

**M.A.J.**

S.A. (French public limited company) with capital of €142,515,408  
31 Chemin Latéral au Chemin de Fer, 93500 Pantin, France  
775 733 835 R.C.S. BOBIGNY

**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS**  
**TO THE ORDINARY GENERAL MEETING OF JUNE 25, 2020**

We have invited you to this Ordinary General Meeting for the purpose of submitting for your review and approval the financial statements for the 12-month fiscal year beginning January 1 and ending on December 31, 2019.

We inform you that no change in the presentation method of the financial statements was made during the fiscal year.

**FINANCIAL POSITION OF THE COMPANY**

M.A.J. is the main operating company for the multi-service group ELIS, a leader in the rental, laundry and maintenance of textile, hygiene and well-being items (HWB) in France, Europe and Latin America. The Group itself or its subsidiaries directly serve hundreds of thousands of customers of all sizes in France, belonging to various professional customer segments: Hospitality, Healthcare, Industry, Trade and Services.

The wide diversity of its clients and business sectors helps to mitigate the sensitivity of the Company's activities to the economic environment. After the negative impacts of the yellow vests movement in late 2018 and early 2019, business activity was sustained until January 2020. The traceability of flat linen by chip is gradually being implemented.

Furthermore, the economic slowdown has had little effect on the activity of clients in the Healthcare segment (particularly nursing homes), which is growing mainly as a result of the aging population. However, the healthcare market has been exposed to severe price pressure prompted by the regrouping among major clients and by a turn towards integrated laundries. Changes in medical practices (outpatients and use of disposable clothing) are having an impact on business.

The clothing business experienced growth in 2019 thanks to new clients and business developments.

The Sanitary market was dominated by cleaning service companies and facilities management companies, with strong pressure on prices and direct business with clients in decline. The beverage sector is expanding. The medical waste management activity remained stable and marginal.

The "Pest Control" business is on the rise, given the health context of pest control (rodents, bed bugs, mosquitoes).

Furthermore, the fiscal year ended December 31, 2019 was marked by:

- the acquisition in February 2019 of 100% of the shares of Blanchisserie Sud Aquitaine (40), which specializes in the rental and maintenance of flat linen for the hotel industry in the Southern Aquitaine region;
- the merger by absorption of the companies Maison de Blanc Berrogain and Blanchisserie Professionnelle d'Aquitaine as well as the complete transfer of assets of Blanchisserie Sud Aquitaine;
- acquisition financing in Brazil and Colombia through capital increases of the subsidiaries Atmosfera and Elis Colombia;
- the capital increase and the reconstitution of the shareholders' equity of the subsidiary Elis Prévention Nuisibles,

- The acquisition of the Czech subsidiary Elis Textile Care CZ SRO prior to its merger by absorption at the end of 2019 into Elis Textil Servis SRO (formerly SNDI SRO).

### TRANSACTIONS RELATING TO THE INCOME STATEMENT

The **key figures** for the fiscal year ended 12/31/2019, compared to those for the fiscal year ended 12/31/2018, are as follows:

(in thousands of euros)	<u>12/31/2018</u> (12 months)	%	<u>12/31/2019</u> (12 months)	%
Revenue excl. tax (including other income)	705,141	100.00	736,718	100.00
Depreciation and amortization	109,574	15.54	112,583	15.28
Personnel costs	233,638	33.13	239,048	32.45
<b>Operating income</b>	<b>121,392</b>	<b>17.22</b>	<b>129,780</b>	<b>17.62</b>
Net financial income	(174,817)	(24.79)	56,050	7.61
<i>O/w indiv. financial income</i>	<i>1,946</i>	<i>0.28</i>	<i>2,135</i>	<i>0.29</i>
Net recurring income before tax	(53,426)	(7.58)		
Net non-recurring income	12,999	1.84	(4,122)	(0.56)
Employee profit-sharing	10,057	1.43	6,705	0.91
Income tax	36,473	5.17	34,503	4.68
<b>Net income (loss)</b>	<b>(86,957)</b>	<b>(12.33)</b>	<b>140,500</b>	<b>19.07</b>
Cash flow	21,617	3.06	27,917	37.89
Cash flow	183,843	26.07	190,641	25.88
Added value	454,907	64.51	469,714	63.76

**Revenue** (including other income) for the fiscal year ended 12/31/2019 amounted to €736,718,000 against €705,141,000 for the year ended 12/31/2018, an increase of 4.48%. This increase can be explained by the improvement in the economic environment in 2019 and by the integration of the sales of BPA, Maison de Blanc Berrogain and BSA.

The **operating income** resulted in a net income of €129,780,000 against €121,392,000 as at 12/31/2018. Operating expenses as a percentage of revenue are equivalent compared to the figure for the fiscal year ended 12/31/2018 (84.84% compared to 84.86%), despite the increase in purchases and external expenses (+7.5%), provisions (+2.7%) and personnel expenses (+2.3%).

The average workforce as at 12/31/2019 was 7,432 persons, distributed over 74 centers, compared with 7,375 at 31.12.2018 over 71 centers.

The profit sharing premium for productivity over the fiscal year (excluding general social contribution [C.S.G.] and social debt repayment contribution [C.R.D.S.]) stood at €5,313,000. It was €5,037,000 on 12/31/2018.

#### **Financial transactions**

Financial income specifically includes:

- the income from subsidiaries and other equity investments (€2,135,000),
- the interest received on advances granted within the framework of the cash pooling agreement (€2,350,000),
- write-backs of provisions for depreciation of shares in Elis Manomatic, Elis Italia and Atmosfera (€72,647,000),

- a provision for financial expenses and risks for the Elis Prévention Nuisibles subsidiary (€1,578,000).
- other financial income for €1,926,000 (part of the merger bonus linked to the two mergers by absorption recorded during the fiscal year).

Financial expenses specifically include:

- the interest paid for advances granted by the subsidiaries in the context of the cash pooling agreement and by the company Elis SA (€8,867,000), as well as for the intra-Group loans with the company Elis SA (€9,453,000),
- grants to provisions for depreciation of the shares of the subsidiaries Le Jacquard Français (+€374,000), Elis Prévention Nuisibles (+€2,462,000), and Blanchisserie Blésoise (+€2,959,000),
- negative foreign exchange losses (€466,000).

Finally, the **financial result** as at 12/31/2019 is a net income of €56,050,000 against a loss of (€174,817,000) as at 12/31/2018.

### **Extraordinary transactions**

The **net non-recurring loss** was (€4,122,000) compared to a net income of €12,999,000 as at 12/31/2018. It specifically includes:

- movements (reversals and allocations) in the provision for accelerated amortizations,
- movements (income and NBV) in sales of assets,
- costs related to restructuring and site closures, or environmental risks,
- actuarial spreads on employee benefit obligations,
- costs related to the acquisition of interests.

**Net profit**, after creating a provision for:

- employee profit-sharing	€6,705,000
- income tax	€34,503,000

resulted in a net income of **€140,500,000**. As at 12/31/2018, there was a loss of €86,957,000.

### **TRANSACTIONS CONCERNING THE BALANCE SHEET**

The operations concerning the balance sheet during the fiscal year ended take into account the contributions (assets/liabilities) of the companies BPA, Maison de Blanc Berrogain and BSA, and are as follows:

- 1) Intangible assets: They include the merger loss of the company BSA (€1,369,000) and the contribution of the goodwill of the companies BPA, Maison de Blanc Berrogain and BSA (€791,000).
- 2) Property, plant and equipment: They include in particular the land and buildings of the factories in Anglet and Mios, contributed by Berrogain and BPA.
- 3) The gross value of investment securities amounted to €1,486,667,000 against €1,250,357,000 as at 12/31/2018. In particular, the transactions in the fiscal year involved:
  - the subscription to the capital increases in the subsidiaries Atmosfera (+€30.8m), Elis Italia (+€4.0m), Elis Colombia (+€12.3m), Elis Prévention Nuisibles (+€9.0m) and Pierrette-TBA (+€164.1m),
  - the revaluation of the stake in Elis Textil Servis SRO (+€17.9m) following the merger of Elis Textile Care CZ SRO (Czech Republic),
  - the cancellation of the BPA, BSA and Berrogain securities following integration into M.A.J. (–€3.5m),
- 4) Other receivables: The advances granted by M.A.J. within the framework of the cash pooling agreement at the end of the fiscal year stood at €85,603,000. Please note the following subsidiaries

were granted advances: Pierrette-TBA (€13,640,000), RLST (€8,069,000), SPCI (€32,139,000), Le Jacquard Français (€8,525,000), Elis Manomatic (€16,458,000), Elis Prévention Nuisibles (€1,247,000) and Elis Belgium (€7,610,000).

5) The provisions for risks, totaling €15,519,000 at the end of the fiscal year, include, in particular, a provision linked to environmental risks (€12,367,000), a provision for litigation (€1,366,000), and a provision for long-service commitments (€1,662,000).

5) Provision for post-employment benefits: This stood at €19,424,000 against €17,630,000 as at 12/31/2018.

6) Payables and other loans:

The Company uses the current account advance granted by the parent company ELIS, the cap on which currently stands at €1,000,000,000, and the intra-Group loan of €88,448,000 (with capitalized interest) granted in 2015 and of €385,670,000 in 2019 to finance the development of its activities and external growth.

At the end of the fiscal year, Group debts (cash pool) amounted to €527,987,000, of which €399,512,000 were for the current account advance with ELIS SA.

Ultimately, the debts came to a total of €1,217,728,000 as at 12/31/2019, of which €736,090,000 was within one year. They were €1,196,206,000 as at 12/31/2018.

#### **NOTE REGARDING THE USE OF FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS**

The company has adopted ANC Regulation no. 2015-05 on forward financial instruments and hedging transactions. The hedge accounting principles are mandatory where hedging is identified in the management and documented. The effects of the financial instruments used by the company to hedge and manage its foreign exchange, interest rate and commodity risks are recognized in the income statement in parallel to those of the hedged item. Impairments or provisions for risks relating to a hedged item take into account the effects of the hedge. If the hedged item disappears, the hedging instrument is treated as a separate open position, the hedge is settled and the losses or gains are recognized in income statement.

As at December 31, 2019, the company does not hold any derivative instruments not designated as hedged (no separate open positions).

#### **DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES**

The Company has reviewed the risks that could potentially have a significant adverse effect on its activity, its financial situation or its profits (or on its ability to meet its objectives), and it is of the view that there are no significant risks other than those mentioned in Chapter 3 and 4 of the 2019 Registration Document of the listed parent company ELIS SA, available on the website: <https://fr.elis.com/en/group/investor-relations>.

The main risks to which the Group (and thus also M.A.J.) believes it is exposed are strategic risks, risks related to operational activities, financial risks, legal risks, regulatory risks, tax risks and non-financial risks (social and environmental).

#### **ACTIVITIES OF SUBSIDIARIES AND EQUITY INVESTMENTS**

The company directly or indirectly controls subsidiaries and equity investments in Europe (including France) and in Latin America, whose activity for the majority of them is identical to that of the company (rental and maintenance services). Other subsidiaries (“Manufacturing Entities”) have a manufacturing business (Le Jacquard Français and Kennedy Hygiene Products Ltd).

All financial data for these subsidiaries and equity investments is consolidated in the ELIS SA holding and, for specific details, reference is made in the 2019 Universal Registration Document of the company ELIS SA, available on the website: <https://fr.elis.com/en/group/investor-relations>.

### **A - Comments on the business of the company MAJ, its subsidiaries and the Group**

The Group, including the company MAJ provides a broad and integrated range of rental and maintenance services to a diversified base of more than 400,000 customers across, among others, the regions described below (excluding Manufacturing Entities):

With regard to MAJ and its subsidiaries in particular (MAJ scope of consolidation), these geographic areas are consolidated in the breakdown of revenue for the four operating segments: France, (Central and Southern) Europe, Latin America and Manufacturing Entities.

#### **Breakdown of the 2019 consolidated EBITDA and revenue of MAJ and its subsidiaries by geographic area:**

In € million	2018			2019		
	REVENUE	%	EBITDA	REVENUE	%	EBITDA
France	1,032.8	45.9	362.0	1,065.7	44.8	406.1
Southern and Central Europe <sup>1</sup>	950.1	42.2	280.9	1,029.2	43.3	317.7
Latin America	247.7	11.0	66.7	262.5	11.0	79.7
Manufacturing Entities	21.0	0.9	(10.3)	21.4	0.9	(10.2)
<b>Total MAJ scope of consolidation</b>	<b>2,251.6</b>	<b>100.0</b>		<b>2,378.8</b>	<b>100.00</b>	

#### **1) Business activity in the rental and cleaning of textile and hygiene items and pest control services**

##### **France**

In France, the Group (including the Company) generated a consolidated revenue of €1,065.7 million for the fiscal year ended December 31, 2019 (excluding the Manufacturing Entities), or 32.5% of the Group's consolidated revenue (compared to 33.3% the year before), and representing 44.8% of revenue in the MAJ scope of consolidation.

In France, the Group serves customers in four main sectors: Hospitality, Healthcare, Industry, and Trade and Services.

In 2018, the Group's consolidated revenue grew by +3.2% in France, which was organic growth. All markets are well oriented thanks to an improvement in the retention of our customers, whose business is good.

##### **Europe (excluding France)**

In Europe, the Group is divided into 4 areas: UK – Ireland, Central Europe, Scandinavia and Eastern Europe and Southern Europe, and provides services to customers in all segments. Consolidated Group revenue in Europe (excluding France) represents 58.9%.

More specifically, the activities of the Company's subsidiaries are located in Central Europe and Southern Europe, and represent 43.3% of the turnover of the MAJ scope of consolidation.

<sup>1</sup> Figures for Central Europe include countries and regions outside the MAJ scope (e.g. Berendsen), such as Poland, parts of Germany and the Netherlands.

In 2019, Group revenue from Central Europe was €731 million, representing 22% of consolidated revenue. The Group provides its services in Central Europe to customers in the Industry, Trade and Services and Healthcare sectors in particular. Pro forma organic growth was +2.8% in Central Europe. Germany recorded organic growth of more than +1.5%, driven by the Professional clothing segment, despite a slightly sluggish economy.

In Germany, the Group has made more than 10 acquisitions since 2008. In 2018, the merger of Elis and Berendsen networks gave the Group a new dimension in this historically fragmented country which is the biggest European market. The Group continued to consolidate the German market, particularly in the Healthcare sector, with the acquisition in 2018 of BW Textileservice and Wascherei Waiz, and then in 2019 of Curantex, enabling Elis to increase the density of its network in the highly dynamic region of North Rhine-Westphalia.

In Southern Europe, the Group generated €298.2 million in consolidated revenue during the fiscal year ended December 31, 2019, representing 9% of consolidated revenue. The Group provides its services in Southern Europe to customers in all client sectors.

At Group level, revenue growth in southern Europe was +11.3% with organic growth of +7.4%. This very strong performance is due to the effect of price increases in Spain in the context of a sharp increase in labor costs, very good sales momentum in the Professional clothing segment in the countries within the area, and good business activity recorded for flat linen in Portugal.

In Spain, Elis, which posted revenue of just 20 million euro in 2000, became the market leader at the end of 2016 with the acquisition of Indusal. In 2018 and 2019, Elis continued consolidation of the Spanish market with the acquisition of Triton Lavanderias and Lloger Textil.

### **Latin America**

The Group provides services in Latin America to customers in the Hospitality, Healthcare and Industry segments. In Latin America, the Group posted consolidated revenue of €262.5 million for the year ended December 31, 2019 (8% of Group's consolidated revenue for the period and 11.0% of consolidated revenues of MAJ).

The 2019 consolidated revenue of the Group in Latin America is growing by +6%, with +7.1% organic growth, driven by the development of outsourcing in Healthcare and Professional clothing, particularly in Brazil. Moreover, the impact of acquisitions is +1.7% and the exchange effect is -2.9%.

The Group began to develop its activities in Brazil in December 2012. Expansion continued with the acquisition of the Atmosfera Group in February 2014. The Group strengthened its presence in Brazil notably with the acquisition in July 2015 of Teclav, a laundry company in Fortaleza (State of Ceará) on the country's northeastern coast, and then the acquisition in December 2015 of Martins & Lococo. In 2017, Elis acquired Lavebras and Bardusch's Brazilian operations. These acquisitions were a very important step in the Group's development in Brazil and have consolidated its position as the undisputed leader in Latin America's largest market. In 2019, Atmosfera acquired the BR Laundry group.

Elis has also become the leader in Chile, with the September 2015 acquisition of the country's number one player, Albia, which enjoys a market share of around 25%. The Group operates eight laundries across the country which mainly serve customers in the Healthcare, Hospitality and Industry (mining industry) sectors. A new factory was opened in San Francisco de Mostazal.

Lastly, in 2016 Elis acquired Servicios Industriales de Lavado SIL S.A.S. ("SIL") in Colombia, with a view to quickly becoming number one in the market. SIL, now Elis Colombia, operates two laundries in Bogotá and has one of the sector's finest industrial facilities, mainly serving private players in the Healthcare sector. In addition, the Group continued to consolidate the Colombian market in 2017 with

two other acquisitions in Bogotá (Lavanser and Centro de Lavado y Aseo). In 2019, Elis strengthened its position with the acquisitions of Metropolitana and Lavamejor Zona Franca.

## **2) Manufacturing activities**

The Group also has a manufacturing business carried out by its two Manufacturing Entities, the following subsidiaries of the Company: Le Jacquard Français and Kennedy Hygiene Product Ltd.

Le Jacquard Français, acquired by the Group in 1968, designs and manufactures high-end flat linen and damask linen products. It has a weaving plant in Gérardmer, in the Vosges mountains in Eastern France, and its own sales, marketing and distribution departments. Le Jacquard Français mainly sells its products to consumers through third-party distribution networks, such as department stores, retailers, private online sales and specialist shops. Le Jacquard Français also has five shops, including two in Paris. Le Jacquard Français exports its products to 50 countries and aims to increase its export sales.

Kennedy Hygiene Products Ltd (Great Britain), acquired in 1987, is one of Europe's market leading designers and manufacturers of hygiene appliances, such as cotton and paper towel dispensers, no-touch hand dryers, soap and toilet paper dispensers, feminine hygiene disposal bins, and fragrance dispensers. Kennedy Hygiene Products is based in the United Kingdom and exports its products to some 44 countries.

Kennedy Hygiene Products has its own sales, marketing, distribution and R&D departments, but also works closely with the Elis Group's marketing team to design products to meet the specific requirements of the Group's customers.

The Group's manufacturing business generated consolidated revenue of around €21.4 million for the fiscal year ended December 31, 2019 and represents less than 1% (after elimination of intra-Group transactions).

## **B – New acquisitions in 2019**

In France, in February 2019, the Company acquired Blanchisserie Sud Aquitaine, located in Benesse-Maremne (40), which specializes in the rental and maintenance of flat linen for the hotel and restaurant industry. The 2018 revenue amounted to €3,648,000. This company was dissolved by a merger of assets into M.A.J. on October 31, 2019.

In Germany, in January 2019, Elis Holding GmbH acquired Curantex in the Cologne area, enabling Elis to expand its network in the highly dynamic region of North Rhine-Westphalia.

In Spain, in 2019, Elis Manomatic acquired the companies Lloguer Textil, Marina and Base, as well as an industrial laundry business called LA PERLA in Barcelona.

In Italy, Elis Italia acquired the company Organizzazione Arrigoni. This company was integrated into Elis Italia in December 2019.

In Switzerland, ELIS Suisse acquired the company AS Desinfection, which specializes in pest control. In Colombia, Elis Colombia acquired Metropolitana in January 2019, which has two plants in Bogotá serving operators in the Healthcare, Industry and Hospitality segments. This acquisition helps strengthen Elis' existing network in the Bogotá region and develop the Hospitality and Industry sectors. Then in September 2019, Elis Colombia acquired Lavamejor Zona Franca.

In Brazil, Atmosfera has strengthened its position with the acquisition of BR Laundry.

## **BRANCH OFFICES**

The company operates its business in France in 74 centers (production units and service centers) as at 12/31/2019.

## **RESEARCH AND DEVELOPMENT/ENVIRONMENTAL PERFORMANCE INDICATORS**

Within the framework of implementing the ISO 9001 certification, the Company is committed to protecting the environment while operating its laundry business. In particular, production sites are subject to French ICPE laws.

The Company is always searching for ways to optimize its consumption of water, energy and laundry products.

In order to limit its environmental footprint by reducing its greenhouse gas emissions and making better use of natural resources, the Company has strengthened its approach by obtaining ISO 50001 certification from Afnor Certification in December 2015 for its energy management system.

## **OUTLOOK**

The future prospects are based on the Group's strategy, built around four elements:

- the consolidation of the Group's positions by organic and external growth;
- the regular opening of new markets in new and existing geographical areas;
- the continued improvement of the Group's operational excellence;
- the introduction of new products and services at limited marginal cost.

After an excellent start to the year, however, we note that since the spread of the Covid-19 epidemic in Europe at the beginning of the year and the implementation of the various containment measures, the company's business activity has been increasingly impacted. Thus, the activity of the Hospitality sector is in sharp decline, that of the Industry sector is more resilient, particularly because of the clients in the pharmaceutical and food industries, while business was buoyant with customers in the Health sector. The company immediately took drastic measures to protect first and foremost the health of its employees and the people they come into contact with, as well as its cash position and profitability. These measures include the temporary, partial or total closure, as appropriate, of some of the company's sites.

The impact of this crisis is currently difficult to assess accurately, as it is stated that the company immediately took drastic measures to preserve its margins and cash generation.

## **SIGNIFICANT EVENTS SINCE THE END OF THE FISCAL YEAR**

As mentioned above and in the description of post-closing items in the notes to the financial statements for the fiscal year ended December 31, 2019, the spread of the Covid-19 epidemic will have an impact on the company's financial results, although this impact cannot be accurately assessed at this time.

## **TAX INFORMATION**

1) Since March 1, 2008, the Company has been consolidated into a tax group established by the parent company ELIS and a tax consolidation agreement was signed on October 30, 2009 with effect from July 1, 2009.

### **2) Non-deductible fees and expenses**

During the fiscal year ended December 31, 2019, the Company:

\* did not recognize any sumptuary expenses that were not deductible from taxable income within the meaning of Article 39-4 of the French Tax Code (*Code Général des Impôts*).



\* did not exclude any general expenses from tax deductible expenses in the income taxable pursuant to Articles 39-5 and 223 quinquies of the French General Tax Code.

**LEGAL INFORMATION**

1) Employees do not hold shares in the company M.A.J. No company stock options have been granted to corporate officers or company employees.

The last Extraordinary General Meeting, which was consulted to approve a planned capital increase reserved for employees in accordance with Articles L. 3332-18 et seq. of the French Labor Code, was held on 29 June, 2018.

2) Information about payment terms for suppliers and customers

In accordance with Articles L. 441-6-1 and D. 441-4-I° of the French Commercial Code, the breakdown of the balance of trade payables and customer debts for the fiscal year ended on December 31, 2019 was the following:

*Outstanding invoices received and issued at the end of the fiscal year that are due for payment (table in Section I of Article D. 441-4)*

	Article D. 441-4 I.-1°: Outstanding invoices <u>received</u> at the end of the reporting period that are due for payment						Article D. 441-4 I.-2°: Outstanding invoices <u>issued</u> at the end of the reporting period that are due for payment					
<i>(in thousands of euros incl. tax)</i>	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
<b>(A) Installments of late payment</b>												
Number of invoices concerned	60,861					3,289	45,229					121,528
Total amount of invoices concerned incl. tax	41,663	4,366	1,317	227	773	6,683	119,633	15,434	10,833	4,192	26,097	56,556
Percentage of the total amount of purchases during the fiscal year incl. tax	9.94%	1.04%	0.31%	0.05%	0.18%	1.59%						
Percentage of revenue in the fiscal year excl. tax							17.15%	2.21%	1.55%	0.60%	3.74%	8.11%
<b>(B) Invoices excluded from (A) relating to disputed or unrecognized debts and receivables</b>												
Number of invoices excluded												
Total amount of invoices excluded (specify: excl. or incl. tax)												
<b>(C) Reference payment terms used (contractual or legal terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)</b>												
Payment terms used to calculate payment delays	Contractual or legal terms						Contractual terms: 15th of the following month					

3) Environmental and social information (CSR)

In accordance with Article L. 225-102-1-IV of the French Commercial Code, the Company is not required, as a company controlled by the company ELIS SA, to publish a statement on non-financial performance in application of Article L. 225-102-1-I.

## **PROPOSED RESOLUTIONS**

### **A – Approval of the financial statements – discharge**

We kindly ask you to approve the financial statements for the fiscal year ended December 31, 2019 as they are presented to you, and to discharge the members of the Board of Directors from managing them.

### **B – Allocation of income**

After noting that the fiscal year ended December 31, 2017 showed net income of €140,499,824.42, we ask you to allocate this amount as follows:

- to the "Retained Earnings" account, the amount required  
to pay off the debit balance €86,957,263.13
- to the "Other reserves" account, the balance €53,542,561.29

In accordance with the law, it is recalled that no dividend has been distributed for the last three fiscal years.

### **C – Regulated agreements**

You will be required to approve agreements falling within the scope of Article L. 225-38 of the French Commercial Code, subject to the special report by your Statutory Auditors.

### **D – Term of office of a director**

It is proposed that Mr. Barthélémy Morin's term of office as director, which expires at the end of this Ordinary General Meeting, be renewed for six fiscal years.

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## **CORPORATE GOVERNANCE REPORT**

In accordance with Article L. 225-37 of the French Commercial Code, we hereby present the corporate governance report on the information listed in Article L. 225-37-4 of the French Commercial Code:

### **1) The choice between the two management models set out in Article L. 225-51-1 of the French Commercial Code.**

Pursuant to Article 11 of the Articles of Association, the Board of Directors decided on September 2, 2002 that the management of the company would be assumed, under its responsibility, by the Chairman of the Board of Directors, who would bear the title Chairman and Chief Executive Officer. Accordingly, Mr. Xavier Martiré, Chairman of the Board of Directors, assumes the management of the Company.

### **2) A list of all the offices and functions performed in any company by each corporate officer during the fiscal year.**

We are providing you in the Appendix with a list of all the offices and positions held in any company by each director over the past fiscal year.

### **3) Information on the agreements concluded during fiscal year 2019 in accordance with Article L. 225-37-4 last paragraph of the French Commercial Code, with the exception of agreements relating to current transactions concluded under normal conditions**

The agreements concluded during fiscal year 2019 in accordance with Article L. 225-37-4 last paragraph of the French Commercial Code are indicated in the Appendix to this report.

4) A table summarizing the effective authorizations granted by the General Shareholders' Meeting regarding share capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2, and including the use made of these authorizations during the fiscal year.

No authorizations have been granted to date by the General Shareholders' Meeting of the Company.

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We kindly ask you to vote in favor of the resolutions proposed to you.

We think that you will enjoy joining us in thanking the employees of the company and its subsidiaries for their dedicated collaboration.

The Board of Directors

INCL. :

- Table of financial results for the last five fiscal years
- List of offices and duties of corporate officers
- List of agreements falling within the scope of Article L. 225-37-4 last paragraph of the French Commercial Code

**RESULTS OVER THE LAST 5 FISCAL YEARS**  
(and other significant items)

In euros

TYPE OF INDICATION	01/01/2015 12/31/2015 (1) (12 months)	01/01/2016 12/31/2016 (12 months)	01/01/2017 12/31/2017 (2) (12 months)	01/01/2018 12/31/2018 (3) (12 months)	01/01/2019 12/31/2019 (4) (12 months)
<b>I. Capital at the end of the fiscal year</b>					
* share capital	142,515,408	142,515,408	142,515,408	142,515,408	142,515,408
* number of existing ordinary shares	8,907,213	8,907,213	8,907,213	8,907,213	8,907,213
* number of existing preferred dividend shares (without voting rights)					
* maximum number of future shares to create:					
. In bond conversions					
. In exercising subscription rights					
<b>II. Transactions and results for the fiscal year</b>					
* revenue excl. tax	590,410,626*	593,880,954	680,476,584**	705,141,203	736,717,584***
* profit before tax, employee profit-sharing, and depreciation and amortization allowances and provisions	179,219,936	230,601,831	267,318,740	231,743,523	233,600,192
* income tax expense	17,163,670	43,182,204	23,757,103	36,473,345	34,502,901
* employee profit-sharing	4,252,113	12,382,550	4,416,110	10,057,181	6,705,234
* profit after tax, employee profit-sharing and depreciation and amortization allowances and provisions	31,800,179	100,199,035	66,319,352	-86,957,263	140,499,824
* distributed income	22,357,105	0	0	0	0
<b>III. Earnings per share</b>					
* profit after tax, employee profit-sharing but before depreciation and amortization allowances and provisions	17.72	19.65	26.85	20.79	21.60
* earnings after tax, employee profit-sharing and depreciation and amortization allowances and provisions	3.57	11.25	7.45	-9.76	15.77
* net dividend per share	2.51	0.00	0.00	0.00	0.00
<b>IV. Employees</b>					
* average number of employees during the fiscal year	6,240	6,172	6,768	7,375	7,432
* payroll expenses for the fiscal year	149,976,953	149,744,731	178,018,434	182,486,705	187,692,594
* employee benefits paid during the fiscal year (social security, etc.)	42,332,123	42,358,536	48,127,433	51,151,059	51,354,804

\* revenue includes that of the customers Hytop (from 04/01/2015) and Le Grand Blanc via BPA (from 12/01/2015)

\* revenue includes that of the customers Lovetra (from 04/03/2017) and Grenelle Service (from 07/01/2017)

\*\*\* revenue includes that of the customers BPA, BSA and Maison de Blanc Berrogain (from 10/31/2019)

(1) the 2015 financial statements include the contributions/merger of the companies Poulard 1836 and Districlean Service

(2) the 2017 financial statements include the mergers/absorptions of the companies Lovetra and Grenelle Service, and the contribution/merger of the company ASD

(3) the 2018 financial statements include the contribution/merger of the companies Big Bang and HTE Sanitation as well as the merger/absorption of the company SOC

(4) the 2019 financial statements include the merger/absorption of the companies BPA and Maison de Blanc Berrogain as well as the contributions/merger of BSA

## **MANDATES AND POSITIONS OF CORPORATE OFFICERS**

### **Xavier Martiré**

Chairman and Chief Executive Officer

- Chairman of the Management Board of ELIS S.A.
- Director of PIERRETTE-T.B.A. S.A.
- Chairman of ELIS LUXEMBOURG S.A. (company under Luxembourg law)
- Director of ELIS MANOMATIC S.A. (company under Spanish law)
- Director of LAVANDERIAS TRITON SL (company under Spanish law)
- Director of ELIS ITALIA SpA (company under Italian law)
- Director of S.P.A.S.T. S.A. (company under Portuguese law)
- Director of GAFIDES S.A. (company under Portuguese law)
- Director of WÄSCHEREI MARIANO AG (company under Swiss law)
- Member of the Board of BERENDSEN Ltd (company under English law)
- Chairman of the Supervisory Board of ATMOSFERA GESTÃO E HIGIENIZAÇÃO DE TÊXTEIS S.A. (company under Brazilian law)
- Director of ALBIA S.A. (company under Chilean law)
- Director of SERVICIOS HOSPITALARIOS S.A. (company under Chilean law)

### **Didier Lachaud**

Director

- Chairman and Chief Executive Officer of SHF HOLDING S.A.
- Chairman of ELIS SERVICES S.A.S.
- Chairman of LES LAVANDIERES S.A.S.
- Chairman of ELIS PREVENTION NUISIBLES S.A.S.
- Manager of S.C.I. DU CHATEAU DE JANVILLE
- Permanent representative of the company LES LAVANDIERES on the Board of Directors of BLANCHISSERIE MODERNE S.A.
- Member of the Board of BERENDSEN Finance Ltd (company under English law)

### **Barthélémy Morin**

Director

- Chairman and Chief Executive Officer of PIERRETTE – T.B.A. S.A.
- Chairman of THIMEAU S.A.S.
- Chairman of REGIONALE DE LOCATION ET SERVICES TEXTILES S.A.S.
- Chairman of SHF S.A.S.
- Manager of S.C.I. DE LA FORGE
- Manager of S.C.I. MAINE BEAUSEJOUR
- Manager of S.C.I. LES GAILLETROUS
- Director of SHF HOLDING S.A.
- Member of the Board of KENNEDY HYGIENE PRODUCTS Ltd (company under English law)
- Member of the Board of KENNEDY EXPORTS Ltd (company under English law)
- Member of the Board of BERENDSEN A/S (company under Danish law)
- Director of WÄSCHEREI MARIANO AG (company under Swiss law)
- Director of COLIDAY HOLDINGS Ltd (company under Cypriot law)
- Director of SERVICIOS HOSPITALARIOS S.A. (company under Chilean law)

### **Marie Laure Gouaze**

Director

- Director of PIERRETTE – T.B.A. S.A.

**Anne Bailly-Dupas**

Director

- Chairman and CEO of BLANCHISSERIE MODERNE S.A.
- Manager of S.C.I. DES DEUX SAPINS
- Director of ELIS BELGIUM S.A. (company under Belgium law)

**Cécile HUGAUD**

Employee Director

**STATUTORY AUDITOR**

Company **MAZARS**  
61 rue Henri Regnault, Tour Exaltis,  
92400 Courbevoie, France

**FISCAL YEAR: 01/01/2019–12/31/2019**

**AGREEMENTS FALLING WITHIN THE SCOPE OF  
ARTICLE L. 225-37-4 OF THE FRENCH COMMERCIAL CODE**

NB: excluding current transactions concluded under normal conditions

- 1. Agreements entered into (directly or through an intermediary) between the shareholder owning more than 10% and another company controlled by M.A.J. within the meaning of Article L. 233-3 during fiscal year 2019**

**None**

- 2. Agreements entered into (directly or through an intermediary) between one of the members of the Board of Directors and another company controlled by M.A.J. within the meaning of Article L. 233-3 during fiscal year 2019**

None