Circular services at work

Press release

March 7, 2024

Elis delivers a record financial performance in 2023
Numerous industrial and commercial successes
Acceleration of Group deleveraging

Elis' 2023 operational and financial performance confirms the relevance of the Group's strategy and its business model

- Revenue of €4,309.4m (+12.8%, of which +11.8% organic)
- Adjusted EBITDA up +17.1% to €1,474.8m (margin up +130bps at 34.2%)
- Adjusted EBIT up +25.6% to €683.1m (margin up +160bps at 15.9%)
- Headline net income per share up +22.4% to €1.86 (+18.4% at €1.70 on a fully diluted basis)
- Pre-tax ROCE up +230bps to 13.9%
- Free cash flow up +35.0% to €303.6m
- Financial leverage ratio at 2.0x at December 31, 2023, vs. 2.5x at December 31, 2022
- Long-term credit rating upgraded to "BBB-" Investment Grade by S&P Global Ratings

Numerous commercial successes in workwear and good pricing momentum

- Further outsourcing trend in workwear: new contract signings in 2023 are up c. +14% yoy
- Satisfactory activity in our four end-markets
- Very favorable pricing momentum in all our markets on the back of adjustments implemented to offset inflation: price effect was c. +9% over the year, in line with inflation of our cost base
- Strong pricing discipline for tenders or contract renewals, resulting in a moderate increase in churn

Improvement of profitability indicators, record free cash flow and acceleration of Group deleveraging

- Improvement of industrial performance and significant productivity gains, especially on logistics and energy consumption
- All geographies delivered higher 2023 adjusted EBITDA margin, above 30%
- Record 2023 free cash flow and acceleration of Group deleveraging: financial leverage ratio down 0.5x at December 31, 2023 to 2.0x
- Proposed cash dividend of €0.43 per share for the 2023 financial year, up c. +5% compared to the 2022 dividend

Acceleration of the deployment of CSR strategy

- Improvement of Elis' non-financial ratings, rewarding its CSR strategy
- Climate roadmap presented in September 2023 with 2030 targets in line with The Paris Agreement and validated by SBTi
- Good progress towards Group's 2025 objectives and towards emission reduction (scopes 1, 2 and 3)
- Group DNA at the heart of its "raison d'être": "To deliver circular services at work for hygiene, well-being and protection – everywhere, every day, in a sustainable way."

2024 outlook: Another year of profitable growth for Elis; further Group deleveraging

- Full-year organic revenue growth expected at c. +5%
- Adjusted EBITDA margin expected up close to 35%
- Adjusted EBIT margin expected stable yoy at c. 16%
- Headline net income per share expected above €1.75 on a fully diluted basis
- Free cash flow expected at c. €340m
- Financial leverage ratio as of December 31, 2024 expected down 0.2x compared to December 31, 2023

Saint-Cloud, 7 March 2024 – Elis, the global leader in circular services at work, today announces its 2023 full-year results. The accounts have been approved by the Management Board and examined by the Supervisory Board on March 6, 2024. They have been audited and the auditors issued a report without any qualification.

Commenting on the announcement, **Xavier Martiré, Chairman of the Management Board of Elis**, said:

"In 2023, Elis delivered a record level for almost all its financial aggregates.

In a context still marked by strong inflation, revenue growth largely benefited from price adjustments implemented to offset the increase of our cost base.

Commercial momentum was strong, especially in workwear, where the outsourcing trend is moving ahead in many industries. From an industrial standpoint, further optimization of production processes in all geographies led to significant productivity gains over the year, notably regarding logistics and resource consumption.

These operational achievements led to outstanding financial results, with a strong increase in revenue along with improved EBITDA margin and EBIT margin and higher headline net income. Free cash flow was up + 35% and reached a record level of 304 million euros, enabling the acceleration of the Group's deleveraging: the financial leverage ratio improved 0.5x, to 2.0x at December 31, 2023.

These excellent results enable us to propose at the next shareholders' meeting the payment of a dividend in cash of 0.43 euros per share, up c. +5% year on year.

We entered 2024 with confidence: visibility is good, both in terms of revenue and costs. 2024 should therefore be another year of profitable growth for Elis, with organic revenue growth expected at c. +5% along with further improvement of EBITDA margin, headline net income per share and free cash flow.

Elis has also decided to invest for the future by significantly strengthening its salesforce. In all geographies, sales teams are being expanded to accelerate the Group's services deployment and support further growth.

In 2023, Elis continued its initiatives linked to the circular economy and the recycling of its textiles. In September 2023, the Group announced ambitious targets to reduce its emissions, aligned with the objectives of the Paris Agreement.

Finally, M&A activity should be significantly more intense in 2024 than it was last year; we anticipate a noticeable recovery of acquisitions of small or mid-size targets. The attractive multiples paid for these acquisitions and Elis' proven track record in quickly generating synergies will enable us to also continue deleveraging the Group: we anticipate a -0.2x decrease of the financial leverage ratio in 2024.

The great resilience that Elis demonstrated through the various recent crises, its operational know-how, its strengthened organic growth and its model based on the principles of the circular economy are major assets that will enable the Group to continue to assert its leadership in all the countries in which it operates."

I. 2023 annual results

Full-year 2023 reported growth breakdown

In millions of euros	2023	2022	Organic growth	External growth	FX	Reported growth
France	1,311.6	1,185.0	+ 10.7%	-	-	+10.7%
Central Europe	1,013.4	870.0	+15.1%	+0.7%	+0.7%	+16.5%
Scandinavia & East. Eur.	599.2	580.7	+8.5%	+0.3%	-5.5%	+3.2%
UK & Ireland	534.9	476.5	+14.0%	-	-1.8%	+12.3%
Latin America	444.9	347.3	+10.4%	+16.3%	+1.3%	+28.1%
Southern Europe	379.2	330.5	+13.6%	+1.1%	-	+14.7%
Others	26.1	30.8	-14.0%	-	-1.0%	-15.0%
Total	**4,309.4**	**3,820.9**	**+11.8%**	**+1.8%**	**-0.8%**	**+12.8%**

« Others » includes Manufacturing Entities and Holdings.
Percentage change calculations are based on actual figures.

2023 organic growth breakdown

	Q1	Q2	H1	Q3	Q4	H2
France	+15.8%	+11.6%	+13.5%	+8.8%	+7.4%	+8.1%
Central Europe	+21.4%	+16.7%	+18.9%	+12.3%	+10.9%	+11.6%
Scandinavia & East. Eur.	+15.8%	+7.4%	+11.5%	+5.0%	+6.4%	+5.7%
UK & Ireland	+23.9%	+13.9%	+18.5%	+11.6%	+8.5%	+10.1%
Latin America	+12.6%	+9.5%	+10.9%	+10.9%	+9.4%	+10.1%
Southern Europe	+24.7%	+15.4%	+19.4%	+10.3%	+7.1%	+8.8%
Others	-15.4%	+6.6%	-4.4%	-20.3%	-22.5%	-21.4%
Total	**+18.3%**	**+12.5%**	**+15.2%**	**+9.5%**	**+8.1%**	**+8.8%**

« Others » includes Manufacturing Entities and Holdings.
Percentage change calculations are based on actual figures.

As announced on January 30, 2024, Elis delivered record full-year 2023 revenue of 4,309.4 million euros, up +12.8% year-on-year. It was driven by the adjustments implemented since 2022 to offset inflation, with a price effect of 9% on average in 2023, and by many commercial successes in workwear, where the outsourcing trend continued, notably in Southern Europe and in Latin America.

In **France,** revenue was up +10.7% (entirely organic). Pricing dynamic was good, driven by the adjustments implemented since 2022 to offset cost inflation. We continued to record many contract wins in workwear and pest control. However, we noticed a slight slowdown in the activity of our small clients, notably for non-essential services. In Hospitality, the comparable base was favorable in Q1. Activity then remained stable compared to 2022.

In **Central Europe,** revenue was up +16.5% (+15.1% on an organic basis). Commercial momentum was satisfactory, notably in Germany and in the Netherlands, the region's main countries, where further outsourcing led to new contract signings in workwear. Germany delivered organic revenue growth of +c. 17%: most of our pricing adjustments negotiated in 2022 to offset strong inflation (mainly wages) were implemented at the beginning of 2023. However, the Group's pricing discipline led to some contract losses in several countries, notably in Germany (Healthcare).

In **Scandinavia & Eastern Europe**, revenue was up +3.2% (+8.5% on an organic basis), with an FX impact of -5.5%, mainly due to the evolution of the Swedish Krona and the Norwegian Krone. Organic revenue growth was driven by pricing adjustments and commercial dynamism in workwear (including Cleanroom). Hospitality activity was satisfactory.

In the **UK & Ireland,** revenue was up +12.3% (+14.0% on an organic basis), with a negative FX impact of -1.8% year-on-year. The region's pricing dynamic was good. Healthcare activity remained very solid. In Industry and Trade & Services, we recorded new contract signings thanks to continuous commercial efforts, but client activity was impacted by the deteriorating macro environment in the UK. Finally, our pricing discipline led to some volume losses in Hospitality.

In **Latin America,** revenue was up +28.1% (+10.4% on an organic basis). Acquisitions contributed +16.3% to the growth in the region. Our Mexican acquisition, consolidated since July 1, 2022, delivered double-digit organic growth in H2. This acquisition significatively strengthens our growth profile in the region. In addition, we saw further outsourcing trends in all the countries of the region, and we continued to record contract wins, notably in Healthcare. Contract losses were very limited despite a pricing effect above the inflation level throughout the year.

In **Southern Europe,** revenue was up +14.7% (+13.6% on an organic basis), driven by good pricing dynamic. In workwear, the outsourcing trend continued to be solid, and we recorded many new contract signings, notably with food-processing companies. Activity in Hospitality continued to rebound and returned to pre-Covid levels. The acquisitions of Gruppo Indaco in Italy and Levante in Spain create local platforms to boost the development of pest control in the region. These acquisitions contributed +1.1% to the region's annual growth.

Adjusted EBITDA

In millions of euros	2023 reported			2022 restated*			Var. 23/22		
	H1	H2	Total	H1	H2	Total	H1	H2	Total
France	250.4	279.3	529.8	209.7	246.5	456.2	+19.4%	+13.3%	+16.1%
As of % of revenue	*39.0%*	*41.5%*	*40.3%*	*37.0%*	*39.6%*	*38.4%*	*+190bps*	*+200bps*	*+190bps*
Central Europe	147.3	163.6	310.9	121.5	137.5	259.0	+21.2%	+19.0%	+20.0%
As of % of revenue	*29.5%*	*31.6%*	*30.5%*	*29.4%*	*29.8%*	*29.6%*	=	*+180bps*	*+90bps*
Scandinavia & East. Eur.	106.5	112.0	218.5	100.7	109.5	210.2	+5.7%	+2.3%	+3.9%
As of % of revenue	*35.5%*	*37.5%*	*36.5%*	*35.9%*	*36.4%*	*36.2%*	*-50bps*	*+100bps*	*+30bps*
UK & Ireland	76.5	87.9	164.4	67.4	75.8	143.2	+13.6%	+15.9%	+14.8%
As of % of revenue	*29.7%*	*31.7%*	*30.7%*	*30.0%*	*30.0%*	*30.0%*	*-30bps*	*+160bps*	*+70bps*
Latin America	73.6	79.4	153.0	45.6	70.8	116.4	+61.1%	+12.2%	+31.4%
As of % of revenue	*34.4%*	*34.4%*	*34.4%*	*32.4%*	*34.3%*	*33.5%*	*+200bps*	*+10bps*	*+90bps*
Southern Europe	53.0	64.1	117.1	39.4	50.7	90.1	+34.6%	+26.5%	+30.0%
As of % of revenue	*29.4%*	*32.1%*	*30.8%*	*26.2%*	*28.1%*	*27.2%*	*+320bps*	*+400bps*	*+360bps*
Others	(9.1)	(9.8)	(18.9)	(7.9)	(7.6)	(15.5)	-15.2%	-28.6%	-21.8%
Total	**698.1**	**776.7**	**1,474.8**	**576.4**	**683.2**	**1,259.6**	+21.1%	+13.7%	+17.1%
As of % of revenue	*33.2%*	*35.2%*	*34.2%*	*32.3%*	*33.5%*	*33.0%*	*+90bps*	*+160bps*	*+130bps*

**: Please refer to the « Restated income statement for prior financial years » section of this release.*
Margin rates and percentage change calculations are based on actual figures.
« Others » includes Manufacturing Entities and Holdings.

In 2023, Group adjusted EBITDA was up + 17.1% year-on-year to 1,474.8 million euros; adjusted EBITDA margin was up +130bps.

In **France,** logistics savings and the optimization of our industrial processes led to a +190bps improvement in adjusted EBITDA margin, to 40.3%.

In **Central Europe,** adjusted EBITDA margin was up +90bps compared to 2022, at 30.5%. The progressive implementation of pricing adjustments as well as productivity savings, notably in logistics, enabled to offset the strong inflation in the region, especially in Germany.

In **Scandinavia & Eastern Europe**, adjusted EBITDA margin was up +30bps compared to 2022, at 36.5%. Despite strong inflation and occasionally tough pricing negotiations with clients from the public healthcare sector, the optimization of logistics costs and energy consumption led to margin improvement.

In the **UK & Ireland,** adjusted EBITDA margin was up +70bps compared to 2022, at 30.7%, on the back of good control of logistics costs and improved workshop productivity.

In **Latin America**, adjusted EBITDA margin was up +90bps compared to 2022, at 34.4%, driven by the integration of the Mexican operations as well as productivity savings in the region's other countries.

In **Southern Europe,** strong revenue increase and productivity savings led to a +360bps improvement in adjusted EBITDA margin, at 30.8%.

From adjusted EBITDA to net income

In millions of euros	2023 reported	2022 restated*	Var. 23/22
Adjusted EBITDA	**1,474.8**	**1,259.6**	**+17.1%**
As of % of revenue	*34.2%*	*33.0%*	*+130bps*
D&A	(791.7)	(715.9)	
Adjusted EBIT	**683.1**	**543.7**	**+25.6%**
As of % of revenue	*15.9%*	*14.2%*	*+160bps*
Miscellaneous financial items	(1.6)	(1.7)	
Expenses related to share-based payments	(31.1)	(22.3)	
Amortization of intangible assets recognized in a business combination	(85.1)	(82.9)	
Other operating income and expenses	(67.9)	(9.0)	
Goodwill impairment	-	(58.7)	
Operating income	**497.5**	**369.0**	**+34.8%**
Net financial income (expense)	(124.6)	(86.7)	
Tax	(110.4)	(79.7)	
Income from continuing operations	**262.4**	**202.6**	**+29.5%**
Net income	**262.4**	**202.6**	**+29.5%**
Headline net income[1]	**433.4**	**351.3**	**+23.4%**

**: Please refer to the « Restated income statement for prior financial years » section of this release.*
[1]: A reconciliation is provided in the « Net income to headline to headline net income » section of this release.
Margin rates and percentage change calculations are based on actual figures.

Adjusted EBIT and ROCE

In 2023, adjusted EBIT was up +25.6% compared to 2022, at 683.1 million euros. Adjusted EBIT margin was up +160bps to 15.9%, supported by the limited evolution of D&A over the year (c. +10,5%). 2023 is the last year to benefit from lower D&A compared to normative levels, correlated with linen investments that were also lower than normative level during the pandemic (2020 and 2021).

Pre-tax ROCE, defined as adjusted EBIT divided by capital employed at the beginning of the period, stood at 13.9% in 2023, compared to 11.6% in 2022.

The calculation of capital employed is provided in the "Capital employed" section of this release.

Operating income

The main items between adjusted EBIT and Operating income are as follows:

- Expenses related to share-based payments correspond to the requirements of the IFRS 2 accounting standard. They increased compared to 2022, at 31.1 million euros as a result of the share price increase over the last 3 years.
- Amortization of intangible assets linked with past acquisitions are relatively stable as it mostly results from the acquisition of Berendsen in 2017.
- Other operating income and expenses strongly increased due to the reevaluation of the earn-out of the acquisition in Mexico in 2022: the financial outlook of the acquired group has been revised upwards twice (in H1 2023 and in H2 2023) given its performance.

Net financial result

In 2023, net financial result represented a charge up 37.9 million euros. This change is due to the increase in interest charges linked to the 2022 and 2023 refinancings with interest rates higher than in the previous years (c. 20 million euros), an accretion expense resulting from the earn-out of the Mexican acquisition in 2022 (c. 12 million euros) and a negative FX impact (c. 6 million euros).

Net income

Net income increased by 59.8 million euros, from 202.6 million euros in 2022 to 262.4 million euros in 2023 for the reasons explained above.

Net income to headline net income

In millions of euros	2023 reported	2022 restated*	Var. 23/22
Net income	**262.4**	**202.6**	**+29.5%**
Amortization of intangible assets recognized in a business combination[1]	65.0	63.4	
Goodwill impairment	-	58.7	
IFRS 2 expense[1]	28.9	21.5	
Accretion expense linked to the earn-out of the Mexican acquisition	12.4	-	
Accelerated amortization of loans issuing costs[1]	-	0.3	
Exceptional gains / losses linked to refinancing operations[1]	-	(2.2)	
Non-current operating income and expenses[1]	64.6	7.0	
Headline net income	**433.4**	**351.3**	**+23.4%**
Non-controlling interests	(0.0)	0.0	
Headline net income attributable to owners of the parent (A)	**433.4**	**351.3**	**+23.4%**
Convertible related interests (B)	15.6	9.6	
Headline net income attributable to owners of the parent, adjusted for the dilution effect	**449.0**	**360.9**	**+24.4%**
Share count – basic (C)	233.1	231.3	
Share count – fully diluted (D)	263.5	250.8	
Headline net income per share (in euros):			
- basic, attributable to owners of the parent = A/C	**1.86**	**1.52**	**+22.4%**
- diluted, attributable to owners of the parent = (A-B)/C	**1.70**	**1.44**	**+18.4%**

*: Please refer to the "Restated income statement for prior financial years" section of this release.
[1] : Net of tax effect.

Headline net income was 433.4 million euros in 2023, up +23.4% compared to 2022. Headline net income per share was up +22.4% to 1.86 euros (up +18.4% to 1.70 euros on a fully diluted basis).

Cash flow statement

In millions of euros	2023 reported	2022 restated*
Adjusted EBITDA	**1,474.8**	**1,259.6**
Non-recurring items and provision variance	(13.7)	(9.7)
Acquisition and cession fees	(1.5)	(4.4)
Other	(1.6)	(1.7)
Cash flows before net financial costs and tax	**1,457.9**	**1,243.8**
Net capex	(820.8)	(691.9)
Change in working capital requirement	(5.9)	(52.6)
Net interest paid (including interest on lease liabilities)	(90.2)	(72.9)
Tax paid	(126.4)	(100.1)
Lease liabilities payments (principal)	(111.0)	(101.5)
Free cash flow	**303.6**	**224.9**
Acquisitions of subsidiaries, net of cash acquired	(82.2)	(221.7)
Other change arising from subsidiaries (gain or loss of control)	(4.4)	(22.7)
Other flows related to financing operations	(1.4)	(3.4)
Dividends paid	(61.7)	(33.2)
Equity increase, treasury shares	9.0	4.5
Other	(10.5)	17.4
Net financial debt decrease (increase)	**152.5**	**(34.2)**
Net financial debt	**3,025.5**	**3,178.0**

*: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.

Net capex

In 2023, the Group's net capex represented 19.0% of revenue, compared to 18.1% in 2022, resulting from the implementation of new contracts in workwear. In value, net capex was up c. +128.8 million euros.

Change in working capital requirements

In 2023, change in working capital requirement was slightly negative at –5.9 million euros compared to -52.6 million euros last year, mainly due to the decrease of central linen inventories and the good cash collection at year-end: despite an unfavorable calendar effect, the average payment time at December 31, 2023 was 55 days.

Free cash flow

In 2023, the Group delivered free cash flow of 303.6 million euros, up +35.0% compared to 2022. It reflects the improvement in EBITDA coupled with the favorable evolution of working capital requirement.

Net financial debt

The Group's net financial debt at December 31, 2023 stood at 3,025.5 million euros compared to 3,178.0 million euros at December 31, 2022 and 3,275.4 million euros at June 30, 2023. The financial leverage ratio was 2.0x at December 31, 2023 compared to 2.5x at December 31, 2022.

In July, the Group signed a new US$200 million USPP financing (US private placement) with a group of US investors led by Metlife Investment Management. The new notes have a 12-year maturity (July 2035) and will offer investors a 6.03% coupon in US dollars. The notes have been swapped to euros for a total amount of 183 million euros and Elis will pay a final 5.21% coupon in euros.

In addition, Elis received the first proceeds from its securitization program, whose maximum amount is 200 million euros with a 3 year-maturity.

Payout for the 2022 financial year

At the next Annual General Meeting of shareholders on 23 May 2024, the Supervisory Board will propose the payment of a dividend per share of €0.43 for the 2023 financial year. This amount represents a c. +5% increase compared to the dividend paid for the 2022 financial year.

2024 outlook

2024 organic revenue growth is expected at c. +5%, with a price increase below the 2023 level, as a result of the slowdown in inflation.

Elis decided to reinforce its sales force for the future. In all geographies, sales teams have been expanded to accelerate the Group's services deployment to support further growth. It represents a yearly additional cost of 20 million euros. Despite this, 2024 adjusted EBITDA margin is expected at close to 35%, resulting from new productivity savings to be realized over the year and our energy supply contracts, whose conditions are fixed for almost the entire 2024 volumes.

2024 adjusted EBIT margin is expected to be stable yoy at c. 16%. The improvement of the adjusted EBITDA margin should be offset by the D&A normalization as a percentage of revenue (2023 was the last year to benefit from a lower level of D&A than usual, linked to capex which was also at a lower level during the pandemic).

2024 headline net income per share is expected above 1.75 euros (on a fully diluted basis, notably taking into account the potential dilutive effect of the OCEANE bonds issued in September 2022).

2024 free cash flow is expected at c. 340 million euros, driven by EBITDA increase and further normalization of working capital requirement.

The financial leverage ratio at December 31, 2024, is expected to decrease by c. -0.2x over 2024.

II. CSR developments

The circular economy at the heart of Elis' business model

Elis offers its clients products that are maintained, repaired, reused, and reemployed to optimize their usage and lifespan. The Group therefore selects its textile products based on sustainability criteria, to ensure frequent washing, and also operates repair workshops. Elis' conviction is that the circular economy model, which notably aims at reducing consumption of natural resources by optimizing the lifespan of products, is a sustainable solution to address today's environmental challenges.

The Ellen MacArthur Foundation states that the circular economy can significantly contribute to reaching Net Zero and that nearly 9 billion tons of $CO2eq$ (i.e. 20% of world emissions) could be reduced thanks to the transition of just some key industries from the current model towards a circular economy.

Non-financial rating

Rating agencies	MSCI	Ecovadis	CDP		Sustainalytics	Ethifinance ESG Rating
Scores	*A*	*75/100* *Gold*	*A-* *Climate change*	*A* *Supplier Engagement Leaderboard*	*Low risk*	*75/100* *Gold*

The Group's CSR performance has been recognized by non-financial rating agencies:

- In 2023, the MSCI rating agency improved Elis' ESG rating to A from BBB. It rewards the Group commitment regarding CSR and its continuous improvements,
- In 2023, Elis obtained a Gold medal for the EcoVadis questionnaire, maintaining its score of 75/100. This award confirms Elis' commitment to its clients, partners and employees, and places the Group within the best-assessed companies in its sector. Elis' CSR strategy fulfills EcoVadis' assessment criteria, which are based on international standards and 4 CSR themes (Environment, Social & Human Rights, Ethics and Sustainable Purchasing). This medal places Elis within the top 5% of the c. 100,000 companies assessed by EcoVadis,
- In its last assessment, the Group was also rated A by the CDP (Carbon Disclosure Project), a non-profit organization which performs independent assessments on the basis of information provided by companies on their strategy, performance and commitment of stakeholders on climate goals. This assessment places the Group in the "Leadership" category and underlines its commitment and action in the area of climate change. Furthermore, the Group was also rated A by the CDP Supplier Engagement Leaderboard, which places Elis in the top 8% of companies assessed for their climate-friendly actions across value chain,
- Sustainalytics maintained the Group rating as "low risk" concerning CSR,
- Finally, Elis improved its score with rating agency Ethifinance ESG Rating (ex-Gaia), to 75 from 73 previously, maintaining its "Gold" level.

Our climate commitment: ambitious 2030 climate targets

On September 4, 2023, Elis unveiled its climate roadmap and related 2030 targets, underscoring its commitment to contributing to a low-carbon society.

Elis' ambition is to achieve the following targets by 2030:

- Reduce absolute scopes 1 and 2 GHG emissions by 47.5% by 2030 from a 2019 base year[1];
- Reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, employee commuting, and end-of-life treatment of sold products by 28% within the same timeframe.

---

[1] The target boundary includes land-related emissions and removals from bioenergy. scope 2 emissions targets are market-based.
Scope 1 (direct emissions) is mainly associated with consumption of gas, fuel, etc.
Scope 2 (indirect emissions) is associated with consumption of electrical energy or steam;
Scope 3 (other indirect emissions) is associated with emission from other areas: purchases, upstream transport, employee travel, etc.

These targets have been approved by the Science Based Targets initiative (SBTi), an international reference and a partnership between the United Nations Global Compact, the World Resources Institute (WRI), the Carbon Disclosure Project (CDP) and the World Wildlife Fund for Nature (WWF). They are fully in line with the objectives of the 2015 Paris Climate Agreements to contribute to restrict global warming to less than 1.5°C compared to pre-industrial levels on scopes 1 and 2, and well below 2°C on scope 3.

These climate targets mark a new step in Elis' sustainability strategy and climate actions. The Group has worked for many years to reduce its energy consumption and CO2eq emissions.

At end-2023, the Group reported a 14.6% decrease of CO2eq emissions on scopes 1 & 2 and a 3.6% decrease on scope 3 compared to 2019.

In December 2023, these 2030 targets have been integrated to the calculation of the margin of the Group's 900-million-euro Sustainability-Linked Revolving Credit Facility.

Group performance towards its 2025 commitments

The Group is making progress on all its objectives in 2023, underlining the daily commitment of its teams.

In addition, in the last Group satisfaction survey, 84% of employees questioned considered that Elis is committed on CSR topics.

Strategic pillars	Our 2025 commitments and objectives	2023 checkpoint
Circularity and Exemplarity to reduce our impact on the planet	Improve thermal energy efficiency of its European plants by 35% between 2010 and 2025	-28%
	Accelerate the transition of its logistics fleet and target 650 alternative logistics vehicles by 2025	355 alternative logistics vehicles (vs. 134 in 2020)
	Reduce water consumption per kg of linen delivered by 50% between 2010 and 2025 in its European laundries	-46%
	Reuse or recycle 80% of end-of-life textiles within the Group in 2025	77% (Mexico excluded)
	Propose at least one collection with sustainable materials for each product family	58%
Empower our employees and offer them a brighter future	Reduce by 50% the frequency rate of accidents for Group employees between 2019 and 2025	-11.4%
	Reach 40% of women in executive or managerial positions by 2025 (42% by 2030)	35%
	Extend the "Chevrons" program within the Group	352 "Chevrons" (+52% vs. 2018)
Make a positive impact on society	Triple the impact of the Elis Foundation by 2025	5th class in September
	Have 95% of purchasing expenses with direct providers surveyed through a CSR inquiry in the past 3 years	94.8%

III. Other information

Restated income statement for prior financial years

The table below presents the adjustments made retrospectively linked to business combination (IFRS 3) on the previously-published income statement as of December 31, 2022.

In millions of euros	2022 publié	IFRS 3	2022 retraité
Revenue	**3,820.9**	-	**3,820.9**
Adjusted EBITDA	**1,259.6**	-	**1,259.6**
D&A	(715.9)	-	(715.9)
Adjusted EBIT	**543.7**	**-**	**543.7**
Miscellaneous financial items	(1.7)	-	(1.7)
Expenses related to share-based payments	(22.3)	-	(22.3)
Amortization of intangible assets recognized in a business combination	(80.1)	(2.8)	(82.9)
Other operating income and expenses	(9.0)	-	(9.0)
Goodwill impairment	(58.7)	-	(58.7)
Operating income	**371.8**	**(2.8)**	**369.0**
Net financial income (expense)	(86.7)	-	(86.7)
Tax	(80.5)	0.8	(79.7)
Income from continuing operations	**204.6**	**(2.0)**	**202.6**
Net income	**204.6**	**(2.0)**	**202.6**

Capital employed

The capital employed calculation excludes intangible assets recognized in the Group's last LBP for 1,537.0 million euros in 2023 and 1,537.7 million euros in 2022 (net of deferred tax).

In millions of euros	As of January 1st, 2023	As of January 1st, 2022
TOTAL ASSETS	**8,634.3**	**8,043.1**
Employee benefit assets	(18.7)	(51.8)
Cash and cash equivalents	(286.1)	(160.1)
Intangible assets recognized in the Group's last LBO (net of deferred tax)	(1,537.0)	(1,537.7)
Subtotal (I)	**6,792.4**	**6,293.4**
TOTAL EQUITY AND LIABILITIES	**8,634.3**	**8,043.1**
EQUITY	**(3,212.3)**	**(3,013.7)**
Employee benefit liabilities	(69.4)	(105.9)
Borrowings and financial debts	(3,034.9)	(3,084.5)
Bank overdrafts and current borrowings	(429.3)	(219.5)
Subtotal (II)	**1,888.5**	**1,619.5**
Capital employed at the beginning of the period = (I)-(II)	**4,904.0**	**4,673.9**

Financial definitions

- Organic growth in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" (as defined in the Document de Base) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.
- Adjusted EBITDA is defined as adjusted EBIT before depreciation and amortization net of the portion of grants transferred to income.
- Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.
- Adjusted EBIT is defined as net income (loss) before net financial income (loss), income tax, share in net income of equity accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating income and expense, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expense (share-based payments).
- Adjusted EBIT margin is defined as adjusted EBIT divided by revenue.
- Headline net result corresponds to net income or loss excluding extraordinary items which, due to their type and unusual nature, cannot be considered as intrinsic to the Group's current performance.
- Free cash flow is defined as adjusted EBITDA less non-cash-items and changes in working capital. purchases of linen, capital expenditures (net of disposals), tax paid, financial interest paid and lease liabilities payments.
- The financial leverage ratio is the leverage ratio calculated for the purpose of the financial covenant included in the banking agreement signed in 2021: Leverage ratio is equal to Net financial debt / adjusted EBITDA, pro forma of acquisitions finalized during the last 12 months, and after synergies.

Geographical breakdown

- France
- Central Europe: Austria, Belgium, Czech Republic, Germany, Hungary, Luxembourg, Netherlands, Poland, Slovakia, Switzerland
- Scandinavia & Eastern Europe: Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Russia, Sweden
- UK & Ireland
- Latin America: Brazil, Chile, Colombia, Mexico
- Southern Europe: Italy, Portugal, Spain & Andorra

Presentation of 2023 full-year results (in English)

Date: Thursday 7 March 2024 at 7:30 GMT (8:30 CET)

Speakers: Xavier Martiré, (Chairman of the Management Board) and Louis Guyot (CFO)

Webcast link:
https://edge.media-server.com/mmc/p/bdi8gh7n

Conference call & Q&A session link:
https://register.vevent.com/register/BI0ea1dfad5364461dadfcb67c0832b714

An investor presentation will be available at 7:00pm GMT (8:00pm CET) at this address:
https://fr.elis.com/en/group/investor-relations/regulated-information

Disclaimer

This press release may include data information and statements relating to estimates, future events, trends, plans, expectations, objectives, outlook and other forward-looking statements relating to the Group's future business, financial condition, results of operations, performance and strategy as they relate to climate objectives, financial targets and other goals set forth therein. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates" or words of similar meaning. In addition, the term "ambition" expresses an outcome desired by the Group, it being specified that the means to be deployed do not depend solely on the Group. Such forward-looking information and statements have not been audited by the statutory auditors. They are based on data, assumptions and estimates that the Group considers as reasonable as of the date of this press release and, by nature, involve known and unknown risks and uncertainties. These data, assumptions and estimates may change or be adjusted as a result of uncertainties, many of which are outside the control of the Group, relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group is not aware on the date of this press release. In addition, the materialization of certain risks, especially those described in chapter 4 "Risk management and internal control" of the Universal Registration Document for the financial year ended December 31, 2022, which is available on Elis's website (www.elis.com), may have an impact on the Group's business, financial condition, results of operations, performance, and strategy, notably with respect to these climate-related objectives, financial objectives or other objectives included in this press release. Therefore, the actual achievement of climate-related objectives, financial targets and other goals set forth in this press release may prove to be inaccurate in the future or may differ materially from those expressed or implied in such forward-looking statements. The Group makes no representation and gives no warranty regarding the achievement of any climate objectives, targets and other goals set forth in this press release. Therefore, undue reliance should not be placed on such information and statements.

This press release and the information included therein were prepared on the basis of data made available to the Group as of the date of this press release. Unless stated otherwise in this press release, this press release and the information included therein are accurate only as of such date. The Group assumes no obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise, except as required by applicable laws and regulations.

This press release includes certain non-financial metrics, as well as other non-financial data, all of which are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used to determine them. These data generally have no standardized meaning and may not be comparable to similarly labelled measures used by other companies. The Group reserves the right to amend, adjust and/or restate the data included in this press release, from time to time, without notice and without explanation. The data included in this press release may be further updated, amended, revised or discontinued in subsequent publications, presentations and/or press releases of Elis, depending on, among other things, the availability, fairness, adequacy, accuracy, reasonableness or completeness of the information, or changes in applicable circumstances, including changes in applicable laws and regulations.

This press release may include or refer to information obtained from or established on the basis of various third-party sources. Such information may not have been reviewed, and/or independently verified, by the Group and the Group does not approve or endorse such information by including them or referring to them. Accordingly, the Group does not guarantee the fairness, adequacy, accuracy, reasonableness or completeness of such information, and no representation, warranty or undertaking, express or implied, is made or responsibility or liability is accepted by the Group as to the fairness, adequacy, accuracy, reasonableness or completeness of such information, and the Group shall not be obliged to update or revise such information.

The climate-related data and the climate-related objectives included in this press release were neither audited nor subject to a limited review by the statutory auditors of the Group.

Next information

- Q1 2024 revenue: Monday 6 May 2024 (after market)
- AGM: Thursday 23 May 2024 at 3:00 pm CET - Maison des Travaux Publics - 3, rue de Berri - 75008 Paris

IV. Contact

Nicolas Buron
Director of Investor Relations, Financing and Treasury
Phone: + 33 (0)1 75 49 98 30 - nicolas.buron@elis.com

Charline Lefaucheux
Investor Relations
Phone: + 33 (0)1 75 49 98 15 - charline.lefaucheux@elis.com

Excerpt from condensed consolidated financial statements

Consolidated income statement

(In millions of euros)	2023	2022 restated*
Revenue	4,309.4	3,820.9
Cost of linen, equipment and other consumables	(629.4)	(575.0)
Processing costs	(1,637.3)	(1,491.3)
Distribution costs	(626.6)	(585.5)
Gross margin	1,416.1	1,169.1
Selling, general and administrative expenses	(763.6)	(655.1)
Net impairment on trade and other receivables	(2.1)	5.7
Amortization of intangible assets recognized in a business combination	(85.1)	(82.9)
Other operating income and expenses	(67.9)	(9.0)
Goodwill impairment	0.0	(58.7)
Operating income	497.5	369.0
Net financial income (expense)	(124.6)	(86.7)
Income (loss) before tax	372.9	282.3
Tax	(110.4)	(79.7)
Income (loss) from continuing operations	262.4	202.6
Income from discontinued operation, net of tax	0.0	0.0
Net income (loss)	**262.4**	**202.6**
Attributable to:		
- owners of the parent	262.5	202.6
- non-controlling interests	(0.0)	0.0
Earnings (loss) per share (EPS) (in euros):		
- basic, attributable to owners of the parent	€1.13	€0.88
- diluted, attributable to owners of the parent	€1.06	€0.85
Earnings (loss) per share (EPS) from continuing operations (in euros):		
- basic, attributable to owners of the parent	€1.13	€0.88
- diluted, attributable to owners of the parent	€1.06	€0.85

*: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.

Consolidated statement of financial position

Assets

(in millions of euros)	31/12/2023	31/12/2022 restated*
Goodwill impairment	3,988.1	3,914.1
Intangible assets	695.1	763.4
Right-of-use assets	512.8	466.9
Property, plant and equipment	2,210.8	2,039.8
Other equity investments	0.1	0.1
Other non-current assets	66.5	79.2
Deferred tax assets	46.9	43.0
Employee benefit assets	12.3	18.7
Total non-current assets	7,532.5	7,325.2
Inventories	185.6	195.2
Contract assets	51.9	45.5
Trade and other receivables	823.4	746.5
Current tax assets	24.5	18.2
Other assets	19.3	17.4
Cash and cash equivalents	665.1	286.1
Assets held for sale	0.0	0.2
Total current assets	1,769.7	1,309.1
Total assets	**9,302.2**	**8,634.3**

*: *A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.*

Equity and liabilities

(In millions of euros)	31/12/2023	31/12/2022 restated*
Share capital	234.0	230.1
Additional paid-in capital	2,477.7	2,440.9
Treasury share reserve	(0.7)	(1.7)
Other reserves	(289.1)	(324.1)
Retained earnings	1,053.8	866.2
Equity attributable to owners of the parent	**3,475.7**	**3,211.5**
Non-controlling interests	**0.7**	**0.8**
Total equity	3,476.4	3,212.3
Provisions	94.0	91.8
Employee benefit liabilities	90.7	69.4
Borrowings and financial debt	2,717.5	3,034.9
Deferred tax liabilities	293.6	308.9
Lease liabilities	430.0	390.3
Other non-current liabilities	57.9	69.5
Total non-current liabilities	3,683.6	3,964.7
Current provisions	17.1	10.4
Current tax liabilities	24.2	24.0
Trade and other payables	404.8	364.8
Contract liabilities	83.7	81.3
Current lease liabilities	107.4	95.2
Other liabilities	531.9	452.4
Bank overdrafts and current borrowings	973.1	429.3
Liabilities directly associated with assets held for sale	0.0	0.0
Total current liabilities	2,142.2	1,457.3
Total equity and liabilities	**9,302.2**	**8,634.3**

*: *A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.*

Consolidated statement of cash flows

(in millions of euros)	2023	2022 restated*
Net income (loss)	**262.4**	**202.6**
Tax	110.4	79.7
Net financial income (expense)	124.6	86.7
Goodwill impairment	0.0	58.7
Share-based payments	22.9	20.3
Depreciation, amortization and provisions	885.3	793.6
Portion of grants transferred to income	(0.5)	(0.7)
Net gains and losses on disposal of property, plant and equipment and intangible assets	4.3	5.4
Adjustment to consideration payable to the vendor and other cash items	48.4	(2.5)
Cash flows before finance costs and tax	**1,457.9**	**1,243.8**
Change in inventories	12.3	(50.0)
Change in trade and other receivables and contract assets	(66.6)	(119.3)
Change in other assets	(1.4)	0.3
Change in trade and other payables	1.7	82.2
Change in contract liabilities and other liabilities	52.5	35.7
Other changes	(0.9)	(2.2)
Employee benefits	(3.5)	0.7
Tax paid	(126.4)	(100.1)
Net cash from operating activities	**1,325.7**	**1,091.2**
Acquisition of intangible assets	(26.8)	(26.5)
Proceeds from sale of intangible assets	0.1	0.0
Acquisition of property, plant and equipment	(797.1)	(673.3)
Proceeds from sale of property, plant and equipment	2.8	7.4
Acquisition of subsidiaries, net of cash acquired	(82.2)	(221.7)
Proceeds from disposal of subsidiaries, net of cash transferred	0.0	(0.0)
Changes in loans and advances	0.5	1.1
Dividends earned	(0.0)	0.0
Investment grants	0.3	0.5
Net cash from investing activities	**(902.4)**	**(912.5)**
Capital increase	7.9	4.6
Treasury shares	1.2	(0.1)
Dividends paid	(61.7)	(33.2)
Proceeds from new borrowings	1,194.8	1,244.0
Repayments of borrowings	(985.9)	(1,091.2)
Lease liability payments - principal	(111.0)	(101.5)
Net interest paid (including interest on lease liabilities)	(90.2)	(72.9)
Other cash flows related to financing activities	(1.4)	(3.4)
Net cash from financing activities	**(46.4)**	**(53.7)**
Net increase (decrease) in cash and cash equivalents	**376.8**	**125.0**
Cash and cash equivalents at beginning of period	286.1	160.1
Effect of changes in foreign exchange rates on cash and cash equivalents	1.8	1.0
Cash and cash equivalents at end of period	**664.7**	**286.1**

**: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.*