Press release

8 March 2023

Very good 2022 performance:
record revenue, EBITDA, EBIT and headline net result

Marked pick-up in hospitality and
satisfactory pricing adjustments in a context of high inflation

Acceleration of Group deleveraging

Elis' 2022 financial performance confirms the strength of its business model despite the uncertain macro environment

- Record revenue at €3,820.9m (+25.3%, of which +21.0% on an organic basis)
- Record adjusted EBITDA at €1,259.6m (33.0% as a % of revenue, down -150bps)
- Record adjusted EBIT at €543.7m (14.2% as a % of revenue, up +150bps)
- Record headline net income at €353.2m, up +58.7%
- Record headline net income per share at €1.54, up +57.0% (€1.46 on a fully diluted basis, up +53.9%)
- Free cash flow (after lease payments) at €224.9m, close to the record level of 2021

2022 marked by the recovery in hospitality, very good commercial momentum in Industry and pricing adjustments tied to inflation

- Since spring, client activity In Hospitality is above the 2019 level
- Commercial development remained solid in Industry and in Trade & Services, still strongly driven by the evolving need for hygiene, traceability, and responsible products & services
- Strong reactivity in a context of high inflation: price negotiations initiated in the fourth quarter of 2021 led to an average price effect of c. +7% in 2022, almost offsetting, in euros, the c. +11% increase in our cost base in 2022
- Hedging on a significant share of Group gas and electricity purchases has been implemented since the second half of 2022 and for the coming years

Further M&A activity, dividend increase and acceleration of Group deleveraging

- 4 major acquisitions finalized in 2022; the integration of the leader in the Mexican market, consolidated since July 1st, is progressing according to plan and activity is above our expectations
- At the May 25, 2023 AGM, the distribution of €0.41 per share will be proposed for the 2022 financial year (up +10% vs 2021), with the option of a payment in Elis shares
- Financial leverage ratio down -0.5x to 2.5x at December 31, 2022
- The deleveraging trajectory should quickly make Elis eligible for investment grade rating consideration
- Debt maturities are spread between April 2024 and June 2032; the entire debt is at fixed rate and the average cost of debt is c. 2%

Many new CSR initiatives launched in 2022

- Development of new, more responsible product lines and implementation of pilot projects in connection with the circular economy; Elis' "Workwear to Workwear" project has been rewarded by the "Espoir" Trophy at the European Circular Fashion Awards
- Sharp improvement of water, thermal energy and CO_2 emissions per kg of linen delivered (European scope)
- Climate objectives in accordance with the Paris Agreement are being finalized and will be presented in the second half of 2023
- Ecovadis certification improved to Platinum level, CDP score improved to A- rewarding the Group's commitment to fighting climate change, and significant improvement of the Sustainalytics rating

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Joint-stock corporation governed by an Executive Board and a Supervisory Board
Registered capital of 230,147,257 euros – RCS: 499 668 440 Nanterre

2023 outlook: another year of strong organic growth with marked improvement of all main financial KPIs and further deleveraging

- 2023 full-year organic revenue growth expected between +11% and +13%
- 2023 adjusted EBITDA margin expected up c. +50bps yoy
- 2023 adjusted EBIT expected above €650m (i.e. up at least +20% yoy)
- 2023 headline net income expected above €405m (i.e. up at least +15% yoy)
- 2023 headline net income per share expected above €1.65 on a fully diluted basis (i.e. up at least +13% yoy)
- 2023 free cash flow (after lease payments) expected above €260m (i.e. up at least +16% yoy)
- Financial leverage ratio at December 31, 2023 expected at c. 2.1x

Saint-Cloud, 8 March 2023 – Elis, an international multi-service provider, offering textile, hygiene and facility services solutions, which is present in Europe and Latin America, today announces it 2022 full-year financial results. The accounts have been approved by the Management Board and examined by the Supervisory Board on March 7, 2023. They have been audited and the auditors issued a report without any qualification.

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

« After two years of pandemic, 2022 was in many respects another atypical year, marked by major macroeconomic and geopolitical instability as well as strong inflation.

In this very complex context, the strength and the flexibility of Elis' business model allowed the Group to attain record levels for almost all its financial KPIs.

Group revenue reached more than €3.8bn, with organic growth of +21%, reflecting the high number of new contract wins in Industry and Trade & Services, the rebound in Hospitality and pricing adjustments, notably to offset surging energy costs.

The great reliability and quality of the service provided and the privileged commercial relationship the Group has with its clients allowed Elis to implement pricing adjustments throughout 2022 to offset, in nominal terms, inflation peaks recorded during the year. Nevertheless, the very strong increase in energy costs impacted our EBITDA margin, as expected. However, EBIT margin and net income per share improved sharply. The Group has also accelerated its deleveraging with a financial leverage ratio at 2.5x as of 31 December 2022, down -0.5x yoy. This great set of results allows us to propose the distribution of a dividend of €0.41 per share at the next AGM, up +10% year on year.

In 2022, Elis also moved forward with circular economy initiatives, as well as developing the recycling of its textiles. The group also continues to work on the definition of its climate strategy and will announce its objectives, aligned with the Paris Agreement, in the second half of the year.

In 2023, we anticipate another year of strong organic growth, along with marked improvement of all our financial KPIs and further Group deleveraging, with a financial leverage ratio expected at 2.1x at the end of 2023, which should quickly make Elis eligible for investment grade rating consideration.

The great resilience shown by Elis through the various recent crises, its operational know-how, its strengthened organic growth profile and its circular economy model are major assets that will enable the company to assert its leadership in all the countries in which it is present."

I. <u>2022 annual results</u>

Full-year 2022 reported growth breakdown

In millions of euros	2022	2021	Organic growth	External growth	FX	Reported growth
France	1,185.0	953.8	+24.2%	-	-	+24.2%
Central Europe	870.0	735.3	+15.0%	+2.5%	+0.9%	+18.3%
Scandinavia & East. Eur.	580.7	498.9	+14.9%	+2.9%	-1.4%	+16.4%
UK & Ireland	476.5	364.2	+28.8%	+1.2%	+0.9%	+30.8%
Latin America	347.3	234.1	+9.1%	+24.4%	+14.9%	+48.3%
Southern Europe	330.5	235.9	+40.1%	-	-	+40.1%
Others	30.8	26.1	+17.5%	-	+0.5%	+18.0%
Total	**3,820.9**	**3,048.3**	**+21.0%**	**+3.1%**	**+1.2%**	**+25.3%**

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

2022 organic growth breakdown

	Q1	Q2	H1	Q3	Q4	H2
France	+30.8%	+37.1%	+34.1%	+17.0%	+15.9%	+16.5%
Central Europe	+14.1%	+18.5%	+16.4%	+13.7%	+13.8%	+13.7%
Scandinavia & East. Eur.	+15.2%	+19.6%	+17.4%	+13.2%	+12.0%	+12.6%
UK & Ireland	+38.5%	+38.8%	+38.7%	+21.4%	+21.3%	+21.4%
Latin America	+10.0%	+7.6%	+8.8%	+7.1%	+11.8%	+9.4%
Southern Europe	+52.9%	+62.2%	+58.0%	+32.5%	+23.2%	+28.0%
Others	+19.3%	+10.2%	+14.5%	+37.4%	+7.4%	+19.8%
Total	**+24.2%**	**+29.0%**	**+26.7%**	**+17.0%**	**+15.7%**	**+16.3%**

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

As announced on January 30, 2023, 2022 activity was marked by the recovery in hospitality, very good commercial momentum and pricing adjustments tied to inflation. In 2022, Elis recorded revenue increase of +25.3%, of which +21.0% on an organic basis.

In **France**, revenue was up +24.2% (entirely organic). Hospitality continued to rebound throughout 2022 and is now above the 2019 level. All end-markets showed very good commercial momentum, especially in Workwear and in Pest control. In addition, the pricing dynamic was good.

In **Central Europe**, revenue was up +18.3% (+15.0% on an organic basis) and all countries in the region posted strong organic revenue growth of +10% or more. Switzerland, where the share of Hospitality is high, posted strong growth, as did Belux, where all segments were still well-oriented (Flat linen, Workwear and Hygiene and well-being). In Germany, pricing momentum was very good in Hospitality but remains insufficient in Healthcare and Workwear in light of the inflation level. That said, commercial development remains dynamic, especially in Industry (Workwear) and in Hospitality (Flat linen).

In **Scandinavia & Eastern Europe**, revenue was up +16.4% (+14.9% on an organic basis) and all countries in the region posted strong organic revenue growth. Pricing negotiations took longer than in the other regions but eventually came to a positive conclusion. Hospitality sharply rebounded in Denmark and in Sweden throughout 2022, and commercial momentum is strong (notably in Workwear).

In the **UK and & Ireland**, revenue was up +30.8% (+28.8% on an organic basis). Activity in Hospitality continued to pick up although the pace was slower than in the other regions. However, pricing momentum is well oriented in the region, especially in Hospitality and in Healthcare: extra capacity is limited, and most players focus on pricing rather than volumes. Furthermore, we recorded an improvement in churn rate and many new contract wins in Healthcare and in our Workwear business.

In **Latin America**, revenue was up +48.3% (+9.1% on an organic basis). The acquisition of a leader in the Mexican market, consolidated since July 1st, largely contributed to the strong scope effect in the year (+24.4%). Integration is going well, and financial performance is even above our expectations. Pricing dynamic was good in the region, but volumes were slightly down, following the end of temporary contracts signed in Brazil during the pandemic. The currency effect was strongly positive in 2022 (+14.9%).

In **Southern Europe**, revenue was up +40.1% (entirely organic). The region has a high exposure to Hospitality and the marked rebound in activity throughout 2022 drove growth, notably with a strong summer season. In Workwear, good commercial momentum continued on the back of an acceleration of outsourcing. Last, pricing momentum in the region was satisfactory during the year.

Adjusted EBITDA

In millions of euros		**2022 reported**			**2021 restated[1]**			**Var. 22/21**	
	H1	**H2**	**Total**	**H1**	**H2**	**Total**	**H1**	**H2**	**Total**
France	209.7	246.5	456.2	153.2	220.5	373.7	+36.8%	+11.8%	+22.1%
As of % of revenue	*37.0%*	*39.6%*	*38.4%*	*36.3%*	*41.2%*	*39.1%*	*+70bps*	*-160bps*	*-70bps*
Central Europe	121.5	137.5	259.0	111.2	129.4	240.5	+9.3%	+6.3%	+7.7%
As of % of revenue	*29.4%*	*29.8%*	*29.6%*	*32.1%*	*33.0%*	*32.6%*	*-270bps*	*-320bps*	*-290bps*
Scandinavia & East. Eur.	100.7	109.5	210.2	92.1	99.8	191.9	+9.4%	+9.7%	+9.6%
As of % of revenue	*35.9%*	*36.4%*	*36.2%*	*39.0%*	*38.0%*	*38.5%*	*-310bps*	*-150bps*	*-230bps*
UK & Ireland	67.4	75.8	143.2	46.7	65.3	112.1	+44.2%	+16.1%	+27.8%
As of % of revenue	*30.0%*	*30.0%*	*30.0%*	*30.1%*	*31.3%*	*30.8%*	*=*	*-120bps*	*-70bps*
Latin America	45.6	70.8	116.4	37.6	40.2	77.8	+21.4%	+76.1%	+49.7%
As of % of revenue	*32.4%*	*34.3%*	*33.5%*	*33.5%*	*33.0%*	*33.2%*	*-110bps*	*+130bps*	*+30bps*
Southern Europe	39.4	50.7	90.1	24.2	43.5	67.7	+62.8%	+16.6%	+33.1%
As of % of revenue	*26.2%*	*28.1%*	*27.2%*	*25.4%*	*30.9%*	*28.7%*	*+80bps*	*-280bps*	*-140bps*
Others	(7.9)	(7.6)	(15.5)	(6.3)	(5.3)	(11.6)	-25.4%	-44.6%	-34.1%
Total	**576.4**	**683.2**	**1,259.6**	**458.7**	**593.4**	**1,052.1**	+25.7%	+15.1%	+19.7%
As of % of revenue	*32.3%*	*33.5%*	*33.0%*	*33.3%*	*35.5%*	*34.5%*	*-100bps*	*-190bps*	*-150bps*

[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.
« Others » includes Manufacturing Entities and Holdings.

In 2022, Group adjusted EBITDA was up +19.7% yoy at €1,259.6m. Adjusted EBITDA margin was down -150bps.

In **France**, adjusted EBITDA margin was down -70bps compared to 2021, at 38.4%. The strong rise in energy prices in 2022 weighed on our costs: gas purchases were not hedged, and the Flat linen business (highly gas intensive) was strong due to the rebound in Hospitality. Pricing dynamics were good, with an unavoidable lag given the sudden gas price increase, leading to margin compression.

In **Central Europe**, adjusted EBITDA margin was down -290bps compared to 2021, at 29.6%. Covid-related absenteeism (paid by companies) and recruitment difficulties, especially in Germany, had an impact on our productivity (logistics and workshops). Furthermore, price adjustment negotiations were difficult with big clients in Healthcare and Workwear, which represent a significant part of the region's revenue.

In **Scandinavia & Eastern Europe**, adjusted EBITDA margin was down -230bps compared to 2021, at 36.2%. The pick-up in Hospitality had a dilutive effect on margin. Just like Central Europe, performance was impacted by Covid-related absenteeism (paid by companies) and by the lag in implementing price adjustments for big clients in Healthcare and Workwear.

In the **UK & Ireland**, adjusted EBITDA margin was down -70bps compared to 2021, at 30.0%. Operational KPIs are improving. However, very strong inflation, while offset in value by the rebound in Hospitality and pricing dynamics, had a dilutive effect on margin.

In **Latin America**, adjusted EBITDA margin was up +30bps compared to 2021, at 33.5%. The acquisition of the leader in the Mexican market had an accretive effect on margin. Furthermore, productivity is improving in all countries and inflation has been easing, which generates a favorable effect on the back of strong pricing adjustments that have been kicking in with a time lag.

In **Southern Europe**, adjusted EBITDA margin was down -140bps compared to 2021, at 27.2%. Just like France, the cost base was impacted by fact that gas purchases were unhedged and by the high share of Flat linen, which is more gas intensive.

From adjusted EBITDA to net income

In millions of euros	2022 reported	2021 restated[1]	Var. 22/21
Adjusted EBITDA	**1,259.6**	**1,052.1**	**+19.7%**
As a % of revenue	*33.0%*	*34.5%*	*-150bps*
D&A	(715.9)	(663.7)	
Adjusted EBIT	**543.7**	**388.3**	**+40.0%**
As a % of revenue	*14.2%*	*12.7%*	*+150bps*
Current operating income	**519.6**	**358.8**	**+44.8%**
Amortization of intangible assets recognized in a business combination	(80.1)	(81.1)	
Goodwill impairment	(58.7)	-	
Non-current operating income and expenses	(9.0)	(16.1)	
Operating income	**371.8**	**261.5**	**+42.2%**
Net financial result	(86.7)	(90.5)	
Income tax	(80.5)	(56.6)	
Income from continuing operations	**204.6**	**114.4**	**+78.8%**
Net income	**204.6**	**114.4**	**+78.8%**
Headline net income[2]	**353.2**	**222.6**	**+58.7%**

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

Adjusted EBIT and ROCE

In 2022, adjusted EBIT was up +40.0% yoy, at €543.7m. Adjusted EBIT margin was up +150bps in 2022 at 14.2%, due to the decrease in linen capex in 2020 and in 2021, leading to limited increase of D&A in 2022 (c. +5%).

ROCE before tax, defined as adjusted EBIT divided by capital employed at the beginning of the period, is at 11.6% in 2022 compared to 8.4% in 2021. 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 free-share plans correspond to the requirements of the IFRS 2 accounting standard. They showed a -€5.7m decrease in 2022 compared to 2021,

- The amortization of intangible assets recognized in a business combination is mainly related to the goodwill allocation of Berendsen. In 2022, the aggregate was stable compared to 2021,
- Goodwill impairment: in Russia, on June 30, 2022, in accordance with accounting standards, the Group booked a €58.7m goodwill impairment (at an exchange rate of RUB56.6/€), based on a 26.3% WACC (compared to 11.4% as of December 31, 2021),
- Non-current operating expenses amount to €9.0m in 2022, down yoy.

Net financial result

In 2022, despite a total interest charge up +€7.3m following the various recent refinancings, net financial expense was down c. -€4m yoy at €86.7m, mainly due to interest received by the Group on its available cash in the context of rising interest rates.

Net income

Net income was €204.6m in 2022, compared to €114.4m in 2021, i.e. up +78.8%.

Net income to headline net income

In millions of euros	2022 reported	2021 restated[1]	Var. 22/21
Net income	**204.6**	**114.4**	**+78.8%**
Amortization of intangible assets recognized in a business combination[2]	63.4	65.4	
Goodwill impairment	58.7	-	
IFRS 2 expense[2]	21.5	25.9	
Accelerated amortization of loans issuing costs[2]	0.3	2.1	
Exceptional gains / losses linked to refinancing operations[2]	(2.2)	3.3	
Non-current operating income and expenses[2]	7.0	11.5	
Headline net income	**353.2**	**222.6**	**+58.7%**
Attributable to:			
- owners of the parent	353.2	222.5	
- non-controlling interests	-	0.1	
Headline net income per share (in euros):			
- basic, attributable to owners of the parent	1.54	0.98	+57.0%
- diluted, attributable to owners of the parent	1.46	0.95	+53.9%

[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 €353.2m in 2022, up +58.7% compared to 2021. Headline net income per share was up +57.0% at €1.54 (up +53.9% at €1.46 on a fully diluted basis).

Cash flow statement

In millions of euros	2022 reported	2021 restated[1]
Adjusted EBITDA	**1,259.6**	**1,052.1**
Non-recurring items and changes in provisions	(9.7)	(14.1)
Acquisition and disposal expenses	(4.4)	(1.6)
Other	(1.7)	(1.6)
Cash flow before finance costs and tax	**1,243.8**	**1,034.7**
Net capex	(691.9)	(569.5)
Change in working capital requirement	(52.6)	10.1
Net interest paid	(72.9)	(74.6)
Tax paid	(100.1)	(83.2)
Lease liabilities payments - principal	(101.5)	(89.4)
Free cash flow (after lease liabilities payments)	**224.9**	**228.1**
Acquisitions of subsidiaries, net of cash acquired	(221.6)	(86.8)
Changes arising from obtaining or losing control of subsidiaries or other entities	(22.4)	(7.3)
Other cash flows related to financing activities	(3.4)	6.8
Proceeds from sale of subsidiaries, net of cash transferred	(0.0)	0.0
Dividends and distributions paid	(33.2)	(0.0)
Equity increase & treasury shares	4.5	17.7
Other	17.4	(21.4)
Net debt variance	**(33.8)**	**137.1**
Net financial debt	**3,177.6**	**3,143.9**

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

Net capex

In 2022, the Group's net capex represented 18.1% of revenue, compared to 18.7% last year, despite the significant inflation of linen price (c. +20%). In value, net capex increased by c. +€122m over the period, but the strong revenue increase resulted in a lower ratio.

Change in working capital requirement

In 2022, change in WCR was strongly negative at c. -€53m, reflecting the impact on trade receivables of the strong activity pick-up and high inventories (both in terms of volume and price) in a context of tension on the worldwide supply chain. However, the Group recorded good cash collection ratios: average payment time was 53 days at December 31, 2022, despite an unfavorable calendar effect.

Free cash flow

In 2022, free cash flow (after lease liabilities payments) was €224.9m, just slightly below 2021 level (€228.1m) despite the strongly negative change in working capital requirement (-€52.6m in 2022 compared to +€10.1m in 2021).

Net financial debt

The Group's net financial debt as of December 31, 2022 stood at €3,177.6m compared to €3,143.9m at December 31, 2021 and €3,187.3m at June 30, 2022. The financial leverage ratio was 2.5x at December 31, 2022 compared to 3.0x at December 31, 2021.

In 2022, Elis priced the issue of €300m aggregate principal amount of senior unsecured notes under its EMTN (Euro Medium Term Notes) Program. The maturity of the notes is 5 years and the notes carry a fixed annual coupon of 4.125%.

In June, the Group signed a new $175m USPP (US private placement) financing with a group of US investors led by Barings. The new notes have a 10-year maturity (June 2032) and will offer investors a 4.32% coupon in US dollars. The notes have been swapped in euros for a total amount of €159m by Elis which will pay a final 3% coupon in euros.

In September, Elis placed Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (OCEANEs) due 22 September 2029, for a nominal amount of €380m and has partially repurchased the outstanding OCEANEs due 6 October 2023 for a nominal amount of €200m.

Payout for the 2022 financial year

At the next Annual General Meeting of shareholders on 25 May 2023, the Supervisory Board will recommend the payment of €0.41 per share for the 2022 financial year (+10% compared to 2021). An option of a payment in Elis shares will be proposed.

2023 outlook

2023 organic revenue growth is expected between +11% and +13%, driven by:

- A price effect of at least +9% made up of the embedded price adjustments negotiated throughout 2022 and the additional adjustment implemented since January 1st, 2023,
- A favorable comparable base in Hospitality in the first quarter.

The lower end of the organic growth range factors in the potential impact from a slowdown in the economy, of which we see no sign to date.

In a context of very strong energy price inflation, the Group has progressively negotiated fixed rate tariffs for 2023 and the following years. These hedging measures, as well as the embedded effect of pricing adjustments and new productivity gains expected in 2023, should contribute to an improvement of adjusted 2023 EBITDA margin of c. +50bps compared to 2022.

2023 adjusted EBIT is expected above €650m, driven by top line dynamism and a slight decrease in D&A as a percentage of revenue.

2023 headline net income is expected above €405m, corresponding to a 2023 headline net income per share above €1.65 (on a fully diluted basis, notably factoring in the potential dilutive effect from the new OCEANE bods issued in September 2022).

2023 free cash flow (after lease payments) is expected above €260m, driven by EBITDA increase and despite an expected negative calendar effect on receivables (30 December 2023 and 31 December 2023 will be not worked).

Financial leverage ratio as of December 31, 2023 is expected at c. 2.1x, down -0.4x yoy.

II. Acquisition of a leading player in the Mexican market

Presentation of the acquired company

The acquired company is a century-old business and a leader in the Mexican market. It mainly provides flat linen and workwear to clients in the Healthcare market. It is the only Mexican player with national coverage: it operates 11 production sites, 12 distribution centers and a manufacturing workshop. The company employs more than 2,600 employees. 2021 revenue was c. €85m (using June 2022 €/MX$ exchange rate), with EBITDA margin of c. 38% and EBIT margin of c. 18%. The business delivers strong organic revenue growth, driven by the rapid development of the Mexican market. The group has been consolidated since July 1st, 2022. In the second half, activity was strong, driven by very good commercial dynamism (6-month 2022 revenue was c. €50m with adjusted EBITDA margin of c. 42%).

Acquisition rationale

- Further development in Latin America, a geography in which Elis posts strong organic growth
  - Elis is acquiring one of the main Mexican players and the only one with a nationwide network
  - Elis enters its 4th country in the region after Brazil, Colombia, and Chile
  - Elis has delivered average annual organic revenue growth of +9.4% in the zone since it first entered the region in 2014
  - Elis has an excellent track record in integrating assets in Latin America with c. 10 acquisitions since 2014
- The Mexican economy is solid and stable
  - Relatively low inflation (4% per year before the pandemic) and low unemployment (3.5%)
  - Strong organic growth potential as outsourcing is currently limited
  - External growth potential: additional bolt-on opportunities in a fragmented market
  - Mexican economy strongly correlated with US activity

Attractive multiples

The initial invested amount for the acquisition of 100% of the share capital (at an exchange rate set in March 2022 at MX$23.6/€) corresponds to a multiple of 5.0x 2021 EBITDA and 10.7x 2021 EBIT. The highly experienced management team continues to run the business; the transaction includes some potential earn-outs over the 2023-2025 period at lower multiples.

III. Other information

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 sharing 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 rating by 10pts to 14.8 (« low risk »). Furthermore, 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 rating puts Elis in the "Leadership" category and underscores its commitment and actions with regards to climate change.

After winning a Gold medal related to the EcoVadis questionnaire for 5 consecutive years, Elis obtained a Platinum medal, the highest possible reward. This medal places Elis within the top 1% of the c. 90,000 companies assessed by EcoVadis.

Finally, Elis maintained its high performance with rating agency Gaïa (72/100), which ranks the Group at the Gold level.

Our climate commitment

Conscious of the environmental challenges with regards 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]. At the General Shareholders Meeting held on 19 May 2022, the Group already proposed that shareholders support this strategic step, via an advisory resolution. This resolution was approved. The setup of Elis' Climate plan that started in 2022 will continue in 2023 in order to be as accurate and fair as possible.

The Group aims at presenting its climate objectives, aligned with the methodology of the Science Based Targets initiative in the second half of 2023. The Group currently plans to submit its climate objectives to the advisory vote of its shareholders at the 2024 General Shareholders Meeting.

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 December 31, 2021.

In millions of euros	2021 reported	IFRS 3	2021 restated
Revenue	**3,048.3**	-	**3,048.3**
Adjusted EBITDA	**1,052.1**	-	**1,052.1**
D&A	(663.7)	-	(663.7)
Adjusted EBIT	**388.3**	-	**388.3**
Current operating income	**358.8**	-	**358.8**
Amortization of intangible assets recognized in a business combination	(81.0)	(0.1)	(81.1)
Goodwill impairment	-	-	-
Non-current operating income and expenses	(16.1)	-	(16.1)
Operating income	**261.7**	**(0.1)**	**261.5**
Net financial result	(90.5)	-	(90.5)
Income tax	(56.6)	0.0	(56.6)
Income from continuing operations	**114.6**	**(0.1)**	**114.4**
Net income	**114.6**	**(0.1)**	**114.4**

Capital employed

The capital employed calculation excludes the intangible assets recognized in the Group's last LBO for €1,536.8m in 2021 and €1,537.7m in 2022 (net of deferred tax).

In millions of euros	As of January 1st, 2022	As of January 1st, 2021
TOTAL ASSETS	**8,043.1**	**7 862,4**
Employee benefit assets	(51.8)	(34,1)
Cash and cash equivalents	(160.1)	(137,6)
Intangible assets recognized in the Group's last LBO (net of deferred tax)	(1,537.7)	(1,536.8)
Subtotal (I)	**6,293.4**	**6,153.8**
TOTAL EQUITY AND LIABILITIES	**8,043.1**	**7,862.4**
EQUITY	**(3,013.7)**	**(2,808.3)**
Employee benefit liabilities	(105.9)	(108,9)
Borrowings and financial debt	(3,084.5)	(3,066.6)
Bank overdrafts and current borrowings	(219,5)	(352.0)
Subtotal (II)	**1,619.5**	**1,526.5**
Capital employed at beginning of period = (I)-(II)	**4,673.9**	**4,627.3**

[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).

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.

  In order to take into account the statement published by the European Securities and Markets Authority (ESMA) on 29 October 2021 regarding alternative performance indicators, the Group added the term "adjusted" to the above definitions. The content of these indicators remains unchanged compared to previous financial years.
- 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 full-year 2022 results (in English)

Date: Wednesday 8 March 2023 at 7:30am GMT (8:30am CET)

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

Webcast link: https://edge.media-server.com/mmc/p/fahw7btv

Conference call & Q&A session link:
https://register.vevent.com/register/BI32712b793ca4499ca789819537904bbb

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

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 31 December 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

Q1 2023 revenue: Wednesday 10 May 2023 (after market)

AGM: Thursday 25 May at 3pm CET - Maison des Travaux Publics - 3, rue de Berri - 75008 Paris

Contact

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Excerpt from condensed consolidated financial statements

Consolidated income statement

(in millions of euros)	31/12/2022	31/12/2021 restated
Revenue	3,820.9	3,048.3
Cost of linen, equipment and other consumables	(575.0)	(517.5)
Processing costs	(1,491.3)	(1,127.8)
Distribution costs	(585.5)	(470.9)
Gross margin	1,169.1	932.1
Selling, general and administrative expenses	(655.1)	(581.7)
Net impairment on trade and other receivables	5.7	8.4
Operating income before amortization of intangible assets recognized in a business combination, goodwill impairment and other operating income and expenses	519.6	358.8
Amortization of intangible assets recognized in a business combination	(80.1)	(81.1)
Goodwill impairment	(58.7)	-
Other operating income and expenses	(9.0)	(16.1)
Operating income	371.8	261.5
Net financial income (expense)	(86.7)	(90.5)
Income (loss) before tax	285.1	171.0
Tax	(80.5)	(56.6)
Income from continuing operations	204.6	114.4
Income from discontinued operation, net of tax	-	-
NET INCOME (LOSS)	**204.6**	**114.4**
Attributable to:		
- owners of the parent	204.6	114.3
- non-controlling interests	0.0	0.1
Earnings (loss) per share (EPS) (in euros):		
- basic, attributable to owners of the parent	€0.89	€0.50
- diluted, attributable to owners of the parent	€0.86	€0.50
Earnings (loss) per share (EPS) from continuing operations (in euros):		
- basic, attributable to owners of the parent	€0.89	€0.50
- diluted, attributable to owners of the parent	€0.86	€0.50

Consolidated statement of financial position

Assets

(in millions of euros)	31/12/2022	31/12/2021 restated
Goodwill	3,962.6	3,818.3
Intangible assets	697.1	752.7
Right-of-use assets	466.9	439.4
Property, plant and equipment	2,039.5	1,911.0
Other equity investments	0.1	0.1
Other non-current assets	79.2	64.7
Deferred tax assets	43.0	32.0
Employee benefit assets	18.7	51.8
TOTAL NON-CURRENT ASSETS	7,307.0	7,070.1
Inventories	195.3	138.6
Contract assets	45.5	38.1
Trade and other receivables	748.2	599.8
Current tax assets	18.2	17.2
Other assets	17.4	18.9
Cash and cash equivalents	286.2	160.1
Assets held for sale	0.2	0.4
TOTAL CURRENT ASSETS	1,311.0	973.0
TOTAL ASSETS	**8,618.0**	**8,043.1**

Equity and liabilities

(in millions of euros)	31/12/2022	31/12/2021 restated
Share capital	230.1	224.1
Additional paid-in capital	2,440.9	2,531.6
Treasury share reserve	(1.7)	(1.6)
Other reserves	(324.2)	(322.7)
Retained earnings (accumulated deficit)	868.2	581.5
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,213.4**	**3,013.0**
NON-CONTROLLING INTERESTS	**0.8**	**0.7**
TOTAL EQUITY	3,214.2	3,013.7
Provisions	91.6	90.0
Employee benefit liabilities	69.4	105.9
Borrowings and financial debt	3,034.9	3 084.5
Deferred tax liabilities	290.1	283.0
Lease liabilities	390.3	367.2
Other non-current liabilities	68.9	33.1
TOTAL NON-CURRENT LIABILITIES	3,945.2	3,963.7
Current provisions	10.4	12.6
Current tax liabilities	24.0	28.2
Trade and other payables	364.9	262.5
Contract liabilities	81.4	75.8
Current lease liabilities	95.2	86.3
Other liabilities	453.9	380.8
Bank overdrafts and current borrowings	428.9	219.5
Liabilities directly associated with assets held for sale	-	-
TOTAL CURRENT LIABILITIES	1,458.6	1,065.7
TOTAL EQUITY AND LIABILITIES	**8,618.0**	**8,043.1**

Consolidated statement of cash flows

(in millions of euros)	31/12/2022	31/12/2021 restated
Consolidated net income (loss)	**204.6**	**114.4**
Tax	80.5	56.6
Net financial income (expense)	86.7	90.5
Goodwill impairment	58.7	-
Share-based payments	20.3	24.4
Depreciation, amortization and provisions	790.8	745.7
Portion of grants transferred to income	(0.7)	(0.6)
Net gains and losses on sale of property, plant and equipment and intangible assets	5.4	0.7
Other	(2.5)	2.9
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**1,243.8**	**1,034.7**
Change in inventories	(50.0)	1.0
Change in trade and other receivables and contract assets	(119.3)	(76.8)
Change in other assets	0.3	2.8
Change in trade and other payables	82.2	35.3
Change in contract and other liabilities	35.7	45.5
Other changes	(2.2)	0.1
Employee benefits	0.7	2.3
Tax paid	(100.1)	(83.2)
NET CASH FROM OPERATING ACTIVITIES	**1,091.2**	**961.6**
Acquisition of intangible assets	(26.5)	(21.1)
Proceeds from sale of intangible assets	-	-
Acquisition of property, plant and equipment	(673.3)	(552.8)
Proceeds from sale of property, plant and equipment	7.4	3.8
Acquisition of subsidiaries, net of cash acquired	(221.6)	(86.8)
Proceeds from sale of subsidiaries, net of cash transferred	(0.0)	0.0
Changes in loans and advances	1.1	1.0
Dividends earned	0.0	0.0
Investment grants	0.5	0.5
NET CASH FROM INVESTING ACTIVITIES	**(912.5)**	**(655.3)**
Capital increase	4.6	10.3
Treasury shares	(0.1)	7.3
Dividends paid		
- to owners of the parent	*(33.2)*	*(0.0)*
- to non-controlling interests of consolidated companies	-	-
Change in borrowings (a)	152.8	(141.7)
- Proceeds from new borrowings	*1 244.0*	*776.1*
- Repayments of borrowings	*(1,091.2)*	*(917.8)*
Lease liability payments - principal	(101.5)	(89.4)
Net interest paid (including interest on lease liabilities)	(72.9)	(74.6)
Other cash flows related to financing activities	(3.4)	6.8
NET CASH FROM FINANCING ACTIVITIES	**(53.7)**	**(281.2)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**125.1**	**25.2**
Cash and cash equivalents at beginning of period	160.1	137.6
Effect of changes in foreign exchange rates on cash and cash equivalents	1.0	(2.7)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**286.2**	**160.1**

(a) Net change in credit lines