Press release

26 October 2022

Continued growth momentum in Q3 2022: Revenue up +22.8%

Buoyant commercial activity in all our end-markets

New pricing adjustments implemented in Q3 to offset the strong rise in energy costs

Q3 2022 revenue at €1,031.0m (+22.8% o/w +17.0% on an organic basis): Further recovery in Hospitality, very good commercial momentum in Industry and in Trade & Services, additional pricing adjustments tied to inflation

- In Hospitality, the summer season was very good, especially in France and in Southern Europe
- Commercial development was especially solid in Industry and in Trade & Services and the churn rate improved
- Commercial dynamics are still strongly driven by the evolving needs for hygiene, traceability, and responsible products & services
- No slowdown was recorded in any country nor any end-market
- Following the strong inflation on energy costs recorded during summer, Elis has negotiated additional pricing adjustments, to be implemented between October 2022 and January 2023
- The total price effect for 2022 should be c. +7% while cost base inflation is of c. +11%

Update on 2022 outlook

- Full-year 2022 organic revenue growth now expected above +20% (previously expected between +18% and +20%), driven by the pick-up in hotel activity, pricing adjustments and Elis' improved growth profile
- The acceleration of inflation in Q3 should lead to c. €35m additional costs for 2022; new pricing adjustments negotiated since summer should represent a c. €25m uplift on 2022 revenue
- Consequently, 2022 adjusted EBITDA margin is now expected at c. 33.0% (previously expected at c. 33.5%)
- 2022 adjusted EBIT still expected above €530m (vs €388m in 2021)
- 2022 headline net income per share still expected above €1.45m
- 2022 free cash flow (after lease payments) still expected at c. €200m
- Financial leverage ratio as of December 31, 2022 still expected at 2.5x, down 0.5x yoy

The Group aims to actively continue its deleveraging to reach a financial leverage ratio of close to 2.0x in 2023 and below 2.0x in 2024

- As of 30 September 2022, Group financial leverage ratio was at 2.6x compared to 3.1x at 30 September 2021
- The deleveraging trajectory that we anticipate should quickly make Elis eligible for investment grade rating consideration
- Current 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%

Saint-Cloud, 26 October 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 9 months ended 30 September 2022. These figures are unaudited.

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

« With +17% organic revenue growth in Q3 2022, Elis continued to benefit from the rebound in Hospitality and from its attractive services offer in Industry and Trade & Services, with many contracts wins in the quarter.

Furthermore, the Group's quality of service led to churn rate improvement and contributed to facilitate negotiations for new pricing adjustments necessitated by surging energy costs during the summer, *These new pricing adjustments have been implemented since October 2022 and represent c. €25m of additional revenue for full-year 2022, to be compared to a c. €35m additional impact from summer inflation on the estimated cost base for full-year 2022. All the pricing adjustments that have been negotiated to date allow us to already anticipate a 2023 price effect that will be above the c. +7% that we expect for 2022.*

This better-than-expected pricing, Hospitality recovery and commercial momentum allow us to raise our topline objective and we now expect organic revenue growth to be above +20% in 2022.

2022 adjusted EBITDA margin is now expected to be at around 33.0%, 50bps below what we expected at the end of July, reflecting the difference between the €35m additional costs expected for the full-year and the negotiated pricing adjustments to offset this increase, with only €25m accounted for in 2022.

Our full-year objectives for adjusted EBIT, headline net income per share, free cash-flow and financial leverage ratio are confirmed. We notably anticipate an acceleration in Group deleveraging with a financial leverage ratio that should be at 2.5x at 31 December 2022. We aim at actively continuing this deleveraging in the coming years, which should quickly make the Group eligible for investment grade rating consideration.

The great resilience shown by Elis over the different recent crisis, 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. Q3 2022 revenue

Reported revenue

In millions of euros	2022			2021			Var.		
	H1	Q3	9M	H1	Q3	9M	H1	Q3	9M
France	564.0	319.1	883.1	420.7	272.7	693.4	+34.1%	+17.0%	+27.4%
Central Europe	410.7	227.9	638.6	344.3	193.8	538.2	+19.3%	+17.6%	+18.7%
Scandinavia & East. Eur.	280.2	147.1	427.4	236.1	125.8	361.9	+18.7%	+17.0%	+18.1%
UK & Ireland	224.2	129.0	353.2	155.3	105.4	260.7	+44.3%	+22.5%	+35.5%
Southern Europe	150.3	96.8	247.1	95.1	73.1	168.1	+58.0%	+32.5%	+46.9%
Latin America	141.0	102.7	243.6	112.4	62.7	175.1	+25.5%	+63.7%	+39.2%
Others	13.5	8.2	21.7	11.6	6.0	17.6	+16.4%	+37.6%	+23.6%
Total	**1,783.8**	**1,031.0**	**2,814.8**	**1,375.5**	**839.4**	**2,214.9**	**+29.7%**	**+22.8%**	**+27.1%**

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

Q3 2022 reported growth breakdown

In millions of euros	Q3 2022	Q3 2021	Organic growth	External growth	FX	Reported growth
France	319.1	272.7	+17.0%	-	-	+17.0%
Central Europe	227.9	193.8	+13.7%	+2.7%	+1.2%	+17.6%
Scandinavia & East. Eur.	147.1	125.8	+13.2%	+4.2%	-0.4%	+17.0%
UK & Ireland	129.0	105.4	+21.4%	+0.9%	+0.2%	+22.5%
Southern Europe	96.8	73.1	+32.5%	-	-	+32.5%
Latin America	102.7	62.7	+7.1%	+42.2%	+14.4%	+63.7%
Others	8.2	6.0	+37.4%	-	+0.1%	+37.6%
Total	**1,031.0**	**839.4**	**+17.0%**	**+4.5%**	**+1.3%**	**+22.8%**

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

9-month 2022 organic revenue growth

	Q1 2022	Q2 2022	Q3 2022	9-month 2022
France	+30.8%	+37.1%	+17.0%	+27.4%
Central Europe	+14.1%	+18.5%	+13.7%	+15.4%
Scandinavia & East. Eur.	+15.2%	+19.6%	+13.2%	+16.0%
UK & Ireland	+38.5%	+38.8%	+21.4%	+31.7%
Southern Europe	+52.9%	+62.2%	+32.5%	+46.9%
Latin America	+10.0%	+7.6%	+7.1%	+8.2%
Others	+19.3%	+10.2%	+37.4%	+22.3%
Total	**+24.2%**	**+29.0%**	**+17.0%**	**+23.0%**

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

France

Q3 revenue was up +17.0% (entirely organic). Hospitality has continued to rebound: the summer season was good and even excellent in Paris. All end-markets showed very good commercial momentum, esspecially in Workwear and in Pest control. Finally, the pricing dynamic was good (+7% on average) in a context of strong inflation.

Central Europe

Q3 revenue was up +17.6% (+13.7% on an organic basis) and all countries in the region posted strong organic revenue growth. 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 more subdued in Healthcare and Workwear.

Scandinavia & Eastern Europe

Q3 revenue was up +17.0% in the region (+13.2% on an organic basis), and all countries in the region delivered organic revenue growth of +10% or above, although pricing negotiations are generally more difficult than in the other regions. The strong pick-up of Hospitality continued in Denmark and commercial momentum was still very good in Sweden and in Norway (in Workwear in both cases).

UK and & Ireland

Q3 revenue was up +22.5% in the region (+21.4% on an organic basis). Activity in Hospitality continued to pick up although the pace was slower than in the other regions, especially in London. However, pricing momentum is well oriented in the region, especially in Hospitality and in Healthcare. Commercial momentum remained good with an improvement in churn rate and many new contract wins in Healthcare and in our Workwear business.

Southern Europe

Q3 revenue was up +32.5% in the region (entirely organic). The region has a high exposure to Hospitality (more than 60% of 2019 revenue) and the marked rebound in activity continues to drive growth, on the back of a very summer season. In Workwear, good commercial momentum and the acceleration of outsourcing continued. Finally, pricing momentum in the region is still satisfactory.

Latin America

Q3 revenue was up +63.7% in the region (+7.1% 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 quarter (+42.2%). Inflation seems to be past the peak whereas pricing momentum remains strong. Volumes are slightly down, following the end of temporary contracts signed during the pandemic. The currency effect remained strongly positive in the quarter (+14.4%).

II. <u>Refinancing</u>

In May 2022, Elis successfully 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, with a fixed annual coupon of 4.125%. The net proceed of the issue will be dedicated to the refinancing of the €450 million aggregate principal amount of notes due 15 February 2023, which has a call option at par (without penalties) on 15 November 2022.

In September 2022, Elis successful placed an offering of bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs) due 22 September 2029 for a nominal amount of €380m. The bonds are convertible and/or exchangeable into new/existing Elis shares and carry a coupon of 2.25% per annum and a conversion premium of 42.5% over the reference share price (€12.1537 i.e. an initial conversion price of €17.3190). Bondholders will be entitled to request an early redemption of their Bonds at their Principal Amount plus accrued but unpaid interest on 22 September 2027.

The net proceeds of the offering were used to finance the partial and simultaneous repurchase of the outstanding OCEANEs due 6 October 2023 (ISIN: FR0013285707) for c. €196m (the outstanding balance is meant to be repaid at maturity). The remainder of the net proceeds will be used for general corporate purposes.

Debt maturities are spread between April 2024 and June 2032; the entire debt is at fixed rate and the average cost of debt is currently of c. 2%.

Financial leverage ratio was 2.6x as of 30 September 2022, compared to 3.1x as of 30 September 2021. The Group aims at actively pursuing its deleveraging to reach a financial leverage ratio close to 2.0x in 2023 and below 2.0x in 2024. This deleveraging trajectory should quickly make Elis eligible for investment grade rating consideration.

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 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 CO2 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 CO2 emissions compared to disposable clothes. (Source: Cleaner Environmental Systems)

These alternatives to a linear consumption approach enable our clients to avoid CO2 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 CO2 (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 H1 2022, Sustainalytics improved Elis's ESG rating by 9pts at 15.5 (« low risk »). Elis's grade with MSCI reached 7.0 in July 2022 compared to 5.6 in 2020. Furthermore, Elis obtained an « A » grade in the Verité40 index (Axylia group).

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. 75,000 companies assessed by EcoVadis.

In 2021, the Group was rated B 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…

Finally, in 2022, 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 regard to climate change, Elis is committed to an approach to reduce its emissions that is in line with the Paris Agreement to contribute to keeping the increase in temperature below 1.5C° compared to preindustrial levels[1]. In 2023, the Group will present climate objectives that are aligned with the methodology of the Science Based Targets initiative.

These climate objectives will be submitted in a "Say on climate" resolution at the next General Shareholders Meeting in May 2023. At the General Shareholders Meeting held on 19 May this year, the Group has already proposed that shareholders support this strategic step, via an advisory resolution. This resolution was largely approved.

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.
- Adjusted EBITDA is defined as adjusted EBIT before depreciation and amortization net of the portion of subsidies transferred to income.
- Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenues.
- 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

[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).

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 revenues.

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

Presentation of Elis' Q3 2022 revenue (in English)

Date: Wednesday 26 October 2022 at 5:15pm GMT (6:15pm CET)

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

Webcast link: https://edge.media-server.com/mmc/p/7q3khnib

Conference call & Q&A session link:
https://register.vevent.com/register/BIaac7ec35d24244e79fba3ba9d0dc9f18

An investor presentation will be available at 4:50pm GMT (5:50pm 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

Full-year 2022 revenue: Monday 30 January 2023 (after market)

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