Press release

May 10, 2022

Strong revenue growth in Q1 2022: +26.5%, of which +24.2% on an organic basis

Increased confidence in achieving 2022 targets

Q1 2022 revenue up +26.5% at €832.8m: further activity rebound in hospitality, numerous commercial wins and good pricing dynamics

- Activity in Hospitality (which represented c. 25% of total pre-Covid revenue) rebounded sharply in Q1, despite the negative impact of the Omicron variant, mainly in January (rescheduling of some professional events)
- Many contract wins in all our end-markets: our offers in Workwear and Hygiene and well-being perfectly address the changes generated by the sanitary crisis at our clients' (need for more hygiene, more traceability and for a more secure supply chain)
- In a context of strong cost inflation, pricing dynamics are favourable in all our markets
- Our 6 geographies posted double-digit organic revenue growth in Q1; organic growth was especially strong in France (+30.8%), in Southern Europe (+52.9%) and in the UK & Ireland (+38.5%), where the share of Hospitality is the highest

Increased confidence in the 2022 outlook communicated on March, 9

- 2022 organic revenue growth expected between +13% and +15%, driven by Elis' improved growth profile (new needs of our clients), the rebound in Hospitality and pricing dynamics
- In a context of very strong energy price inflation, 2022 EBITDA margin is expected to be at around 33.5%
- 2022 EBIT should be at c. €500m, with a limited increase in D&A
- 2022 headline net income per share should increase by c. 40% at c. €1.35 per share
- 2022 free cash flow (after lease payments) expected at c. €200m as a result of the impact of the strong rebound in the activity on working capital requirement and the increase in linen capex due to inflation
- Financial leverage ratio expected at 2.6x as of December 31, 2022 compared to 3.0x as of December 31, 2021

Saint-Cloud, May 10, 2022 – Elis, an international multi-service provider, offering textile, hygiene and facility services solutions, which is present in Europe and Latin America, today announces its revenue for the 3 months ended March 31, 2022. The figures set forth in this press release have not been audited.

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

« Elis delivered very strong organic revenue growth in Q1 2022, at +24.2%. In Hospitality, the rebound in activity continued at a slightly faster pace than expected. It contributed to the strong revenue increase in the quarter, especially in France, Southern Europe and in the UK.

Commercial momentum was very good in Q1. We continue to win many contracts in all our markets and all our geographies. Our offers in Workwear and Hygiene and well-being are very successful; they address the increasing needs of our clients for hygiene, traceability and for a more secure supply chain. Furthermore, the client retention rate improved in Q1, underscoring again Elis' reliability and quality of service. Overall, the further rebound in hotel activity, along with Elis' numerous commercial initiatives, allowed us to post Q1 2022 revenue significantly above that of Q1 2019, i.e. above pre-crisis level.

This good quarterly performance increases our confidence in the 2022 outlook we communicated last March, when we released our 2021 annual results.

In a post-pandemic environment, Elis' organic growth profile, strengthened by the new needs of our clients as well as the reindustrialization prospects in Europe, are additional drivers for Group future performance amid a likely slowdown in GDP growth in Europe. The great resilience historically shown by

Elis and its operational know-how profile are major assets which will enable the company to assert its leadership in all the countries in which it is present. »

I. Q1 2022 revenue

In millions of euros	2022	2021	Organic growth	External growth	FX	Reported growth
France	262.1	200.4	+30.8%	-	-	+30.8%
Central Europe	196.6	169.2	+14.1%	+1.4%	+0.7%	+16.2%
Scandinavia & East. Eur.	135.3	117.2	+15.2%	+1.6%	-1.4%	+15.4%
UK & Ireland	102.7	70.3	+38.5%	+2.5%	+5.0%	+46.0%
Southern Europe	65.2	42.6	+52.9%	-	-	+52.9%
Latin America	64.2	53.0	+10.0%	+1.2%	+10.0%	+21.2%
Others	6.8	5.5	+19.3%	-	+3.1%	+22.4%
Total	**832.8**	**658.2**	**+24.2%**	**+1.0%**	**+1.3%**	**+26.5%**

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

Q1 2022 monthly organic revenue growth

	January 2022 organic growth	February 2022 organic growth	March 2022 organic growth
France	+27.9%	+28.5%	+35.7%
Central Europe	+12.7%	+13.9%	+15.5%
Scandinavia & East. Eur.	+11.9%	+13.2%	+20.0%
UK & Ireland	+28.0%	+41.0%	+46.0%
Southern Europe	+38.7%	+55.3%	+61.6%
Latin America	+9.8%	+11.1%	+8.8%
Others	+4.1%	+29.6%	+19.8%
Total	**+20.2%**	**+23.8%**	**+28.1%**

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

France

Q1 2022 revenue was up +30.8% (entirely organic). Hospitality has been rebounding sharply, especially since February, and the level of activity in March was only 10% below 2019. Furthermore, all our segments showed good commercial momentum, especially in Workwear and in Pest control.

Central Europe

Q1 2022 revenue was up +16.2% in the region (+14.1% on an organic basis). Activity in Healthcare and in Industry is now above 2019 levels. Collective catering companies and facility management companies still underperformed, impacting our activity in Trade & Services. All the countries in the region delivered strong organic growth, especially in Switzerland, where the share of Hospitality is high, and in Belux, where all segments (Flat linen, Workwear and Hygiene and well-being) posted strong growth.

Scandinavia & Eastern Europe

Q1 2022 revenue was up +15.4% in the region (+15.2% on an organic basis). All the countries in the region delivered strong growth. Commercial momentum was very good, especially in Denmark (in Flat linen), in Sweden (in Workwear) and in Norway (in Workwear). In Healthcare, the activity level is now above 2019.

UK and & Ireland

Q1 2022 revenue was up +46.0% in the region (+38.5% on an organic basis). The Group delivered very good performance in Hospitality, driven by the rebound in activity and by good pricing momentum across the board, without impacting our capacity to win new contracts: we notably recorded new signings in Healthcare and in our Workwear business.

Southern Europe

Q1 2022 revenue was up +52.9% in the region (entirely organic). The region has a high exposure to Hospitality (more than 60% of 2019 revenue) and the rebound in activity is driving growth. In Workwear, the good commercial momentum and the development of outsourcing continued; activity in Healthcare and in Industry is now above 2019 levels.

Latin America

Q1 2022 revenue was up +21.2% in the region (+10.0% on an organic basis). Pricing momentum is good and contributed strongly to Q1 growth, despite the expected slowdown in revenue from temporary contracts signed during the pandemic. The currency effect was strongly positive in the quarter (+10.0%).

Increased confidence in the 2022 outlook communicated on March 9

Further activity pick-up, as well as the relevance of Elis' offer for workwear and hygiene services (which addresses the increasing needs of our clients for hygiene, traceability and for a more secure supply chain) allow us to expect 2022 organic revenue growth of between +13% and +15%. This is based on a working assumption that H1 2022 activity in Hospitality will be -20% below the 2019 level, and that further improvement will be seen in H2 2022.

In a context of very strong energy price inflation, 2022 EBITDA margin is expected to be at around 33.5%, assuming that gas prices for 2022 (North gas exchange point) will stabilize for the remainder of the year at the average price recorded between January 1, 2022 and March 8, 2022 i.e. €100/MWh (to put things in perspective, the historical price never exceeded the monthly average of €30/MWh between January 2010 and July 2021). Should gas prices remain significantly above €100/MWh in H1 2022, we would act on our pricing as early as this summer, with an additional +1% increase passed on to our customers for every €30 tranche above €100 per MWh.

2022 EBIT is expected at c. €500m, with a limited increase in 2022 D&A.

2022 headline net income per share should increase by c. 40% at c. €1.35 per share.

2022 free cash flow (after lease payments) is expected at c. €200m as a result of the impact on working capital requirement of the strong rebound in activity and the increase in linen capex due to inflation. This was already felt in H2 2021, with an increase in cotton prices and transportation costs.

The financial leverage ratio is expected at 2.6x as of December 31, 2022, compared to 3.0x as of December 31, 2021.

Medium-term outlook

In all our geographies, activity in Healthcare, Industry and Trade & Services benefits from the relevance of our services in a context of evolving client needs following the sanitary crisis (organic growth of +5% in 2021 on these 3 markets).

This dynamic is a direct consequence of the need for more hygiene, more traceability, more responsible products and services, and a more secure supply chain; this should be a long-lasting trend that will sustainably drive Elis' organic revenue growth.

Elis' post-crisis normative organic revenue growth (i.e., excluding post-Covid crisis Hospitality catch-up effect) should be above +3.5%.

The EBITDA margin decrease expected in 2022 should be reversed in 2023, either mechanically if gas prices go down, or through the price increases we will implement from H2 2022 onwards.

II. <u>Other information</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, allowing 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 reducing their own emissions.

The Ellen MacArthur Foundation states that the "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 2021, Elis maintained a "Gold medal" related to the EcoVadis questionnaire and improved its global performance (score of 72 compared to 70 in 2020). This medal places Elis within the top 5% of companies assessed by EcoVadis.

Furthermore, the Group was rated B by the CDP (Carbon Disclosure Project), a non-profit organization that carries out independent assessments on the basis of information made available by companies on their strategy, risk & opportunity management, climate goals, annual climate performance, etc…

In addition, Elis scored higher with rating agency Gaïa (83 in 2021 vs 80 in 2020), and with MSCI (6.7 in 2021 vs 5.6 in 2020).

Our climate commitment

Elis has been working on reducing its energy consumption and CO_2 emissions for a long time. The Group has reduced its consumption of thermal energy per kg of linen delivered by -22% between 2010 and 2021 in its European laundries and has accelerated the transition of its vehicle fleet. Furthermore, the Group has reduced the intensity of CO_2 emissions per kg of linen delivered by -19% compared to 2010, which underscores the efforts put in place over many years.

Conscious of the environmental challenges with regard to climate change, Elis wants to commit 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. The Group will thus present climate objectives that are aligned with the methodology of the Science Based Target initiative at end-2022. Once defined, these climate objectives will be submitted to shareholder approval in a "Say on climate" resolution. At the coming AGM on May 19, 2022, the Group will propose to its shareholders a non-binding advisory resolution in order to validate this approach.

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 Universal Registration Document) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.
- EBITDA is defined as EBIT before depreciation and amortization net of the portion of subsidies transferred to income.
- EBITDA margin is defined as EBITDA divided by revenues.
- 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).
- Free cash flow is defined as cash EBITDA minus non-cash-items, minus change in working capital, minus linen purchases and manufacturing capital expenditures, net of proceeds, minus tax paid, minus financial interest payments and minus lease liabilities payments.
- The financial leverage ratio is the leverage ratio calculated for the purpose of the financial covenant included in the new banking RCF agreement signed in November 2021: Leverage ratio is equal to Net financial debt / Pro forma EBITDA of acquisitions finalized during the last 12 months after synergies.

Geographical breakdown

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

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, 2021, 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.

Next information

- Combined general shareholders' meeting: May 19, 2022
- H1 2022 results: July 27, 2022 (after market)

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