Circular services at work

Press release

July 26, 2023

Very solid H1 2023 results

Record revenue, significant profitability improvement, further deleveraging

Full-year 2023 profitability objectives raised

Very solid results despite inflation and continuing geopolitical uncertainties

Revenue of €2,101.3m (+17.8% of which +15.2% organic)

- Adjusted EBITDA margin up +90bps to 33.2% of revenue
- Adjusted EBIT margin up +200bps to 15.1% of revenue
- Net income up +158.3% to €138.8m
- Headline net income up +33.3% to €197.7m
- Headline net income per share up +25.5% at €0.78 (on a fully diluted basis)
- Free cash flow (after lease payments) at €16.9m, in line with the usual seasonality of the first half
- Financial leverage ratio down to 2.4x as of June 30, 2023

Strong revenue growth: commercial achievements in Workwear, good pricing momentum to offset cost inflation and satisfactory activity in Hospitality

- Record level of new Workwear contracts signed in the first half, driven by Elis' many commercial initiatives
- Good activity in Hospitality, especially in France
- Very favorable pricing momentum across all our markets, driven by the carry-forward effect of the adjustments implemented throughout 2022 and those put in place since January 1, 2023

Improvement in EBITDA margin driven by operating leverage, productivity gains and neutral balance of inflationary impacts

- Strong improvement of adjusted EBITDA margin in Southern Europe, Latin America and France, notably due to the activity rebound in Hospitality
- Further productivity gains with marked improvement on the logistics side and on energy consumption
- Pricing effect is c. +11% in H1 ; the increase in our cost base is c. +10%
- Highly selective approach on new bids and contract renewals, sometimes leading to contract losses

Further deployment of our CSR strategy

- Improvement of Elis' extra-financial ratings, rewarding the Group's CSR strategy
- Elis will present its climate plan during an event on September 4, 2023, along with an update on current trading

2023 profitability objectives raised

- 2023 full-year organic revenue growth now expected at c. +12% (previously expected between +11% and +13%)
- 2023 adjusted EBITDA margin now expected up c. +70bps yoy (previously expected at c. +50bps yoy)
- 2023 adjusted EBIT now expected above €660m (previously expected above €650m)
- 2023 headline net income now expected above €410m (previously expected above €405m)
- 2023 headline net income per share still expected above €1.65 on a fully diluted basis (up at least +13% yoy)
- 2023 free cash flow (after lease payments) still expected above €260m (up at least +16% yoy)
- Financial leverage ratio at December 31, 2023 still expected at c. 2.1x

Saint-Cloud, July 26, 2023 – Elis, an international multi-service provider, offering textile, hygiene and facility services solutions, which is present in Europe and Latin America, today announces its 2023 half-year financial results. The accounts have been approved by the Management Board and examined by the Supervisory Board today. They have been subject to a limited review by the Company's auditors.

Commenting on the announcement, **Xavier Martiré, CEO of Elis**, said:

"Our H1 2023 results are very satisfactory. Elis recorded revenue growth of 17.8% at 2.1 billion euros, and its main financial indicators - EBITDA margin, EBIT margin and earnings per share - improved significantly.

Organic revenue growth was up 15.2% in the first half, driven by a price effect of around 11%, reflecting the adjustments negotiated since the beginning of 2022 to offset cost inflation.

Sales momentum was also strong in all our geographies. Our offers, which address the increasing needs of our clients for hygiene, traceability and for a more secure supply chain, continue to be a resounding success, and we achieved a record number of new contracts in Workwear in the first half. Finally, activity in Hospitality was well oriented in H1.

M&A activity was subdued in H1, but the Group's appetite remains intact, and we intend to continue our selective acquisition strategy. We are very pleased with the excellent performance of our Mexican asset that has been integrated since July 2022 and whose results are sharply above initial expectations.

On the industrial side, further optimization of production processes in all geographies led to significant productivity gains in H1, especially for workshop costs, logistics and resource consumption.

Top line momentum, the neutral balance of inflationary impacts and operational enhancements drove the marked improvement of our H1 financials: EBITDA margin increased 90bps, EBIT margin increased 200bps and net income per share increased by more than 25% on a fully diluted basis. The Group also continued its deleveraging trajectory, with a financial leverage ratio of 2.4x at June 30, 2023.

This good first-half performance allows us to raise the Group's profitability objectives for the full year: we now expect 2023 EBITDA margin to be up c. 70bps and 2023 EBIT to be above 660 million euros. Deleveraging will continue, with the financial leverage ratio expected at c. 2.1x at December 31, 2023, which should quickly make the Group eligible for investment grade rating consideration.

In the first half, Elis also continued its initiatives related to the circular economy and the recycling of its textiles. The Group is also defining its climate strategy and will announce its emission reduction targets, aligned with the Paris Agreement, on September 4, 2023.

The great resilience that Elis has demonstrated through the various recent crises, its operational know-how, its strengthened organic growth profile 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 half-year results

H1 2023 revenue

In millions of euros	2023			2022			Var.		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
France	303.5	336.8	640.3	262.1	301.9	564.0	+15.8%	+11.6%	+13.5%
Central Europe	245.6	251.8	497.3	196.6	214.1	410.7	+24.9%	+17.6%	+21.1%
Scandinavia & East. Eur.	153.3	146.8	300.1	135.3	145.0	280.2	+13.3%	+1.3%	+7.1%
UK & Ireland	121.9	135.5	257.3	102.7	121.5	224.2	+18.7%	+11.5%	+14.8%
Latin America	102.4	111.3	213.7	64.2	76.8	141.0	+59.6%	+44.9%	+51.6%
Southern Europe	81.3	98.7	179.9	65.2	85.1	150.3	+24.7%	+16.0%	+19.8%
Others	5.5	7.1	12.6	6.8	6.7	13.5	-19.1%	+5.4%	-6.9%
Total	**1,013.4**	**1,087.9**	**2,101.3**	**832.8**	**951.0**	**1 783.8**	**+21.7%**	**+14.4%**	**+17.8%**

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

H1 2023 revenue breakdown

In millions of euros	H1 2023	H1 2022	Organic growth	External growth	FX	Reported growth
France	640.3	564.0	+13.5%	-	-	+13.5%
Central Europe	497.3	410.7	+18.9%	+1.4%	+0.7%	+21.1%
Scandinavia & East. Eur.	300.1	280.2	+11.5%	+0.5%	-4.9%	+7.1%
UK & Ireland	257.3	224.2	+18.5%	-	-3.7%	+14.8%
Latin America	213.7	141.0	+10.9%	+40.2%	+0.5%	+51.6%
Southern Europe	179.9	150.3	+19.4%	+0.3%	-	+19.8%
Others	12.6	13.5	-4.4%	-	-2.5%	-6.9%
Total	**2,101.3**	**1,783.8**	**+15.2%**	**+3.6%**	**-1.0%**	**+17.8%**

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

H1 2023 organic revenue growth

	Q1 2023 organic growth	Q2 2023 organic growth	H1 2023 organic growth
France	+15.8%	+11.6%	+13.5%
Central Europe	+21.4%	+16.7%	+18.9%
Scandinavia & East. Eur.	+15.8%	+7.4%	+11.5%
UK & Ireland	+23.9%	+13.9%	+18.5%
Latin America	+12.6%	+9.5%	+10.9%
Southern Europe	+24.7%	+15.4%	+19.4%
Others	-15.4%	+6.6%	-4.4%
Total	**+18.3%**	**+12.5%**	**+15.2%**

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

Q2 2023 revenue

In millions of euros	Q2 2023	Q2 2022	Organic growth	External growth	FX	Reported growth
France	336.8	301.9	+11.6%	-	-	+11.6%
Central Europe	251.8	214.1	+16.7%	-	+0.9%	+17.6%
Scandinavia & East. Eur.	146.8	145.0	+7.4%	+0.3%	-6.4%	+1.3%
UK & Ireland	135.5	121.5	+13.9%	-	-2.4%	+11.5%
Latin America	111.3	76.8	+9.5%	+38.0%	-2.6%	+44.9%
Southern Europe	98.7	85.1	+15.4%	+0.6%	-	+16.0%
Others	7.1	6.7	+6.6%	-	-1.2%	+5.4%
Total	**1,087.9**	**951.0**	**+12.5%**	**+3.2%**	**-1.3%**	**+14.4%**

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

H1 2023 adjusted EBITDA

In millions of euros	H1 2023 reported	H1 2022 restated[1]	Var. H1 2023 / H1 2022
France	250.4	209.7	+19.4%
As of % of revenue	*39.0%*	*37.0%*	*+190bps*
Central Europe	147.3	121.5	+21.2%
As of % of revenue	*29.5%*	*29.4%*	=
Scandinavia & East. Eur.	106.5	100.7	+5.7%
As of % of revenue	*35.5%*	*35.9%*	*-50bps*
UK & Ireland	76.5	67.4	+13.6%
As of % of revenue	*29.7%*	*30.0%*	*-30bps*
Latin America	73.6	45.6	+61.1%
As of % of revenue	*34.4%*	*32.4%*	*+200bps*
Southern Europe	53.0	39.4	+34.6%
As of % of revenue	*29.4%*	*26.2%*	*+320bps*
Others	(9.1)	(7.9)	+15.1%
Total	**698.1**	**576.4**	**+21.1%**
As of % of revenue	*33.2%*	*32.3%*	*+90bps*

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.
Margin rates and percentage change calculations are based on actual figures.

France

H1 revenue was up +13.5% (entirely organic). On top of a favorable comparable base (Q1 2022 was still impacted by the Omicron variant), activity in Hospitality was well oriented, especially in Paris. Pricing dynamic was good and helped offset cost inflation. We recorded many contract wins in Workwear and Pest Control but our strong pricing discipline resulted in some losses in the other segments.

Logistics productivity gains, as well as the neutral balance of inflationary impacts, allowed an adjusted EBITDA margin improvement of +190bps in the first half of 2023, to 39.0%.

Central Europe

The region's revenue was up +21.1% (+18.9% on an organic basis). In Germany, most price adjustments negotiated in 2022 to offset strong inflation (especially on wages) were implemented at the beginning of 2023, in particular for our clients in Healthcare. The country's organic revenue growth exceeded +20% in the first half. All other countries in the region delivered organic growth of c. +15% or more, with similar pricing dynamics and contract wins in Industry and Trade & Services, especially in Poland and the Netherlands. As in France, the Group's pricing discipline occasionally led to contract losses, notably in Healthcare in Germany.

H1 2023 adjusted EBITDA margin was stable in the first half compared to the same period last year, at 29.5%. The gradual implementation of price adjustments, and productivity gains, notably in logistics, offset the persistent high inflation in the region, especially in Germany. Our energy costs are rising in the geography, as 2022 volumes were hedged at prices below today's.

Scandinavia & Eastern Europe

Revenue was up +7.1% in the region (+11.5% on an organic basis), driven by the strong pick-up in Hospitality, especially in Sweden and Denmark (with a favorable comparable base in Q1). Commercial momentum was very good in Workwear (including Cleanroom).

Adjusted EBITDA margin was down -50bps compared to H1 2022 at 35.5%. Inflation remains high, pricing negotiations are often more difficult, particularly with public healthcare clients, and the continuing recovery in Hospitality had a slightly dilutive effect on margin in the region.

UK & Ireland

Revenue was up +14.8% in the region (+18.5% on an organic basis). The Group recorded a good performance in Hospitality, with a favorable comparable base in Q1. Pricing momentum is very good in the region. We also signed new contracts in Industry and Trade & Services thanks to strong commercial initiatives. However, our client's activity seems to be affected by the deteriorating macro environment in the UK.

Adjusted EBITDA margin was down -30bps in the first half compared to H1 2022, at 29.7%. UK margin was up, but margin in Ireland was down as H1 2022 was boosted by the tail end of pandemic-related subsidies. Restated for this one-off, the region's margin was up.

Latin America

Revenue was up +51.6% in the region (+10.9% on an organic basis). Inflation in the region continues to fall below 10% while the outsourcing trend continues. The acquisition of the Mexican market leader, consolidated since July 1, 2022, contributed significantly to the strong scope effect recorded in H1 (+40.2%). Activity was very satisfactory in H1, with many new signings in Workwear. FX was virtually neutral for the half-year (+0.5%).

Adjusted EBITDA margin was strongly up +200bps in the first half compared to H1 2022 at 34.4%, driven by the integration of the Mexican asset as well as productivity gains in other countries.

Southern Europe

Revenue was up +19.8% in the region (+19.4% on an organic basis). As expected, Hospitality benefited from a very favorable comparable base and delivered significant growth. In Workwear, commercial momentum and outsourcing trend continued. Finally, the pricing level was satisfactory in the region.

Strong revenue growth and productivity gains led to +320bps adjusted margin improvement in H1 2023, to 29.4%.

Adjusted EBITDA to net income

In millions of euros	H1 2023 reported	H1 2022 restated[1]	Var.
Adjusted EBITDA	**698.1**	**576.4**	**+21.1%**
As a % of revenue	*33.2%*	*32.3%*	*+90bps*
D&A	(381.7)	(344.0)	
Adjusted EBIT	**316.4**	**232.4**	**+36.2%**
As a % of revenue	*15.1%*	*13.0%*	*+200bps*
Current operating income	**305.3**	**221.2**	**+38.0%**
Amortization of intangible assets recognized in a business combination	(41.3)	(40.7)	
Goodwill impairment	-	(58.7)	
Non-current operating income and expenses	(21.5)	(1.2)	
Operating income	**242.4**	**120.7**	**+100.8%**
Net financial result	(56.9)	(28.9)	
Income tax	(46.7)	(38.0)	
Income from continuing operations	**138.8**	**53.7**	**+158.3%**
Net income	**138.8**	**53.7**	**+158.3%**

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.
Margin rates and percentage change calculations are based on actual figures.

Adjusted EBIT

As a percentage of revenue, adjusted EBIT was up +200bps in H1 2023, due to the decrease in linen capex in 2020 and in 2021, and the inertia of industrial capex depreciation in relation to inflation (its depreciation period being much longer than linen), leading to a decrease in depreciation as a percentage of sales in the first half (18.2% vs. 19.3% in H1 2022).

Operating income

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

- Expenses related to free-share plans correspond to the requirements of the IFRS 2 accounting standard. They are stable in H1 2023 compared to H1 2022, at €10.3m,

- The amortization of intangible assets recognized in a business combination is mainly related to the goodwill allocation of Berendsen. In H1 2023, the aggregate was stable compared to H1 2022,
- Non-current operating expenses are increasing strongly, driven by the revaluation of the earn-out related to the 2022 Mexican acquisition. The financial outlook for the acquired group has been revised upwards in light of its performance in H1 2023,
- As a reminder, the Group booked a €58.7m goodwill impairment in Russia, on June 30, 2022, in accordance with accounting standards.

Net financial result

In H1 2023, net financial expense was €56.9m. It is c. €28m higher compared to H1 2022, mainly due to a base effect (high foreign exchange gains in H1 2022), the accretion of the earn-out on the acquisition in Mexico in 2022, and interests on new financings put in place in 2022.

Net income

Net income was up +158.3% at €138.8m in H1 2023, compared to €53.7m in H1 2022.

Net income to headline net income

In millions of euros	H1 2023 reported	H1 2022 restated[1]	Var.
Net income	**138.8**	**53.7**	**+158.3%**
Amortization of intangible assets recognized in a business combination[2]	32.9	32.6	
IFRS 2 expenses[2]	9.8	10.2	
Goodwill impairment	-	58.7	
Exceptional foreign exchange gains[2]	-	(7.9)	
Non-current operating income and expenses[2]	16.3	1.0	
Headline net income	**197,7**	**148.4**	**+33.3%**
Non-controlling interests	(0.0)	0,0	
Headline net income attributable to owners of the parent (A)	**197.7**	**148.4**	**+33.2%**
Convertible related interests (B)	(8.1)	(3.5)	
Share count – basic (C)	232.6	231.0	
Share count – fully diluted (D)	263.4	245.1	
Headline net income per share (in euros):			
- basic, attributable to owners of the parent = A/C	**0.85**	**0.64**	**+32.3%**
- diluted, attributable to owners of the parent = (A-B)/C	**0.78**	**0.62**	**+25.5%**

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.
[2]: Net of tax effect.

Headline net income was €197.7m in H1 2023, up +33.3% compared to H1 2022 and headline net income per share was up +25.5% at €0.78 (on a fully diluted basis).

Cash flow statement

In millions of euros	H1 2023 reported	H1 2022 restated[1]
Adjusted EBITDA	**698.1**	**576.4**
Non-recurring items and changes in provisions	(6.8)	(2.0)
Acquisition and disposal expenses	(0.5)	(1.7)
Other	(0.9)	(0.8)
Cash flow before finance costs and tax	**689.9**	**571.9**
Net capex	(414.1)	(320.9)
Change in working capital requirement	(85.9)	(81.6)
Net interest paid	(63.7)	(53.2)
Tax paid	(56.5)	(50.8)
Lease liabilities payments - principal	(52.9)	(48.5)
Free cash flow (after lease liabilities payments)	**16.9**	**17.0**
Acquisitions of subsidiaries, net of cash acquired	(61.7)	(32.4)
Changes arising from obtaining or losing control of subsidiaries or other entities	(4.0)	(1.8)
Other cash flows related to financing activities	(4.0)	0.9
Dividends and distributions paid	(61.7)	(33.2)
Equity increase & treasury shares	0.5	0.4
Other	16.8	5.6
Net debt variance	**(97.3)**	**(43.5)**
	June 30, 2023	**December 31, 2022**
Net financial debt	**3,275.4**	**3,178.0**

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

Net capex

In H1 2023, the Group's net capex were up c. €93m vs H1 2022. As a percentage of revenue, they represented 19.7%, compared to 18.0% in the same period last year. The ratio increase reflects the return to a normative seasonality of our activity, with most investments made in the first half of the year to prepare the season. As a reminder, in 2022, only 45% of investments had been made in the first half of the year, due to weak Hospitality activity and to supplier delays linked to the disruption of the global supply chain.

Change in working capital requirement

In H1 2023, change in WCR was strongly negative at c. -€86m, reflecting the impact of the strong activity pick-up on trade receivables, and negative payables. The Group recorded good cash collection ratios: average payment time was 54 days at June 30, 2023, and 55 days as at June 30, 2022.

Free cash flow

In H1 2023, free cash flow (after lease liabilities payments) was €16.9m, in line with the Group's normative cash generation seasonality and yearly target.

Net financial debt and financing

The Group's net financial debt as of June 30, 2023 stood at €3,275.4m compared to €3,178.0m at December 31, 2022 and €3,187.3m at June 30, 2022. The financial leverage ratio was 2.4x at June 30, 2023 compared to 2.5x at December 31, 2022 and 2.7x at June 30, 2022.

On July 20, 2023, the Group signed a new $200m USPP financing with a group of US investors led by MetLife Investment Management. The new notes have a 12-year maturity (July 2035) and will offer to investors a 6.03% coupon in US dollars. Elis has swapped the notes into euros for a total amount of €183 million and will pay a 5.21% coupon in euros.

Payout for the 2022 financial year

The General Shareholders Meeting held on May 25, 2023 decided to offer each shareholder the option of receiving dividend payments of €0.41 per share for the financial year 2022 in cash or in new shares. The issue price of the new shares issued in payment of the dividend was set at €16.39. At the end of the option, 34.72% of the rights were exercised in favor of the payment in shares. The amount of the dividend for the financial year 2022 paid in cash to shareholders who opted for payment in kind amounted to €61.7m (excluding fees) and was paid in June.

II. <u>2023 profitability objectives raised</u>

- 2023 full-year organic revenue growth now expected at c. +12% (previously expected between +11% and +13%)
- 2023 adjusted EBITDA margin now expected up c. +70bps yoy (previously expected at c. +50bps yoy)
- 2023 adjusted EBIT now expected above €660m (previously expected above €650m)
- 2023 headline net income now expected above €410m (previously expected above €405m)
- 2023 headline net income per share still expected above €1.65 on a fully diluted basis (up at least +13% yoy)
- 2023 free cash flow (after lease payments) still expected above €260m (up at least +16% yoy)
- Financial leverage ratio at December 31, 2023 still expected at c. 2.1x

III. <u>CSR developments</u>

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 services offered by Elis are a sustainable alternative to:

- Simple purchase or use of products: by mutualizing them between several users or clients, and by constantly looking at improving the industrial processes linked to their washing. As an example, the use of workwear operated by Elis leads to a 37% decrease of CO_2 emissions compared to workwear that is washed at home or in a standard laundry, and to a 48% decrease of water consumption. (Source: EY)
- Single use / disposable products: by offering reusable products, which are mostly maintained locally, hence supporting local employment and local economic development. As an example, the use of reusable surgical garments in care facilities leads to a decrease ranging from 31% to 62% of CO_2 emissions compared to disposable clothes. (Source: Cleaner Environmental Systems)

These alternatives to a linear consumption approach enable our clients to avoid CO_2 emissions and contribute to a reduction of their own emissions.

The Ellen MacArthur Foundation states that "circular economy is necessary to reach Net Zero" and that "nearly 10 billion tons of CO_2 (i.e., 20% of world emissions) could be reduced thanks to the transition of our current model towards a circular economy". (https://climate.ellenmacarthurfoundation.org)

Non-financial rating

In 2022, Sustainalytics improved Elis's ESG notation by 10pts at 14.8 ("low risk"). The Group was rated A- by the CDP (Carbon Disclosure Project), a non-profit organization which performs independent assessments on the basis of information made available by companies on their strategy, risk & opportunity management, climate goals, annual climate performance, etc… 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 the value chain.

Elis repeated its excellent performance in EcoVadis questionnaire, maintaining its score of 75/100 in an increasingly demanding CSR context. Elis obtained a Gold medal placing it within the top 5% of the c. 100,000 companies assessed by EcoVadis.

Finally, Elis improved its score with rating agency Gaïa (75 vs 73 previously), maintaining its "Gold" level.

Our climate commitment

Conscious of the environmental challenges with regard to climate change, Elis is committed to an approach to reduce its emissions that is in line with the Paris Agreement to contribute to keeping the increase in temperature below 1.5C° compared to preindustrial levels[1]. The Group will thus present climate objectives that are aligned with the methodology of the Science Based Target initiative on September 4, 2023.

IV. Other information

Restated income statement for prior financial years

The table below presents the adjustments made retrospectively linked to business combinations (IFRS3) on the previously published income statement as of June 30, 2022.

In millions of euros	H1 2022 reported	IFRS 3	H1 2022 restated
Revenue	**1,783.8**	**-**	**1,783.8**
Adjusted EBITDA	**576.4**	**-**	**576.4**
D&A	(344.0)	-	(344.0)
Adjusted EBIT	**232.4**	**-**	**232.4**
Current operating income	**221.2**	**-**	**221.2**
Amortization of intangible assets recognized in a business combination	(40.4)	(0.3)	(40.7)
Goodwill impairment	(58.7)	-	(58.7)
Non-current operating income and expenses	(1.2)	-	(1.2)
Operating income	**121.0**	**(0.3)**	**120.7**
Net financial result	(28.9)	-	(28.9)
Income tax	(38.1)	0.1	(38.0)
Income from continuing operations	**53.9**	**(0.2)**	**53.7**
Net income	**53.9**	**(0.2)**	**53.7**

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.

[1] Reduction in line with the 1.5°C target for direct (Scope 1) and indirect (Scope 2) emissions, and the well below 2°C target for other indirect emissions (Scope 3).

- 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.

Consolidated Financial Statements

Condensed interim consolidated financial statements for H1 2023 will be available at this address: https://fr.elis.com/fr/groupe/relations-investisseurs/information-reglementee

Geographical breakdown

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

Presentation of Elis' 2023 half-year results (in English)

Date: July 26, 2023 at 5:15pm GMT (6:15pm CET)

Speakers: Xavier Martiré (CEO) and Louis Guyot (CFO)

Webcast link:
https://edge.media-server.com/mmc/p/2qh66h4i

Conference call & Q&A session link:
https://register.vevent.com/register/BI23f2c5702cff4f51b5214fc8f288eec6

An investor presentation will be available at 4:50pm GMT (5:50pm CET) at this address: https://fr.elis.com/fr/groupe/relations-investisseurs/information-reglementee

Forward looking statements

This document may contain information related to the Group's outlook. Such outlook is based on data, assumptions and estimates that the Group regarded as reasonable at the date of this press release. Those data and assumptions may change or be adjusted as a result of uncertainties relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware on the date of this press release. Moreover, 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 activities, financial position, results or outlook and therefore lead to a difference between the actual figures and those given or implied by the outlook presented in this document. Elis undertakes no obligation to publicly update or revise the Group's outlook or any of the abovementioned data, assumptions, or estimates, except as required by applicable laws and regulations. Reaching the outlook also implies success of the Group's strategy. As a result, the Group makes no representation and gives no warranty regarding the achievement of any outlook set out above.

Coming events

- Presentation of climate objectives and current trading update

  Date: September 4, 2023 at 4:45pm GMT (5:45pm CET)

  Speakers: Xavier Martiré (CEO), Louis Guyot (CFO) and Claire Bottineau (CSR Director)

  Webcast link: https://edge.media-server.com/mmc/p/uwe9gw6w

  Conference call contact number for Q&A:
    - UK: +44 1 212818004
    - US: +1 718 7058796
    - France: +33 170918704
    - Germany: +49 6917415712
    - Spain: +34 917699498
    - Italy: + 39 02 802 09 11
- Q3 2023 revenue: October 26, 2023 (after market)

V. Contact

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Excerpt from condensed interim consolidated financial statements

Interim consolidated income statement

(in millions of euros) *(unaudited)*	06/30/2023	06/30/2022 restated
Revenue	2,101.3	1,783.8
Cost of linen, equipment and other consumables	(308.0)	(273.1)
Processing costs	(809.3)	(698.3)
Distribution costs	(307.4)	(276.4)
Gross margin	676.6	536.1
Selling, general and administrative expenses	(370.7)	(319.1)
Net impairment on trade and other receivables	(0.7)	4.1
Operating income before amortization of intangible assets recognized in a business combination, goodwill impairment and other operating income and expenses	305.3	221.2
Amortization of intangible assets recognized in a business combination	(41.3)	(40.7)
Goodwill impairment	-	(58.7)
Other operating income and expenses	(21.5)	(1.2)
Operating income	242.4	120.7
Net financial income (expense)	(56.9)	(28.9)
Income (loss) before tax	185.5	91.8
Tax	(46.7)	(38.0)
Income from continuing operations	138.8	53.7
Income from discontinued operation, net of tax	-	-
NET INCOME (LOSS)	**138.8**	**53.7**
Attributable to:		
- owners of the parent	138.8	53.7
- non-controlling interests	(0.0)	0.0
Earnings (loss) per share (EPS) (in euros):		
- basic, attributable to owners of the parent	€0.60	€0.23
- diluted, attributable to owners of the parent	€0.56	€0.23
Earnings (loss) per share (EPS) from continuing operations (in euros):		
- basic, attributable to owners of the parent	€0.60	€0.23
- diluted, attributable to owners of the parent	€0.56	€0.23

Interim consolidated statement of financial position

Assets

(in millions of euros) *(unaudited)*	06/30/2023	12/31/2022 restated
Goodwill	3,974.3	3,943.7
Intangible assets	682.3	721.5
Right-of-use assets	483.7	466.9
Property, plant and equipment	2,138.3	2,039.8
Other equity investments	0.1	0.1
Other non-current assets	74.4	79.2
Deferred tax assets	50.9	43.0
Employee benefit assets	8.0	18.7
TOTAL NON-CURRENT ASSETS	7,412.1	7,312.9
Inventories	200.7	195.2
Contract assets	60.4	45.5
Trade and other receivables	839.3	748.0
Current tax assets	27.4	18.2
Other assets	23.4	17.4
Cash and cash equivalents	408.7	286.1
Assets held for sale	-	0.2
TOTAL CURRENT ASSETS	1,559.9	1,310.6
TOTAL ASSETS	**8,972.0**	**8,623.6**

Equity and liabilities

(in millions of euros) *(unaudited)*	06/30/2023	12/31/2022 restated
Share capital	232.7	230.1
Additional paid-in capital	2,471.2	2,440.9
Treasury share reserve	(1.2)	(1.7)
Other reserves	(301.5)	(324.1)
Retained earnings (accumulated deficit)	906.6	866.2
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,307.8**	**3,211.5**
NON-CONTROLLING INTERESTS	**0.8**	**0.8**
TOTAL EQUITY	3,308.6	3,212.2
Provisions	91.2	91.8
Employee benefit liabilities	68.3	69.4
Borrowings and financial debt	2,536.1	3,034.9
Deferred tax liabilities	295.3	297.0
Lease liabilities	406.2	390.3
Other non-current liabilities	41.4	69.6
TOTAL NON-CURRENT LIABILITIES	3,438.5	3,952.9
Current provisions	10.3	10.4
Current tax liabilities	27.2	24.0
Trade and other payables	353.6	364.9
Contract liabilities	84.8	81.4
Current lease liabilities	99.9	95.2
Other liabilities	501.0	453.4
Bank overdrafts and current borrowings	1,148.0	429.3
Liabilities directly associated with assets held for sale	-	-
TOTAL CURRENT LIABILITIES	2,224.8	1,458.4
TOTAL EQUITY AND LIABILITIES	**8,972.0**	**8,623.6**

Interim consolidated statement of cash flows

(in millions of euros) *(unaudited)*	06/30/2023	06/30/2022 restated
Consolidated net income (loss)	**138.8**	**53.7**
Tax	46.7	38.0
Net financial income (expense)	56.9	28.9
Goodwill impairment	-	58.7
Share-based payments	8.4	9.8
Depreciation, amortization and provisions	422.4	383.8
Portion of grants transferred to income	(0.3)	(0.3)
Net gains and losses on disposal of property, plant and equipment and intangible assets	1.0	1.1
Other	15.9	(1.8)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**689.9**	**571.9**
Change in inventories	(2.8)	(24.5)
Change in trade and other receivables and contract assets	(93.4)	(118.6)
Change in other assets	(4.4)	(3.1)
Change in trade and other payables	(30.2)	33.9
Change in contract and other liabilities	49.5	30.8
Other changes	(1.9)	(1.0)
Employee benefits	(2.7)	0.9
Tax paid	(56.5)	(50.8)
NET CASH FROM OPERATING ACTIVITIES	**547.5**	**439.6**
Acquisition of intangible assets	(13.4)	(11.0)
Proceeds from disposal of intangible assets	(0.0)	-
Acquisition of property, plant and equipment	(402.9)	(315.7)
Proceeds from disposal of property, plant and equipment	2.0	5.6
Acquisition of subsidiaries, net of cash acquired	(61.7)	(32,4)
Proceeds from disposal of subsidiaries, net of cash transferred	-	-
Changes in loans and advances	0.2	0.6
Dividends earned	-	-
Investment grants	0.2	0.3
NET CASH FROM INVESTING ACTIVITIES	**(475.6)**	**(352,7)**
Capital increase	0.0	(0.0)
Treasury shares	0.5	0.4
Dividends and distributions paid		
- to owners of the parent	*(61.7)*	*(33.2)*
- to non-controlling interests	-	-
Change in borrowings (a)	223.7	485.7
- Proceeds from new borrowings	*624.2*	*739.6*
- Repayments of borrowings	*(400.5)*	*(254.0)*
Lease liability payments - principal	(52.9)	(48.5)
Net interest paid (including interest on lease liabilities)	(63.7)	(53.2)
Other cash flows related to financing activities	(4.0)	0.9
NET CASH FROM FINANCING ACTIVITIES	**41.9**	**352,1**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**113.8**	**439.0**
Cash and cash equivalents at beginning of period	286.1	160.1
Effect of changes in foreign exchange rates on cash and cash equivalents	3.8	6.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**403.6**	**605.8**

(a) Net change in credit lines