–
Transfer to held for sale	**(1)**	–
Currency adjustment	**147**	29
At 30 September	**782**	643
Net carrying amount		
At 30 September	**6,899**	6,105

1. See note 1.

Goodwill by business segment	2024 $m	Restated[1] 2023 $m
US	**2,961**	2,889
Canada	**328**	265
North America	**3,289**	3,154
UK[2]	**2,081**	1,877
CH&CO[3]	**352**	–
Finland	**159**	151
HOFMANNS[S 3]	**125**	–
Other	**629**	602
Europe	**3,346**	2,630
Japan	**121**	116
Other	**143**	205
Rest of World	**264**	321
Total	**6,899**	6,105

1. See note 1.
2. Includes $1.7bn which arose in 2000 on the Granada transaction.
3. Goodwill recognised on the acquisition of CH&CO and HOFMANN[S] (see note 10) has not yet been allocated to the UK and Germany CGUs, respectively, pending completion of the integration of the businesses.

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

Impairment testing

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

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

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

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

Growth and discount rates	**2024** Long-term growth rates	**2024** Pre-tax discount rates	2023 Long-term growth rates	2023 Pre-tax discount rates
US	**2.6%**	**11.3%**	2.1%	11.3%
Canada	**2.1%**	**11.5%**	2.1%	11.8%
UK	**2.0%**	**11.1%**	2.1%	11.7%
Finland	**2.0%**	**8.3%**	2.0%	9.4%
Rest of Europe[1]	**1.2% – 15.5%**	**10.3% – 27.1%**	1.2% – 16.4%	10.7% – 31.3%
Japan	**1.4%**	**10.5%**	1.0%	10.6%
Rest of World	**1.6% – 4.2%**	**10.3% – 15.9%**	1.8% – 4.3%	10.6% – 20.2%

1. Rest of Europe includes Türkiye which has residual growth rate and pre-tax discount rate assumptions of 15.5% (2023: 16.4%) and 27.1% (2023: 31.3%), respectively. Excluding Türkiye, the residual growth rate and pre-tax discount rate assumptions for Rest of Europe range from 1.2% to 2.2% (2023: 1.2% to 2.5%) and 10.3% to 13.3% (2023: 10.7% to 14.6%), respectively.

Consistent with prior years, the goodwill impairment testing was performed as at 31 July. Subsequent to 31 July, management has considered whether there have been any indicators that the goodwill may be impaired. There was no impact on the reported amounts of goodwill as a result of this review.

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

The UK CGU is sensitive to reasonably possible changes in key assumptions. Most of the UK goodwill arose in 2000 on the Granada transaction. The estimated recoverable amount of the Group's operations in the UK exceeds its carrying value by $512m (2023: $227m). The associated impact of changes in key assumptions on the impairment assessment is presented in the table below. The sensitivity analysis presented is prepared on the basis that a change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

Decrease in recoverable amount	UK CGU **2024 $m**	UK CGU 2023 $m
Increase in pre-tax discount rate by 1%	**(309)**	(243)
Decrease in projected operating profit by 3%	**(95)**	(77)
Decrease in the long-term growth rate by 0.1%	**(25)**	(23)

In order for the recoverable amount to be equal to the carrying value, the pre-tax discount rate would have to be increased by 1.8% (2023: 0.9%), projected operating profit decreased by 16% (2023: 9%) or the long-term growth rate decreased to a decline of 0.6% (2023: growth of 1.0%).

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

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8 Reconciliation of operating profit to cash generated from operations

Reconciliation of operating profit to cash generated from operations	2024 $m	Restated[1] 2023 $m
Operating profit before joint ventures and associates	**2,540**	2,245
Adjustments for:		
Acquisition-related charges[2]	**194**	132
Charges related to the strategic portfolio review	**170**	118
One-off pension charge	**8**	8
Amortisation – other intangible assets[3]	**150**	134
Amortisation – contract fulfilment assets	**306**	282
Amortisation – contract prepayments	**94**	66
Depreciation – right-of-use assets	**220**	199
Depreciation – property, plant and equipment	**374**	337
Unwind of costs to obtain contracts	**33**	27
Impairment losses – non-current assets[4]	**10**	12
Impairment reversals – non-current assets	**(7)**	(2)
Gain on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	**(5)**	(4)
Other non-cash changes	**–**	(1)
Increase/(decrease) in provisions	**7**	(50)
Investment in contract prepayments	**(213)**	(88)
Increase in costs to obtain contracts[5]	**(47)**	(45)
Post-employment benefit obligations net of service costs	**7**	(21)
Share-based payments – charged to profit	**68**	54
Operating cash flow before movements in working capital	**3,909**	3,403
Increase in inventories	**(36)**	(119)
Increase in receivables	**(670)**	(680)
Increase in payables	**892**	679
Cash generated from operations	**4,095**	3,283

1. See note 1.
2. Includes amortisation and impairment of acquisition intangibles. Excludes acquisition transaction costs of $41m (2023: $21m) as acquisition transaction costs are included in net cash flow from operating activities.
3. Excludes amortisation of acquisition intangibles.
4. Excludes impairment losses of $156m (2023: $60m) included in charges related to the strategic portfolio review.
5. Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise out of cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities was $508m (2023: $380m).

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9 Financial instruments

Certain of the Group's financial instruments are held at fair value.

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

The fair value measurement hierarchy is as follows:

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

There were no transfers of financial instruments between levels of the fair value hierarchy in either the year ended 30 September 2024 or 2023. The carrying amounts of financial instruments measured at fair value are shown in the table below:

Financial instruments measured at fair value	Level	2024 $m	Restated[1] 2023 $m
Non-current			
Rabbi Trust investments[2]	1	**1,022**	760
Mutual fund investments[2]	1	**62**	58
Other investments[2]	1	**–**	15
Life insurance policies[2]	2	**36**	35
Derivative financial instruments – assets	2	**69**	55
Derivative financial instruments – liabilities	2	**(187)**	(253)
Trade investments[2]	3	**29**	181
Contingent consideration payable on business acquisitions[3]	3	**(102)**	(97)
Non-controlling interest put options[3]	3	**(65)**	(22)
Current			
Money market funds[4]	1	**126**	510
Derivative financial instruments – assets	2	**36**	22
Derivative financial instruments – liabilities	2	**(21)**	(45)
Contingent consideration payable on business acquisitions[3]	3	**(250)**	(61)
Non-controlling interest put options[3]	3	**(5)**	–

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

Due to the variability of the valuation factors, the fair values presented at 30 September 2024 may not be indicative of the amounts the Group would expect to realise in the current market environment. The fair values of financial instruments at levels 2 and 3 of the fair value hierarchy have been determined based on the valuation methodologies listed below:

Level 2

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

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

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9 Financial instruments (continued)

Level 3

Trade investments Estimated values using income and market value approaches.

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

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

A reconciliation from opening to closing balances for Level 3 financial instruments is as follows:

	2024			Restated[1] 2023		
Level 3 financial instruments	**Trade investments $m**	**Contingent consideration payable on business acquisitions $m**	**Non-controlling interest put options $m**	Trade investments $m	Contingent consideration payable on business acquisitions $m	Non-controlling interest put options $m
At 1 October	**181**	**(158)**	**(22)**	142	(77)	(50)
Change in fair value recognised in the income statement	**–**	**(67)**	**–**	–	(4)	–
Change in fair value recognised in the statement of comprehensive income	**175**	**–**	**–**	39	–	–
Change in fair value recognised in the statement of changes in equity	**–**	**–**	**7**	–	–	16
Additions	**–**	**(153)**	**(54)**	–	(121)	(2)
Disposals	**(327)**	**–**	**–**	–	–	–
Purchase of non-controlling interests	**–**	**–**	**–**	–	–	10
Payments relating to businesses acquired in previous years	**–**	**50**	**–**	–	44	4
Net present value adjustments	**–**	**(9)**	**–**	–	(6)	–
Currency translation	**–**	**(15)**	**(1)**	–	6	–
At 30 September	**29**	**(352)**	**(70)**	181	(158)	(22)

1. See note 1.

The directors do not consider that any reasonably possible changes in the key assumptions would cause the fair value of the Level 3 financial instruments to be significantly higher or lower.

With the exception of borrowings, the carrying amounts of financial instruments measured at amortised cost approximate to their fair values. Borrowings are measured at amortised cost unless they are part of a fair value hedge, in which case amortised cost is adjusted for the fair value attributable to the risk being hedged. The carrying amount of borrowings at 30 September 2024 is $4,596m (2023: $4,114m). The fair value of borrowings at 30 September 2024, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments (Level 2 inputs), is $4,625m (2023: $4,131m).

10 Acquisition, sale and closure of businesses

Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the year, net of cash acquired, was $1,256m (2023: $410m), including $431m (2023: $nil) on the repayment of borrowings acquired through business acquisitions, $61m (2023: $48m) of deferred and contingent consideration and other payments relating to businesses acquired in previous years, and $41m (2023: $21m) of acquisition transaction costs included in net cash flow from operating activities.

The Group made two individually material acquisitions during the year (HOFMANN^S and CH&CO). Detailed disclosures in respect of these acquisitions are provided below.

HOFMANN^S

On 19 December 2023, the Group acquired 100% of the issued share capital of Hofmann-Menü Holdings GmbH (trading as HOFMANN^S), a German producer of high-quality cook and freeze meals, for cash consideration of €94m ($103m) net of cash acquired. The cash consideration excludes third-party debt acquired and repaid on the date of acquisition of €168m ($185m).

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10 Acquisition, sale and closure of businesses (continued)

The goodwill of $123m represents the premium the Group has paid to acquire a company that complements its existing businesses and creates significant opportunities for synergies. In particular, the ability to offer additional services to the Group's existing customers and to leverage cross-selling opportunities with customers of HOFMANN^{S} will deliver significant economies of scale.

The fair value of net assets acquired includes $197m in respect of other intangible assets which mainly relate to brands ($66m) and client contracts ($126m). The brands were valued using the relief from royalty method, with the key assumptions being forecast revenue, royalty rate, useful life and discount rate. The client contracts were valued using the multi-period excess earnings method, with the key assumptions being forecast operating profit, attrition rate, useful life and discount rate. The intangible assets were valued by independent valuation experts.

The acquisition did not have a material impact on the Group's revenue or profit for the year. If the acquisition had occurred on 1 October 2023, it would not have had a material impact on the Group's revenue or profit for the year.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of HOFMANN^{S}:

	Fair value $m
Net assets acquired	
Other intangible assets	**197**
Right-of-use assets	**5**
Property, plant and equipment	**30**
Trade and other receivables	**13**
Inventories	**18**
Cash and cash equivalents	**41**
Borrowings	**(185)**
Lease liabilities	**(5)**
Current tax liabilities	**(18)**
Trade and other payables	**(23)**
Deferred tax liabilities	**(52)**
Fair value of net assets acquired	**21**
Goodwill	**123**
Total consideration	**144**
Satisfied by	
Cash consideration paid	**144**
Total consideration	**144**
Cash flow	
Cash consideration paid	**144**
Less: Cash and cash equivalents acquired	**(41)**
Cash consideration net of cash acquired	**103**
Add: Repayment of borrowings acquired through business acquisitions[1]	**185**
Add: Acquisition transaction costs[2]	**7**
Total cash outflow from purchase of subsidiary companies	**295**
Consolidated cash flow statement	
Net cash flow from operating activities[2]	**7**
Net cash flow from investing activities	**103**
Net cash flow from financing activities[1]	**185**
Total cash outflow from purchase of subsidiary companies	**295**

1. Repayment of borrowings acquired through business acquisitions is included in net cash flow from financing activities.
2. Acquisition transaction costs are included in net cash flow from operating activities.

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For the year ended 30 September 2024

10 Acquisition, sale and closure of businesses (continued)

CH&CO

On 30 April 2024, the Group acquired 100% of the issued share capital of Orchestra Topco Limited (trading as CH&CO), a provider of premium contract and hospitality services in the UK and Ireland, for cash consideration of £274m ($344m) net of cash acquired. The cash consideration excludes third-party debt acquired and repaid on the date of acquisition of £197m ($246m).

Contingent consideration is payable in 2025 and 2026 based on EBITDA for the years ending 30 April 2025 and 2026, with an additional payment due in 2027 in respect of contracts won but not mobilised by the end of the second year. The fair value of these contingent payments, which has been estimated based on forecast EBITDA and contract wins and losses, is £63m ($79m), with minimum and undiscounted maximum values of £nil and £165m ($207m), respectively.

The goodwill of $329m represents the premium the Group has paid to acquire a company that complements its existing businesses and creates significant opportunities for synergies, including economies of scale in purchasing and overhead cost savings.

The fair value of net assets acquired includes $452m in respect of other intangible assets which relate to brands ($145m) and client contracts ($307m). The brands were valued using the relief from royalty method, with the key assumptions being forecast revenue, royalty rate, useful life and discount rate. The client contracts were valued using the multi-period excess earnings method, with the key assumptions being forecast operating profit, attrition rate, useful life and discount rate. The intangible assets were valued by independent valuation experts.

The acquisition did not have a material impact on the Group's revenue or profit for the year. If the acquisition had occurred on 1 October 2023, it would not have had a material impact on the Group's revenue or profit for the year.

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10 Acquisition, sale and closure of businesses (continued)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of CH&CO:

	Fair value $m
Net assets acquired	
Other intangible assets	452
Right-of-use assets	7
Property, plant and equipment	11
Trade and other receivables	113
Tax recoverable	2
Inventories	5
Cash and cash equivalents	12
Deferred tax assets	10
Borrowings	(246)
Lease liabilities	(5)
Provisions	(5)
Trade and other payables	(137)
Deferred tax liabilities	(113)
Fair value of net assets acquired	106
Goodwill	329
Total consideration	435
Satisfied by	
Cash consideration paid	356
Contingent consideration payable	79
Total consideration	435
Cash flow	
Cash consideration paid	356
Less: Cash and cash equivalents acquired	(12)
Cash consideration net of cash acquired	344
Add: Repayment of borrowings acquired through business acquisitions[1]	246
Add: Acquisition transaction costs[2]	16
Total cash outflow from purchase of subsidiary companies	606
Consolidated cash flow statement	
Net cash flow from operating activities[2]	16
Net cash flow from investing activities	344
Net cash flow from financing activities[1]	246
Total cash outflow from purchase of subsidiary companies	606

1. Repayment of borrowings acquired through business acquisitions is included in net cash flow from financing activities.
2. Acquisition transaction costs are included in net cash flow from operating activities.

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10 Acquisition, sale and closure of businesses (continued)

All acquisitions

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

	Fair value	
	2024 $m	Restated[1] 2023 $m
Net assets acquired		
Other intangible assets	**907**	271
Contract fulfilment assets	**3**	–
Right-of-use assets	**37**	–
Property, plant and equipment	**83**	28
Trade and other receivables	**144**	18
Deferred tax assets	**11**	–
Inventories	**30**	13
Tax recoverable	**3**	–
Cash and cash equivalents	**61**	13
Borrowings	**(431)**	–
Lease liabilities	**(35)**	–
Provisions	**(5)**	–
Current tax liabilities	**(18)**	(2)
Trade and other payables	**(181)**	(21)
Post-employment benefit obligations	**(1)**	–
Deferred tax liabilities	**(184)**	(23)
Fair value of net assets acquired	**424**	297
Less: Step acquisitions	**(30)**	(29)
Less: Gains on bargain purchases	**(35)**	–
Less: Non-controlling interests	**(40)**	(2)
Goodwill	**618**	225
Total consideration	**937**	491
Satisfied by		
Cash consideration paid	**784**	354
Deferred and contingent consideration payable	**145**	137
Non-cash consideration	**8**	–
Total consideration	**937**	491
Cash flow		
Cash consideration paid	**784**	354
Less: Cash and cash equivalents acquired	**(61)**	(13)
Cash consideration net of cash acquired	**723**	341
Add: Repayment of borrowings acquired through business acquisitions[2]	**431**	–
Add: Acquisition transaction costs[3]	**41**	21
Net cash outflow arising on acquisition	**1,195**	362
Deferred and contingent consideration and other payments relating to businesses acquired in previous years	**61**	48
Total cash outflow from purchase of subsidiary companies	**1,256**	410
Consolidated cash flow statement		
Net cash flow from operating activities[3]	**41**	21
Net cash flow from investing activities	**784**	389
Net cash flow from financing activities[2]	**431**	–
Total cash outflow from purchase of subsidiary companies	**1,256**	410

1. See note 1.
2. Repayment of borrowings acquired through business acquisitions is included in net cash flow from financing activities.
3. Acquisition transaction costs are included in net cash flow from operating activities.

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10 Acquisition, sale and closure of businesses (continued)

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

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

The acquisitions did not have a material impact on the Group's revenue or profit for the year. If the acquisitions had occurred on 1 October 2023, they would not have had a material impact on the Group's revenue or profit for the year.

Sale and closure of businesses

The Group has recognised a net loss of $203m (2023: net gain of $24m) on the sale and closure of businesses, including exit costs of $92m (2023: $14m). Activity in the year includes the sale of the Group's businesses in Argentina, Brazil, mainland China and the United Arab Emirates, the exit from Angola and sale of the final 5% shareholding in Highways Royal Co., Limited (Japanese Highways).

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

	2024 $m	Restated[1] 2023 $m
Net assets disposed		
Goodwill	**71**	33
Other intangible assets	**13**	21
Right-of-use assets	**4**	10
Property, plant and equipment	**26**	22
Interest in joint ventures and associates	**61**	–
Trade and other receivables	**200**	33
Deferred tax assets	**14**	1
Inventories	**21**	11
Tax recoverable	**1**	–
Cash and cash equivalents	**30**	35
Assets held for sale	**5**	32
Lease liabilities	**(4)**	(11)
Provisions	**(14)**	(2)
Current tax liabilities	**(15)**	–
Trade and other payables	**(210)**	(50)
Net assets disposed	**203**	135
Consolidated income statement		
Cash consideration	**319**	102
Deferred consideration	**24**	70
Less: Net assets disposed	**(203)**	(135)
Less: Exit costs	**(92)**	(14)
Less: Loss on step acquisitions	**(1)**	–
(Less)/add: Reclassification of cumulative currency translation differences on sale of businesses[2]	**(250)**	1
Net (loss)/gain on sale and closure of businesses	**(203)**	24
Consolidated cash flow statement		
Cash consideration received	**319**	102
Tax payments arising on disposal of businesses	**(35)**	–
Exit costs paid	**(29)**	(9)
Cash and cash equivalents disposed	**(30)**	(35)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs	**225**	58

1. See note 1.
2. Includes cumulative foreign exchange gains of $8m (2023: losses of $4m) on net investment hedges.

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10 Acquisition, sale and closure of businesses (continued)

Assets and liabilities held for sale

In July 2024, the Group agreed the sale of its businesses in Chile, Colombia and Mexico. The disposals, which are subject to regulatory approval and completion procedures, are expected to complete in the first half of the 2025 financial year. Accordingly, the assets and liabilities of the Group's businesses in Chile, Colombia and Mexico are classified as held for sale at 30 September 2024. The Group's investment in its joint venture in Qatar is also classified as held for sale at 30 September 2024, with a carrying value of $nil.

	Carrying value $m
Assets held for sale	
Goodwill	**13**
Other intangible assets	**1**
Costs to obtain contracts	**1**
Right-of-use assets	**5**
Property, plant and equipment	**12**
Trade and other receivables	**165**
Deferred tax assets	**17**
Inventories	**11**
Tax recoverable	**8**
Cash and cash equivalents	**40**
Total	**273**
Liabilities held for sale	
Lease liabilities	**(6)**
Provisions	**(8)**
Current tax liabilities	**(8)**
Trade and other payables	**(157)**
Total	**(179)**

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11 Contingent liabilities

Litigation and claims

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

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

During the period of the Group's ownership of its business in Brazil, which was sold during the year, the federal tax authorities issued notices of deficiency in respect of 2014 and 2017 relating primarily to the PIS/COFINS treatment of certain food costs which we formally objected to and which are proceeding through the appeals process. At 30 September 2024, the total amount assessed in respect of these matters is $87m, including interest and penalties. The possibility of further notices of deficiency for subsequent years during the period of the Group's ownership cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisers, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded.

The Group is currently subject to audits and reviews in a number of countries that primarily relate to complex corporate tax issues. None of these audits is currently expected to have a material impact on the Group's financial position. We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations.

Food safety

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

12 Related party transactions

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

Subsidiaries

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

Joint ventures

With the exception of the sale of the Group's joint venture in the United Arab Emirates, there were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the year.

Associates

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

Key management personnel

The remuneration of directors and key management personnel is set out in note 4 to the consolidated financial statements in the 2024 Annual Report. During the year, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

Post-employment benefit schemes

Details of the Group's post-employment benefit schemes are set out in note 24 to the consolidated financial statements in the 2024 Annual Report.

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13 Post-balance sheet events

On 31 October 2024, the Group acquired 100% of the issued share capital of DR Holding (trading as Dupont Restauration), a provider of contract catering services in France, for cash of €296m ($321m). If the acquisition had occurred on 1 October 2023, it would not have had a material impact on the Group's revenue or profit for the year ended 30 September 2024. Given the proximity of the completion date to the date of this Announcement, certain elements of the acquisition accounting are not yet available. Full disclosures will be provided in the 2025 Half Year Results Announcement and Annual Report.

On 31 October 2024, the Group agreed the sale of its business in Kazakhstan, subject to regulatory approval. The net assets of the business at 30 September 2024 are not material.

On 13 November 2024, the Group entered into an agreement to acquire 4Service AS, a provider of catering and facility management services in Norway, for an enterprise value of approximately NOK5.5bn ($494m). The acquisition is subject to regulatory approval which we expect to receive during the 2025 financial year.

In the period from 1 October to 26 November 2024, 2,356,198 shares were repurchased for a total price, including transaction costs, of $77m under the share buyback announced in November 2023. The share buyback is scheduled to complete by 17 December 2024.

On 26 November 2024, a final dividend in respect of 2024 of 39.1c per share, $664m in aggregate, was proposed.

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Notes to the consolidated financial statements
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14 Non-GAAP measures

Introduction

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

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

Definitions

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

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

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14 Non-GAAP measures (continued)

Definitions (continued)

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

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

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14 Non-GAAP measures (continued)

Definitions (continued)

Measure	Definition	Purpose
Cash flow (continued)		
Underlying operating cash flow conversion	Underlying operating cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Free cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying free cash flow[1]	Free cash flow excluding cash payments related to the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying free cash flow conversion[2]	Underlying free cash flow divided by underlying profit for the year.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying cash tax rate	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.	Provides a measure of the cash tax rate that is comparable over time.
Business growth		
New business	Current year underlying revenue for the period in which no revenue had been recognised in the prior year.	The measure of incremental revenue in the current year from new business.
Lost business	Prior year underlying revenue for the period in which no revenue has been recognised in the current year.	The measure of lost revenue in the current year from ceased business.
Net new business	New business minus lost business as a percentage of prior year organic revenue.	The measure of net incremental revenue in the current year from business wins and losses.
Retention	100% minus lost business as a percentage of prior year organic revenue.	The measure of our success in retaining business.

1. Key Performance Indicator.
2. Underlying profit for the year has replaced underlying operating profit as the denominator in the calculation of underlying free cash flow conversion.

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14 Non-GAAP measures (continued)

Reconciliations

Income statement

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

Organic revenue	Geographical segments North America $m	Europe $m	Rest of World $m	Central activities $m	Total $m
Year ended 30 September 2024					
Underlying revenue	**28,581**	**9,887**	**3,708**	**–**	**42,176**
Organic adjustments	**(105)**	**(570)**	**(480)**	**–**	**(1,155)**
Organic revenue	**28,476**	**9,317**	**3,228**	**–**	**41,021**
Year ended 30 September 2023					
Underlying revenue (restated[1])	25,768	8,598	3,850	–	38,216
Currency adjustments	(6)	49	(112)	–	(69)
Underlying revenue – constant currency	25,762	8,647	3,738	–	38,147
Organic adjustments	14	(322)	(764)	–	(1,072)
Organic revenue	25,776	8,325	2,974	–	37,075
Increase in underlying revenue at reported rates – %	**10.9%**	**15.0%**	**(3.7)%**	**–**	**10.4%**
Increase in underlying revenue at constant currency – %	**10.9%**	**14.3%**	**(0.8)%**	**–**	**10.6%**
Increase in organic revenue – %	**10.5%**	**11.9%**	**8.5%**	**–**	**10.6%**

1. See note 1.

Organic operating profit	Geographical segments North America $m	Europe $m	Rest of World $m	Central activities $m	Total $m
Year ended 30 September 2024					
Underlying operating profit/(loss)	**2,335**	**583**	**224**	**(144)**	**2,998**
Underlying operating margin – %	**8.2%**	**5.9%**	**6.0%**		**7.1%**
Organic adjustments	**2**	**(61)**	**(33)**	**–**	**(92)**
Organic operating profit/(loss)	**2,337**	**522**	**191**	**(144)**	**2,906**
Year ended 30 September 2023					
Underlying operating profit/(loss) (restated[1])	2,019	479	214	(120)	2,592
Underlying operating margin – %	7.8%	5.6%	5.6%		6.8%
Currency adjustments	–	(1)	(11)	(4)	(16)
Underlying operating profit/(loss) – constant currency	2,019	478	203	(124)	2,576
Organic adjustments	1	(24)	(53)	–	(76)
Organic operating profit/(loss)	2,020	454	150	(124)	2,500
Increase in underlying operating profit at reported rates – %	**15.7%**	**21.7%**	**4.7%**		**15.7%**
Increase in underlying operating profit at constant currency – %	**15.7%**	**22.0%**	**10.3%**		**16.4%**
Increase in organic operating profit – %	**15.7%**	**15.0%**	**27.3%**		**16.2%**

1. See note 1.

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For the year ended 30 September 2024

14 Non-GAAP measures (continued)

Reconciliations (continued)

Underlying income statement	2024 Statutory $m	Specific adjusting items 1	2	3	4	5	2024 Underlying $m
Operating profit	2,584	235	8	1	170	–	2,998
Net loss on sale and closure of businesses	(203)	–	–	–	203	–	–
Finance costs	(325)	9	–	–	–	67	(249)
Profit before tax	**2,056**	**244**	**8**	**1**	**373**	**67**	**2,749**
Income tax expense	(642)	(43)	(2)	(1)	1	(15)	(702)
Profit for the year	**1,414**	**201**	**6**	**–**	**374**	**52**	**2,047**
Less: Non-controlling interests	(10)	–	–	–	–	–	(10)
Profit attributable to equity shareholders	**1,404**	**201**	**6**	**–**	**374**	**52**	**2,037**
Earnings per share (cents)	82.3c	11.8c	0.4c	–	22.0c	3.0c	119.5c
Effective tax rate (%)	31.2%						25.5%

Underlying income statement (restated[1])	2023 Statutory $m	Specific adjusting items 1	2	3	4	5	2023 Underlying $m
Operating profit	2,313	153	8	–	118	–	2,592
Net gain on sale and closure of businesses	24	–	–	–	(24)	–	–
Finance costs	(200)	–	–	–	–	34	(166)
Profit before tax	2,137	153	8	–	94	34	2,426
Income tax expense	(525)	(32)	(1)	–	(21)	(9)	(588)
Profit for the year	1,612	121	7	–	73	25	1,838
Less: Non-controlling interests	(5)	–	–	–	–	–	(5)
Profit attributable to equity shareholders	1,607	121	7	–	73	25	1,833
Currency adjustments							(15)
Profit attributable to equity shareholders – constant currency							1,818
Earnings per share (cents)	92.2c	7.0c	0.4c	–	4.2c	1.4c	105.2c
Earnings per share – constant currency (cents)							104.3c
Effective tax rate (%)	24.6%						24.2%

1. See note 1.

Specific adjusting items are as follows:

1. Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs, changes in consideration in relation to past acquisition activity, other acquisition-related items (see note 3) and, from 2024, net present value adjustments on deferred and contingent consideration payable on business acquisitions.

2. One-off pension charge

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

3. Tax on share of profit of joint ventures

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

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

Profits and losses on the sale of subsidiaries, joint ventures and associates, exit costs on closure of businesses (see note 10) and charges in respect of a strategic portfolio review to focus on the Group's core markets (see note 3).

5. Other financing items

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

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Notes to the consolidated financial statements
For the year ended 30 September 2024

14 Non-GAAP measures (continued)

Reconciliations (continued)

Net operating profit after tax (NOPAT)	2024 $m	Restated[1] 2023 $m
Underlying operating profit	**2,998**	2,592
Deduct:		
Tax on underlying operating profit at effective tax rate	**(762)**	(626)
Operating profit of non-controlling interests net of tax	**(10)**	(5)
NOPAT	**2,226**	1,961

1. See note 1.

Underlying EBITDA	2024 $m	Restated[1] 2023 $m
Underlying operating profit	**2,998**	2,592
Add back/(deduct):		
Depreciation of property, plant and equipment and right-of-use assets	**594**	536
Amortisation of other intangible assets, contract fulfilment assets and contract prepayments[2]	**550**	482
Impairment losses – non-current assets[3]	**10**	12
Impairment reversals – non-current assets	**(7)**	(2)
Underlying EBITDA	**4,145**	3,620

1. See note 1.
2. Excludes amortisation of acquisition intangibles.
3. Excludes impairment losses of $156m (2023: $60m) included in charges related to the strategic portfolio review.

Balance sheet

Components of net debt	2024 $m	Restated[1] 2023 $m
Borrowings	**(4,596)**	(4,114)
Lease liabilities	**(1,315)**	(1,153)
Derivative financial instruments	**(103)**	(221)
Gross debt	**(6,014)**	(5,488)
Cash and cash equivalents	**623**	1,029
Net debt	**(5,391)**	(4,459)

1. See note 1.

Net debt reconciliation	2024 $m	Restated[1] 2023 $m
Net decrease in cash and cash equivalents	**(296)**	(1,273)
(Deduct)/add back:		
Increase in borrowings	**(1,381)**	(1)
Repayment of borrowings	**1,161**	543
Repayment of borrowings acquired through business acquisitions	**431**	–
Net cash flow from derivative financial instruments	**(46)**	(157)
Repayment of principal under lease liabilities	**227**	215
Decrease/(increase) in net debt from cash flows	**96**	(673)
New lease liabilities and amendments	**(325)**	(323)
Borrowings acquired through business acquisitions	**(431)**	–
Amortisation of fees and discounts on issue of debt	**(4)**	(5)
Changes in fair value of borrowings in a fair value hedge	**(175)**	(32)
Lease liabilities acquired through business acquisitions	**(35)**	–
Lease liabilities derecognised on sale and closure of businesses	**4**	11
Changes in fair value of derivative financial instruments	**115**	(9)
Currency translation losses	**(143)**	(91)
Increase in net debt	**(898)**	(1,122)
Net debt at 1 October	**(4,459)**	(3,337)
Cash and lease liabilities transferred to held for sale	**(34)**	–
Net debt at 30 September	**(5,391)**	(4,459)

1. See note 1.

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14 Non-GAAP measures (continued)

Reconciliations (continued)

Net debt to EBITDA	2024 $m	Restated[1] 2023 $m
Net debt	**(5,391)**	(4,459)
Underlying EBITDA	**4,145**	3,620
Net debt to EBITDA (times)	**1.3**	1.2

1. See note 1.

Return on capital employed (ROCE)	2024 $m	Restated[1] 2023 $m
NOPAT	**2,226**	1,961
Average capital employed	**11,722**	10,138
ROCE (%)	**19.0%**	19.3%

1. See note 1.

Cash flow

Capital expenditure	2024 $m	Restated[1] 2023 $m
Purchase of intangible assets	**329**	263
Purchase of contract fulfilment assets	**508**	380
Purchase of property, plant and equipment	**572**	445
Investment in contract prepayments	**213**	88
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**(81)**	(78)
Capital expenditure	**1,541**	1,098

1. See note 1.

Underlying operating cash flow	2024 $m	Restated[1] 2023 $m
Net cash flow from operating activities	**3,135**	2,536
Purchase of intangible assets	**(329)**	(263)
Purchase of contract fulfilment assets	**(508)**	(380)
Purchase of property, plant and equipment	**(572)**	(445)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**81**	78
Repayment of principal under lease liabilities	**(227)**	(215)
Share of results of joint ventures and associates	**44**	68
Add back/(deduct):		
Interest paid	**267**	208
Net tax paid	**693**	539
Post-employment benefit obligations net of service costs[2]	**(7)**	11
Cash payments related to the cost action programme and COVID-19 resizing costs	**8**	35
Cash payments related to the strategic portfolio review	**8**	24
Cash payments related to the one-off pension charge	**8**	11
Acquisition transaction costs	**41**	21
Underlying operating cash flow	**2,642**	2,228

1. See note 1.
2. 2023 excludes $10m of cash payments related to the one-off pension charge.

Underlying operating cash flow conversion	2024 $m	Restated[1] 2023 $m
Underlying operating cash flow	**2,642**	2,228
Underlying operating profit	**2,998**	2,592
Underlying operating cash flow conversion (%)	**88.1%**	86.0%

1. See note 1.

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14 Non-GAAP measures (continued)

Reconciliations (continued)

Free cash flow	2024 $m	Restated[1] 2023 $m
Net cash flow from operating activities	**3,135**	2,536
Purchase of intangible assets	**(329)**	(263)
Purchase of contract fulfilment assets	**(508)**	(380)
Purchase of property, plant and equipment	**(572)**	(445)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**81**	78
Purchase of other investments	**(2)**	(4)
Proceeds from sale of other investments[2]	**3**	4
Dividends received from joint ventures and associates	**65**	60
Interest received	**39**	61
Repayment of principal under lease liabilities	**(227)**	(215)
Dividends paid to non-controlling interests	**(10)**	(7)
Free cash flow	**1,675**	1,425

1. See note 1.
2. 2024 excludes $327m received in respect of the sale of the Group's 19% effective interest in ASM Global Parent, Inc. in August 2024.

Underlying free cash flow	2024 $m	Restated[1] 2023 $m
Free cash flow	**1,675**	1,425
Add back:		
Cash payments related to the cost action programme and COVID-19 resizing costs	**8**	35
Cash payments related to the strategic portfolio review	**8**	24
Cash payments related to the one-off pension charge	**8**	11
Acquisition transaction costs	**41**	21
Underlying free cash flow	**1,740**	1,516

1. See note 1.

Underlying free cash flow conversion	2024 $m	Restated[1,2] 2023 $m
Underlying free cash flow	**1,740**	1,516
Underlying profit for the year	**2,047**	1,838
Underlying free cash flow conversion (%)	**85.0%**	82.5%

1. See note 1.
2. As underlying free cash flow includes interest and tax cash flows, underlying profit for the year has replaced underlying operating profit as the denominator in the calculation of underlying free cash flow conversion. Underlying free cash flow conversion would be 58.0% in 2024 (2023: 58.5%) using underlying operating profit as the denominator.

Underlying cash tax rate	2024 $m	Restated[1] 2023 $m
Tax received	**18**	31
Tax paid	**(711)**	(570)
Net tax paid	**(693)**	(539)
Underlying profit before tax	**2,749**	2,426
Underlying cash tax rate (%)	**25.2%**	22.2%

1. See note 1.

Business growth

Net new business	2024 $m	Restated[1] 2023 $m
New business less lost business	**1,573**	1,472
Prior year organic revenue	**37,075**	31,872
Net new business (%)	**4.2%**	4.6%

1. See note 1.

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For the year ended 30 September 2024

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

	2024	2023
Average exchange rate for the year		
Australian dollar	**1.51**	1.51
Brazilian real	**5.20**	5.09
Canadian dollar	**1.36**	1.35
Euro	**0.92**	0.94
Japanese yen	**150.03**	140.07
Pound sterling	**0.79**	0.82
Turkish lira	**31.33**	21.51
Closing exchange rate at 30 September		
Australian dollar	**1.44**	1.55
Brazilian real	**5.45**	5.00
Canadian dollar	**1.35**	1.35
Euro	**0.90**	0.94
Japanese yen	**143.04**	149.22
Pound sterling	**0.75**	0.82
Turkish lira	**34.19**	27.41

Forward-looking statements

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

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