Financial statements for the year ended December 31, 2022

1 CONSOLIDATED FINANCIAL STATEMENTS AFR

1.1 Consolidated income statement

(In millions of euros)	Notes	12/31/2022	12/31/2021 restated[(a)]
Revenue	**3.1/4.1/4.2**	**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 other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment	**3.2**	**519.6**	**358.8**
Amortization of intangible assets recognized in a business combination	4.5	(80.1)	(81.1)
Goodwill impairment	6.1	(58.7)	0.0
Other operating income and expenses	4.6	(9.0)	(16.1)
Operating income		**371.8**	**261.5**
Net financial income (expense)	8.2	(86.7)	(90.5)
Income (loss) before tax		**285.1**	**171.0**
Tax	9	(80.5)	(56.6)
Income from continuing operations		**204.6**	**114.4**
Income from discontinued operation, net of tax		0.0	0.0
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	10.3	0.89	0.51
› diluted, attributable to owners of the parent	10.3	0.86	0.51
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:			
› basic, attributable to owners of the parent	10.3	0.89	0.51
› diluted, attributable to owners of the parent	10.3	0.86	0.51

(a) See Note 1.4.

1.2 Consolidated statement of comprehensive income

(In millions of euros)	Notes	**12/31/2022**	12/31/2021 restated[(a)]
NET INCOME (LOSS)		**204.6**	**114.4**
Gains (losses) on cash flow hedges, before tax	8.8	(7.9)	6.1
Cash flow hedge reserve reclassified to income	8.8	0.0	0.0
Total change in cash flow hedge reserve, before taxes		**(7.9)**	**6.1**
Related tax	8.8	2.0	(1.7)
Net change in the cost of hedging, before tax	8.8	7.4	0.0
Related tax	8.8	(1.9)	0.1
Effects of changes in foreign exchange rates - net translation differences		**(24.5)**	**29.7**
Other comprehensive income (loss) which may be subsequently reclassified to income		**(24.8)**	**34.2**
Actuarial gains (losses) on defined benefit plans, before tax		**5.4**	**21.2**
Related tax		(8.4)	(6.5)
Other comprehensive income (loss) which may not be subsequently reclassified to income		**(2.9)**	**14.7**
Other comprehensive income		**(27.8)**	**48.9**
TOTAL COMPREHENSIVE INCOME (LOSS)		**176.8**	**163.3**
Attributable to:			
› owners of the parent		176.8	163.2
› non-controlling interests		0.0	0.1

(a) See Note 1.4.

The change in hedge reserve reflects the change in fair value of derivatives eligible for hedge accounting. Details are presented in Note 8.8 "Derivative financial instruments and hedges."

Translation reserves arise from the translation, during consolidation, of assets and liabilities of Group entities denominated in foreign currencies as described in Note 2.3 "Foreign currency translation."

Actuarial gains and losses arising on the remeasurement of employee benefits reflect the effect of changes in assumptions (obligation discount rate, salary increase rate, retirement benefit increase rate and expected return on plan assets) used to measure defined benefit plan obligations.

1.3 Consolidated statement of financial position

Assets

(In millions of euros)	Notes	12/31/2022	12/31/2021 restated[a]
Goodwill	6.1	3,962.6	3,818.3
Intangible assets	6.2	697.1	752.7
Right-of-use assets	6.4	466.9	439.4
Property, plant and equipment	6.3	2,039.5	1,911.0
Other equity investments		0.1	0.1
Other non-current assets	8.7	79.2	64.7
Deferred tax assets	9	43.0	32.0
Employee benefit assets	5.3	18.7	51.8
TOTAL NON-CURRENT ASSETS		**7,307.0**	**7,070.1**
Inventories	4.7	195.3	138.6
Contract assets	4.3	45.5	38.1
Trade and other receivables	4.4	748.2	599.8
Current tax assets		18.2	17.2
Other assets	4.9	17.4	18.9
Cash and cash equivalents	8.4/8.5	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**

(a) See Note 1.4.

Equity and liabilities

(In millions of euros)	Notes	12/31/2022	12/31/2021 restated[a]
Share capital	10.1	230.1	224.1
Additional paid-in capital	10.1	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	**2.5**	**0.8**	**0.7**
TOTAL EQUITY		**3,214.2**	**3,013.7**
Provisions	7.1	91.6	90.0
Employee benefit liabilities	5.3	69.4	105.9
Borrowings and financial debt	8.3/8.5	3,034.9	3,084.5
Deferred tax liabilities	9	290.1	283.0
Lease liabilities	6.4	390.3	367.2
Other non-current liabilities	8.7	68.9	33.1
TOTAL NON-CURRENT LIABILITIES		**3,945.2**	**3,963.7**
Current provisions	7.1	10.4	12.6
Current tax liabilities		24.0	28.2
Trade and other payables	4.8	364.9	262.5
Contract liabilities	4.3	81.4	75.8
Current lease liabilities	6.4	95.2	86.3
Other liabilities	4.9	453.9	380.8
Bank overdrafts and current borrowings	8.3/8.5	428.9	219.5
Liabilities directly associated with assets held for sale		0.0	0.0
TOTAL CURRENT LIABILITIES		**1,458.6**	**1,065.7**
TOTAL EQUITY AND LIABILITIES		**8,618.0**	**8,043.1**

(a) See Note 1.4.

1.4 Consolidated statement of cash flows

(In millions of euros)	Notes	12/31/2022	12/31/2021 restated[(a)]
CONSOLIDATED NET INCOME (LOSS)		**204.6**	**114.4**
Tax	9	80.5	56.6
Net financial income (expense)	8.2	86.7	90.5
Goodwill impairment	6.1	58.7	0.0
Share-based payments		20.3	24.4
Depreciation, amortization and provisions	4.5	790.8	745.7
Portion of grants transferred to income	4.5	(0.7)	(0.6)
Net gains and losses on disposal 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	4.7	(50.0)	1.0
Change in trade and other receivables and contract assets	4.4	(119.3)	(76.8)
Change in other assets	4.9	0.3	2.8
Change in trade and other payables	4.8	82.2	35.3
Change in contract and other liabilities	4.9	35.7	45.5
Other changes		(2.2)	0.1
Employee benefits		0.7	2.3
Tax paid		(100.1)	(83.2)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**1,091.2**	**961.6**
Acquisition of intangible assets		(26.5)	(21.1)
Proceeds from disposal of intangible assets		0.0	0.0
Acquisition of property, plant and equipment		(673.3)	(552.8)
Proceeds from disposal of property, plant and equipment		7.4	3.8
Acquisition of subsidiaries, net of cash acquired	2.4	(221.6)	(86.8)
Proceeds from disposal 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 FLOWS FROM INVESTING ACTIVITIES		**(912.5)**	**(655.3)**
Capital increase	10.1	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		0.0	0.0
Change in borrowings[(b)]	8.3	152.8	(141.7)
› Proceeds from new borrowings	8.3	1,244.0	776.1
› Repayments of borrowings	8.3	(1,091.2)	(917.8)
Lease liability payments - principal	6.4	(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 FLOWS 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	**8.4**	**286.2**	**160.1**

(a) See Note 1.4.
(b) Net change in credit lines.

1.5 Consolidated statement of changes in equity as at December 31, 2022

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	Legal reserve	Retained earnings (accumulated deficit)	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2021, restated [(a)]		**224.1**	**2,531.6**	**(1.6)**	**2.2**	**1.3**	**(380.1)**	**37.8**	**16.0**	**581.5**	**3,013.0**	**0.7**	**3,013.7**
Cash increase in share capital	10.1	0.6	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	0.0	4.6
Amounts paid to shareholders	10.2	0.0	(33.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(33.2)	0.0	(33.2)
Issue/redemption of convertible notes		0.0	0.0	0.0	0.0	0.0	0.0	16.3	0.0	15.7	32.1	0.0	32.1
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.3	20.3	0.0	20.3
Changes in treasury shares		0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Acquisition of NCI without a change in control		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of subsidiary - NCI		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	10.1	5.5	(61.6)	0.0	0.0	0.0	0.0	0.0	7.0	49.1	0.0	0.0	0.0
Net income (loss)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**204.6**	**204.6**	**0.0**	**204.6**
Other comprehensive income		0.0	0.0	0.0	(5.9)	5.5	(24.5)	0.0	0.0	(2.9)	(27.8)	0.0	(27.8)
TOTAL COMPREHENSIVE INCOME (LOSS)		**0.0**	**0.0**	**0.0**	**(5.9)**	**5.5**	**(24.5)**	**0.0**	**0.0**	**201.6**	**176.8**	**0.0**	**176.8**
BALANCE AS AT DECEMBER 31, 2022		**230.1**	**2,440.9**	**(1.7)**	**(3.6)**	**6.8**	**(404.6)**	**54.2**	**23.0**	**868.2**	**3,213.4**	**0.8**	**3,214.2**

(a) See Note 1.4.

1.6 Consolidated statement of changes in equity as at December 31, 2021

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	Legal reserve	Retained earnings (accumulated deficit)	Owners of the parent	Non-controlling interests	Total equity
Balance as at December 31, 2020		**221.8**	**2,575.6**	**(11.2)**	**(2.1)**	**1.2**	**(409.8)**	**37.8**	**6.8**	**387.6**	**2,807.7**	**0.6**	**2,808.3**
Cash increase in share capital		1.1	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.3	0.0	10.3
Amounts paid to shareholders	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issue/redemption of convertible notes		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.4	24.4	0.0	24.4
Changes in treasury shares		0.0	0.0	7.2	0.0	0.0	0.0	0.0	0.0	0.0	7.2	0.0	7.2
Acquisition of NCI without a change in control		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of subsidiary - NCI		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	10.1	1.2	(53.3)	2.4	0.0	0.0	0.0	0.0	9.3	40.3	0.0	0.0	0.0
Net income (loss)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**114.3**	**114.3**	**0.1**	**114.4**
Other comprehensive income		0.0	0.0	0.0	4.4	0.1	29.7	0.0	0.0	14.7	48.9	0.0	48.9
TOTAL COMPREHENSIVE INCOME (LOSS)		**0.0**	**0.0**	**0.0**	**4.4**	**0.1**	**29.7**	**0.0**	**0.0**	**129.1**	**163.2**	**0.1**	**163.3**
BALANCE AS AT DECEMBER 31, 2021 (RESTATED)		**224.1**	**2,531.6**	**(1.6)**	**2.2**	**1.3**	**(380.1)**	**37.8**	**16.0**	**581.5**	**3,013.0**	**0.7**	**3,013.7**

1.7 Notes to the consolidated financial statements

Elis is an international multi-service provider, offering textile, hygiene and facility services solutions in Europe and Latin America. The Group serves hundreds of thousands of customers of all sizes in the Hospitality, Healthcare, Industry, and Commerce and Services sectors. Elis is a joint-stock corporation governed by a Management Board and a Supervisory Board, listed on the Euronext market in Paris. Its registered office is located at 5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France.

The IFRS consolidated financial statements of the Elis Group for the 12-month period ended December 31, 2022 were approved by the Management Board on March 7, 2023 and reviewed by the Audit Committee on March 6, 2023 and the Supervisory Board on March 7, 2023.

INDEX FOR THE NOTES

NOTE 1 ACCOUNTING POLICIES

1.1 Basis of preparation

The Elis Group's consolidated financial statements include the financial statements of Elis and its subsidiaries. The Elis Group refers to Elis, the parent company of the Elis Group, and the companies included in the scope of consolidation (see Note 2 "Scope of consolidation and significant events of the year" and Note 11 "Related party disclosures").

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the main exception of:

- derivative financial instruments and offsetting assets, contingent liabilities and financial liabilities representing a price adjustment, recognized in a business combination, which are measured at fair value;
- liabilities (assets) related to employee benefits, which are measured at the fair value of plan assets less the present value of defined benefit obligations, as limited by IAS 19;
- assets held for sale, which are measured at the lower of the carrying amount and the fair value, less cost to sell.

The consolidated financial statements are presented in millions of euros, unless otherwise stated.

1.2 Accounting standards applied

The accounting policies used to prepare the consolidated financial statements comply with the IFRS standards and IFRS IC interpretations as adopted by the European Union as at December 31, 2022, and available on the following website: eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32002R1606

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2021 except for the following standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2022.

Main standards, amendments and interpretations with mandatory application from January 1, 2022

- Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and Annual Improvements to IFRS Standards 2018–2020;

These amendments which have been mandatory since January 1, 2022 have no material impact on the Group.

Standards that have been published but have not yet entered into force

- Main standards, amendments and interpretations adopted by the European Union as at December 31, 2022, which have been mandatory since January 1, 2023:
  - IFRS 17 "Insurance Contracts" and its amendments entitled "Initial Application of IFRS 17 and IFRS 9 – Comparative Information";
  - IAS 1 amended by "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)";
  - Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": "Definition of Accounting Estimates";
  - Amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

  The Group does not plan to apply these standards prior to their required effective dates in the European Union.
- Main standards, amendments and interpretations that have been published but not yet adopted by the European Union as at December 31, 2022:
  - Amendments to IAS 1:
    - "Classification of Liabilities as Current or Non-current";
    - "Classification of Liabilities as Current or Non-current – Deferral of Effective Date";
    - "Non-current Liabilities with Covenants."
  - Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback."

The Group expects these new standards to have only a limited impact, particularly with regard to the separate recognition in the notes to the financial statements – and no longer on a net basis – of deferred tax assets and liabilities related to leases, and the separate presentation on the balance sheet of financial liabilities with covenants. The Group does not expect to be impacted by IFRS 17 "Insurance Contracts."

1.3 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires the Elis Group to make estimates and assumptions that affect the carrying amount of assets, liabilities, income and expenses and the disclosures in some of the notes to the financial statements. The Elis Group reviews these estimates and judgments on a regular basis, taking into consideration past experience and other factors deemed relevant in light of economic conditions.

Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

Critical accounting estimates and assumptions

Recoverable amount of goodwill and intangible assets with indefinite useful lives

The Group performs annual impairment tests on goodwill and intangible assets with indefinite useful lives (brands) in accordance with IAS 36 Impairment of Assets. The recoverable amount of cash-generating units is calculated on the basis of their value in use. These calculations require the use of estimates. The estimates used, together with an analysis of assumption sensitivity, particularly for goodwill, are presented in Note 6.5 "Impairment losses on non-current assets."

Allocation of the acquisition price in business combinations

Business combinations are accounted for using the purchase accounting method: this means that, at the date on which control is acquired, the identifiable assets, liabilities and contingent liabilities acquired or assumed are measured at fair value. One of the most significant estimates when accounting for an acquisition is the determination of the fair value and the assumptions used to determine it. While the fair value of some acquired items, such as property, plant and equipment, can be accurately measured (using the market price), others are more complex to measure, such as intangible assets or contingent liabilities. These measurements are generally made by independent experts who base their work on assumptions and must estimate the effect of future events that are uncertain at the acquisition date.

Employee benefit liabilities

The present value of employee benefit obligations is computed on an actuarial basis using various assumptions. The discount rate is one of the assumptions used to calculate the net cost of retirement benefits. Any change in the assumptions affects the carrying amount of the employee benefit liabilities.

The Group sets the appropriate discount rate at the end of each reporting period. This is the interest rate applied to calculate the present value of future disbursements necessary to meet retirement benefit obligations. To determine the appropriate rate, the Group takes into account the interest rates on high-quality corporate bonds (Iboxx Corporate AA 10+ for France) in the currencies in which benefits are to be paid and with a term comparable to the estimated average maturity of the corresponding obligation.

Note 5.3 "Employee benefit assets/liabilities" provides further details on the matter.

Defining terms of leases with renewal options

The Group defines the lease term as the non-cancellable period of the lease as well as any period covered by an option to extend the lease if it is reasonably certain that such option will be exercised, or any period covered by a lease termination option if the Group is reasonably certain it will not exercise this option.

Under some of its leases, the Group has the possibility of extending the period during which the assets are leased. The Group uses its own judgment to determine whether it is reasonably certain that it will exercise a renewal option. In other words, it takes any relevant factors that provide an economic incentive to exercise the renewal option as well as the Group's five-year strategic investment plan into account.

Provisions

The Group records provisions, mainly for disputes and environmental compliance:

- Provisions for environmental compliance: Provisions for environmental compliance are assessed based on experts' reports and the Group's experience. The Group's Quality, Safety and Environment Department conducts an assessment of the sites concerned, monitors the progress and costs of the sites being cleaned up and ensures that appropriate provisions are updated in line with the studies carried out and the progress of the clean-up measures;
- Provisions for disputes: some subsidiaries of the Group may be involved in regulatory, legal or arbitration proceedings that may, given the potential uncertainties, have a material impact on the Group's financial position, as described in Note 7.2 "Contingent liabilities." The Group's legal team keeps track of ongoing proceedings, regularly reviews their progress and assesses the need to establish adequate provisions or change their amounts, if events occurring in the course of the proceedings require a reappraisal of the risk. The decision to set aside a provision for a risk and the amount of the provision to be recorded is based on a case-by-case assessment of the risk, management's estimate of the unfavorable nature of the outcome of the proceedings in question (probable nature) and the ability to reliably estimate the related amount.

Accounting consequences of climate change

The Group tries to take climate risks into account as much as possible in the reporting assumptions and to integrate their potential impact in the financial statements where appropriate. In particular, the Group has examined the potential impact of climate risks on:

- the estimated useful life of property, plant and equipment used to calculate depreciation. The Group has ensured that these are consistent with the carbon neutrality commitments made in the United Kingdom and Sweden;
- assumptions for asset impairment testing: historically, the Group has generally been able to pass on cost increases to customers, in particular through price escalation clauses included in customer contracts;
- provisions for environmental compliance: the Group has not been led to change the way in which it establishes these provisions (see Note 7.1 "Provisions").

Furthermore, the Group has a €900 million syndicated revolving credit facility (see Note 8.3 "Gross debt"), where costs are indexed to achievement of ESG objectives.

Critical judgments in applying accounting policies

Recognition of assets related to rental-maintenance services

Rental-maintenance agreements are generally considered service agreements that do not transfer rights of use for the asset to the customer (mainly due to the substantive substitution right for textiles). Accordingly, items subject to rental-maintenance service agreements are recognized as non-current assets.

Accounting classification for the French business tax (*cotisation sur la valeur ajoutée des entreprises* – CVAE)

According to the Group's analysis, the French business tax (CVAE) meets the definition of income tax in paragraph 2 of IAS 12 Income Taxes. Total current and deferred amounts of CVAE are therefore presented in the line item "Income tax expense."

1.4 Restatements of prior years' financial information

The following tables present adjustments related to the income statement, the statement of financial position, and the statement of cash flows as at December 31, 2021, compared to the previously published financial statements as at December 31, 2021.

IFRS 3 "Business combinations"

IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

The restatements are mainly related to the allocation of goodwill from acquisitions made in the second half of 2021:

- Pestguard in Ireland: recognition of customer relationships using the excess earnings method, with the help of an expert;
- BleskinCare Textile in Russia: recognition of a provision for environmental compliance according to the Group's standard method.

The final fair value of assets and liabilities acquired in a business combination in 2021 is disclosed in the "Acquisitions made in the previous financial year" section of Note 2.4 "Changes in scope of consolidation."

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	12/31/2021 published	IFRS 3	**12/31/2021 restated**
REVENUE	**3,048.3**	**-**	**3,048.3**
Cost of linen, equipment and other consumables	(517.5)	-	(517.5)
Processing costs	(1,127.8)	-	(1,127.8)
Distribution costs	(470.9)	-	(470.9)
Gross margin	**932.1**	**-**	**932.1**
Selling, general and administrative expenses	(581.7)	-	(581.7)
Net impairment on trade and other receivables	8.4	-	8.4
Operating income before other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment	**358.8**	**-**	**358.8**
Amortization of intangible assets recognized in a business combination	(81.0)	(0.1)	(81.1)
Goodwill impairment	-	-	-
Other operating income and expenses	(16.1)	-	(16.1)
Operating income	**261.7**	**(0.1)**	**261.5**
Net financial income (expense)	(90.5)	-	(90.5)
Income (loss) before tax	**171.1**	**(0.1)**	**171.0**
Tax	(56.6)	0.0	(56.6)
Income from continuing operations	**114.6**	**(0.1)**	**114.4**
Income from discontinued operations, net of tax	-	-	-
NET INCOME (LOSS)	**114.6**	**(0.1)**	**114.4**
Attributable to:			
› owners of the parent	114.5	(0.1)	114.3
› non-controlling interests	0.1	-	0.1
Earnings (loss) per share (EPS) *(in euros)*:			
› basic, attributable to owners of the parent	€0.51		€0.50
› diluted, attributable to owners of the parent	€0.51		€0.50
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:			
› basic, attributable to owners of the parent	€0.51		€0.50
› diluted, attributable to owners of the parent	€0.51		€0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	12/31/2021 published	IFRS 3	12/31/2021 restated
NET INCOME (LOSS)	**114.6**	**(0.1)**	**114.4**
Gains (losses) on cash flow hedges, before tax	6.1		6.1
Cash flow hedge reserve reclassified to income	-		-
Total change in cash flow hedge reserve, before taxes	**6.1**	**-**	**6.1**
Related tax	(1.7)		(1.7)
Net change in the cost of hedging, before tax	**0.0**		**0.0**
Related tax	0.1		0.1
Effects of changes in foreign exchange rates – net translation differences	**29.8**	**(0.1)**	**29.7**
Other comprehensive income (loss) which may be subsequently reclassified to income	**34.2**	**(0.1)**	**34.2**
Actuarial gains (losses) on defined benefit plans, before tax	**21.2**		**21.2**
Related tax	(6.5)		(6.5)
Other comprehensive income (loss) which may not be subsequently reclassified to income	**14.7**	**-**	**14.7**
Other comprehensive income	**48.9**	**(0.1)**	**48.9**
TOTAL COMPREHENSIVE INCOME (LOSS)	**163.5**	**(0.2)**	**163.3**
Attributable to:			
› owners of the parent	163.4	(0.2)	163.2
› non-controlling interests	0.1	-	0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In millions of euros)	12/31/2021 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2021 restated
Goodwill	3,817.0	1.3	-	(0.1)	3,818.3
Intangible assets	750.1	2.8	(0.1)	(0.0)	752.7
Right-of-use assets	439.2	0.2	-	-	439.4
Property, plant and equipment	1,910.9	0.0	-	-	1,911.0
Other equity investments	0.1	-	-	-	0.1
Other non-current assets	64.7	-	-	-	64.7
Deferred tax assets	31.5	0.5	-	(0.0)	32.0
Employee benefit assets	51.8	-	-	-	51.8
TOTAL NON-CURRENT ASSETS	**7,065.5**	**4.8**	**(0.1)**	**(0.1)**	**7,070.1**
Inventories	138.8	(0.2)	-	(0.0)	138.6
Contract assets	38.1	-	-	-	38.1
Trade and other receivables	600.7	(1.0)	-	(0.0)	599.8
Current tax assets	17.1	0.1	-	-	17.2
Other assets	18.9	(0.0)	-	(0.0)	18.9
Cash and cash equivalents	160.0	0.1	-	-	160.1
Assets held for sale	0.4	-	-	-	0.4
TOTAL CURRENT ASSETS	**974.0**	**(1.0)**	**-**	**(0.0)**	**973.0**
TOTAL ASSETS	**8,039.5**	**3.8**	**(0.1)**	**(0.1)**	**8,043.1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In millions of euros)	12/31/2021 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	**12/31/2021 restated**
Share capital	224.1	-	-	-	224.1
Additional paid-in capital	2,531.6	-	-	-	2,531.6
Treasury share reserve	(1.6)	-	-	-	(1.6)
Other reserves	(322.6)	-	-	(0.1)	(322.7)
Retained earnings (accumulated deficit)	581.5	0.0	(0.1)	-	581.5
Equity attributable to owners of the parent	**3,013.1**	**0.0**	**(0.1)**	**(0.1)**	**3,013.0**
Non-controlling interests	**0.7**	**-**	**-**	**-**	**0.7**
TOTAL EQUITY	**3,013.8**	**0.0**	**(0.1)**	**(0.1)**	**3,013.7**
Provisions	87.7	2.4	-	(0.1)	90.0
Employee benefit liabilities	105.9	-	-	-	105.9
Borrowings and financial debt	3,084.5	-	-	-	3,084.5
Deferred tax liabilities	282.9	0.1	(0.0)	-	283.0
Lease liabilities	367.0	0.2	-	-	367.2
Other non-current liabilities	33.1	-	-	-	33.1
TOTAL NON-CURRENT LIABILITIES	**3,961.0**	**2.7**	**(0.0)**	**(0.1)**	**3,963.7**
Current provisions	12.6	-	-	-	12.6
Current tax liabilities	28.2	0.0	-	0.0	28.2
Trade and other payables	262.9	(0.3)	-	0.0	262.5
Contract liabilities	74.9	0.9	-	-	75.8
Current lease liabilities	86.2	0.0	-	-	86.3
Other liabilities	378.7	2.1	-	(0.0)	380.8
Bank overdrafts and current borrowings	221.1	(1.6)	-	0.0	219.5
Liabilities directly associated with assets held for sale	-	-	-	-	-
TOTAL CURRENT LIABILITIES	**1,064.6**	**1.0**	**-**	**0.0**	**1,065.7**
TOTAL EQUITY AND LIABILITIES	**8,039.5**	**3.8**	**(0.1)**	**(0.1)**	**8,043.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	12/31/2021 published	IFRS 3	12/31/2021 restated
CONSOLIDATED NET INCOME (LOSS)	**114.6**	**(0.1)**	**114.4**
Tax	56.6	(0.0)	56.6
Net financial income (expense)	90.5	-	90.5
Goodwill impairment	-		-
Share-based payments	24.4		24.4
Depreciation, amortization and provisions	745.6	0.1	745.7
Portion of grants transferred to income	(0.6)		(0.6)
Net gains and losses on disposal of property, plant and equipment and intangible assets	0.7		0.7
Other	2.9	-	2.9
CASH FLOW BEFORE FINANCE COSTS AND TAX	**1,034.7**	**-**	**1,034.7**
Change in inventories	1.0		1.0
Change in trade and other receivables and contract assets	(76.8)		(76.8)
Change in other assets	2.8		2.8
Change in trade and other payables	35.3	-	35.3
Change in contract and other liabilities	45.5		45.5
Other changes	0.1		0.1
Employee benefits	2.3		2.3
Tax paid	(83.2)		(83.2)
NET CASH FROM OPERATING ACTIVITIES	**961.6**	**-**	**961.6**
Acquisition of intangible assets	(21.1)		(21.1)
Proceeds from sale of intangible assets	-		-
Acquisition of property, plant and equipment	(552.8)	-	(552.8)
Proceeds from sale of property, plant and equipment	3.8		3.8
Acquisition of subsidiaries, net of cash acquired	(86.9)	0.1	(86.8)
Proceeds from disposal of subsidiaries, net of cash transferred	0.0		0.0
Changes in loans and advances	1.0		1.0
Dividends earned	0.0		0.0
Investment grants	0.5		0.5
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(655.4)**	**0.1**	**(655.3)**
Capital increase	10.3		10.3
Treasury shares	7.3		7.3
Dividends paid			
› to owners of the parent	(0.0)		(0.0)
› to non-controlling interests of consolidated companies	-		-
Change in borrowings	(141.7)		(141.7)
› proceeds from new borrowings	776.1		776.1
› repayments of borrowings	(917.8)		(917.8)
Lease liability payments – principal	(89.4)	-	(89.4)
Net interest paid (including interest on lease liabilities)	(74.6)	-	(74.6)
Other cash flows related to financing activities	6.8		6.8
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(281.2)**	**-**	**(281.2)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**25.0**	**0.1**	**25.2**
Cash and cash equivalents at beginning of period	137.6		137.6
Effect of changes in foreign exchange rates on cash and cash equivalents	(2.7)	-	(2.7)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**159.9**	**0.1**	**160.1**

NOTE 2 SCOPE OF CONSOLIDATION AND SIGNIFICANT EVENTS OF THE YEAR

2.1 Basis of consolidation

Fully consolidated companies

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there have been changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Net income or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All assets, liabilities, income, expenses and cash flows relating to transactions between members of the Group (intra-group) are eliminated on consolidation.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in income.

Associates and joint ventures

Investments in companies over which the Group has significant influence on financial and operating decisions but does not exercise control and joint ventures are accounted for using the equity method.

2.2 Business combinations

Business combinations are accounted for using the acquisition method when the assets acquired and the liabilities assumed constitute a business. Accordingly, when the Group acquires a business, its assets, liabilities and contingent liabilities are measured at fair value. Moreover, for each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the Group's proportionate share of the acquiree's identifiable net assets.

Acquisition-related transaction costs are expensed as incurred (see Note 4.6 "Other operating income and expenses").

At the acquisition date, the Group recognizes goodwill as the difference between the consideration transferred plus any non-controlling interests in the acquiree and the net identifiable assets acquired and liabilities assumed.

In a step acquisition where control is obtained in stages, the Group measures the previously held equity interest in the acquiree at the acquisition-date fair value and recognizes any gain or loss in profit or loss.

Business combinations prior to June 30, 2009

The different accounting treatments applicable to these business combinations are as follows:

- transaction costs directly attributable to the acquisition were included in the acquisition cost;
- non-controlling interests (previously referred to as "minority interests") were measured at the share of net assets acquired;
- step acquisitions were recognized separately and did not affect subsequently recognized goodwill.

2.3 Foreign currency translation

Foreign currency transactions by Group companies are translated into the functional currency using the exchange rates effective at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate effective at the reporting date. Foreign currency translation gains and losses are recognized in the income statement, except for those concerning monetary items associated with a net investment in a foreign operation. For the latter, translation differences are recognized directly in equity until the net investment is sold, when they are reclassified to the income statement.

For consolidation purposes, the assets and liabilities of Group entities denominated in foreign currencies are translated using the exchange rate effective at the reporting date. Income statement items are translated using the average exchange rate for the reporting period. Resulting foreign currency differences are recognized directly in equity and presented in a separate column (Translation reserve).

2.4 Changes in scope of consolidation

Acquisitions

During the 2022 financial year, the Group acquired the following companies or assets, which the Group deemed to be business combinations:

In Germany

On March 17, 2022, the Group acquired 100% of Textilservice Jöckel ("Jöckel") in Germany. The Jöckel group is entirely dedicated to healthcare customers (hospitals and care homes) and has two laundries in the Hesse and Thuringia regions. Its 2022 revenue was €20.7 million. The current management team will remain in place and help accelerate business growth in the country. This transaction enables Elis to continue consolidating its positions in Germany in the growth Healthcare segment.

On September 30, 2022, the Group acquired 100% of Niessing Miettextil Gmbh & Co. KG and Verwaltung Niessing GmbH. "Niessing" operates a laundry with 25 employees near Hamburg and generated revenue of €2.0 million in 2022. The company also provides services in western Germany.

In Brazil

On June 23, 2022, Elis acquired 100% of Lavanderia Alba Ltda in Brazil. The Alba Group has a main laundry in Cuiabá (capital of the state of Mato Grosso), two smaller laundries and two facilities on customer premises. Alba serves 90% of its customers in the healthcare market. The company generated revenue of €2.9 million in 2022 and has almost 175 employees. With this acquisition, Elis gains a foothold in a Brazilian state where it did not previously operate.

In Colombia

On December 29, 2022, Elis acquired 100% of Lavaozono SAS in Colombia, whose laundry business specializes in the healthcare sector in the Medellín region. The company posted revenue of €1.6 million in 2022 and has 124 employees.

In Chile

On March 3, 2022, the Group acquired 100% of Golden Clean SA in Chile. Golden Clean has two laundries in Santiago and Antofagasta and serves customers in the Healthcare and Hospitality sectors. The company generated revenue of €8.1 million in 2022 and has almost 250 employees. With this acquisition, Elis is consolidating its market share in Chile.

In Denmark

On February 28, 2022, Elis further expanded its Pest Control business in Denmark by acquiring 100% of Absolut Skadedyrsservice AS ("Absolut"). The Absolut company has 13 employees and is based in greater Copenhagen. Its annual revenue is around €1.5 million.

On April 29, 2022, Elis acquired 100% of Centralvaskeriet AS, which operates a laundry in the south of the Jutland region and employs around 50 people. The company provides flat linen rental & maintenance services, mostly to customers in Hospitality, as well as rental & maintenance services for workwear and mats. Revenue in 2022 was close to €6 million.

In Spain and Andorra

On July 29, 2022, Elis acquired the assets of Ilunion Bugaderia Industrial, which is located in Andorra and generates annual revenue of €0.5 million (two employees).

On September 30, 2022, Elis Manomatic acquired the assets of Melchor Mascaro, based in the Balearic Islands, which posted annual revenue of €2.7 million in 2022. The company provides flat linen and workwear services to customers in the Healthcare and Hospitality sectors and has 74 employees. Operations will be consolidated at the Consell site, already owned by the Group on the island of Mallorca.

In France

On January 31, 2022, M.A.J. acquired the assets of Leasilinge, which specializes in the restaurant market in Île de France (14 employees). Amid the background of the Covid-19 crisis, 2021 revenue was €1 million;

In addition, to continue expanding its pest control business:

- on July 12, 2022, R.L.S.T. acquired 100% of Anchain Trade Services. In 2022, this company, based in Nord-Pas-de-Calais, generated annual revenue of €1.5 million with 11 employees;
- on November 30, 2022, Les Lavandières acquired the assets of Dionisio Services in Limoges (eight employees), generating annual revenue of approximately €0.5 million;
- on December 29, 2022, M.A.J. acquired the assets of Serip in Nice (one employee), which generates annual revenue of around €0.3 million.

In Great Britain

On August 31, 2022, Elis UK Ltd acquired 100% of Manchester-based Independent Workwear Solutions Ltd, which generated annual revenue of €1.0 million in 2022 with 11 employees.

In the Republic of Ireland and Northern Ireland

On February 4, 2022, Elis acquired the assets of Magic Mats Ltd, which is on the outskirts of Dublin and generates annual revenue of €0.6 million (four employees).

On September 30, 2022, Elis NI Ltd acquired 75% of Northern Pest Control Ltd (the remaining 25% was acquired at the end of 2022). This company provides pest control services in Northern Ireland with 12 employees. Its annual revenue was €1.1 million in 2022.

In Mexico

On July 4, 2022, Elis finalized the acquisition of 100% of Lavartex, a century-old privately-held group in Mexico. Lavartex mainly supplies flat linen and workwear to customers in the healthcare market (11 production sites, 12 distribution centers and a garment factory, over 2,600 employees and revenue of €92.0 million in 2022). With this acquisition, Elis is continuing its expansion in Latin America: Elis is buying a leading player in the Mexican market and the only operator to have a national network. Mexico thus becomes the fourth country in the region covered by Elis, along with Brazil, Colombia and Chile.

In Norway

On April 3, 2022, Elis Norge AS acquired the assets of ABC Matter AS, a mat supplier, with two service agents in Oslo. Its annual revenue is around €0.4 million.

In the Netherlands

On April 28, 2022, Elis continued to grow its pest control business in the Netherlands by acquiring 100% of Hexapoda Ongediertebestrijding BV, a company with five employees which mainly operates in the west of the country. Its annual revenue is around €0.5 million.

In Slovakia

On January 31, 2022, Elis acquired the assets of Worldcolour sro, which operates a flat linen and workwear laundry in Trenčín (42 employees). The volume of business purchased amounts to €1.1 million, of which €0.5 million is in subcontracting already performed through Elis's Slovak subsidiary.

In Sweden

On October 3, 2022, Elis Textil Service AB acquired the assets of Företagsmattor Uppsala. This mat service company operated in Uppsala and the northern Stockholm area with three employees. Our Veddesta plant generates annual revenue of €0.3 million.

Summary of the aforementioned acquisitions

The identifiable assets and liabilities as at the acquisition date were as follows:

(In millions of euros)	Fair value as at the acquisition date	Germany	Brazil	Chile	Colombia	Denmark	Spain and Andorra	Great Britain	France	Ireland	Mexico	Norway	Nether-lands	Slova-kia	Sweden
Balance sheet															
Intangible assets	23.8	16.9	-	1.9	-	0.2	1.6	-	1.1	0.2	0.1	0.6	0.9	-	0.3
Right-of-use assets	21.7	2.3	-	1.5	-	0.5	-	0.0	-	-	17.3	-	-	-	0.0
Property, plant and equipment	58.2	14.8	1.6	1.9	0.5	5.1	2.9	0.0	0.2	0.4	30.1	0.1	0.0	0.5	-
Other non-current assets	0.1	-	-	0.1	-	-	-	-	-	-	0.0	-	-	-	-
Deferred tax assets	6.2	0.8	-	0.5	-	-	-	-	-	-	4.8	-	-	-	-
Inventories	8.5	0.2	-	0.3	0.0	0.0	-	0.0	0.0	0.0	7.9	-	0.0	0.0	-
Trade and other receivables	37.8	1.1	0.2	2.3	0.5	1.2	-	0.3	0.1	0.1	31.9	-	0.0	-	-
Current tax assets	2.5	-	-	0.1	0.1	-	-	-	0.1	-	2.2	-	-	-	-
Other assets	0.6	0.1	0.0	0.0	0.0	(0.0)	-	0.0	0.0	0.0	0.5	-	0.0	-	-
Cash and cash equivalents	7.1	3.0	0.1	0.9	0.1	0.1	-	0.1	0.5	0.3	1.9	-	0.1	-	-
Provisions	(5.1)	(0.9)	-	(1.5)	(0.0)	-	-	-	-	-	(2.7)	-	-	-	-
Employee benefit liabilities	(1.4)	-	-	-	-	-	-	-	-	-	(1.4)	-	-	-	-
Borrowings and financial debt	(4.0)	(0.3)	(0.2)	-	-	(0.6)	-	-	-	-	(2.9)	-	-	-	-
Deferred tax liabilities	(1.6)	(0.0)	-	(0.5)	-	(0.5)	-	(0.0)	(0.3)	(0.0)	(0.0)	-	(0.2)	-	-
Lease liabilities	(20.3)	(1.7)	-	(1.1)	(0.0)	(1.6)	-	-	-	-	(15.9)	-	-	-	(0.0)
Other non-current liabilities	(0.2)	-	-	-	-	(0.2)	-	-	-	-	-	-	-	-	-
Current provisions	(0.2)	-	-	(0.1)	-	-	-	-	-	-	(0.1)	-	-	-	-
Current tax liabilities	(3.4)	(0.4)	-	(0.2)	-	(0.0)	-	(0.0)	-	(0.1)	(2.7)	-	-	-	-
Trade and other payables	(9.1)	(0.6)	(0.1)	(0.3)	(0.5)	(0.6)	(0.2)	(0.2)	(0.1)	(0.0)	(6.5)	-	-	-	-
Contract liabilities	(1.4)	-	-	-	-	(0.1)	-	(0.1)	-	-	(1.3)	-	-	-	-
Current lease liabilities	(2.5)	(0.6)	-	(0.3)	(0.0)	(0.1)	-	-	-	-	(1.5)	-	-	-	-
Other liabilities	(14.3)	(1.1)	(0.1)	(0.4)	(0.1)	(0.9)	-	(0.1)	(0.2)	(0.1)	(11.4)	-	(0.1)	-	(0.0)
Bank overdrafts and current borrowings	(19.3)	(1.2)	(0.1)	(0.4)	-	(1.0)	-	-	(0.1)	-	(16.6)	-	-	-	-
TOTAL IDENTIFIABLE NET ASSETS AND LIABILITIES AT FAIR VALUE[(A)]	**83.4**	**32.4**	**1.5**	**4.6**	**0.5**	**1.6**	**4.3**	**0.2**	**1.3**	**0.8**	**33.8**	**0.7**	**0.9**	**0.5**	**0.3**
Goodwill	208.4	0.3	2.3	4.0	1.0	8.0	-	0.7	2.9	2.3	186.4	-	0.2	0.2	-
PURCHASE PRICE	**291.8**	**32.8**	**3.8**	**8.6**	**1.5**	**9.6**	**4.3**	**0.9**	**4.3**	**3.2**	**220.2**	**0.7**	**1.1**	**0.6**	**0.3**
Acquisition-related transaction costs	3.8	0.5	0.2	0.1	0.2	0.5	0.1	0.1	0.3	0.2	1.4	0.2	-	0.1	0.0

(a) Provisional amount, see below.

As at December 31, 2022, due to these recent acquisitions, the initial accounting for the business combinations acquired during the last 12 months had not been completed and the amounts recognized were therefore provisional.

Since their acquisition, the companies acquired in 2022 have contributed €86.6 million to revenue, €30.9 million to adjusted EBITDA, €16.7 million to operating income (before amortization of intangible assets recognized in a business combination) and €8.0 million to net income in the 2022 financial year. If these acquisitions had taken place at the beginning of 2022, the additional revenue would have been €60.6 million, with additional adjusted EBITDA of €20.8 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €10.1 million, and additional net income of €8.4 million.

Residual goodwill

Residual goodwill reflects unidentifiable items, such as the Group’s human capital and the expected synergies arising from the acquisitions.

Cash flows from acquisitions

(In millions of euros)	Net cash acquired including subsidiaries	Cash outflows for the acquisition	Cash inflows from forward contracts	**Net cash flow**
Germany	3.0	(32.5)	-	(29.5)
Brazil	0.1	(6.9)	-	(6.8)
Chile	0.9	(7.1)	-	(6.2)
Colombia	0.1	(0.8)	-	(0.8)
Denmark	(0.9)	(9.0)	-	(9.8)
Spain and Andorra	-	(5.0)	-	(5.0)
Great Britain	0.1	(0.9)	-	(0.8)
France	0.5	(4.3)	-	(3.8)
Ireland	0.3	(2.7)	-	(2.4)
Mexico	1.9	(148.0)	-	(146.2)
Norway	-	(0.7)	-	(0.7)
Netherlands	0.1	(1.1)	-	(1.0)
Slovakia	-	(0.7)	-	(0.7)
Sweden	-	(0.3)	-	(0.3)
Belgium	-	(0.1)	0.0	(0.1)
Czech Republic	-	0.1	-	0.1
Russia	-	(7.8)	-	(7.8)
12/31/2022	**6.2**	**(227.8)**	**0.0**	**(221.6)**

2021 acquisitions

During the 2021 financial year, the Group acquired the following companies or assets, which the Group deemed to be business combinations:

In Belgium and France

On March 10, 2021, Elis announced the acquisition of 100% of Scaldis, a European leader in the Cleanroom market (workwear for customers with specific needs: healthcare-pharmaceutical, micro-electronics, aerospace). Scaldis operates on two sites: a main site in Péruwelz in Belgium and a secondary site near Lyon in France. Two-thirds of the activity is dedicated to Cleanroom, the last third being essentially traditional workwear. Scaldis generated revenue of €12.6 million in 2021. This acquisition enables Elis to strengthen its footprint in the fast-growing and profitable Cleanroom market.

In Brazil

The Group acquired:

- on April 30, 2021, its manufacturing subcontractor in Itinga-Araquari, MAB Indústria e Comércio, which generated annual revenue of €3.1 million in 2021 with 38 employees, almost all of them intra-group;
- on May 11, 2021, Nortelav Lavanderia Industrial in Belém, which generated annual revenue of €0.2 million in 2021 (mainly hospitality) with 11 employees.

In Colombia

Elis Colombia finalized the purchase of assets from two companies in Bucaramanga:

- Logística Institucional Ultramatic ("Ultramatic") on February 26, 2021. Ultramatic mainly serves the Healthcare market, and its 122 employees helped to generate revenue of €1.7 million in 2021;
- Linco on April 29, 2021. The acquisition of this company, whose 124 employees helped to generate €1.7 million in revenue in 2021, complements the previous one, with the aim of achieving industrial synergies.

In Denmark

On November 26, 2021, Elis acquired 100% of Chrisal Skadedyrs-service AS ("Chrisal"). Chrisal is a pest control company based in Stenderup, Denmark which has 15 employees and covers the entire country, with a significant presence in the Jutland region. Revenue was €2.9 million in 2021. The current management team will remain in place and help accelerate business growth in the country.

In Spain

Elis Manomatic carried out:

- on February 5, 2021, the acquisition of the assets and customer portfolio of Lavandería Hotelera Andaluza (LHA). LHA owns a laundry near Málaga, in Andalusia. It employs 70 people and generated revenue of around €1.1 million in 2020;
- on July 31, 2021, the acquisition of Eliteq Sanidad Ambiental. Eliteq provides pest control services in the Valencia region with a large food industry customer base. It generated revenue of €1.5 million in 2021 and has around 20 employees;
- on September 30, 2021, the acquisition of Logralimp based in Valencia, Madrid and Seville. It generated revenue of €2.7 million in 2021 with 38 employees;
- on November 29, 2021, the acquisition of Lavanderia Lizarra which operates a workwear factory 100 km from Bilbao with 28 employees. 2021 revenue of the company was €1.6 million.

These acquisitions strengthen Elis's presence in various regions of Spain.

In France

On January 12, 2021, Elis Prevention Nuisibles finalized the acquisition of Mondial Hygiène, a French pest control company with a customer base mainly in Paris and Île-de-France. The company has seven employees and generated revenue of €0.6 million in 2020.

On March 11, 2021, Pierrette – T.B.A. acquired 100% of HMS 3D 57. HMS 3D 57 is a pest control company in Alsace-Lorraine with around 20 employees which generated revenue of €1.4 million in 2020.

These acquisitions strengthen Elis's presence in the pest control market in France.

In Great Britain

On August 31, 2021, Elis UK Ltd acquired 100% of Pure Washrooms Ltd, a healthcare services company with 30 employees, based in Coventry. The group offers a wide range of products and services, mainly in the Midlands region. Pure Washrooms generated revenue of €3.1 million in 2021.

In Ireland

On July 26, 2021, the Group finalized the acquisition of PestGuard Ltd, a pest control company based in Dublin. The company has 50 employees and generated revenue of €3.3 million in 2021. This acquisition enables Elis to accelerate its development in the pest control market, which it has targeted recently in Ireland.

In Latvia

On March 31, 2021, Elis Tekstila Serviss A/S finalized the acquisition of the assets of Irve. Located in the Riga region, Irve has 27 employees and generated revenue of €0.9 million in 2021, of which €0.7 million in workwear and €0.2 million in flat linen.

In the Netherlands

On July 1, 2021, Elis Nederland BV finalized the acquisition of Arvo Protect BV, a pest control company. The company has six employees and generates annual revenue of €0.8 million.

In Russia

Having purchased the mat business of Blesk InCare in 2019, the Group continued its development strategy in Russia and, on December 27, 2021, purchased the Russian group's flat linen and workwear activities. Revenue of €7.8 million in 2021 is generated 60% by flat linen and 40% by workwear. The business proved particularly resilient during the health crisis in 2020 and posted double-digit growth in 2021. It has 320 employees.

In Sweden

On June 1, 2021, Elis Textil Service AB finalized the acquisition of the assets of Möllers Twätt. Located in the Malmö region, this acquisition and its workforce of around 10 generated €0.8 million of revenue in 2021, mainly in flat linen.

Summary of the aforementioned acquisitions

The identifiable assets and liabilities as at the acquisition date were as follows:

(In millions of euros)	Fair value as at the acquisition date	Belgium	Brazil	Colombia	Denmark	Spain	France	Great Britain	Ireland	Latvia	Nether-lands	Russia	Sweden
Balance sheet													
Intangible assets	21.8	9.5	0.0	0.7	-	3.6	1.8	1.3	2.0	-	2.1	0.0	0.8
Right-of-use assets	1.7	0.7	-	0.1	-	0.6	-	0.1	0.2	-	-	-	0.0
Property, plant and equipment	14.5	4.1	0.3	0.8	0.0	3.4	0.1	0.0	0.2	2.0	0.1	3.2	0.2
Other non-current assets	0.7	0.5	-	0.2	-	-	-	-	-	-	-	0.0	-
Inventories	1.3	0.8	0.2	0.0	0.1	0.0	0.1	0.0	(0.0)	-	0.0	0.0	-
Trade and other receivables	8.2	3.1	0.3	-	0.8	1.4	0.7	0.4	(0.2)	-	0.4	1.3	-
Current tax assets	0.3	0.0	0.0	-	0.0	-	-	-	0.1	-	-	0.1	-
Other assets	0.1	0.0	0.0	-	(0.0)	0.0	0.0	0.0	0.0	-	-	0.0	-
Cash and cash equivalents	6.2	1.0	0.3	-	1.8	0.8	0.1	0.2	1.6	-	-	0.4	-
Provisions	(3.0)	(0.5)	-	(0.0)	-	(0.2)	-	-	-	-	-	(2.3)	-
Borrowings and financial debt	(2.4)	(2.3)	(0.0)	-	-	(0.1)	-	-	-	-	-	-	-
Deferred tax liabilities	(3.4)	(1.8)	-	-	0.0	(0.0)	(0.3)	(0.3)	(0.3)	-	(0.5)	(0.2)	-
Lease liabilities	(1.3)	(0.4)	-	(0.1)	-	(0.6)	-	-	(0.1)	-	-	-	(0.0)
Other non-current liabilities	(0.5)	-	-	-	-	-	(0.5)	-	-	-	-	-	-
Current provisions	-	-	-	-	-	-	-	-	-	-	-	-	-
Current tax liabilities	(0.4)	(0.0)	-	-	(0.0)	(0.1)	-	(0.3)	0.0	-	-	-	-
Trade and other payables	(3.9)	(0.8)	(0.2)	-	(0.1)	(0.7)	(0.3)	(0.1)	(0.8)	-	(0.0)	(0.9)	-
Contract liabilities	(2.9)	(0.4)	-	-	(0.1)	-	(0.5)	(1.4)	(0.4)	-	-	(0.0)	-
Current lease liabilities	(0.7)	(0.3)	-	(0.0)	-	(0.2)	-	(0.1)	(0.1)	-	-	-	-
Other liabilities	(3.9)	(1.7)	(0.1)	(0.1)	(0.4)	(0.6)	(0.4)	(0.1)	0.2	-	(0.3)	(0.3)	(0.2)
Bank overdrafts and current borrowings	(4.9)	(1.2)	(0.0)	-	-	(0.1)	(0.1)	(0.0)	-	-	-	(3.5)	-
TOTAL IDENTIFIABLE NET ASSETS AND LIABILITIES AT FAIR VALUE	**28.1**	**10.3**	**0.9**	**1.5**	**2.1**	**7.3**	**0.7**	**(0.3)**	**2.4**	**2.0**	**1.8**	**(1.6)**	**0.9**
Goodwill	69.4	9.7	0.5	1.7	13.3	4.7	4.6	8.2	8.6	0.6	0.5	17.0	-
PURCHASE PRICE	**97.5**	**20.0**	**1.4**	**3.2**	**15.4**	**12.1**	**5.3**	**7.9**	**11.0**	**2.6**	**2.3**	**15.4**	**0.9**
Acquisition-related transaction costs	1.9	0.1	0.1	0.2	0.1	0.2	0.6	0.1	0.4	0.0	-	0.1	0.0

Following their acquisition in 2021, the companies acquired contributed €22.1 million to revenue, €4.4 million to adjusted EBITDA, €1.6 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.8 million to net income in the 2021 financial year. If these acquisitions had taken place at the beginning of 2021, the additional revenue would have been €23.3 million, with additional adjusted EBITDA of €5.9 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €3.8 million, and additional net income of €2.8 million.

Residual goodwill

Residual goodwill reflects unidentifiable items, such as the Group's human capital and the expected synergies arising from the acquisitions.

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	12/31/2021	Belgium	Brazil	Colombia	Denmark	Spain	France	Great Britain	Ireland	Latvia	Nether-lands	Russia	Sweden
Net cash acquired including subsidiaries	6.2	1.0	0.3	-	1.8	0.8	0.1	0.2	1.6	-	-	0.4	-
Amount paid	(92.9)	(20.0)	(9.4)	(3.2)	(9.1)	(11.2)	(5.2)	(7.9)	(14.9)	(2.6)	(2.3)	(5.7)	(1.4)
Net cash flow	**(86.8)**	**(19.0)**	**(9.0)**	**(3.2)**	**(7.2)**	**(10.4)**	**(5.1)**	**(7.7)**	**(13.4)**	**(2.6)**	**(2.3)**	**(5.3)**	**(1.4)**

2.5 Non-controlling interests

No detailed information is provided under IFRS 12 as there is no subsidiary with material non-controlling interests.

2.6 Off-balance sheet commitments relating to changes in the consolidation scope

Commitments given relate to guarantees granted by Elis in connection with disposals. There were no commitments given as at December 31, 2022 (compared to €0.6 million as at December 31, 2021).

Commitments received totaled €130.7 million as at December 31, 2022 (compared to €106 million as at December 31, 2021) and correspond to the maximum guarantees granted to Elis in connection with its acquisitions.

2.7 Military conflict between Ukraine and Russia

The Group is not present in Ukraine and has limited business in Russia, where it generated revenue of €25.6 million in 2022. Furthermore, non-current assets in Russia as at December 31, 2022 amounted to €17.8 million in net value (€60.5 million in gross value, before recognition of goodwill impairment of €42.7 million, which has been fully written down).

As mentioned in Note 6.2 "Impairment tests as at June 30, 2022" of the 2022 half-year financial report, the Group recognized a goodwill impairment loss of €58.7 million in the income statement as at June 30, 2022 (based on the exchange rate of €1 = RUB 56.5553), mainly linked to the rise in the WACC at that date.

2.8 Financing

EMTN

On May 17, 2022, Elis placed a principal amount of €300 million of senior unsecured notes under its EMTN (Euro Medium Term Notes) program. The notes have a maturity of 5 years and carry a fixed annual coupon of 4.125%.

USPP

On June 1, 2022, Elis also took out new USPP financing for US$175 million. The new notes issued have a 10-year maturity (June 2032) and offer investors a 4.32% coupon in US dollars. These were entirely converted into euros via cross-currency swaps for a total amount of €159 million. Elis will pay a final, euro-denominated coupon of 3.0%.

Combined with the proceeds of the €300 million EMTN issue maturing in May 2027, this new USPP financing was used on November 15, 2022 to redeem the €450 million notes maturing on February 15, 2023. No penalty applied to the early redemption.

OCÉANE

On September 22, 2022, Elis issued bonds convertible into and/or exchangeable for new and/or existing Elis shares (obligations à option de conversion et/ou d'échange en actions nouvelles et/ou existantes – OCÉANEs) maturing on September 22, 2029 for a nominal amount of €380 million and bearing an annual interest rate of 2.25%. Net proceeds from the issue were used to partially refinance outstanding OCÉANEs due on October 6, 2023 for a nominal amount of €200 million. The remaining net proceeds of the issue will be used to finance the Company's general requirements.

These transactions, which are in line with the Group's active refinancing strategy, contribute to extending the average maturity of its debt.

2.9 Events after the reporting period relating to changes in the consolidation scope

The business combinations carried out after the reporting period are as follows:

- January 10, 2023: Center Lav Lavanderia Industrial Ltda in Brazil (revenue of around €0.5 million; 35 employees);
- January 13, 2023: Euromaty assets in Poland (Mats; revenue of around €0.1 million; one employee);
- January 13, 2023: Francisco Ângelo Ribeiro Teixeira SA in Portugal (revenue of around €1.7 million; 47 employees);
- February 21, 2023: Sistema Ambiente srl in Italy (Pest control, revenue of around €1.5 million; 20 employees);
- February 28, 2023: Pevi sro in the Czech Republic (Workwear, revenue of around €2.8 million; 37 employees).

These bolt-on acquisitions help consolidate the Group's position in these various countries.

NOTE 3 Segment information

Accounting policies

The Group is structured into six main operating segments, based mainly on geography. In grouping different countries together, the Group used its best judgment and considered that the groupings presented best reflect the similar economic characteristics and long-term growth maturity of each country.

The geographical breakdown of rental and maintenance services for textiles and hygiene and well-being appliances is as follows:

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

The other segments include the manufacturing entities that comprise the cash-generating units Le Jacquard Français (designer and manufacturer of table, kitchen and bath linen in France) and Kennedy Hygiene (manufacturer of hygiene appliances in the United Kingdom) and holding companies.

To track performance, management monitors each segment's adjusted EBITDA. Financing costs and income tax expense are primarily monitored at the Group level.

3.1 Revenue

2022

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
External customers	1,185.0	870.0	580.7	476.5	347.3	330.5	30.8	3,820.9
Inter-segment	4.5	3.8	0.1	0.1	-	0.4	(8.8)	-
SEGMENT REVENUE	**1,189.5**	**873.8**	**580.8**	**476.6**	**347.3**	**330.9**	**21.9**	**3,820.9**

2021

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
External customers	953.8	735.3	498.9	364.2	234.1	235.9	26.1	3,048.3
Inter-segment	2.9	3.4	0.1	0.1	-	0.2	(6.6)	-
SEGMENT REVENUE	**956.7**	**738.6**	**499.0**	**364.3**	**234.1**	**236.1**	**19.4**	**3,048.3**

3.2 Income (loss)

Non-IFRS indicators

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 expenses, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expense (share-based payments). A reconciliation of adjusted EBIT with the consolidated income statement is presented below.

Adjusted EBITDA is defined as adjusted EBIT before depreciation and amortization, net of the portion of grants transferred to income. A reconciliation of adjusted EBITDA with the consolidated income statement is presented below.

To take into account the recent clarifications regarding alternative performance indicators published by ESMA on October 29, 2021, the Group has added the term "adjusted" to the above definitions. However, the content of these indicators remains unchanged from previous financial years.

2022

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
Operating income before other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment	**248.9**	**85.1**	**104.9**	**36.7**	**53.8**	**28.4**	**(38.2)**	**519.6**
Miscellaneous financial items	*0.6*	*0.1*	*(0.0)*	*0.1*	*0.1*	*0.2*	*0.5*	*1.7*
Expenses related to share-based payments	*1.6*	*0.1*	*0.2*	*-*	*-*	*-*	*20.4*	*22.3*
Adjusted EBIT	*251.1*	*85.2*	*105.1*	*36.9*	*53.9*	*28.7*	*(17.2)*	*543.7*
Depreciation and amortization, net of the portion of grants transferred to income	*205.1*	*173.8*	*105.2*	*106.3*	*62.5*	*61.4*	*1.7*	*715.9*
Adjusted EBITDA	**456.2**	**259.0**	**210.2**	**143.2**	**116.4**	**90.1**	**(15.5)**	**1,259.6**
Adjusted EBITDA margin	*38.4%*	*29.6%*	*36.2%*	*30.0%*	*33.5%*	*27.2%*		*33.0%*

2021

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
Operating income before other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment	**178.3**	**79.5**	**88.3**	**9.7**	**35.6**	**7.4**	**(40.1)**	**358.8**
Miscellaneous financial items	*0.5*	*0.1*	*0.0*	*0.1*	*0.1*	*0.2*	*0.5*	*1.6*
Expenses related to share-based payments	*1.4*	*0.1*	*0.0*	*0.0*	*-*	*-*	*26.5*	*28.0*
Adjusted EBIT	*180.2*	*79.7*	*88.4*	*9.9*	*35.7*	*7.6*	*(13.0)*	*388.3*
Depreciation and amortization, net of the portion of grants transferred to income	*193.5*	*160.8*	*103.6*	*102.2*	*42.1*	*60.1*	*1.4*	*663.7*
Adjusted EBITDA	**373.7**	**240.5**	**191.9**	**112.1**	**77.8**	**67.7**	**(11.6)**	**1,052.1**
Adjusted EBITDA margin	*39.1%*	*32.6%*	*38.5%*	*30.8%*	*33.2%*	*28.7%*		*34.5%*

This year's performance was characterized by:

- the strength of the recovery of the Hospitality market and the economy after the Covid-19 pandemic;
- price increases, which reflect the Group's ability to pass on to its customers the rise in its costs (particularly energy costs) in an inflationary environment in 2022.

3.3 Information by region

(In millions of euros)	12/31/2022	12/31/2021
France (including Le Jacquard Français)	1,195.4	964.4
Germany	462.2	388.0
United Kingdom (including Kennedy Hygiene)	396.9	316.1
Brazil	242.3	193.4
Spain and Andorra	230.5	160.3
Denmark	228.9	186.1
Sweden	213.9	204.4
Netherlands	150.6	135.8
Mexico	50.2	0.0
Other countries	650.0	499.9
REVENUE	**3,820.9**	**3,048.3**

(In millions of euros)	12/31/2022	12/31/2021
France (including Le Jacquard Français)	2,408.0	2,370.9
Sweden	753.2	827.1
Denmark	642.6	643.9
Germany	523.2	480.0
Netherlands	504.6	514.9
United Kingdom (including Kennedy Hygiene)	428.3	450.3
Brazil	421.3	369.1
Spain and Andorra	293.1	283.3
Mexico	238.2	0.0
Other countries	953.5	981.8
NON-CURRENT ASSETS	**7,166.0**	**6,921.4**

The non-current assets presented above comprise goodwill, property, plant and equipment, intangible assets and right-of-use assets.

NOTE 4 OPERATING DATA

4.1 Revenue

Revenues are recognized once the Group has delivered the promised goods or service to the customer.

Accounting policies

Services

Revenue from services is recognized as and when the services are rendered.

The five-step model introduced by IFRS 15 requires, among other things, the identification of the performance obligations set out in each service contract. Almost all of the Group's revenue is derived from the sale of services under multi-year contracts. An analysis of contracts shows that, in general, the various services promised to customers constitute a single performance obligation.

Revenue from services is recognized in the period in which the services are delivered, as the customer benefits from these services as and when Elis delivers them. These services are most often invoiced and paid on a monthly basis: Group entities are entitled to receive payment from a customer for an amount directly corresponding to the value to the customer of the performance obligation they have fulfilled up to the relevant date.

Where these services are invoiced in advance as part of a subscription of one month or more, the portion of the invoice corresponding to a service not yet rendered is recognized under "Contract liabilities."

Sale of goods

Revenue from the sale of goods is recognized on the date on which control of the asset sold is transferred to the customer.

4.2 Disaggregation of revenue

Revenue from services is generated by three main activities: flat linen, workwear, and hygiene and well-being solutions. These services are rendered to customers who mainly operate in the Hospitality, Industry, Commerce and Services, and Healthcare sectors.

2022

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Other segments	Total
Flat linen	472.6	314.8	114.0	313.0	282.3	202.0	-	1,698.8
Workwear	421.9	452.9	224.6	129.3	62.7	86.2	-	1,377.5
Hygiene and well-being	318.1	77.8	201.9	23.1	-	39.0	0.3	660.1
Other	(27.6)	24.5	40.2	11.1	2.4	3.4	30.4	84.4
Revenue by service	**1,185.0**	**870.0**	**580.7**	**476.5**	**347.3**	**330.5**	**30.8**	**3,820.9**
Hospitality	411.1	113.5	101.1	161.5	30.0	160.6	-	977.8
Industry	220.6	285.4	298.2	82.7	72.8	61.6	-	1,021.2
Healthcare	200.2	335.9	83.1	177.4	242.1	53.3	-	1,092.0
Trade & Services	408.2	135.2	98.4	54.9	2.5	55.0	-	754.2
Other	(55.0)	0.0	(0.0)	0.0	(0.0)	0.0	30.8	(24.3)
Revenue by customer segment	**1,185.0**	**870.0**	**580.7**	**476.5**	**347.3**	**330.5**	**30.8**	**3,820.9**
Services (supplied over a given period)	1,173.3	844.8	542.5	461.1	341.3	326.8	4.0	3,693.8
Sales of goods (supplied on a specific date)	11.7	25.2	38.2	15.5	6.0	3.7	26.7	127.1
REVENUE	**1,185.0**	**870.0**	**580.7**	**476.5**	**347.3**	**330.5**	**30.8**	**3,820.9**

2021

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Other segments	Total
Flat linen	312.8	253.1	85.4	216.9	181.2	133.2	-	1,182.6
Workwear	381.6	405.2	205.2	118.2	46.6	70.3	-	1,227.1
Hygiene and well-being	290.4	60.6	175.9	16.5	0.0	32.7	0.5	576.7
Other	(31.0)	16.3	32.5	12.6	6.3	(0.4)	25.6	61.9
Revenue by service	**953.8**	**735.3**	**498.9**	**364.2**	**234.1**	**235.9**	**26.1**	**3,048.3**
Hospitality	233.3	67.1	59.8	87.1	12.4	88.5	-	548.3
Industry	208.0	245.3	280.6	71.6	54.2	51.8	-	911.4
Healthcare	190.6	302.7	73.8	160.6	166.3	42.7	-	936.7
Trade & Services	352.9	120.2	84.8	44.8	1.3	52.9	-	656.8
Other	(31.0)	0.0	0.0	0.0	(0.0)	0.0	26.1	(5.0)
Revenue by customer segment	**953.8**	**735.3**	**498.9**	**364.2**	**234.1**	**235.9**	**26.1**	**3,048.3**
Services (supplied over a given period)	952.1	716.2	468.4	348.6	226.4	235.5	2.9	2,950.0
Sales of goods (supplied on a specific date)	1.7	19.2	30.5	15.6	7.7	0.4	23.1	98.3
REVENUE	**953.8**	**735.3**	**498.9**	**364.2**	**234.1**	**235.9**	**26.1**	**3,048.3**

4.3 Contract balances

Accounting policies

Contract assets

Current contract assets represent services that were rendered to customers during the final months of the reporting period and for which invoices have not yet been issued. These amounts are transferred to trade receivables when the Group acquires an unconditional right to the receivable. This generally happens when the invoice is sent to the customers.

Contract liabilities

Current contract liabilities reflect deferred income, i.e., the invoicing of services that will mainly be performed in the month following the close of the reporting period.

Contract costs

IFRS 15 requires that the incremental costs of obtaining a contract with a customer whose term exceeds one year must be recognized in assets and amortized over the same period. In the Group's case, this asset item corresponds in particular to sales commissions paid in proportion to the amount or number of contracts signed. The change in this asset item (classified as "Non-current assets") between two reporting periods is recognized in the income statement under "Selling, general and administrative expenses."

The amounts of trade receivables and assets and liabilities on contracts with customers are presented in Note 4.4 "Trade and other receivables and contract assets" and Note 4.9 "Other current assets and liabilities."

Revenue recognized during the year includes the full amount that was shown in the opening balance of contract liabilities at the beginning of the year.

4.4 Trade and other receivables and contract assets

Accounting policies

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets.

Trade receivables are subject to impairment for "expected credit losses," which requires the Group to exercise its judgment in assessing expected credit losses over the entire life of the receivable. To do this, the Group mainly uses an impairment matrix based on historical data. These impairment losses are recognized in operating income.

The Group derecognizes financial assets whenever the contractual rights to the assets expire or are relinquished by the Company or when the Company transfers or assigns its rights and substantially all of the associated risks and rewards.

(In millions of euros)	**12/31/2022**	12/31/2021
Trade receivables and notes receivable (gross)	737.0	599.8
(-) Impairment of trade receivables	(54.3)	(57.9)
TRADE RECEIVABLES AND NOTES RECEIVABLE	**682.8**	**541.8**
Other receivables	65.4	57.9
TOTAL TRADE AND OTHER RECEIVABLES	**748.2**	**599.8**
Contract assets	45.5	38.1
TOTAL TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS	**793.6**	**637.8**
› collection expected in less than one year	793.6	637.8
› collection expected in more than one year	-	-

Changes in trade and other receivables and contract assets during the financial years presented are analyzed as follows:

(In millions of euros)	**12/31/2022**	12/31/2021
As at January 1	**637.8**	**544.7**
Change in gross WC	113.6	68.4
Change in write-downs	5.7	8.4
Change in net WC	119.3	76.8
Increase related to business combinations	37.8	8.2
Translation differences	(0.1)	1.8
Change in receivables on disposal of fixed assets	(3.4)	3.4
Other movements	2.2	2.9
AT DECEMBER 31	**793.6**	**637.8**

The change in gross WC in 2022 is mainly due to the increase in business and prices, compared to the end of 2021 which was marked by the Covid-19 crisis.

Movements in the impairment of trade receivables are as follows:

(In millions of euros)	Impairment loss
As at December 31, 2021	**(57.9)**
Movements for the year	5.7
Changes in consolidation scope	(1.8)
Translation differences	(0.7)
Other	0.4
AS AT DECEMBER 31, 2022	**(54.3)**

Credit risk

The management of credit risk is described in detail in Note 8.1 "Financial risk management."

4.5 Depreciation, amortization, provisions and other costs by type

(In millions of euros)	**12/31/2022**	12/31/2021
Depreciation and amortization (net of the portion of grants transferred to income)		
› *included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination*		
Textile rental, laundry and maintenance items	(424.0)	(386.9)
Other leased items	(30.3)	(28.5)
Other property, plant and equipment and intangible assets	(158.6)	(156.3)
Right-of-use assets	(103.7)	(92.6)
Portion of grants transferred to income	0.7	0.6
› *included in other operating income and expenses*	*(0.1)*	*0.0*
› *amortization of intangible assets recognized in a business combination*	*(80.1)*	*(81.1)*
› *included in income from discontinued operations*	-	-
TOTAL DEPRECIATION AND AMORTIZATION (NET OF THE PORTION OF GRANTS TRANSFERRED TO INCOME)	**(796.2)**	**(744.8)**
Additions to or reversals of provisions		
› *included in Operating income before other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment*	*2.4*	*1.7*
› *included in other operating income and expenses*	*3.8*	*(2.0)*
TOTAL ADDITIONS TO OR REVERSALS OF PROVISIONS	**6.1**	**(0.3)**

4.6 Other operating income and expenses

Accounting policies

Items of material amounts that are unusual, abnormal or infrequent are disclosed separately in the income statement under "Other operating income and expenses," in order to better reflect Group performance.

(In millions of euros)	12/31/2022	12/31/2021
Acquisition-related transaction costs	(4.4)	(2.1)
Earnout adjustments	2.1	(3.0)
Restructuring costs	(5.1)	(6.4)
Non-capitalizable costs related to the change of IT systems	(0.3)	-
Litigation	(0.5)	0.1
Net gain (loss) on site disposals	0.4	1.8
Expenses relating to site disposal	(0.9)	(0.1)
Environmental rehabilitation – costs net of changes in provisions	1.0	0.8
Other[a]	(1.4)	(7.2)
OTHER OPERATING INCOME AND EXPENSES	**(9.0)**	**(16.1)**

(a) The "miscellaneous" item in 2021 mainly corresponds to a €5.8 million provision for a loss-making contract in Denmark.

4.7 Inventories

Accounting policies

Inventories are measured at the lower of cost and net realizable value. Impairment losses are recognized whenever the probable realizable value is lower than the cost price.

Inventories of raw materials, consumables, spare parts and goods for resale are recorded at acquisition cost and have high turnover.

Goods in progress and finished goods (linen, textiles and hygiene appliances) are measured at production cost, which includes:

- the acquisition cost of raw materials;
- direct production costs;
- overhead that can be reasonably linked to the production of the goods.

(In millions of euros)	12/31/2022	12/31/2021
Raw materials, supplies	55.8	40.8
Work in progress	1.2	0.2
Intermediate and finished goods	19.6	15.9
Goods for resale	118.7	81.8
INVENTORIES	**195.3**	**138.6**
› o/w inventories (at cost)	201.1	143.5
› o/w write-downs	(5.8)	(4.8)

Changes in net inventories during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2022	12/31/2021
As at January 1	**138.6**	**137.3**
Change in gross inventory	51.0	(1.1)
Change in write-downs	(1.0)	0.1
Change in net inventory	50.0	(1.0)
Increase related to business combinations	8.5	1.3
Translation differences	(1.7)	1.0
Other movements	(0.1)	(0.0)
AT DECEMBER 31	**195.3**	**138.6**

The increase in inventories is due to two effects:

- on the one hand, the high inflation in the prices of raw materials and linen, linked to energy and freight costs;
- on the other hand, the disruption of the global supply chain, which has led the Group's central warehouses to overstock in order to compensate for the uncertainties associated with global maritime transport.

4.8 Trade and other payables

(In millions of euros)	12/31/2022	12/31/2021
Trade payables	326.5	233.3
Trade payables (fixed assets)	27.7	16.7
Other payables	10.7	12.6
TOTAL TRADE AND OTHER PAYABLES	**364.9**	**262.5**

Changes in trade and other payables during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2022	12/31/2021
As at January 1	**262.5**	**221.3**
Change in WC	82.2	35.3
Increase related to business combinations	9.1	3.9
Translation differences	0.2	1.1
Change in trade payables (fixed assets)	9.7	(0.9)
Other movements	1.2	1.9
AT DECEMBER 31	**364.9**	**262.5**

The change in WC is mainly due to the increase in purchase volumes and prices compared with the end of 2021, which was affected by the pandemic.

4.9 Other current assets and liabilities

(In millions of euros)	Notes	12/31/2022	12/31/2021
Prepaid expenses		14.4	13.5
Current asset derivatives – cash flow hedging	8.8	1.0	3.1
Other current asset derivatives		0.7	1.3
Other assets		1.3	0.9
TOTAL OTHER ASSETS		**17.4**	**18.9**
Deposits received		10.2	10.5
Payroll-related liabilities		220.4	194.0
Tax liabilities and other debt		180.2	165.8
Deferred consideration payable on acquisitions		33.9	6.5
Liability for repurchase commitments to non-controlling interests		-	1.2
Current liability derivatives – cash flow hedging	8.8	5.1	0.0
Other current liability derivatives		2.2	0.7
Investment grants		1.8	2.0
TOTAL OTHER LIABILITIES		**453.9**	**380.8**
Contract liabilities		81.4	75.8
TOTAL CONTRACT AND OTHER LIABILITIES		**535.2**	**456.6**

Changes in other assets during the financial years presented are analyzed as follows:

(In millions of euros)	12/31/2022	12/31/2021
As at January 1	**18.9**	**18.8**
Change in WC	(0.3)	(2.8)
Increase related to business combinations	0.6	0.1
Translation differences	(0.2)	0.3
Change in derivatives	(2.7)	3.0
Other movements	1.1	(0.5)
AT DECEMBER 31	**17.4**	**18.9**

The changes in contract and other liabilities during the financial years presented are as follows:

(In millions of euros)	12/31/2022	12/31/2021
As at January 1	**456.6**	**410.5**
Change in WC	35.7	45.5
Increase related to business combinations	15.7	6.8
Translation differences	(4.6)	3.8
Change in debt related to business combinations	26.5	1.6
Change in derivatives	6.6	(4.0)
Other movements	(1.3)	(7.6)
AT DECEMBER 31	**535.2**	**456.6**

The change in WC is mainly due to the business recovery in 2022, with an increase in the workforce and salaries.

NOTE 5 EMPLOYEE BENEFITS EXPENSE

5.1 Average number of employees

(In number of people)	12/31/2022	12/31/2021
Executives	3,154	2,951
Supervisory personnel	3,003	2,736
Employees	4,958	4,553
Service employees	6,853	6,688
Other employees	33,866	30,914
Total employees per category	**51,834**	**47,841**
France	12,855	11,809
Other countries	38,978	36,032
Total employees	**51,834**	**47,841**

5.2 Expenses related to employee benefits

Accounting policies

Payments by the Group to defined contribution plans are expensed as incurred.

In the case of post-employment defined benefit plans, the cost of benefits is estimated using the projected unit credit method. Under this method, rights to benefits are allocated to service periods using the plan's vesting formula and by applying a linear progression when vesting is not uniform over subsequent service periods. Future payments corresponding to benefits granted to employees are estimated on the basis of assumptions regarding salary increase rates, retirement age and mortality, after which their present value is calculated using the interest rate on long-term bonds issued by investment grade issuers.

Actuarial gains and losses relating to obligations arising as a result of defined benefit plans are recognized directly in equity.

The voluntary separation measures were recognized by deducting them from their related costs during the period in which salaries were recorded in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

(In millions of euros)	12/31/2022	12/31/2021
Wages and salaries	(1,208.3)	(985.6)
Payroll taxes	(298.0)	(252.0)
Mandatory/optional profit-sharing	(35.1)	(23.8)
Other employee benefits	(0.7)	(2.3)
Equity-settled share-based payments	(22.3)	(28.0)
TOTAL EMPLOYEE BENEFIT EXPENSES FROM CONTINUING OPERATIONS	**(1,564.4)**	**(1,291.7)**

Employee benefit expenses rose in 2022 due to the business recovery and the significant increase in salaries in most of the Group's countries against a backdrop of inflation.

5.3 Employee benefit assets/liabilities

Accounting policies

Defined contribution plans

The Group pays contributions under a range of mandatory systems or on a voluntary basis under contractual agreements. The Group's obligation is limited to paying the contributions.

Defined benefit plans

The Elis Group's commitments to defined benefit plans and other post-employment benefits relating to its French subsidiaries consist of:

- supplementary retirement benefits paid to a category of senior executives. The supplementary retirement plan, for which all the beneficiaries have already retired, is now closed;
- retirement benefits to be paid to employees when they retire in accordance with French regulations;
- long-service awards, for which the amount paid depends on seniority.

The Group's end-of-service benefit obligations toward employees of its French subsidiaries are now measured pursuant to the IFRS IC Decision "Attributing Benefit to Periods of Service (IAS 19)."

The commitments of the **Group's subsidiaries in the United Kingdom** are grouped in a single pension plan specific to them. These commitments are covered by a dedicated external fund set up on February 1, 2016, and covering all commitments at that date, so as not to have to make additional payments except in extraordinary circumstances. The last three-year review of the fund's valuation under UK regulations was carried out in February 2022 and confirmed the fund's ability to meet its commitments.

The benefits paid to the beneficiaries of this plan depend on their seniority in the plan and their compensation in the final years preceding their retirement. The benefits paid are adjusted by 5% each year for rights vested before February 1, 1999, and in line with the Consumer Price Index for commitments vested after that date. The terms and conditions governing the management of the plan's assets are defined by UK regulations, as well as the relationship between the Group and the managers (trustees) of the fund. Responsibility for the management of the fund, including decisions on asset allocation and calls for contributions, rests jointly with the Group and the fund managers, the latter comprising representatives of the Group and beneficiaries of the plan in accordance with current regulations.

A comparatively small defined benefit plan also exists in the Republic of Ireland. It is also covered by a dedicated external fund.

The commitments of the **Group's subsidiaries in Sweden** stem mainly from their participation in the ITP-2 plan covering certain categories of private sector employees born before 1978.

The Group's Swiss subsidiaries have employee benefit liabilities in accordance with the Swiss Law on Occupational Benefits.

Employee-related liabilities

The corresponding obligations are measured using the projected unit credit method.

The Group's obligations are partially funded by external funds. Unfunded amounts are covered by provisions recognized in the balance sheet.

The following table shows changes in the liability recognized in the Elis Group's balance sheet:

(In millions of euros)	**Obligation**	Fair value of plan assets	**Net Liability (Asset)**
As at January 1, 2021	**621.4**	**546.6**	**74.8**
Current service cost	9.3		9.3
Interest expense	7.6	7.0	0.6
Benefit paid	(25.2)	(21.4)	(3.8)
Employee contributions	2.8	2.8	-
Employer contributions		2.8	(2.8)
Past service cost	(0.0)		(0.0)
Plan amendments	(0.4)		(0.4)
Plan curtailments or settlements	0.0		0.0
Actuarial gains and losses	(20.3)		(20.3)
Return on plan assets		0.9	(0.9)
Increase related to business combinations and other movements			-
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	31.8	34.3	(2.4)
As at December 31, 2021	**627.0**	**572.9**	**54.0**
Current service cost	10.0		10.0
Interest expense	9.3	9.1	0.3
Benefit paid	(24.6)	(20.3)	(4.3)
Employee contributions	7.0	7.0	-
Employer contributions		5.0	(5.0)
Past service cost			-
Plan amendments			-
Plan curtailments or settlements	(0.0)		(0.0)
Actuarial gains and losses	(200.5)		(200.5)
Return on plan assets		(193.1)	193.1
Change in the effect of the asset ceiling		(2.0)	
Increase related to business combinations and other movements	1.4		1.4
Reclassification to liabilities directly related to assets held for sale			
Translation adjustments	(15.4)	(15.1)	(0.3)
AS AT DECEMBER 31, 2022	**414.2**	**363.6**	**50.7**

The significant increase in the discount rates used to measure the Group's long-term commitments to employees at the end of 2022 compared with the previous year's values, which are given in the tables below for the main countries, has resulted in a €200.5 million decrease in the Group's obligations. A concomitant decrease of €193.1 million in the asset value of the associated plans has been recorded for the same reason. These two changes, combined with the change in the effect of the asset ceiling, were recognized in consolidated other comprehensive income for a net amount of €5.4 million.

FUNDED STATUS OF EMPLOYEE BENEFIT OBLIGATION

(In millions of euros)	**12/31/2022**	12/31/2021
Present value of unfunded obligations	64.1	46.7
Present value of partially or fully funded obligations	350.1	580.2
Total value of defined benefit plan obligations (1)	**414.2**	**627.0**
Fair value of plan assets (2)	363.6	572.9
NET VALUE OF DEFINED BENEFIT PLAN LIABILITY (ASSET) (3) – (1) = (2)	**50.7**	**54.0**

INFORMATION BY REGION

(In millions of euros)	12/31/2022	12/31/2021
France	38.3	45.6
Ireland	(2.9)	(3.5)
United Kingdom	(15.9)	(48.4)
Sweden	22.4	35.0
Switzerland	2.7	20.3
Other countries	6.0	5.2
NET EMPLOYEE BENEFIT LIABILITIES (ASSETS)	**50.7**	**54.0**

FRANCE – DETAILS

The Group's obligations and provisions for its French subsidiaries break down as follows:

	12/31/2022	12/31/2021
Discount rate	3.5%	0.9%
Expected salary increase rate	inflation+0/6%	inflation+0/6%

(In millions of euros)	12/31/2022	12/31/2021
Present value of unfunded obligations	36.4	45.6
Present value of partially or fully funded obligations	3.8	
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**40.1**	**45.6**
Fair value of plan assets (2)	1.8	
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) – (1) = (2)	**38.3**	**45.6**

	Sensitivity France
Discount rate: -0.5% impact	4.3%
Discount rate: +0.5% impact	-3.8%
Expected salary/retirement benefit increase rate: -0.5 impact	-0.9%
Expected salary/retirement benefit increase rate: +0.5 impact	0.9%

	France
Expected contribution for next financial year	5.1
Weighted average duration of the obligation	6.9

(In millions of euros)	France
Cash and cash equivalents	-
Shares	0.5
Bonds	1.1
Properties & mortgages	0.1
Derivatives	0.1
FAIR VALUE OF PLAN ASSETS	**1.8**

IRELAND – DETAILS

	12/31/2022	12/31/2021
Discount rate	3.70%	1.45%
Expected salary increase rate	3.40%	2.95%
Expected retirement benefit increase rate	3.00%	3.00%

(In millions of euros)	**12/31/2022**	12/31/2021
Present value of unfunded obligations		
Present value of partially or fully funded obligations	21.5	29.6
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**21.5**	**29.6**
Fair value of plan assets (2)	24.4	33.1
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) – (1) = (2)	**(2.9)**	**(3.5)**

	Sensitivity Ireland
Discount rate: -0.5% impact	8.8%
Discount rate: +0.5% impact	-7.2%
Expected salary benefit increase rate: -0.5 impact	-1.6%
Expected salary benefit increase rate: +0.5 impact	1.6%
Expected retirement benefit increase rate: -0.5 impact	-5.7%
Expected retirement benefit increase rate: +0.5 impact	6.2%

	Ireland
Expected contribution for next financial year	0.3
Weighted average duration of the obligation	16.0

(In millions of euros)	**Ireland**
Cash and cash equivalents	0.3
Shares	4.0
Bonds	16.1
Properties & mortgages	0.4
Derivatives	3.5
FAIR VALUE OF PLAN ASSETS	**24.4**

UNITED KINGDOM – DETAILS

	12/31/2022	12/31/2021
Discount rate	5.00%	1.80%
Expected salary increase rate	2.80%	3.00%
Expected retirement benefit increase rate	2.90%	3.10%

(In millions of euros)	**12/31/2022**	12/31/2021
Present value of unfunded obligations		
Present value of partially or fully funded obligations	258.8	433.1
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**258.8**	**433.1**
Fair value of plan assets (2)	274.6	481.4
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) – (1) = (2)	**(15.9)**	**(48.4)**

	Sensitivity United Kingdom
Discount rate: -0.5% impact	6.5%
Discount rate: +0.5% impact	-5.9%
Expected salary benefit increase rate: -0.5 impact	-0.0%
Expected salary benefit increase rate: +0.5 impact	0.0%
Expected retirement benefit increase rate: -0.5 impact	-2.3%
Expected retirement benefit increase rate: +0.5 impact	2.3%

	United Kingdom
Expected contribution for next financial year	0.2
Weighted average duration of the obligation	12.0

(In millions of euros)	United Kingdom
Cash and cash equivalents	3.2
Shares	11.1
Bonds	168.8
Properties & mortgages	-
Derivatives	91.6
FAIR VALUE OF PLAN ASSETS	**274.6**

SWEDEN – DETAILS

	12/31/2022	12/31/2021
Discount rate	4.00%	1.75%
Expected salary increase rate		
Expected retirement benefit increase rate	2.00%	2.00%

(In millions of euros)	12/31/2022	12/31/2021
Present value of unfunded obligations	22.4	35.0
Present value of partially or fully funded obligations		
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**22.4**	**35.0**
Fair value of plan assets (2)		
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) – (1) = (2)	**22.4**	**35.0**

	Sensitivity Sweden
Discount rate: -0.5% impact	7.2%
Discount rate: +0.5% impact	-6.5%
Expected retirement benefit increase rate: -0.5 impact	-6.6%
Expected retirement benefit increase rate: +0.5 impact	7.3%

	Sweden
Expected contribution for next financial year	1.1
Weighted average duration of the obligation	14.3

SWITZERLAND – DETAILS

	12/31/2022	12/31/2021
Discount rate	2.25%	0.30%
Expected salary increase rate	1.25%	1.00%
Expected retirement benefit increase rate	-	-

(In millions of euros)	12/31/2022	12/31/2021
Present value of unfunded obligations		
Present value of partially or fully funded obligations	65.2	78.5
TOTAL VALUE OF DEFINED BENEFIT PLAN OBLIGATIONS (1)	**65.2**	**78.5**
Fair value of plan assets (2)	62.5	58.2
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) – (1) = (2)	**2.7**	**20.3**

	Sensitivity Switzerland
Discount rate: -0.5% impact	7.1%
Discount rate: +0.5% impact	-6.2%
Expected salary benefit increase rate: -0.5 impact	-0.8%
Expected salary benefit increase rate: +0.5 impact	1.0%

	Switzerland
Expected contribution for next financial year	2.7
Weighted average duration of the obligation	13

(In millions of euros)	Switzerland
Cash and cash equivalents	2.0
Shares	23.4
Bonds	22.7
Properties & mortgages	10.7
Derivatives	3.7
FAIR VALUE OF PLAN ASSETS	**62.5**

5.4 Share-based payments

Accounting policies

Free performance share grants

Pursuant to IFRS 2, Elis estimated the plans' fair value based on the fair value of the equity instruments granted. That fair value was based on the share price at the grant date, weighted by a reasonable estimate of the extent to which the share allocation criteria would be fulfilled. The cost, recognized through equity, is spread over the vesting period following the Management Board decision and is mentioned in Note 5.2 "Expenses related to employee benefits."

"Elis for All" Group Savings Plan

The Group measures the IFRS 2 expense of the benefit offered to employees subscribing to its Group Savings Plan by reference to the fair value of the discount provided on non-transferable shares. The discount granted by the Group is measured as the cost of a strategy combining the forward sale of shares at the end of the lock-up period with the cash purchase of the same number of shares, financed by an unrestricted loan with bullet repayment, taken out for the lock-up period at the rate that a bank would grant to an individual with an average risk profile. The Group considers that the use of any other method would have resulted in an amount substantially equal to the one thus calculated, and in any case is not material at that level. The valuation date used is the date on which the Group and its employees accepted the share-based payment agreement.

Free performance share grants

The performance share allotment plans implemented by the Company, under which shares vested during the financial year or were still vesting at the end of the financial year, are as follows:

Free performance share grants	Plan no. 10 – 2019	Plan no. 12 – 2020	Plan no. 13 – 2020	Plan no. 14 – 2021	Plan no. 15 – 2021	Plan no. 16 – 2022	Plan no. 17 – 2022	Plan no. 18 – 2022
Date of shareholders' meeting	05/27/2016	06/30/2020	06/30/2020	06/30/2020	06/30/2020	06/30/2020	06/30/2020	06/30/2020
Date of Supervisory Board meeting	03/06/2019	03/03/2020 and 06/30/ 2020	03/03/2020 and 06/30/ 2020	03/08/2021	03/08/2021	03/08/2022	03/08/2022	03/08/2022
Date of decision of the Management Board	05/02/2019	07/09/2020	12/28/2020	03/10/2021	08/30/2021	04/15/2022	05/20/2022	10/24/2022
Number of rights originally granted	1,476,558	2,101,762	19,350	1,417,198	25,363	1,087,011	500,500	309,574
› of which members of the Executive Committee	417,746	581,029	0	448,472	0	0	500,500	0
› of which corporate officers:	194,300	276,244	0	213,220	0	0	240,128	0
– Xavier Martiré,	116,580	165,746	0	127,932	0	0	144,334	0
– Louis Guyot	45,337	64,457	0	49,751	0	0	55,880	0
– Matthieu Lecharny	32,383	46,041	0	35,537	0	0	39,914	0
Number of beneficiaries	521	536	23	526	17	524	11	222
› of which members of the Executive Committee	11	11	0	11	0	0	11	0
› of which corporate officers	3[a]	3[a]	0	3[a]	0	0	3[a]	0
Grant date	05/02/2019	07/09/2020	12/28/2020	03/10/2021	08/30/2021	04/15/2022	05/20/2022	10/24/2022
Vesting date								
› members of the Management Board and the Executive Committee	05/02/2022[b]	07/09/2023[b]		03/10/2024[b]			05/20/2025[b]	
› other beneficiaries	05/02/2021[b]	07/11/2022[b]	12/28/2022[b]	03/10/2023[b]	08/30/2023[b]	04/15/2024[b]		10/24/2024[b]
End of share lock-up period								
› members of the Management Board and the Executive Committee	05/02/2022[c]	07/09/2023[c]		03/10/2024[c]			05/20/2025[c]	
› other beneficiaries	05/02/2021[c]	07/11/2022[c]	12/28/2022[c]	03/10/2023[c]	08/30/2023[c]	04/15/2024[c]		10/24/2024[c]
Rights vested as at 12/31/2022	**1,193,750[d]**	**1,366,492[e]**	**16,250[e]**	**0[f]**	**0[f]**	**0[g]**	**0[g]**	**0[g]**
Number of rights lapsed or forfeited as at 12/31/2022	-	186,469	3,100	109,449	4,542	36,987	0	1,825
Number of rights outstanding as at 12/31/2022	-	548,801	-	1,307,749	20,821	1,050,024	500,500	307,749
› of which members of the Executive Committee	-	548,801		423,596			500,500	
› of which corporate officers:	-	276,244		213,220			240,128	
– Xavier Martiré,	-	165,746		127,932			144,334	
– Louis Guyot	-	64,457		49,751			55,880	
– Matthieu Lecharny	-	46,041		35,537			39,914	
Number of working beneficiaries as at 12/31/2022	402	457	20	470	14	500	11	221
› of which members of the Executive Committee	9	10	0	10	0	0	11	0
› of which corporate officers	3[a]	3[a]	0	3[a]	0	0	3[a]	0

(a) Xavier Martiré, Louis Guyot and Matthieu Lecharny.

(b) Shares vest at the end of a vesting period set at two years from the date of the grant for all beneficiaries, except for the members of the Executive Committee (including members of the Management Board) for whom the vesting period is set at three years from the date of the grant.

(c) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the Stock Market Code of Ethics regarding the prevention of market abuse. In addition, throughout their terms of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance, provided in chapter 2 of this 2022 Universal Registration Document.

(d) Upon the recommendation of the Appointments, Compensation and Governance Committee (ACGC), the Supervisory Board and the Management Board, at their meetings of March 8, 2021, reviewed the targets associated with the performance shares granted to the Executive Committee under plan no. 10, whose vesting period expired in 2022, and decided, in view of the crisis resulting from the Covid-19 pandemic, and on the basis of the same calculations as those used for the delivery of plan no. 10 for employees in 2021, to adjust the 2021 revenue target to €2,910 million and align the 2021 EBIT target with that of the 2020 employee plan, i.e. €319 million (TSR remains unchanged). Upon the recommendation of the ACGC, the Supervisory Board, at its meeting of March 8, 2022, examined the performance associated with the vesting of the performance shares granted to the Executive Committee under plan no. 10, and found that the two conditions relating to 2021 revenue and EBIT, adjusted for the Covid impact, had been met whereas 2021 TSR had not been reached. As a result, 67% of the performance shares granted in 2019 to the Executive Committee were vested on May 2, 2022.

(e) Upon the recommendation of the ACGC, the Supervisory Board and the Management Board, at their meetings of March 8, 2021, reviewed the targets associated with the performance shares granted to employees under plan no. 12, whose vesting period expired in July 2022, and decided, in view of the crisis resulting from the Covid-19 pandemic, and on the basis of the same calculations as those used for the delivery of plan no. 10 for employees in 2021, to adjust the 2021 revenue target to €2,910 million (the two other targets – EBIT and TSR – remain unchanged). Upon the recommendation of the ACGC, the Supervisory Board, at its meeting of March 8, 2022, examined the performance associated with the vesting of the performance shares granted to employees under plan nos. 12 and 13, and found that the three conditions related to 2021 revenue, adjusted for the Covid impact, 2021 EBIT and 2021 TSR had been met. As a result, 100% of the performance shares granted in 2020 to employees were vested on July 11 and December 28, 2022, respectively.

(f) Unless waived by the Management Board, the vesting of shares is contingent on uninterrupted, continuous service with the Group for the duration of the vesting period. In addition, the performance conditions associated with the vesting of the shares under plan nos. 14 and 15, implemented in 2021, were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT, determined on the basis of the business plan, itself in line with market expectations, and to the performance of the Elis share price relative to a benchmark index. The number of vested shares will depend on the number of targets achieved, with the understanding that the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. For plans implemented in 2020 and 2021, 34% of the shares granted will vest if one performance condition is met, 67% if two conditions are met, and 100% if all three conditions are met. No shares will vest if none of the performance conditions is met.

(g) Unless waived by the Management Board, the vesting of shares is contingent on uninterrupted, continuous service with the Group for the duration of the vesting period. In addition, based on the plans implemented in 2022, the performance conditions associated with the vesting of the shares were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT, determined on the basis of the business plan, itself in line with market expectations, a CSR criterion and the performance of the Elis share price relative to a benchmark index. Furthermore, three thresholds have been defined to determine the achievement of the economic and CSR performance criteria at the end of the vesting period: a trigger threshold (lower limit), a target threshold and an outperformance threshold (upper limit). Regarding the stock market criterion, two thresholds have been defined (target and outperformance threshold). The performance measurement will be assessed on a straight-line basis between each limit.

The number of shares to be delivered at the end of the vesting period will be determined in two stages: (i) a calculation depending on the attainment by each of the criteria of the threshold thus defined, the performance measurement being assessed on a straight-line basis between each limit and (ii) the application of a second limit to take account of the attainment or otherwise of the target thresholds.

For the plans implemented in 2022, with regard to the economic and CSR criteria, the number of shares to be delivered will be 0% if the trigger threshold (lower limit) is not reached; 25% if the target threshold is reached; 37.5% if the outperformance threshold (upper limit) is reached. (For the stock market criterion, only the last two thresholds will apply). The second limit defined below will also apply:

- *if all four target thresholds have been achieved (or surpassed), the number of vested shares may not exceed 120% of the shares granted;*
- *if only three target thresholds have been reached (or surpassed), irrespective of the deviation of the fourth criterion from the target threshold, the number of shares vested may not exceed 90% of the shares granted;*
- *if only two target thresholds have been achieved (or surpassed), irrespective of the deviation of the other two criteria from their respective target threshold, the number of vested shares may not exceed 80% of the shares granted;*
- *if only one target threshold has been achieved (or surpassed), irrespective of the deviation of the other three criteria from their respective target threshold, the number of vested shares may not exceed 70% of the shares granted;*
- *if no target threshold has been achieved, the number of vested shares may not exceed 60% of the shares granted.*

Group Savings Plan

Pursuant to the 25th and 26th resolutions of the extraordinary annual general shareholders' meeting on May 19, 2022, the Management Board, having received authorization from the Supervisory Board of July 27, 2022, voted on July 28, 2022 for a capital increase reserved for employee members of Elis Group's savings plan ("Elis for All 2022") and a capital increase reserved for employees of Elis's foreign subsidiaries operating in the following countries: Belgium, Brazil, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, Norway, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Pursuant to the 24th and 25th resolutions of the extraordinary annual general shareholders' meeting on June 30, 2020, the Management Board, having received authorization from the Supervisory Board on October 21, 2020, voted in principle on March 17, 2021, for a capital increase, known as "Elis for All 2021", reserved for employee members of Elis Group's savings plan and a capital increase reserved for employees of Elis's foreign subsidiaries operating in the following countries: Belgium, Brazil, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, Norway, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

These transactions are intended to help grow the Elis Group's employee share ownership with the aim of bolstering its employees' sense of belonging by giving them the opportunity to be more closely connected to its future development and performance. They involve a so-called "standard" formula only, with a discount and matching contribution, under which the subscriber is fully exposed to changes in the Elis share price.

The table below sets out the main features of the plans and the valuation assumptions used:

Plan characteristics	2022 plan	2021 plan
Date of general shareholders' meeting	05/19/2022	06/30/2020
Date of decision by the Chairman of the Management Board, setting the subscription price	09/16/2022	05/05/2021
Closing date of employee subscriptions	10/05/2022	05/21/2021
Plan maturity (in years)	5	5
Subscription price	€8.97	€10.46
Closing price on the subscription closing date	€11.04	€14.93
Face value discount	30.00%	30.00%
Discount relative to price on the subscription closing date	18.75%	29.94%
Number of shares matched	1 for 10	1 for 10
Valuation assumptions (5-year maturity)		
Employee financing rate over 5 years	2.84%	3.56%
5-year risk-free interest rate	2.84%	-0.26%
Securities lending or borrowing rate	0.50%	0.50%
Non-transferability for the market participant, as a %	5.30%	20.15%
Amounts subscribed and valuation		
Subscription		
Amount subscribed by employees *(in millions of euros)*	4.9	10.6
Number of shares subscribed	550,815	1,013,169
Gross expense, before non-transferability discount *(in millions of euros)*	1.1	4.5
Valuation of non-transferability discount *(in millions of euros)*	-0.3	-3.0
Net expense *(in millions of euros)*	0.8	1.5
Impact of a 0.5 point decrease in the employee financing rate	0.4	0.4
Matching contribution		
Number of shares matched	50,638	91,995
Gross expense, before non-transferability discount *(in millions of euros)*	0.6	1.4
Valuation of non-transferability discount *(in millions of euros)*	-0.0	-0.3
Net expense *(in millions of euros)*	0.5	1.1
Impact of a 0.5 point decrease in the employee financing rate	0.0	0.1
Total		
Total plan amount *(in millions of euros)*	1.7	5.9
Number of shares issued	601,453	1,105,164
Gross expense, before non-transferability discount *(in millions of euros)*	1.7	5.9
Valuation of non-transferability discount *(in millions of euros)*	-0.4	-3.3
Net expense *(in millions of euros)*	1.3	2.6
Impact of a 0.5 point decrease in the employee financing rate	0.5	0.5

The amount expensed in 2022 for standard plans was €0.8 million, net of the €0.3 million cost of non-transferability for employees. The free share expense related to the matching contribution was €0.5 million in 2022.

The amount expensed in 2021 for standard plans was €1.5 million, net of the €3.0 million cost of non-transferability for employees. The free share expense related to the matching contribution was €1.1 million in 2021.

5.5 Executive compensation (related party transactions)

As at December 31, 2022, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. The total compensation for the financial year awarded to the main executives is as follows:

(In millions of euros)	**12/31/2022**	12/31/2021
Number of people	**11**	**11**
Short-term benefits – Fixed, variable, special and other elements of compensation	(10.4)	(11.4)
Post-employment benefits	(2.7)	(3.0)
Termination benefits	-	-
Expenses related to share-based payments (IFRS 2)	(6.2)	(8.8)

Post-employment benefits relate to a supplementary retirement plan in application of the new provisions of Article L. 137-11-2 of the French Social Security Code (Pacte law). It is stipulated that this retirement plan is managed by the insurer Predica, a shareholder of Elis.

As at December 31, 2022, the employee benefit liability accrued for termination benefits totaled €1 million (€0.7 million as at December 31, 2021).

Compensation allocated to members of the Supervisory Board and expensed as directors' fees totaled €0.7 million (€0.7 million as at December 31, 2021).

NOTE 6 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

6.1 Goodwill

Accounting policies

In accordance with IAS 36, the Elis Group allocates goodwill to its cash-generating units (CGUs) for the purposes of conducting impairment tests.

(In millions of euros)	**12/31/2022**	12/31/2021
Gross value	3,884.8	3,809.6
Accumulated impairment	(66.5)	(66.0)
CARRYING AMOUNT AT BEGINNING OF PERIOD	**3,818.3**	**3,743.6**
Increase related to business combinations	208.4	69.4
Disposals	-	-
Translation adjustments	(21.9)	5.8
Other changes	(0.0)	0.0
CHANGES IN GROSS CARRYING AMOUNT	**186.5**	**75.2**
Impairment	(58.7)	-
Translation adjustments	16.4	(0.6)
Other changes	0.0	0.0
CHANGES IN IMPAIRMENT	**(42.2)**	**(0.6)**
CARRYING AMOUNT AT END OF PERIOD	**3,962.6**	**3,818.3**
Gross value	4,071.4	3,884.8
Accumulated impairment	(108.8)	(66.5)

The carrying amount of goodwill is allocated to the main cash-generating units as follows:

(In millions of euros)	12/31/2022	12/31/2021
CGU France	1,418.1	1,415.1
CGU Sweden & Finland	524.0	568.5
CGU Denmark	414.0	406.0
CGU Netherlands	365.4	365.2
CGU Brazil	253.5	224.5
CGU Mexico	189.4	-
CGU Germany	174.1	173.8
CGU Spain & Andorra	106.9	106.9
CGU Great Britain	96.8	101.4
Other CGU	420.5	456.9
CARRYING VALUE OF GOODWILL	**3,962.6**	**3,818.3**

Recognition of impairment

Accounting policies

The method and assumptions used for impairment tests are described in Note 6.5 "Impairment losses on non-current assets."

In Russia, the Group recorded a goodwill impairment loss of €58.7 million as at June 30, 2022 (at the exchange rate of €1 = RUB 56.5553). This was based on a WACC of 26.3% (versus 11.4% as at December 31, 2021) linked to the sharp increase in country risk premium. The CGU's business plan has also been revised and maintains the assumption of a perpetual growth rate equal to long-term inflation of 4%. Following the impairment tests carried out as at December 31, 2022, the Group recorded no additional impairment losses.

The Group had also not recorded any impairment losses following the impairment tests carried out as at December 31, 2021.

6.2 Intangible assets

Accounting policies

Brands

Brands acquired in a business combination are recognized at fair value (valued using the relief from royalty method) at the acquisition date. Costs incurred to create a new brand or to develop an existing one are expensed.

Brands with finite useful lives are amortized over their useful lives. Brands with indefinite useful lives are not amortized but are tested for impairment on an annual basis. The same applies whenever there is an indication of impairment.

The following criteria are used to determine whether a brand has a finite or indefinite life:

- overall market positioning of the brand, measured by sales volume, international reach and reputation;
- long-term profitability outlook;
- exposure to fluctuations in the economy;
- major developments in the industry liable to have an impact on the brand's future;
- age of the brand.

Intangible assets (other than brands)

Intangible assets (other than brands) are measured at acquisition cost less accumulated amortization and impairment. Intangible assets have finite useful lives. Amortization is recognized as an expense generally on a straight-line basis over the estimated useful lives of the assets:

- textile patterns: 3 years;
- software: 5 years;
- ERP: 15 years;
- acquired customer contracts and relationships: 4 to 14 years.

Amortization is recorded from the date the asset is first used.

(In millions of euros)	Trademarks & non-competition clauses	Customer relationships	Other	Total
Gross value	**261.4**	**1,294.4**	**182.9**	**1,738.7**
Accumulated amortization and impairment	**(47.9)**	**(765.5)**	**(118.9)**	**(932.3)**
NET CARRYING AMOUNT AS AT JANUARY 1, 2021	**213.5**	**528.8**	**64.0**	**806.4**
Investments	-	-	21.1	21.1
Acquisitions through business combinations	-	21.1	0.7	21.8
Retirements and disposals	-	-	0.0	0.0
Depreciation	(3.0)	(78.2)	(17.5)	(98.7)
Translation adjustments	0.1	(0.6)	0.1	(0.4)
Impairment	-	-	-	-
Other movements	0.0	(0.0)	2.5	2.5
Gross value	**261.7**	**1,315.3**	**210.0**	**1,787.0**
Accumulated amortization and impairment	**(51.0)**	**(844.1)**	**(139.1)**	**(1,034.2)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2021	**210.7**	**471.2**	**70.9**	**752.7**
Investments	-	0.3	26.2	26.5
Acquisitions through business combinations	0.3	23.4	0.1	23.8
Retirements and disposals	-	-	(0.0)	(0.0)
Depreciation	(1.7)	(78.5)	(18.9)	(99.1)
Translation adjustments	0.1	(7.1)	(0.2)	(7.2)
Impairment	-	-	-	-
Other movements	0.2	(0.8)	1.0	0.4
Gross value	**263.7**	**1,327.4**	**233.9**	**1,825.0**
Accumulated amortization and impairment	**(54.1)**	**(919.0)**	**(154.8)**	**(1,127.9)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2022	**209.6**	**408.5**	**79.0**	**697.1**

Other intangible assets consist primarily of software. "Other movements" include item-to-item transfers.

The values of the Group's brands, which are all derived from a business combination, measured for the purpose of allocating goodwill, are as follows:

(In millions of euros)	12/31/2022	12/31/2021	Amortization
Elis Brands	206.5	206.5	Not amortized
Brands of manufacturing entities	2.2	2.2	
› Le Jacquard Français brand	0.9	0.9	Impairment loss
› Kennedy Hygiene brand	1.3	1.3	Not amortized
Non-competition clauses and miscellaneous	1.0	2.0	
Trademarks & non-competition clauses	**209.6**	**210.7**	

Recognition of impairment

No brand impairment loss was recognized in the last two financial years. The Le Jacquard Français brand, worth €6.8 million gross, has an accumulated impairment loss of €5.9 million.

6.3 Property, plant and equipment

Accounting policies

Items of property, plant and equipment are carried in the balance sheet at historical cost for the Group, less accumulated depreciation and impairment.

In accordance with IAS 16 Property, Plant and Equipment, only items whose cost can be measured reliably and from which future economic benefits are expected to flow to the Group are recognized as assets.

Assets leased out under agreements that do not transfer substantially all the risks and rewards incident to ownership of the assets to the lessee (operating leases) are recognized as non-current assets. Assets under other leases (finance leases) are recognized as loans for the amount corresponding to the net investment in the lease.

Depreciation is calculated on a straight-line basis over the following useful lives:

- buildings: component method:
  - structure, outside walls, roof: 40 to 50 years,
  - internal walls, partitions, painting and floor coverings: 10 to 12.5 years;
- production equipment: 10 to 30 years;
- vehicles: 4 to 8 years;
- office equipment and furniture: 5 to 10 years;
- IT equipment: 3 to 5 years;
- items related to rental-maintenance service agreements (textiles, equipment and other leased items) are initially recognized as inventories and are then capitalized and depreciated over a period of 18 months to five years.

Depreciation is recorded from the date the asset is first used. Land is not depreciated.

(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Rental, laundry and maintenance items	Total
Gross value	**864.4**	**136.0**	**1,616.4**	**1,865.2**	**4,482.0**
Accumulated amortization and impairment	**(291.7)**	**(111.7)**	**(1,017.4)**	**(1,175.2)**	**(2,596.0)**
NET CARRYING AMOUNT AS AT JANUARY 1, 2021	**572.7**	**24.3**	**599.0**	**690.0**	**1,886.1**
Investments	17.2	1.0	95.0	441.9	555.1
Acquisitions through business combinations	4.4	0.7	5.3	4.1	14.5
Retirements and disposals	(2.6)	(0.1)	(0.6)	(4.7)	(7.9)
Depreciation	(30.9)	(8.5)	(99.3)	(415.5)	(554.2)
Translation adjustments	7.9	0.0	6.3	5.8	20.0
Impairment	-	-	0.1	-	0.1
Other movements	0.7	0.4	(4.8)	1.0	(2.6)
Gross value	**892.1**	**132.1**	**1,702.0**	**2,073.5**	**4,799.6**
Accumulated amortization and impairment	**(322.7)**	**(114.3)**	**(1,101.0)**	**(1,350.7)**	**(2,888.7)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2021	**569.4**	**17.8**	**601.0**	**722.7**	**1,911.0**
Investments	24.8	3.0	100.1	556.1	684.0
Acquisitions through business combinations	8.8	3.0	19.8	26.5	58.2
Retirements and disposals	(2.3)	(0.4)	(2.0)	(4.9)	(9.5)
Depreciation	(30.2)	(8.1)	(101.4)	(454.3)	(594.0)
Translation adjustments	(4.3)	0.2	(2.4)	(3.8)	(10.3)
Impairment	-	-	(0.1)	-	(0.1)
Other movements	14.4	0.5	(15.6)	0.8	0.2
Gross value	**932.8**	**138.8**	**1,802.3**	**2,440.7**	**5,314.6**
Accumulated amortization and impairment	**(352.2)**	**(122.6)**	**(1,202.8)**	**(1,597.6)**	**(3,275.2)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2022	**580.7**	**16.1**	**599.5**	**843.2**	**2,039.5**

"Other movements" include item-to-item transfers.

6.4 Right-of-use assets and lease liabilities

The Group entered into lease agreements for a variety of assets including property, vehicles, machines, and other equipment. Real estate contracts typically go over several years, with a set rent amount based on an index or rate and with options to extend.

Accounting policies

Right-of-use assets

The Group records right-of-use assets on the lease start date (the date on which the underlying set of assets becomes available). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted according to the measurement of the lease liabilities. The cost of right-of-use assets comprises the amount of the lease liability, initial direct costs incurred, and lease payments made before the start date, less any lease incentives received. Unless the Group is reasonably certain that ownership of the leased asset will be transferred at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

As at the lease start date, the Group records lease liabilities as measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price for a purchase option that the Group is reasonably certain will be exercised, as well as penalty payments for terminating a lease if the lease term reflects exercise of the termination option by the Group. Variable lease payments that do not depend on an index or a rate are recorded as expenses in the period during which the event or condition that triggered the payments occurred.

To calculate the present value of lease payments, the Group uses the Group's incremental borrowing rate adjusted using a spread for each country as at the lease start date if the interest rate implicit in the lease cannot be readily determined. The rate also depends on the duration of the agreement. After the start date, the lease liability is increased to reflect interest incurred and reduced to reflect lease payments made. The carrying amount of the lease liability is remeasured in the event there is a change in the term of the lease, the in-substance fixed lease payments are changed, or the measurement is modified such that the underlying asset may be purchased.

In the statement of cash flows, these lease payments are presented in cash flows from financing activities, broken down between interest (recorded as financial expenses) and principal payments (presented on a separate line).

Simplification measures used

The Group applies the recognition exemption for short-term leases (leases with terms shorter than 12 months from the start date that do not include a purchase option). It also applies the recognition exemption for the leasing of low-value assets (assets whose replacement cost is less than €4,000). Lease payments on short-term leases and leases of low-value assets are recorded as expenses on a straight-line basis over the term of the lease. In the statement of cash flows, these lease payments are presented in cash flows from operating activities.

The Group has also chosen to use the simplification measure provided for in the standard whereby lease components are not separated from non-lease components (mainly for leased vehicles). Instead, these components are recognized as a single lease component.

	Right-of-use assets				
	Land and buildings	Vehicles	Plant & equipment	Total	Lease liabilities
As at January 1, 2021	**310.6**	**118.3**	**9.7**	**438.6**	**447.3**
Increase related to business combinations	0.6	0.7	0.4	1.7	2.0
New rights of use	17.7	50.8	2.6	71.1	71.1
Remeasuring of rights of use	14.3	6.2	0.3	20.8	20.8
Depreciation & amortization / impairment	(41.3)	(47.8)	(3.5)	(92.6)	
Principal payments					(89.4)
Translation differences	3.1	1.6	0.1	4.8	4.8
Other movements	(1.4)	(3.0)	(0.6)	(5.0)	(3.2)
As at December 31, 2021	303.7	126.8	9.0	439.4	453.5
Increase related to business combinations	18.0	2.3	1.4	21.7	22.8
New rights of use	15.6	71.8	3.1	90.4	90.4
Remeasuring of rights of use	19.0	1.4	(0.7)	19.7	19.7
Depreciation & amortization / impairment	(45.1)	(55.0)	(3.6)	(103.7)	
Principal payments					(101.5)
Translation differences	(0.4)	(1.5)	(0.0)	(1.9)	(1.9)
Other movements	0.6	1.8	(1.1)	1.3	2.6
As at December 31, 2022	**311.4**	**147.4**	**8.1**	**466.9**	**485.5**

The Group recognized lease expenses relating to:

- short-term leases totaling €7.5 million during the 2022 financial year (versus €6.1 million in 2021);
- leases of low-value assets totaling €1.8 million during the 2022 financial year (versus €2.0 million in 2021);
- variable lease payments totaling €0.2 million during the 2022 financial year (versus €0.9 million in 2021).

The remaining contractual maturities of lease liabilities are as follows (undiscounted amounts):

(In millions of euros)	Carrying value	Cash flow 2023	Cash flow 2024	Cash flow 2025-2026-2027	Cash flow 2028 and beyond	Estimate of future cash flows as at 12/31/2022
Lease liabilities	485.5	114.3	99.3	222.6	176.0	612.1

6.5 Impairment losses on non-current assets

Accounting policies

Impairment tests are systematically performed on goodwill and intangible assets with indefinite useful lives on December 31 or whenever there is an indication of impairment. Goodwill impairment losses may not subsequently be reversed.

Value in use is calculated by discounting to present value the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal. These calculations are usually supplemented by a valuation using multiple economic indicators (mainly adjusted EBITDA).

If the recoverable amount is less than the carrying amount, an impairment loss is recognized corresponding to the difference between the two amounts.

To assess impairment, assets are combined in the smallest group of assets that generates separately identifiable cash flows (cash-generating unit or group of cash-generating units).

In accordance with IAS 36 Impairment of Assets, whenever the value of intangible assets and property, plant and equipment with definite useful lives is exposed to a risk of impairment due to events or changes in market conditions, these assets are reviewed to determine whether their carrying amount is less than their recoverable amount, defined as the higher of fair value (less cost to sell) and value in use.

If applicable, impairment losses are recognized at the cash-generating unit level.

Impairment of property, plant and equipment may subsequently be reversed (by up to the amount of the initial impairment) if the recoverable amount rises above the carrying amount.

Calculating future cash flows

Goodwill impairment tests are performed by including the impacts of IFRS 16 and determining the value in use of each cash-generating unit using the following method for calculating recoverable amounts:

- estimation of projected future cash flows based on the business plans established by the management teams of each CGU and approved by the Management Board. The trajectory for 2023–2025 was approved by the Supervisory Board on December 15, 2022. Future cash flows are estimated based on conservative growth assumptions;
- cash flows are calculated using the discounted cash flow method = adjusted EBITDA (operating income before depreciation and amortization) +/– change in WC – income tax at standard rate – capital expenditure (including lease renewal);
- a five-year maximum explicit time horizon has been chosen, except for countries where a longer duration is justified (Latin America and Russia, which have strong growth prospects over a longer term because there is less recourse to outsourcing);
- the terminal value is calculated on a perpetual growth basis;
- discounted cash flow is calculated based on the weighted average cost of capital (WACC), which, in turn, is based on financial return and industry-specific risk metrics for the market in which the Group operates.

Method for calculating WACC

Elis used the following inputs for calculating the WACC:

- risk-free rate: the average risk-free interest rate over a two- to five-year observation period by country;
- credit spread: the average over a two- to five-year observation period;
- levered beta of comparable companies: the observed beta at the date of the WACC calculation (insofar as the beta is the result of a linear regression over the last two years, it reflects the medium-term sensitivity of the value of the securities of a given company versus the market as a whole);
- average gearing ratio (net debt/equity) for comparable companies: ratio calculated on the basis of market capitalizations to net debt observed on a quarterly basis over the last two years:
  - the average gearing ratio obtained for each comparable company is used to unlever the Company's beta,
  - the unlevered beta is representative of industry beta and will be used to calculate the WACC (extreme values are excluded from the average),
  - the gearing used to calculate the WACC is derived from the average debt (including lease liabilities) to equity ratio calculated on the basis of the quarterly ratios of comparable companies.

The WACC used for impairment testing on each of the main CGUs was as follows:

Country	France	Germany	Brazil	Denmark	Spain	Great Britain	Mexico	Netherlands	Sweden
Risk-free rate	1.4%	0.6%	8.7%	0.9%	1.9%	1.8%	6.8%	0.8%	1.2%
Credit spread	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Cost of debt (before tax)	**2.6%**	**1.9%**	**9.9%**	**2.1%**	**3.1%**	**3.0%**	**8.0%**	**2.1%**	**2.4%**
Tax rate	25.8%	30.0%	34.0%	22.0%	25.0%	25.0%	30.0%	25.8%	20.6%
Cost of debt, net of tax	**1.9%**	**1.3%**	**6.6%**	**1.7%**	**2.4%**	**2.3%**	**5.6%**	**1.5%**	**1.9%**
Risk premiums	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Levered beta	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.88
Cost of equity	**7.9%**	**7.2%**	**15.2%**	**7.5%**	**8.5%**	**8.4%**	**13.3%**	**7.4%**	**7.8%**
Gearing	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
WACC 2022	**7.4%**	**6.7%**	**14.4%**	**7.0%**	**7.9%**	**7.8%**	**12.6%**	**6.9%**	**7.3%**
WACC 2021	6.7%	6.1%	11.0%	6.3%	7.3%	7.1%	-	6.2%	6.6%
PRE-TAX DISCOUNT RATE 2022 (APPROXIMATION)	**10.0%**	**9.6%**	**21.9%**	**8.9%**	**10.6%**	**10.4%**	**18.1%**	**9.3%**	**9.1%**
Pre-tax discount rate 2021 (approximation)	*9.1%*	*8.7%*	*16.6%*	*8.1%*	*9.7%*	*9.4%*	-	*8.4%*	*8.3%*

The increase in WACC since December 31, 2021 reflects the increase in rates and market premiums. The Group has sought to use a rate consistent with the long-term economic outlook for the countries in which it operates.

Multiples used

The multiples approach was not used as at December 31, 2022 because it has been difficult to implement since the onset of the Covid-19 health crisis.

Fundamental assumptions for impairment tests

The business plans of the CGUs were prepared on the basis of management's best estimates. Projected cash flows are therefore reasonable and reflect, where appropriate, the resilience of the CGU's business. The main assumption made for Hospitality revenue is that by the first quarter of 2023 it will return to the levels seen by the Group in 2019. In terms of operating income, the measures taken by the Group to adapt to inflation (price increases, productivity improvements) should enable it to maintain profitability levels in 2023. The Group expects to continue these measures in 2024 and 2025.

Sensitivity of tests related to goodwill

The sensitivity of the impairment tests was verified with respect to changes in the two main assumptions: WACC and perpetual growth rate. In the impairment tests, the items with the most material sensitivity in relation to the WACC and perpetual growth rate are as follows (test margin = difference between the carrying amount and the recoverable amount of the CGU): In view of the uncertainty as at December 31, 2022, the Group has widened the sensitivity ranges usually reported.

France *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.4%	1,496	1,804	2,182	2,657	3,272
	6.9%	1,188	1,440	1,743	2,115	2,582
	7.4%	928	1,137	1,385	1,683	2,049
	7.9%	705	881	1,087	1,331	1,624
	8.4%	513	663	836	1,038	1,278

Germany *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	5.7%	261	337	435	563	738
	6.2%	188	249	324	420	546
	6.7%	128	177	237	311	405
	7.2%	78	118	167	226	298
	7.7%	35	69	109	156	214

Brazil *(In millions of euros)*		Perpetual growth rate				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC	13.4%	65	76	88	101	116
	13.9%	41	51	62	73	86
	14.4%	20	28	38	48	59
	14.9%	(0)	8	16	25	35
	15.4%	(18)	(12)	(4)	4	13

Denmark *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.0%	138	215	312	437	603
	6.5%	70	133	209	305	429
	7.0%	14	65	128	204	299
	7.5%	(34)	9	61	122	198
	8.0%	(75)	(38)	5	56	117

Spain *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.9%	113	144	182	228	286
	7.4%	80	106	137	174	219
	7.9%	52	74	100	130	167
	8.4%	29	47	69	94	124
	8.9%	8	24	42	63	88

Great Britain *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.8%	206	251	305	372	457
	7.3%	160	197	241	295	360
	7.8%	120	151	188	231	284
	8.3%	86	113	143	179	222
	8.8%	56	79	105	135	171

Mexico *(In millions of euros)*		Perpetual growth rate				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC	11.5%	46	55	65	76	89
	12.0%	29	37	46	55	66
	12.5%	14	21	29	37	46
	13.0%	1	7	13	20	28
	13.5%	(12)	(6)	(1)	6	13

Netherlands *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	5.9%	139	203	284	389	531
	6.4%	83	135	199	279	383
	6.9%	36	79	130	194	274
	7.4%	(4)	32	75	126	189
	7.9%	(37)	(7)	29	71	122

Sweden *(In millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.3%	126	200	292	409	561
	6.8%	52	113	186	277	391
	7.3%	(10)	41	100	172	261
	7.8%	(62)	(20)	29	88	159
	8.3%	(108)	(72)	(31)	18	75

Sensitivity of tests for unamortized brands

The assumptions used in impairment tests performed using the relief from royalty method are as follows:

	Elis	Le Jacquard Français	Kennedy
Discount rate	8.4%	8.4%	8.8%
Perpetual growth rate	2.0%	2.0%	2.0%
Royalty rate	1.0%	4.0%	2.0%

The sensitivity of the excess of the recoverable amount of the Elis brand over its carrying amount is as follows:

Discount rate	1.0%	1.5%	2.0%	2.5%	3.0%
7.4%	326	366	413	470	540
7.9%	288	322	362	409	466
8.4%	255	285	**318**	358	405
8.9%	227	252	281	315	354
9.4%	202	224	249	278	312

NOTE 7 Provisions and contingent liabilities

7.1 Provisions

Accounting policies

A provision is recognized whenever the Group has a present contractual, legal or constructive obligation as a result of a past event and when future outflows of resources required to settle the obligation can be estimated reliably.

The amount recognized represents the best estimate made by management with respect to risks and their likelihood of occurrence, based on information available at the date of reporting the consolidated financial statements.

Liabilities resulting from restructuring plans are recognized when there is an obligation, when the related costs have been forecast in detail and when it is highly probable that the plans will be implemented.

Provisions are also recognized for obligations arising from onerous contracts.

(In millions of euros)	Compliance	Litigation	Other	Total
As at December 31, 2021	**73.6**	**6.1**	**22.9**	**102.7**
Increases/additions for the year	0.7	2.8	1.7	5.1
Increase related to business combinations	4.5	0.7	0.2	5.3
Decreases/reversals of used and unused provisions	(4.0)	(3.8)	(3.5)	(11.3)
Translation differences	(1.3)	0.3	1.2	0.2
Other	0.0	(0.0)	(0.1)	(0.1)
AS AT DECEMBER 31, 2022	**73.5**	**6.1**	**22.4**	**102.0**
Current portion	**0.0**	**2.7**	**7.6**	**10.4**
Non-current portion	**73.4**	**3.4**	**14.8**	**91.6**
France	12.6	1.7	0.2	14.5
UK & Ireland	11.6	-	(0.0)	11.6
Scandinavia & Eastern Europe	28.0	-	9.0	36.9
Latin America	7.9	4.0	11.9	23.7
Other segments	13.4	0.5	1.4	15.2

Provisions for environmental compliance

Provisions for environmental compliance are assessed based on experts' reports and the Group's experience. These provisions correspond to the expected costs of studies or work to be undertaken by the Group to comply with its environmental obligations, particularly those related to the ongoing degradation recorded. They relate to sites or categories of work that will be completed in the foreseeable future.

Provisions for litigation

Provisions for litigation chiefly includes provisions for employee-related risks.

Other provisions

Other provisions also include provisions for tax risks (not related to income tax), restructuring costs, onerous contracts and disputes arising in the normal course of the Group's business.

7.2 Contingent liabilities

The Elis Group has contingent liabilities relating to disputes or legal proceedings arising in the normal course of its business:

In Brazil

Proceedings related to alleged acts of administrative improbity

Atmosfera filed a preliminary response in December 2014 to a public action filed against several industrial laundry service providers, including Atmosfera Gestão e Higienização de Têxteis SA ("Atmosfera") and Prolav Servicos Tecnicos Ltda ("Prolav"), regarding the alleged bribery of civil servants between 2003 and 2011 related to contracts in the state of Rio de Janeiro. The public prosecutor rejected the arguments put forward by Atmosfera and decided to continue the action.

As at December 31, 2022, Atmosfera and Prolav were still awaiting additional information and therefore were unable to estimate the contingent liability incurred and the indemnification asset to be received under the respective liability guarantees. More precisely, additional information should become available only when all parties have been notified about the opening of the proceedings. To this end, the court hearing the case issued an order to obtain a certificate from a notary listing those defendants that have been notified and those that have already presented their defense.

The Atmosfera Group's former owners, who received provisional notification of the proceedings on November 26, 2014 with respect to the December 20, 2013 guarantee agreement relating to the acquisition of the Atmosfera Group, have disputed Atmosfera's compensation request.

Atmosfera and Prolav could face the following penalties as a result of the proceedings: (i) reimbursement to the Public Treasury of all monies illegally obtained by Atmosfera from the acts of improbity and/or (ii) payment of a civil fine of up to three times the amount referred to in (i). In addition, Atmosfera and Prolav could potentially be prohibited from entering into agreements with any Brazilian public entities or receiving tax benefits in Brazil for five or ten years.

Proceedings related to degrading working conditions

In these proceedings, following the inspection conducted in 2014 by the Brazilian Federal Police at the premises of Maiguá (an Atmosfera supplier), Atmosfera lodged an appeal against the decision of the Ministry of Labor resulting from the aforementioned inspection, which provided, in particular, for the inclusion of Atmosfera on the blacklist of companies convicted of this type of practice.

The decision on the merits rendered by the Labor Court at first instance in May 2017 was favorable to Atmosfera and overturned all sanctions imposed by the Ministry of Labor against Atmosfera, including its inclusion on the blacklist. In May 2021, this first-instance decision, which was subject to an appeal by the authorities, was upheld by the Court of Appeal in favor of Atmosfera. The authorities filed a new appeal before the Superior Labor Court, which gave rise to new proceedings. On December 14, 2021, this new appeal was rejected by the Superior Labor Court, which upheld the above first-instance decision. Following this rejection and as they were entitled to, the authorities decided to lodge a new appeal in this case, which is still pending as at the date of this document. Should the Ministry of Labor's decision be confirmed following this new appeal, Atmosfera would be put on the blacklist for a period of two years.

Should this happen, and even if it were not mandatory, ministries, federal agencies and public bodies could terminate service agreements with Atmosfera at the next renewal date. Furthermore, some private companies may have internal regulations that prohibit them from working with blacklisted suppliers, even if this is not stated in the contracts. Regulations in the states of São Paulo, Rio de Janeiro and Bahia require removal of the state tax number (Inscrição Estadual) of any blacklisted companies, and the regulations in the states of São Paulo and Bahia require this to be done for a period of 10 years (the state of Rio de Janeiro does not provide a time frame). The loss of Atmosfera's state tax number could make it necessary to use external service providers for transportation relating to Atmosfera's rental and laundry business. If Atmosfera were blacklisted, it is possible that Atmosfera's image and that of the rest of the Group could be tarnished by negative publicity, especially in the Brazilian press. It is nevertheless possible that more Brazilian customers may decide to terminate their contracts with Atmosfera, even though the company has opened its in-house production workshop and launched a major advertising campaign targeting its customers.

Administrative proceedings initiated by the CADE

In February 2016, Prolav was ordered by the Brazilian competition authority (CADE) to pay a fine of R$2.5 million (approximately €0.5 million) for antitrust offenses. Any delay in payment of this fine will incur interest on arrears at the benchmark rate of Brazil's central bank (SELIC), which may lead to significant additional costs. Prolav has not, to date, paid the aforementioned fine and has set aside a provision in the amount of R$3.0 million (approximately €0.6 million). After lodging an appeal, which was rejected by the CADE, Prolav was unable to reach an agreement with the CADE's prosecutor on a possible reduction of the fine and payment in installments. As at June 30, 2022, the CADE had not initiated any enforcement action in respect of the penalty.

Proceedings involving NJ Lavanderia

Proceedings initiated by Brazil's Federal District public prosecutor

In the public civil action brought in 2014 by the Federal District's public prosecutor against NJ Lavanderia Industrial e Hospitalar Ltda ("NJ Lavanderia"), a subsidiary of Lavebras Gestão de Têxteis ("Lavebras"), and the government of the Federal District (GDF) related to a public contract signed between NJ Lavanderia and the GDF (contract no. 184/2014) for the provision by NJ Lavanderia of industrial laundry services to public healthcare establishments in the Federal District (Brasilia), a decision was rendered in July 2020 on the appeal lodged following the decision on the merits rendered in August 2018. The July 2020 decision upheld the decision by the trial judge under which the judge annulled contract no. 184/2014. As in August 2018, NJ Lavanderia was not ordered to return the amounts received under the annulled contract (which has already been performed in full) and no evidence was found of wrongdoing on the part of NJ Lavanderia or its representatives in connection with the tender procedure for contract no. 184/2014. An appeal before the High Court of Justice could be lodged by one of the parties to the proceedings. NJ Lavanderia successfully challenged the decision in order to win its case on a specific point. As at December 31, 2022, NJ Lavanderia was awaiting confirmation that the proceedings had been terminated.

Other proceedings are also ongoing against NJ Lavanderia as part of a public civil action initiated in 2014 by Federal District's public prosecutor for alleged breach of the public tender process under Brazil's law on public procurement at the time the public-service contract described above was entered into. The closing briefs have been submitted for these proceedings and a decision on the merits is expected in the coming months.

Proceedings against physical persons

In June 2021, the Group was informed of the existence of a criminal investigation after the public authorities carried out searches at four of its sites in application of warrants issued by the first criminal court of the Federal District (Brasilia). To the Group's knowledge, the criminal investigation concerns contracts entered into with the Brasilia Health Secretariat between 2013 and 2016 (i.e. some of the contracts covered by the proceedings described above involving NJ Lavanderia). The purpose of these warrants was to search for proof of any infractions that may have taken place prior to the acquisition of Lavebras (and, as a result, NJ Lavanderia) by the Group in 2017, despite the authorities having seized contracts signed after 2017.

As at December 31, 2022, and to the best of the Company's knowledge, the investigation is only focusing on physical persons who are not currently employed by any of the Group's subsidiaries and who do not exercise any responsibility within the Group. There is no credible evidence that the current managers or employees of the Group are involved in the facts under investigation. Moreover, since companies in Brazil cannot be held criminally liable, none of the Group's entities are named in these criminal proceedings.

Whilst the Company is not directly involved in the criminal investigation above (neither are its subsidiaries, employees or managers), there may be future consequences from this investigation, either in relation to the proceedings against NJ Lavanderia, or due to any new proceedings that may be initiated. To date, the Company has no information enabling it to estimate any contingent liability resulting from these new developments; as at December 31, 2022, no provisions have been set aside by Lavebras or NJ Lavanderia in relation to these developments.

Proceedings against Lavebras

The Group was informed of the existence of an anti-corruption investigation initiated by the Brazilian Federal Police, which may have identified potential violations of two Brazilian statutes, the Brazilian Clean Companies Act and the Administrative Improbity Act, that may involve Lavatec Lavanderia Técnica Ltda. ("Lavatec"), a former subsidiary that merged with Lavebras in 2014.

As at December 31, 2021, Lavebras had not received any formal notification of these potential violations, with the exception of separate proceedings conducted by the tax authorities against ICN, a social organization.

In these tax proceeding against ICN, the Brazilian tax authorities argue that Lavebras – as well as other companies – must be held jointly and severally liable for ICN's obligations in view of (i) the illegal nature of the payments made by ICN under contracts it entered into and under which Lavebras and ICN had a business relationship, and (ii) the lack of cooperation shown by ICN during the audit by the Brazilian tax authorities. As at December 31, 2022, the amount of the dispute was approximately R$371 million as of the end of June 2022, or around €65.5 million (including all penalties but excluding the potential future effect of inflation). An administrative decision by the trial judge was issued in September 2019, which upheld the position of the Brazilian tax authorities. Lavebras has appealed this decision (through an ordinary appeal), submitted its defense, and is awaiting a new decision. Lavebras does not believe that the trial judge's decision will undermine its assessment of the case.

In November 2021, the Brazilian tax authorities initiated new proceedings (related to the main proceedings) in order to rule on the question of the joint and several liability of Lavebras. These new proceedings are still ongoing and Lavebras does not have an exact schedule for them.

Lavebras still believes that it has good arguments to challenge the Brazilian tax authorities' position. The Group therefore considers that the risk of Lavebras being held jointly and severally liable with ICN for payment of the tax penalty is limited. No provision has been set aside by Atmosfera or Lavebras in relation to these proceedings.

In the event that Lavebras is served notice and, after the Brazilian Federal Police's investigation, held liable for the offenses, it could be subject to various penalties, including (i) a ban on receiving incentives, subsidies, grants, donations or loans from public entities or financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unjustly collected, (iii) a ban on entering into agreements with public entities for a period of up to 10 years, and (iv) an obligation to fully compensate the government for all damage actually suffered. In addition, Lavebras could also be subject to an administrative fine of between 0.1% and 20% of the gross revenue excluding tax in the financial year preceding the filing of the administrative proceedings. Because of Lavatec's merger with Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated based on Lavebras's gross revenue instead of Lavatec's, which Lavebras will contest on the grounds that its total liability (including the amount of the fine and any compensation due for the damage that may have been caused) should be limited to the amount of Lavatec assets transferred to Lavebras in the merger. Since no notification has been received, no provision has been set aside by Atmosfera or Lavebras in relation to these proceedings.

Proceedings related to the conclusion of public contracts in the state of São Paulo

The Group has been informed of various investigations and proceedings initiated by five authorities in the state of São Paulo related to the conclusion of several contracts between public customers (hospitals) and various companies of the same sector as the Group (including but not limited to Atmosfera, Lavebras and other companies of the Group in Brazil).

These investigations and proceedings are the result of an audit conducted by the General Controller of the state of São Paulo (CGA) at various state hospitals during which the CGA noticed a high number of contracts entered into as emergency contracts (outside the regular tender process provided by Brazilian law) and decided to (i) open an investigation of the various hospitals and companies concerned to check whether there were any irregularities with these emergency contracts and (ii) transmit the results of its audit to various Brazilian authorities so that they could initiate investigations at their own discretion.

As a consequence, the Group (as well as some of its competitors) are facing the four investigations or proceedings described below. Other investigations or proceedings by other Brazilian authorities might occur as a result of the transmission of the results of the audit referred to above to those authorities.

The CGA initiated administrative proceedings based on the Brazilian Clean Company Act (law no. 12.846/2013). The Group presented its defense in November 2019, along with a description of its compliance program in Brazil. The other parties have to present their defenses before the CGA can continue the proceedings. In the coming months, the CGA should decide to either close the proceedings, impose sanctions against one or more parties, or postpone the timeline for the proceedings to continue its investigations.

The Public Prosecutor's office of the state of São Paulo has filed a civil inquiry on the basis of the Administrative Improbity Act (law no. 8429/1992) at the end of which it may decide to file a public civil action against any of the Company's subsidiaries. The Group submitted its defense and is awaiting a decision from the public prosecutor's office in the coming months on whether it will launch a public civil action.

The Public Prosecutor's Office of the City of Paulínia (São Paulo state) has filed a civil investigation under the Administrative Improbity Act, after which it may decide to file a public civil action against Lavebras. The Group has submitted its defense and is awaiting a decision from the public prosecutor's office on whether it will file a public civil action.

The Group has been informed that, in connection with the aforementioned CGA administrative proceeding, the São Paulo state police have initiated a criminal inquiry against the corporate officers of the Group's subsidiaries in Brazil. The Group has presented the same arguments as those presented to the CGA; the Police are continuing their investigation.

The public prosecutor finally decided to terminate the civil investigation that the Public Prosecutor's Office of the City of Santos (São Paulo state) intended to open under the Administrative Improbity Act against Atmosfera and Lavebras in relation to the Guilherme Álvaro Hospital on February 27, 2020. In May 2021, the Public prosecutor's highest office confirmed the definitive closure of these proceedings.

In the event that a penalty is imposed on the Group, the following could apply to the companies concerned.

Under the Brazilian Clean Company Act, (i) a fine of between 0.1% and 20% of the revenue of the penalized companies (the fine may be reduced by up to 4% of revenue depending on the quality of the compliance program set up to fight against antitrust practices and corruption) and/or (ii) the publication of the decision.

In connection with the Administrative Improbity Act, (i) a fine, (ii) a ban on participating in public tenders and entering into public contracts for up to ten years and (iii) a ban on receiving grants and tax benefits.

These various investigations and proceedings are still in the early stages, such that no provision has been recognized in the financial statements as at December 31, 2022. The Company considers that it has strong arguments in connection with these various investigations and proceedings, which also concern other players in the sector.

Proceedings related to the Lavebras plant in Teresina

The Group was informed of a public civil action filed in October 2019 by the Public Prosecutor's Office of Teresina before the State Court of Piauí regarding the laundry operated by Lavebras in Teresina. In relation to this public civil action in which the public prosecutor's office asked the presiding judge to impose various penalties on Lavebras, namely the payment of a fine reflecting damages suffered (without specifying the amount of this fine) and a ban on participating in public tenders and entering into public contracts, Lavebras and the public prosecutor's office have reached an agreement to end this case under conditions acceptable to Lavebras. Whilst this transactional agreement still needs to be validated by the presiding judge, the Company believes that the case is likely to be closed in the near future.

This public civil action followed the difficulties faced by Lavebras in its discussions with the Environment Secretariat (SEMAM) about renewing its operating permits and licenses for the Teresina plant. Due to these problems, Lavebras launched appeals to obtain a legal authorization to operate its plant, which Lavebras voluntarily closed in 2020. The legal decision which authorized Lavebras to operate its Teresina plant in 2019 and 2020 was appealed by the relevant authorities and is now being examined by the Appeal Court. If the Appeal Court overturns the first-instance decision, Lavebras could be considered to have operated its Teresina plant without the necessary operating permits or licenses, which could strengthen the public prosecutor's arguments in the legal proceedings described hereafter.

The Company believes that it has a strong case to obtain a favorable decision in these legal proceedings. As at December 31, 2022, the Company has set aside no provisions in relation to these proceedings.

In addition to the above, in October 2019 the prosecutor's office accused Lavebras of having caused water pollution by illegally discharging wastewater in a federal river close to the Lavebras Teresina plant and initiated legal proceedings against Lavebras for having operated its plant without the necessary permits and licenses and polluted the adjacent river. Lavebras lodged an appeal to close these proceedings as quickly as possible, and in January 2022 obtained a favorable decision that rejected the request for proceedings initiated by the prosecutor's office. This decision was not appealed by the prosecutor. The proceedings were therefore closed in June 2022.

As the alleged pollution indicated above concerns a federal river, the federal police also opened an investigation in March 2020. Following the positive outcome of the above proceedings initiated by the Prosecutor's Office, Lavebras expects a favorable conclusion to the Federal Police investigation.

Administrative disputes with public customers

The Group is involved in administrative disputes with some of its public customers in Brazil due to alleged difficulties in the execution of certain contracts or to a supposedly insufficient quality of service. As a result, these public customers intend to take sanctions against some of the Group's entities in Brazil. Depending on the circumstances, these sanctions could entail (i) if applicable, the repayment of certain payments received under these contracts, (ii) the application of fines, and/or (iii) a ban on participating in public calls for tender or entering into public contracts for a period of up to five years.

A ban on participating in public calls for tender or entering into public contracts generally applies only to the company that has been sanctioned and is, in principle, limited to the same administrative level (i.e. federal, regional or municipal) as that of the public customer that has pronounced the sanctions. Moreover, such a ban would not affect the ongoing contracts with public customers (with the exception of (i) the renewal of these contracts, which the public customers may consider on a case-by-case basis to be unsuitable, and (ii) contracts for which such a ban would be a valid reason for termination). Nevertheless, the Group cannot rule out such a ban being extended, on the one hand, to other states or municipalities in Brazil and, on the other hand, to other administrative levels (federal, regional or municipal) in the territory in question, it being understood, however, that such an extension could take place only on a case-by-case basis and following a specific request from an interested party.

In the various disputes above, the Group has submitted or is preparing to submit its defense to respond to the arguments put forward by its public customers and awaits the forthcoming administrative rulings. Once a definitive administrative ruling has been made, the Group has the option to contest it through the courts, including with a view to obtaining an annulment by invoking a violation of the constitutional principle of proportionality of sanctions pronounced by public entities. Alongside this challenge, the Group could, if required, seek an emergency ruling suspending a ban on taking part in public calls for tender and entering into public contracts while awaiting a decision on the substance.

Amongst the above disputes, following the late payment of a contractual penalty, in November 2021 Lavebras received a six-month ban from participating in public calls for tender in the state of São Paulo (at regional level). Given the disproportionate nature of this penalty, Lavebras decided to contest the ruling in the courts, and while awaiting the decision on the substance, obtained an order suspending this ban on participating in public calls for tender. In October 2022, the judge in charge of the case followed the advice of the Prosecutor's Office and annulled the penalty of suspension ordered by the Health Secretary for the state of Sao Paulo. The Health Secretary may appeal the decision but, to the best of the Company's knowledge, had not done so as of the date of publication of these consolidated financial statements. If no appeal were lodged, this procedure would be terminated.

In relation to these disputes, at June 30, 2022 the Company had recognized provisions around R$3 million (approximately €0.6 million).

Tax audits

The Group is subject to tax audits in various countries. When the Group considers, with its advisors, that it has a sufficiently strong case, no provision is recorded.

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Financial risk management

Credit and counterparty risk

The main financial assets that could expose the Group to credit or counterparty risk are as follows:

- Trade receivables, the amount and aging of which are closely monitored as an integral part of the monthly reporting system:
  - in France, the Group insures its customer risk with a well-known insurance company. Trade receivables are managed in a decentralized manner by the operational centers and by the Key Accounts Department, which handle the first stage of receivables collection. A second stage of receivables collection and dispute management is handled by the Finance and Legal Departments, depending on the type of receivable,
  - in other countries where the Group operates, the Group may use an insurance company to insure its customer risk. This is the case in the United Kingdom. Receivables collection and disputes may be handled by the operational centers and/or by the central finance departments at the country level.

As at December 31, 2022, the exposure to credit risk on trade receivables by operating segment is as follows:

(In millions of euros)	12/31/2022	12/31/2021
France	252.8	211.6
Central Europe	135.6	104.7
Scandinavia & Eastern Europe	99.2	89.3
Southern Europe	81.9	66.4
Latin America	78.3	47.6
UK & Ireland	72.8	53.3
Other operating segments	7.7	6.9
TRADE RECEIVABLES AND CONTRACT ASSETS	**728.3**	**579.9**

Because of the large number of Group customers, there is no material concentration of credit risk (meaning no one counterparty or group of counterparties accounts for a material proportion of trade receivables). The maximum exposure to credit risk is limited to the carrying amount of trade receivables on the consolidated balance sheet.

Exposure to credit risk related to trade receivables and contract assets is presented in the form of an impairment matrix as shown below:

	12/31/2022			
(In millions of euros)	Gross value	Impairment loss	Expected credit loss rate	Net value
Not yet due or less than 1 month overdue	617.7	(1.3)	(0.2%)	616.4
Between 1 and 4 months overdue	99.9	(3.2)	(3.2%)	96.7
Between 5 and 12 months overdue	19.7	(8.1)	(40.8%)	11.7
More than 1 year overdue	45.2	(41.7)	(92.2%)	3.5
TRADE RECEIVABLES AND CONTRACT ASSETS	**782.5**	**(54.3)**		**728.3**

	12/31/2021			
(In millions of euros)	Gross value	Impairment loss	Expected credit loss rate	Net value
Not yet due or less than 1 month overdue	499.4	(1.2)	(0.2%)	498.2
Between 1 and 4 months overdue	75.4	(3.6)	(4.7%)	71.9
Between 5 and 12 months overdue	13.2	(7.3)	(55.0%)	6.0
More than 1 year overdue	49.8	(45.9)	(92.1%)	3.9
TRADE RECEIVABLES AND CONTRACT ASSETS	**637.8**	**(57.9)**		**579.9**

- cash assets: the Group's policy is to minimize its cash position in order to reduce its debt and optimize its financial expenses. The Group invests its remaining cash in short-term money market funds, short-term bank time deposits, or deposits it in bank accounts with the bank counterparties that finance the Group, in accordance with the diversification and counterparty quality rules set out in the Group's Cash and Investment Management Policy;
- derivatives: as part of its Interest Rate and Currency Risk Management Policies, the Group enters into hedging contracts with leading financial institutions and the Group's financing banks.

Bank counterparty risk is managed by the Financing and Treasury Department in accordance with both the Treasury and Investment Management Policies and the Interest Rate and Foreign Exchange Risk Management Policies. It is related to outstanding deposits, the market values of derivative instruments, and credit lines opened with each bank. In line with its financial policy, in most cases, the Group only enters into commitments on financial instruments with counterparties that have a minimum long-term rating of A- from S&P Global Ratings or A3 from Moody's. The list of bank counterparties involved in investments and the list of financial instruments are regularly reviewed and approved by the Group's Finance Department.

In the Group's view, these investments and derivatives do not expose it to any material counterparty risk.

Liquidity risk

The Group must always have financial resources available, not just to finance the day-to-day running of its business, but also to maintain its investment capacity. The Group's has several sources of financing: its free cash flow and cash flow from operating activities; financing on short- and medium-term capital markets; and bank financing.

In view of the strong business recovery in the Hospitality sector and the price increases significantly impacting its working capital, the Group continued its efforts in 2022 to carefully manage its inflows, a fundamental pillar of its cash position.

In addition, to shore up its liquidity and secure its debt repayment schedule, the Group carried out several financing and refinancing transactions in 2022, notably by means of (i) the one-year extension of the maturity of the €900 million revolving credit facility to November 2027, (ii) the refinancing of the entire €450 million bond tranche maturing on February 15, 2023 with a new €300 million bond issue maturing in May 2027, coupled with the implementation of a new tranche of US dollar financing in the form of a USPP for €159 million after currency conversion, maturing in June 2032, and (iii) the issuance of a new series of bonds convertible into and/or exchangeable for new and/or existing Elis shares (OCÉANEs) for a nominal amount of €380 million maturing in September 2029, combined with the partial redemption for €200 million of the existing series of OCÉANEs maturing in October 2023.

The use of these various sources of financing is part of an overall financing policy implemented by the Finance Department. This financing policy is regularly reviewed to support the Group's development as much as possible and take the financial market conditions into account, whilst upholding a credit profile compatible with a minimum long-term financial rating of "BB+/Ba1/BBB Low" from the agencies S&P Global Ratings, Moody's and DBRS Morningstar.

Loan agreements include the legal and financial commitments usually involved in such transactions and specify accelerated maturities if those commitments are not met. The financial commitments include an obligation for the Group to satisfy a financial covenant as presented in Note 10.1 "Capital management." Based on these consolidated financial statements, the Group met this ratio.

Financing policy

The Group's financing policy is based on the following principles:

- active debt management, which may lead the Group to seek advance financing on the capital and banking markets in order to (i) extend the average maturity of its debt, (ii) stagger repayment dates over time, and (iii) optimize financing costs. As a result, as at December 31, 2022, the weighted average maturity of borrowings and gross financial debt was 4 years, with a long-term debt ratio (borrowings and gross financial debt maturing in more than one year/total borrowings and gross financial debt) of 88%;
- the use of bank loans and bonds to diversify its sources of liquidity and creditors: in order to benefit from economies of scale and facilitate access to financing on the capital markets (bonds and commercial paper), the Group centralizes the vast majority of its financing transactions through Elis;
- continuously maintaining a significant buffer of undrawn confirmed credit lines to secure liquidity and meet its short-term debt obligations, especially on its commercial paper program in case of capital market closures. As at December 31, 2022, the Group had an undrawn confirmed credit line totaling €900 million, maturing in November 2027;
- continuous monitoring of available cash: as at December 31, 2022, the Group had available cash and cash equivalents as presented in Note 8.4 "Cash and cash equivalents";
- implementation in all the main countries where it operates and where permitted by local regulations of a daily physical centralization of all cash requirements and surpluses via M.A.J. and Elis SA, the central treasury entities for the consolidation scope formerly under Elis and Berendsen, respectively;
- financing through capital increases, if necessary.

The implementation of this financing policy significantly reduces liquidity risk, which is also mitigated by the regularity of the cash flows generated by the Group.

Financial ratings

Implementing the financing policy and managing liquidity risk require regular monitoring of the Group's financial ratings. As at December 31, 2022, the Company continues to be rated by S&P Global Ratings, Moody's and DBRS Morningstar. Following on from the numerous exchanges in 2020 and 2021 after the start of the Covid-19 pandemic, the Group continued regular dialog in 2022 with the rating agencies. The main objective was to demonstrate that the Group's Hospitality business had fully recovered and to outline the measures taken by the Group to curb the impact of inflation on its operating performance. The agencies highlighted the Group's strong business momentum, its ability to adjust prices to protect its operating margin and its cash flow generation amid significant cost inflation, which enabled it to accelerate its deleveraging. S&P Global Ratings and DBRS Morningstar confirmed their financial ratings in 2022, while Moody's upgraded its rating by one notch:

- S&P Global Ratings: in a press release dated September 30, 2022, S&P Global Ratings confirmed the Company's "BB+" rating (stable outlook), citing the return to normal of the Group's business activity, particularly in the Hospitality segment, after two years marked by the Covid crisis, the limited impact of high cost inflation on the operating margin as a result of price adjustments, as well as the expected improvement in its leverage. This rating also applies to the notes issues carried out by the Company under the EMTN program in April and October 2019, September 2021 and May 2022;
- Moody's Investors Service ("Moody's"): in a press release dated September 27, 2022, Moody's raised Elis's credit rating from "Ba2" (positive outlook) to "Ba1" (stable outlook). Moody's justified its decision by the prospect of further improvement in the Hospitality market and the Company's strong performance, including its ability to offset the effects of inflation. This rating also applies to the notes issues carried out by the Company under the EMTN program in February 2018, September 2021 and May 2022;
- DBRS Morningstar: in a press release issued on March 22, 2022, the ratings agency DBRS Ratings GmbH ("DBRS Morningstar") confirmed the investment grade rating assigned to the Company since April 2019 of "BBB low" (stable outlook), pointing to the return to normal business activity in the Hospitality sector and the ongoing improvement in its financial fundamentals. This rating also applies to all outstanding notes issues carried out by the Company under the EMTN program, including the one in May 2022.

Net debt and future cash flows

The Group's net debt balance is detailed in Note 8.5 "Net debt."

The repayment dates for consolidated debt and related interest as at December 31, 2022 are presented below.

The future contractual cash flows are shown based on the liabilities in the balance sheet at the reporting date and do not take into account any possible subsequent management decision that could significantly alter the Group's debt structure or hedging policy. The figures for interest payable reflect the cumulative interest payable until the due date or planned repayment date of the related loan. They were estimated, where applicable, on the basis of forward rates calculated from the yield curves as at the reporting date.

	Carrying value	Cash flow 2023		Cash flow 2024		Cash flow 2025-2026-2027		Cash flow 2028 and beyond		**Estimate of future cash flows as at 12/31/2022**	
(In millions of euros)	**Amortized cost**	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	**Nominal**	**Interest**
USPP	503.7	-	13.8	-	13.8	-	41.1	494.3	28.6	494.3	97.2
EMTN (Euro Medium Term Notes)	2,233.1	-	45.1	500.0	38.8	1,150.0	69.7	550.0	2.3	2,200.0	155.9
Convertible bonds	532.9	200.0	8.5	-	8.6	380.0	23.5	-	-	580.0	40.6
Medium-term negotiable notes (NEU MTN)	10.1	10.0	-	-	-	-	-	-	-	10.0	-
Commercial paper (NEU CP)	184.0	184.0	-	-	-	-	-	-	-	184.0	-
Revolving/bilateral short term	0.4	0.4	-	-	-	-	-	-	-	0.4	-
Unamortized debt issuance costs	(18.7)	-	-	-	-	-	-	-	-	-	-
Loan from employee profit-sharing fund	14.0	3.1	0.2	3.6	0.3	6.8	0.9	-	-	13.5	1.4
Other	4.3	2.2	0.0	0.9	0.0	0.8	0.0	0.5	0.0	4.4	0.1
Overdrafts	0.0	0.0	0.0	-	-	-	-	-	-	0.0	0.0
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,463.8**	**399.7**	**67.6**	**504.5**	**61.5**	**1,537.6**	**135.3**	**1,044.7**	**30.9**	**3,486.6**	**295.3**

The table above takes into account the redemption right of holders of 2029 convertible bonds as at September 22, 2027. The additional interest that would be paid in the event that this right is not exercised is €17.1 million.

Market risks

The Elis Group is exposed to market risk, particularly concerning the cost of its debt and as a result of foreign currency transactions. The Finance Department manages the main financial risks centrally, mainly foreign exchange and interest rate risks, in accordance with specific management policies and detailed operating procedures. These policies, which focus on the unpredictability of financial markets, seek to minimize the potentially adverse effects on its financial performance. To hedge certain risk exposures, interest rate and currency hedging strategies are developed and implemented according to market opportunities through derivatives, while respecting the principles of prudence and risk limitation provided for in the corresponding management policies.

Interest rate risk

Interest rate risk mainly includes the risk of fluctuations in future cash flows relating to variable-rate debt. The Group's rate risk management policy is to maintain the vast majority of its total debt at fixed rates over a medium- to long-term horizon. As a result, just like a year earlier, the Group's outstanding variable-rate debt (before taking hedging instruments into account) was negligible at December 31, 2022.

In addition, apart from its cash buffer, the Group does not have any material interest-bearing assets.

Currency risk

Transactional currency risk

The Group is exposed to transactional currency risk mainly related to its purchases of goods from third party suppliers (linen) denominated in US dollars. In 2022, these purchases totaled US$149 million, compared with US$88.7 million in 2021, an increase of US$60.3 million reflecting the recovery in linen purchases in 2022 versus the contraction in business caused by the health crisis in 2021. The Group is working to reduce the impact of exchange rate fluctuations on its income by using currency hedging for these supply purchases. As at December 31, 2022, the Group had made 2023 forward purchases of US$127.8 million (compared with US$99.4 million a year earlier).

The Group is also exposed to the commercial flows in foreign currencies of its operating entities (including purchases of goods denominated in a currency other than the operating entities' functional currency) and to intra-group financial flows (management fees, brand royalties, dividends). In this context, the Group may occasionally or on a recurring basis enter into currency forward contracts to hedge these risks.

Transactional currency risk is managed centrally by the Finance Department as part of a dedicated management policy and a centralized currency risk management agreement. Foreign currency flows of operating entities are hedged as part of the annual budget process for subsidiaries with recurring foreign currency flows. At the end of the year, when drawing up their budgets, the subsidiaries communicate their exposure to currency risk for the following year to the Finance Department, which centralizes the execution of external foreign exchange derivative transactions at Elis. Elis thus acts as the internal counterparty for negotiating hedging transactions for subsidiaries with transactional currency risk exposure.

Financial currency risk

The financing needs of foreign subsidiaries outside the euro area covered by intra-group loans and the centralization of cash surpluses expose some Group entities to financial currency risk (risk related to changes in the value of borrowings or financial receivables denominated in currencies other than the borrowing or lending entity's functional currency). This currency risk is mainly hedged through currency swaps as part of a hedging policy implemented by the Finance Department. As at December 31, 2022, currency swaps against the euro mainly covered the Swedish krona (SEK), Norwegian krone (NOK), Danish krone (DKK), Czech koruna (CZK), pound sterling (GBP), Swiss franc (CHF), Mexican peso (MXN) and Polish zloty (PLN). Currency swaps in rubles (RUB) were settled in early 2022 via a spot purchase of foreign currency.

USPP financing denominated in US dollars

Some of the Group's financing is denominated in US dollars (USPP-type financing): to hedge this currency risk, the Group has entered into cross-currency swap contracts backed by financing with a notional amount of US$215 million as at December 31, 2022 (US$40 million as at December 31, 2021).

The Group's exposure to currency risk

The Group operates a significant share of its activities in countries within the euro area. For the financial year ended December 31, 2022, countries outside the euro area accounted for 38.6% of the Group's consolidated revenue, including 10.4% from the United Kingdom, 6.3% from Brazil, 6.0% from Denmark, 5.6% from Sweden, 2.9% from Switzerland, 2.0% from Norway, 1.5% from Poland and 1.3% from Mexico.

When the Group prepares its consolidated financial statements, it must translate the financial statements of its non-euro area subsidiaries into euros at the applicable exchange rates. As a result, the Group is exposed to fluctuations in exchange rates, which have a direct accounting impact on the Group's consolidated financial statements. This creates a risk relating to the translation into euros of non-euro area subsidiaries' balance sheets and income statements.

Except for the USPP financing denominated in US dollars, the Group's external financing is generally denominated in euros.

With this in mind, the table below presents the risk of foreign currency translation losses, in terms of equity and income, on the Group's main currencies.

(In millions of euros)	Change in equity resulting from a 10% fall in exchange rate	Change in net income resulting from a 10% fall in exchange rate
SEK (Sweden)	(68.3)	(2.0)
DKK (Denmark)	(60.6)	(2.1)
GBP (United Kingdom)	(53.0)	(2.3)
BRL (Brazil)	(47.1)	(2.1)
MXN (Mexico)	(25.2)	(0.6)
CHF (Switzerland)	(18.0)	(0.5)
PLN (Poland)	(15.9)	(1.0)
NOK (Norway)	(15.0)	(0.6)

Equity risk

As at December 31, 2022, the Group's exposure to equity risk concerned the 133,098 Elis shares held in treasury, mainly as part of the liquidity agreement.

These shares were valued at €1.8 million based on the December 31, 2022 closing price (€15.22). Accordingly, the Group did not consider it necessary to introduce an equity risk management policy.

Commodities risk

While the Group does not purchase raw materials directly on the financial markets, it is indirectly exposed to raw material volatility through its purchases of linens and workwear, the manufacturing price of which is partially linked to the price of cotton or polyester, and through its consumption of petroleum products (mainly gas and fuel) or electricity. As at December 31, 2022, the Group's energy expenditure totaled €171.4 million (€67.5 million as at December 31, 2021) for gas and €83.9 million (€40.0 million as at December 31, 2021) for electricity. To mitigate the effects of price volatility for its gas and electricity purchases and to hedge this risk, the Group enters into fixed-price contracts with its energy suppliers where appropriate. As at December 31, 2022, the Group and its suppliers have agreed on a fixed price for around 90% of its forecast gas consumption in Europe and 70% of its electricity consumption for 2023. The Group has also agreed with its suppliers on a fixed price for around 50% and 33% of its estimated gas consumption in Europe for 2024 and 2025, respectively.

8.2 Net financial income (loss)

(In millions of euros)	**12/31/2022**	12/31/2021
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(87.5)	(82.9)
Interest expense on lease liabilities	(13.1)	(10.4)
TOTAL INTEREST EXPENSE	**(100.6)**	**(93.3)**
Gains (losses) on interest rate derivatives measured at fair value through profit or loss	-	-
Interest income using the effective interest rate method	9.5	0.9
Foreign currency translation gains (losses) related to financing operations	6.5	1.6
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	(2.1)	0.9
Interest expense on provisions and retirement benefits	(0.3)	(0.6)
Other	0.4	(0.1)
NET FINANCIAL INCOME (EXPENSE)	**(86.7)**	**(90.5)**

Total interest expense rose by €7.3 million in 2022 compared with 2021 due to the various refinancing transactions carried out in 2022 (€300 million bond issue maturing in 2027 with an annual coupon of 4.125%; US$175 million USPP tranche maturing in 2032 with an annual coupon in euros of 3%; a new €380 million OCÉANE bond issue maturing in 2029 with an annual coupon of 2.25%) at higher interest rates than those applicable to the financing repaid (€450 million bond issue maturing in 2023 with an annual coupon of 1.875% and the OCÉANEs maturing in 2023 with a 0% coupon).

Despite this increase, net financial income for 2022 has improved compared with 2021, mainly due to:

- interest received by the Group on its available cash in the context of rising interest rates, particularly in Brazil;
- €200 million in proceeds from the partial redemption of the 2023 OCÉANEs carried out by the Company in September 2022;
- various foreign exchange gains realized during the financial year in connection with the management of intra-group financing.

8.3 Gross debt

Accounting policies

Borrowings are initially recognized at fair value, net of related transaction costs. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the repayment value is recognized in income over their term using the effective interest rate method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer payment of the liability by at least 12 months after the reporting date, in which case they are classified as non-current liabilities.

The Group derecognizes a financial liability once the liability is extinguished. If a liability is exchanged with a creditor under materially different terms and conditions, a new liability is recognized.

The Elis Group has several sources of financing: short- and medium-term financing from capital markets, bank financing, and private placements.

As at December 31, 2022, consolidated debt mainly comprised the following:

Private placements

USPP

In April 2019, the Group also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%. The proceeds of this issue were mainly used to redeem the €800 million High-Yield Bonds maturing in 2022.

On June 1, 2022, Elis also took out new USPP financing for US$175 million. The new notes issued have a 10-year maturity (June 2032) and offer investors a 4.32% coupon in US dollars. These were entirely converted into euros via cross-currency swaps for a total amount of €159 million. Elis will pay a final, euro-denominated coupon of 3.0%.

Coupled with the proceeds of the €300 million EMTN notes issue maturing in May 2027, the new USPP financing was used to refinance the €450 million bond tranche maturing on February 15, 2023 and redeemed without penalty on November 15, 2022.

Capital markets

EMTN (Euro Medium Term Notes)

On the long-term capital markets, Elis has a €4 billion EMTN program, renewed and approved by the AMF on May 11, 2022, under which it has carried out several bond issues, of which the following are still circulating:

- on February 15, 2018, a dual-tranche bond issue comprising a €650 million tranche with a maturity of 5 years (February 2023) and a coupon of 1.875%, and a €350 million tranche with a maturity of 8 years (February 2026) and a coupon of 2.875%. Totaling €1 billion, these funds were used to refinance the bridge loan set up as part of the Berendsen acquisition; following the partial redemption carried out in September 2021, the amount of the tranche maturing in February 2023 was reduced from €650 million to €450 million; following the new issue carried out (see below), the entire 2023 tranche of €450 million was redeemed on November 15, 2022;
- on April 11, 2019, a bond issue in the amount of €500 million with a 5-year maturity and a coupon of 1.75%. The proceeds from this issue have been allocated in full to refinance the high-yield bonds maturing in 2022;
- on October 3, 2019, a dual-tranche bond issue for €850 million comprising (i) a €500 million tranche with a maturity of 5.5 years (maturing April 2025) and an annual coupon of 1%, and (ii) a €350 million tranche with a maturity of 8.5 years (maturing April 2028) and an annual coupon of 1.625%. These bonds were used to fully refinance the tranches drawn from the two syndicated bank credit facilities taken out in 2017;
- on September 23, 2021, a fully fungible €200 million bond issue forming a single line with the existing bonds maturing in April 2028 issued on October 3, 2019 for an initial amount of €350 million with an annual coupon of 1.625%. This brought the amount of the bond line to €550 million. The income from these new bonds was entirely used for the partial redemption of bonds issued in February 2018;
- on May 17, 2022, Elis placed a principal amount of €300 million of senior unsecured notes under its EMTN program. The notes have a maturity of 5 years and carry a fixed annual coupon of 4.125%. The net proceeds of this new issue were used to refinance the original tranche for a principal amount of €450 million, due to mature on February 15, 2023.

Convertible bonds (OCÉANEs)

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new and/or existing Elis shares (the "2023 OCÉANEs") with a maturity date of October 6, 2023. The nominal amount of the issue totals €400 million and is represented by 12,558,869 bonds with a par value of €31.85. The bonds are non-interest bearing (zero coupon). The funds raised from this issue were used to repay the bridge loan set up in connection with the Berendsen acquisition and extend the maturity of the Group's debt. At the same time as the issue of the new OCÉANEs (see below), the Company redeemed a total principal amount of €200 million on September 22, 2022, representing approximately 50% of the aggregate number of 2023 OCÉANEs initially issued.

On September 22, 2002, Elis issued bonds convertible into and/or exchangeable for new and/or existing Elis shares ("2029 OCÉANEs") maturing on September 22, 2029 for a nominal amount of €380 million. The bonds have a nominal unit value of €100,000 and carry an annual coupon of 2.25%, payable annually, and a conversion premium of 42.50% relative to the reference share price on September 15, 2022. The holders of these bonds are also entitled to redeem the nominal amount plus accrued interest on September 22, 2027.

OCÉANE bonds qualify as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires that the equity component (the call option held by the bondholder to convert the bond into shares) and the debt component (the contractual commitment to deliver cash) be recognized separately in the balance sheet. The fair value of the debt component of the 2032 OCÉANEs is equivalent to €328.6 million at inception and €47.6 million for the options component (net of costs but before deferred tax). The redemption of the 2029 OCÉANEs was thus subject to split accounting in the amount of €191.7 million for the debt component and €4.3 million for the equity component. The previous reserve accumulated in equity has been reclassified to retained earnings for €22.9 million before deferred tax. In total, the portion of these transactions directly recognized in equity amounted to €32.1 million, net of deferred tax.

Medium-term negotiable notes (NEU MTN)

In addition to its commercial paper program, since June 2021 Elis has also had a program of unrated medium-term negotiable notes (NEU MTN), approved by the Banque de France, for a maximum amount of €200 million. This program enables the Group to raise medium-term financing resources at favorable market conditions with maturities between the commercial papers and the bonds issued as part of the EMTN program (between 18 months and 3 years). As at December 31, 2022, outstandings under this program totaled €10 million, unchanged from December 31, 2021.

Commercial paper (NEU CP)

On the short-term capital market, Elis has an unrated commercial paper program (NEU CP), approved by Banque de France, for a maximum amount of €600 million. In addition to other financing, this program provides the Group with access to disintermediated short-term resources at favorable market conditions. As at December 31, 2022, outstandings under this program totaled €184.0 million, a comparable level to that of December 31, 2021 (€178.5 million).

Bank financing

Syndicated revolving credit facility

On November 9, 2021, Elis signed a €900 million syndicated revolving credit facility with a group of 13 customer-driven retail banks, undrawn as at December 31, 2021. This five-year credit facility (expiring November 2026) is accompanied by two one-year extension options ("5+1+1" years). Elis exercised the first extension option in 2022. This was unanimously accepted by the banks, extending the facility until November 2027.

This credit facility includes an ESG component in the form of a margin adjustment mechanism linked to the achievement of annual targets for two core indicators of the Group's sustainable development strategy, namely:

- water consumption, which the Group is committed to reducing by 30% per kg of linen delivered over the period from 2018 to 2030 for its laundries in Europe;
- gender balance, with a commitment to increase the proportion of women in executive or managerial role to 42% by 2030 (34% in 2020).

Change in debt

(In millions of euros)	12/31/2021	Changes in financing cash flows	Changes arising from obtaining or losing control of subsidiaries or other entities	Effect of changes in foreign exchange rates	Changes in bank overdrafts	Other changes	12/31/2022
USPP	**335.3**	**158.6**	**-**	**-**	**-**	**7.7**	**501.6**
EMTN (EURO MEDIUM TERM NOTES)	**2,350.0**	**(150.0)**	**-**	**-**	**-**	**-**	**2,200.0**
CONVERTIBLE BONDS	**383.0**	**181.0**	**-**	**-**	**-**	**(33.5)**	**530.6**
Medium-term negotiable notes (NEU MTN)	10.0	-	-	-	-	-	10.0
Commercial paper (NEU CP)	178.5	5.5	-	-	-	-	184.0
Revolving/bilateral short term	-	-	-	-	-	-	-
Other loans	9.9	(29.5)	22.4	1.5	0.0	0.0	4.3
Overdrafts	0.1	-	0.9	0.0	(0.9)	(0.0)	0.0
Loan from employee profit-sharing fund	17.7	(3.7)	-	-			14.0
LOANS	**216.2**	**(27.7)**	**23.3**	**1.5**	**(0.9)**	**0.0**	**212.3**
ACCRUED INTEREST	**35.2**			**-**	**(0.0)**	**2.8**	**38.0**
UNAMORTIZED DEBT ISSUANCE COSTS	**(15.7)**	**(9.1)**	**-**	**-**	**(0.0)**	**6.2**	**(18.7)**
BORROWINGS AND FINANCIAL DEBT	**3,304.0**	**152.8**	**23.3**	**1.5**	**(0.9)**	**(16.8)**	**3,463.8**
Reconciliation to cash flow statement							
› proceeds from new borrowings		1,244.0					
› repayments of borrowings		(1,091.2)					
Change in borrowings		**152.8**					

Breakdown of financial debt by currency

(In millions of euros)	12/31/2022	12/31/2021
EUR	3,261.4	3,265.1
USD	201.6	35.3
DKK	0.6	-
CLP	0.2	0.1
RUB	-	3.4
BORROWINGS AND FINANCIAL DEBT	**3,463.8**	**3,304.0**

Maturity of financial liabilities

(In millions of euros)	12/31/2022	2,023	2,024	2025-2027	2028 and beyond
USPP	503.7	2.1	-	-	501.6
EMTN (Euro Medium Term Notes)	2,233.1	33.1	500.0	1,150.0	550.0
Convertible bonds	532.9	198.6	-	334.3	-
Medium-term negotiable notes (NEU MTN)	10.1	10.1	-	-	-
Commercial paper (NEU CP)	184.0	184.0	-	-	-
Revolving/bilateral short term	0.4	0.4	-	-	-
Unamortized debt issuance costs	(18.7)	(4.8)	(4.1)	(9.0)	(0.8)
Loan from employee profit-sharing fund	14.0	3.2	3.9	6.9	-
Other	4.3	2.2	0.9	0.7	0.6
Overdrafts	0.0	0.0	-	-	-
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,463.8**	**428.9**	**500.7**	**1,482.9**	**1,051.3**

The table above takes into account the redemption right of holders of 2029 convertible bonds as at September 22, 2027.

8.4 Cash and cash equivalents

Accounting policies

"Cash and cash equivalents" includes cash, demand deposits, other very short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are recognized in the balance sheet as part of borrowings under current liabilities.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

(In millions of euros)	12/31/2022	12/31/2021
Demand accounts	282.8	160.0
Term deposits and marketable securities	3.4	0.1
CASH AND CASH EQUIVALENTS (ASSETS)	**286.2**	**160.1**
Overdrafts	(0.0)	(0.1)
CASH AND CASH EQUIVALENTS, NET	**286.2**	**160.1**

In Latin America (excluding Mexico), where there may be foreign exchange controls, cash and cash equivalents totaled €59.7 million as at December 31, 2022, compared with €33.6 million at December 31, 2021.

8.5 Net debt

(In millions of euros)	12/31/2022	12/31/2021
USPP	**501.6**	**335.3**
EMTN (EURO MEDIUM TERM NOTES)	**2,200.0**	**2,350.0**
CONVERTIBLE BONDS	**530.6**	**383.0**
Medium-term negotiable notes (NEU MTN)	10.0	10.0
Commercial paper (NEU CP)	184.0	178.5
Other loans	4.3	9.9
Overdrafts	0.0	0.1
Loan from employee profit-sharing fund	14.0	17.7
LOANS	**212.3**	**216.2**
ACCRUED INTEREST	**38.0**	**35.2**
UNAMORTIZED DEBT ISSUANCE COSTS	**(18.7)**	**(15.7)**
BORROWINGS AND FINANCIAL DEBT	**3,463.8**	**3,304.0**
Of which maturing in less than one year	428.9	219.5
Of which maturing in more than one year	3,034.9	3,084.5
CASH AND CASH EQUIVALENTS (ASSETS)	**286.2**	**160.1**
NET DEBT	**3,177.6**	**3,143.9**

8.6 Financial assets and liabilities

Accounting policies

Initial recognition of financial assets and liabilities

Financial instruments are initially recognized in the balance sheet at the fair value of consideration paid (for assets) or received (for liabilities). Fair value is determined on the basis of the price agreed upon for the transaction or on the basis of market prices for comparable transactions. In the absence of a market price, fair value is calculated on the basis of the discounted cash flows from the transaction, or by using a model. Discounting is unnecessary if its impact is immaterial. Similarly, short-term receivables and liabilities arising in the normal operating cycle are not discounted.

Incremental costs that are directly attributable to transactions (transaction costs, commissions, professional fees, taxes, etc.) are added to the amount initially recognized in assets or deducted from liabilities.

Fair value and carrying amount of financial assets and liabilities

The key measurement methods used are as follows:

- items recognized at fair value through profit or loss are measured based on market prices for listed instruments (level 1 fair value inputs – quoted price in an active market);
- non-current derivative instruments are measured using a valuation technique (discounted cash flow method) that uses rates quoted in the interbank market (level 2 fair value inputs – valuation based on observable market data);
- borrowings and financial debt are recognized at amortized cost, calculated using the effective interest rate (EIR) method. The fair values shown for fixed-rate debt include the effects of interest rate movements, while those for total debt include changes in Group credit risk;
- given their very short maturities, the fair value of trade payables and receivables is deemed to be the same as their carrying amount.

	12/31/2022		Breakdown by category of financial instrument			
(In millions of euros)	**Carrying amount**	**Fair value**	Mandatory at fair value through profit or loss	Fair value – hedging instruments through OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.1	0.1	0.1			
Other non-current assets	79.2	79.2	26.7	15.6	36.9	
Contract assets	45.5	45.5			45.5	
Trade and other receivables	748.2	748.2			748.2	
Other current assets	17.4	17.4	0.7	1.0	15.7	
Cash and cash equivalents	286.2	286.2			286.2	
FINANCIAL ASSETS	**1,176.5**	**1,176.5**	**27.5**	**16.6**	**1,132.5**	**-**
Borrowings and financial debt	3,034.9	2,795.0				3,034.9
Other non-current liabilities	68.9	68.9	56.5	-		12.4
Trade and other payables	364.9	364.9				364.9
Contract liabilities	81.4	81.4				81.4
Other current liabilities	453.9	453.9	36.2	5.1		412.6
Bank overdrafts and current borrowings	428.9	431.2				428.9
FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)	**4,432.9**	**4,195.3**	**92.6**	**5.1**	**-**	**4,335.2**

(In millions of euros)	12/31/2021 Carrying amount	Fair value	Breakdown by category of financial instrument: Mandatory at fair value through profit or loss	Fair value – hedging instruments through OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.1	0.1	0.1			
Other non-current assets	64.7	64.7	27.5	1.2	36.0	
Contract assets	38.1	38.1			38.1	
Trade and other receivables	599.8	599.8			599.8	
Other current assets	18.9	18.9	1.3	3.1	14.4	
Cash and cash equivalents	160.1	160.1			160.1	
FINANCIAL ASSETS	**881.6**	**881.6**	**28.8**	**4.4**	**848.4**	**-**
Borrowings and financial debt	3,084.5	3,112.4				3,084.5
Other non-current liabilities	33.1	33.1	19.3	-		13.7
Trade and other payables	262.5	262.5				262.5
Contract liabilities	75.8	75.8				75.8
Other current liabilities	380.8	380.8	8.4	0.0		372.3
Bank overdrafts and current borrowings	219.5	224.1				219.5
FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)	**4,056.2**	**4,088.7**	**27.8**	**0.0**	**-**	**4,028.4**

The table below shows the level at which each fair value is ranked in the fair value hierarchy:

(In millions of euros)	12/31/2022 Fair value	Fair value hierarchy: Level 1	Level 2	Level 3
Other equity investments	0.1			0.1
Non-current derivatives – assets (cross-currency swaps)	15.6		15.6	
Current derivatives – assets (currency forwards)	1.7		1.7	
Offsetting assets	26.7			26.7
ASSETS MEASURED AT FAIR VALUE	**44.0**	**-**	**17.3**	**26.7**
Non-current derivatives – liabilities (cross-currency swaps)	-		-	
Current derivatives – liabilities (currency forwards)	7.3		7.3	
Debt related to acquisitions	90.4			90.4
LIABILITIES MEASURED AT FAIR VALUE	**97.7**	**-**	**7.3**	**90.4**
USPP	437.9		437.9	
EMTN (Euro Medium Term Notes)	2,053.8	2,053.8		
Convertible bonds – debt component	519.3		519.3	
Medium-term negotiable notes (NEU MTN)	10.0	10.0		
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	**3,021.0**	**2,063.8**	**957.2**	**-**

(In millions of euros)	12/31/2021 Fair value	Fair value hierarchy: Level 1	Level 2	Level 3
Other equity investments	0.1			0.1
Non-current derivatives – assets (cross-currency swaps)	1.2		1.2	
Current derivatives – assets (currency forwards)	4.4		4.4	
Offsetting assets	27.5			27.5
ASSETS MEASURED AT FAIR VALUE	**33.2**	**-**	**5.7**	**27.6**
Non-current derivatives – liabilities (interest rate swaps)	-		-	
Current derivatives – liabilities (currency forwards)	0.7		0.7	
Debt related to acquisitions	27.1			27.1
LIABILITIES MEASURED AT FAIR VALUE	**27.8**	**-**	**0.7**	**27.1**
USPP	346.4		346.4	
EMTN (Euro Medium Term Notes)	2,385.8	2,385.8		
Convertible bonds – debt component	387.7		387.7	
Medium-term negotiable notes (NEU MTN)	9.9	9.9		
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	**3,129.8**	**2,395.7**	**734.1**	**-**

8.7 Other non-current assets and liabilities

Accounting policies

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, apart from those maturing more than 12 months after the reporting date, which are classified as non-current assets.

Offsetting assets correspond to vendor warranties and are evaluated on the same basis as indemnified liabilities, subject to value corrections for unrecoverable amounts. If the indemnification is related to a liability recognized at its fair value at acquisition, the offsetting asset is also recorded at fair value.

Repurchase commitments to non-controlling interests are recognized as liabilities. Subsequent changes in the value of the put option strike price are recorded in the income statement under "Other operating income and expenses" in accordance with the provisions of IFRS 9.

(In millions of euros)	Notes	12/31/2022	12/31/2021
Non-current derivatives – assets	8.8	15.6	1.2
Long-term loans and receivables		3.2	4.1
Offsetting assets and other non-current assets		26.7	27.5
Marginal costs of obtaining contracts		33.7	31.9
OTHER NON-CURRENT ASSETS		**79.2**	**64.7**
Non-current derivatives – liabilities	8.8	-	-
Deferred consideration payable on acquisitions		56.5	19.3
Liability for repurchase commitments to non-controlling interests		-	-
Other non-current liabilities		12.4	13.7
OTHER NON-CURRENT LIABILITIES		**68.9**	**33.1**

8.8 Derivative financial instruments and hedges

Accounting policies

Whether used for hedging purposes or not, derivative financial instruments are initially measured at fair value at inception and are subsequently remeasured at their fair value.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as:

- hedges of a particular risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge);
- hedges of the fair value of recognized assets or liabilities (fair value hedge);
- derivative instruments that do not meet hedge accounting criteria.

The impact of changes in fair value of derivative instruments in a fair value hedging relationship and of derivative instruments not eligible for hedge accounting during the year is recorded in the income statement. However, the effective portion of changes in the fair value of derivative instruments in a cash flow hedging relationship is recognized directly in equity, with the ineffective portion being recognized in the income statement.

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and hedging policy. At the inception of the hedge and on an ongoing basis, the Group also documents the effectiveness of the derivatives used in offsetting changes in fair value or cash flows of hedged items.

The fair value of a derivative hedging instrument is classified as a non-current asset or liability when the residual term of the hedged item is greater than 12 months, and as a current asset or liability when the residual term of the hedged item is less than 12 months. Derivative instruments held for trading are classified as current assets or liabilities.

Derivatives used in cash flow hedges

The effective portion of changes in the fair value of qualifying derivatives that meet the cash flow hedge criteria and are designated as such is recognized directly in equity. The gain or loss related to the ineffective portion is immediately recognized in net income. The cumulative gain or loss reported in equity is reclassified to the income statement when the hedged item affects profit or loss. From adoption of IFRS 9 onwards, the Group may recognize the forward component of the hedging instrument in "Other comprehensive income" and accumulate them in a separate component of the reserves until their reclassification in income or loss or in the initial cost of the non-financial asset acquired.

When a transaction results in the recognition of a non-financial asset (for example, a non-current asset or inventory), the hedging gain or loss, deferred as equity, is transferred to the initial carrying amount of the hedged item (method known as basis adjustment).

When a hedging instrument expires or is sold, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss in equity at that time remains in equity, and is reclassified to the income statement when the forecast transaction is recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately reclassified to the income statement.

Derivatives that do not qualify for hedge accounting

Changes in fair value during the financial year are recognized immediately in the income statement.

Cash flow hedges

The Group holds the following derivative instruments to hedge its interest rate and currency risks (the nominal amounts are presented after translation into euros at the hedging rate):

As at 12/31/2022	Maturity 1-6 months	6-12 months	More than one year	Total
CURRENCY RISK				
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	43.0	24.9		67.9
Average EUR/USD forward rate	1.02	1.04		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	22.1	13.0		35.1
Average GBP/USD forward rate	1.19	1.18		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	8.1	8.1		16.2
Average USD/SEK forward rate	10.74	10.80		-
Cross-currency swap – USPP				
Nominal *(in millions of euros)*			35.7	35.7
Fixed rate until 2029			2.69%	-
Nominal *(in millions of euros)*			158.6	158.6
Fixed rate until 2032			2.98%	-

As at December 31, 2021	Maturity 1-6 months	6-12 months	More than one year	Total
CURRENCY RISK				
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	25.2	21.2		46.4
Average EUR/USD forward rate	1.19	1.18		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	13.3	14.9		28.2
Average GBP/USD forward rate	1.39	1.37		-
Forward currency purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	6.3	3.0		9.3
Average USD/SEK forward rate	8.61	8.61		-
Cross-currency swap – USPP				
Nominal *(in millions of euros)*			35.7	35.7
Fixed rate			2.69%	-

The amounts relating to the hedged items are as follows:

As at December 31, 2022	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly probable forecast purchases	7.9	(4.9)	-
Interest rate risk			
Variable-rate instruments	-	(0.0)	-

As at December 31, 2021	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly probable forecast purchases	(6.1)	3.0	-
Interest rate risk			
Variable-rate instruments	-	(0.0)	-

The table below details the impact of derivatives on the Elis Group's consolidated financial statements:

	As at 12/31/2022				12/31/2022				
		Carrying value							
(In millions of euros)	Nominal	Assets	Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in equity	Hedging costs recognized in equity	Amount reclassified from the hedging reserve to the income statement	Hedging costs are reclassified to the income statement	Income statement item
Currency risk									
Forward currency purchases	119.2	1.0	5.1	"Other current assets and liabilities," see Note 4.8	(7.9)	0.7	-	-	"Net financial income" Foreign currency translation gains (losses)
Cross-currency swap – USPP	35.7	15.6	-	"Other non-current assets and liabilities," see Note 8.7	-	6.7	-	7.7	"Net financial income" Foreign currency translation gains (losses)

	As at 12/31/2021				12/31/2021				
		Carrying value							
(In millions of euros)	Nominal	Assets	Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in equity	Hedging costs recognized in equity	Amount reclassified from the hedging reserve to the income statement	Hedging costs are reclassified to the income statement	Income statement item
Currency risk									
Forward currency purchases	83.8	3.1	0.0	"Other current assets and liabilities," see Note 4.8	6.1	(0.0)	-	-	"Net financial income" Foreign currency translation gains (losses)
Cross-currency swap – USPP	35.7	1.2	-	"Other non-current assets and liabilities," see Note 8.7	-	0.0	-	2.7	"Net financial income" Foreign currency translation gains (losses)

The reconciliation of each component of equity impacted by hedge accounting is as follow:

(In millions of euros)	Cost of hedging reserve	Cash flow hedge reserve
Cash flow hedges		
BALANCE AS AT JANUARY 1, 2021	**1.2**	**(2.1)**
Change in fair value resulting from foreign exchange rate risk hedging	0.0	6.1
Change in fair value resulting from interest rate risk hedging	-	-
Amounts reclassified to the income statement	-	-
Tax effect	0.1	(1.7)
BALANCE AS AT DECEMBER 31, 2021	**1.3**	**2.2**
Change in fair value resulting from foreign exchange rate risk hedging	7.4	(7.9)
Change in fair value resulting from interest rate risk hedging	-	-
Amounts reclassified to the income statement	-	-
Tax effect	(1.9)	2.0
BALANCE AS AT DECEMBER 31, 2022	**6.8**	**(3.6)**

8.9 Off-balance sheet commitments relating to Group financing and other commitments

(In millions of euros)	**12/31/2022**	12/31/2021
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	1.7	5.1
Pledges, endorsements and guarantees given		
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	35.0	15.1

NOTE 9 INCOME TAX EXPENSE

Accounting policies

Current income tax

Income tax assets or liabilities due for the current financial year or for previous years are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and rules applied to calculate these amounts are the tax rates and rules enacted or substantively enacted at the reporting date. Current tax on items recognized outside of profit or loss is recognized outside of profit or loss.

Deferred tax

Deferred taxes are recognized using the variable balance sheet liability method for all temporary differences between the tax base of assets and liabilities and their carrying amount in the balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except:

› when the deferred tax liability is the result of the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination and which, at the time of occurrence, neither affects the accounting profit nor the taxable profit or loss; and

› for taxable temporary differences related to investments in subsidiaries or associates, when the date on which the temporary difference will be reversed can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carryforwards and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and unused tax credits can be offset:

› except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination and, at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss; and

› in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and sufficient taxable profit will be available to allow the temporary differences to be offset.

The carrying amount of deferred tax assets is reviewed at each reporting period-end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be offset. Unrecognized deferred tax assets are measured at each reporting period-end and are recognized to the extent that it is probable that a future taxable profit will be available against which they can be offset.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year in which the asset is realized or the liability settled, based on the tax rates (and tax rules) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax on items recognized outside of profit or loss is recognized outside of profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and the deferred taxes relate to the same taxable entity and the same tax authority.

(In millions of euros)	**12/31/2022**	12/31/2021
Consolidated net income (loss)	204.6	114.4
Current taxes	93.4	81.4
Deferred taxes	(12.9)	(24.8)
Income (loss) before tax	285.1	171.0
Theoretical tax rate	25.83%	28.41%
THEORETICAL TAX EXPENSE	**73.6**	**48.6**
ACTUAL TAX EXPENSE	**80.5**	**56.6**
Effect of tax not based on net income[(a)]	6.8	5.7
DIFFERENCE	**(0.1)**	**(2.3)**
Breakdown of difference		
Tax rate differences and transactions taxed at reduced rates	9.3	12.2
Permanent differences (including non-deductible IFRS 2 expenses)	(11.7)	(12.2)
Utilization of previously unrecognized tax losses/(Unrecognized tax loss carryforwards)	11.8	(6.0)
Goodwill impairment	(15.1)	0.0
Other differences (deductible CVAE, etc.)	5.7	3.7

(a) CVAE in France, IRAP in Italy.

The following table shows the sources of deferred tax assets and liabilities:

(In millions of euros)	12/31/2021 net	Increase related to business combinations	Income (loss)	Recognized directly in other comprehensive income	Translation differences & other	12/31/2022 net
Goodwill (tax-deductible amort.)	(3.7)	0.0	(1.6)	-	1.2	(4.1)
Intangible assets	(136.6)	1.0	18.4	-	0.9	(116.3)
Property, plant and equipment	(138.4)	0.6	(8.2)	-	0.0	(145.9)
Other assets	(13.8)	0.8	(3.7)	-	0.2	(16.5)
Derivative instruments – assets	(1.5)	-	(1.9)	(1.1)	-	(4.5)
Right-of-use assets / Lease liabilities	1.3	0.0	1.4	-	(0.1)	2.7
Provisions	19.3	1.1	(1.4)	-	0.8	19.8
Net employee benefit liabilities	6.3	0.2	8.1	(8.4)	0.3	6.5
Borrowings and financial debt	(8.4)	-	2.0	-	(11.2)	(17.6)
Derivative instruments – liabilities	0.2	-	0.4	1.3	-	1.9
Other current liabilities	(9.3)	0.4	4.7	-	1.0	(3.3)
Other	(4.0)	0.3	(2.6)	0.0	0.8	(5.5)
Recognized tax losses	37.7	0.1	(3.0)	-	0.8	35.6
NET DEFERRED TAX ASSETS (LIABILITIES)	**(251.1)**	**4.6**	**12.9**	**(8.2)**	**(5.2)**	**(247.1)**
Deferred tax assets	**32.0**					**43.0**
Deferred tax liabilities	**(283.0)**					**(290.1)**

- deferred tax assets are recognized for tax loss carryforwards when it is probable that they can be offset against future taxable profit and in the absence of a history of recent losses;
- as at December 31, 2022, the Group had tax losses of €115.6 million (base) for which no deferred tax assets had been recognized (€149.7 million at December 31, 2021). The majority of these tax losses, which are almost all related to foreign subsidiaries, have no expiration date.

Global minimum tax rate

On December 15, 2022, the Council of the European Union unanimously adopted the directive to implement the "minimum tax" component of the OECD's international tax reform, commonly referred to as "Pillar 2," paving the way for the adoption of the 15% global minimum tax across the EU. Although largely in line with the OECD model rules, the directive includes some adaptations, such as the implementation of a domestic Income Inclusion Rule (IIR). These rules still have to be implemented within the tax systems of the 27 Member States, with some exceptions, before December 31, 2023 (for application to tax years beginning on or after that date).

At this stage, the Group is unable to quantify the exact amount of top-up tax that would be due. However, it expects a limited financial impact, given that the income before tax generated in Andorra, Cyprus, Hungary and Ireland represent only 4% of the Group's income before tax.

NOTE 10 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

10.1 Share capital and reserves

Capital management

The Group's capital management objectives are:

- to manage net earnings per share and the number of shares in particular;
- to manage shareholder return by means of the dividend policy;
- to manage financial leverage[(1)], taking into account the risk premium that the markets associate with the debt and the prospect of an investment grade credit rating. In this respect, the Group issued guidance on the expected leverage that was just above 2x at the end of 2023, compatible with such a rating. The financial leverage is 2.5x as at December 31, 2022 (3.0x as at December 31, 2021).

Liquidity agreement

Since March 1, 2021, for an initial period ending on December 31, 2021 and then renewable by tacit agreement for each annual period, the Company entered into a liquidity agreement with Exane BNP Paribas relating to ordinary Elis shares (ISIN code FR0012435121), in accordance with AMF Decision No. 2018-01 of July 2, 2018 governing the establishment of liquidity agreements on equity securities under accepted market practices (the "AMF Decision"). From July 1, 2021, the liquidity agreement was amended to comply with the new AMF Decision No. 2021-01 of June 22, 2021, which canceled and replaced the Decision of July 2, 2018. The trading platform on which transactions under this liquidity agreement are carried out is Euronext Paris. To implement this agreement, the following resources were allocated to the liquidity account: 185,022 securities and €497,338.62 in cash.

Changes in share capital

Number of shares as at January 1, 2021	**221,819,430**
Number of shares as at December 31, 2021	**224,076,007**
NUMBER OF SHARES AS AT DECEMBER 31, 2022	**230,147,257**
Number of authorized shares	230,147,257
Number of shares issued and fully paid up	230,147,257
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares	133,775
Shares reserved for issue under options and sales agreements	-

In 2022:

- following the vesting of the free performance shares, the share capital was increased on May 2, 2022, July 11, 2022 and December 28, 2022 by an aggregate nominal amount of €1.6 million, respectively, through the capitalization of those same amounts in "Additional paid-in capital";
- furthermore, the general shareholders' meeting on May 19, 2022 decided to clear the accumulated deficit of the parent company by charging €49.1 million to "Additional paid-in capital;"
- share capital and additional paid-in capital increased to €3.8 million and €46.0 million respectively through the creation of 3,842,846 new Elis shares following the stock dividend paid on June 16, 2022 (see Note 10.2 below "Dividends and distributions paid and proposed"). In addition, €6.8 million was deducted from additional paid-in capital to bring the Company's legal reserve to one-tenth of the new share capital;
- lastly, as part of a new subscription to the Group savings plan, the following transactions were carried out on November 3, 2022: (i) the share capital was increased by €0.6 million and additional paid-in capital by €4.4 million (ii) a provision for the costs related to the capital increases (net of the corresponding tax savings) was then charged to additional paid-in capital, (iii) lastly, the balance of €0.2 million was allocated to the legal reserve, by deduction from the "Additional paid-in capital" item.

In 2021:

- following the vesting of the free performance shares, the share capital was increased on April 6, 2021, May 2, 2021, and August 1, 2021, by an aggregate nominal amount of €1.2 million through the capitalization of those same amounts in "Additional paid-in capital";
- furthermore, the general shareholders' meeting on May 20, 2021 decided to clear the accumulated deficit of the parent company by charging €42.8 million to "Additional paid-in capital;"
- lastly, as part of a new subscription to the Group savings plan, the following transactions were carried out on June 29, 2021: (i) the share capital was increased by €1.1 million and additional paid-in capital by €9.5 million, (ii) a provision for the costs related to the capital increases (net of the corresponding tax savings) was then charged to additional paid-in capital, (iii) lastly, €9.3 million was allocated to the legal reserve by deduction from the "Additional paid-in capital" item.

(1) Financial leverage corresponds to the financial covenant as defined in the bank financing agreement signed in 2021: Leverage Ratio = net debt (as described in Note 8.5 "Net debt") to adjusted pro forma EBITDA (as defined in Note 3.2 "Earnings") of the acquisitions finalized during the last 12 months after synergies.

10.2 Dividends and distributions paid and proposed

Within the context of the coronavirus, and following approval by the Supervisory Board, the Management Board decided not to propose any dividend payout to the annual general shareholders' meeting of May 20, 2021.

It was decided at the annual general shareholders' meeting of May 19, 2022, to distribute a dividend for the 2021 financial year of €0.37 per share, representing €83.0 million (based on the number of existing shares as at the date the dividend is paid, i.e., 224,338,539), with the option of payment in Elis shares. This amount is in line with levels of dividends paid out before the pandemic. In total, 60.02% of rights were exercised in favor of payment of a stock dividend. The cash dividend paid to shareholders who did not opt for the stock dividend amounted to €33.2 million.

The next annual general shareholders' meeting will be asked to approve the payout of €0.41 per share, or €94.3 million, based on the number of existing shares as at December 31, 2022 (excluding treasury shares), as well as the option of payment of the dividend in shares or in cash.

10.3 Earnings per share

Accounting policies

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share (DEPS) is calculated by dividing profit for the period attributable to owners of the parent (adjusted for dividends, interest recognized during the period and any other change in income or expense resulting from the conversion of potentially dilutive ordinary shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares.

The calculation of diluted earnings per share does not take into account the conversion, exercise or issue of potential ordinary shares that would have an accretive impact on earnings per share (i.e., that does not increase the loss per share).

(In millions of euros)	**12/31/2022**	12/31/2021
Net income or loss attributable to owners of the parent		
› Continuing operations	204.6	114.3
› Discontinued operations	-	-
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**204.6**	**114.3**
Weighted average number of shares	229,331,073	226,885,009
Effect of conversion of convertible notes	17,671,810	13,463,108
Effect of contingently issuable shares	1,475,333	1,188,969
Weighted average number of shares used for diluted EPS	248,478,216	241,537,086
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

NOTE 11 Related party disclosures

Except for compensation paid to executives and the retirement plan as shown in Note 5.5 "Executive compensation (related party transactions)," no other transactions were carried out with related parties in 2022 or 2021.

11.1 Subsidiaries and consolidated companies

The consolidated financial statements include the financial statements of Elis and of all the following fully consolidated subsidiaries:

Entity name	Registered office	Primary business	% equity 12/31/2022	% equity 12/31/2021
Elis SA	Saint-Cloud	Parent company	100	100
FRANCE				
M.A.J. SA	Pantin	Textile & hygiene services	100	100
Les Lavandières SAS	Avrillé	Textile & hygiene services	100	100
Régionale de Location et Services Textiles SAS	Marcq-en-Barœul	Textile & hygiene services	100	100
Pierrette - T.B.A. SA	Malzeville	Textile & hygiene services	100	100
Le Jacquard Français SARL	Gérardmer	Manufacturing entity	100	100
Elis Services SAS	Saint-Cloud	Other	100	100
Thimeau SAS	Meaux	Textile & hygiene services	100	100
Pro Services Environnement SAS	Rochetoirin	Textile & hygiene services	100	100
AD3 SAS	Dardilly	Textile & hygiene services	100	100
SCI Les Gailletrous	La Chaussée-Saint-Victor	Other	100	100
SCI du Château de Janville	Saint-Cloud	Other	100	100
GIE Eurocall Partners	Villeurbanne	Other	100	100
SCI Maine Beauséjour	Limoges	Other	100	100
SCI La Forge	Bondoufle	Other	100	100
Société de Participations Commerciales et Industrielles SARL	Saint-Cloud	Other	100	100
SCI des 2 Sapins	Grenoble	Other	100	100
SHF Holding SA	Saint-Cloud	Other	100	100
SHF SAS	Saint-Cloud	Textile & hygiene services	100	100
Elis Prévention Nuisibles SAS	Savigny-sur-Orge	Textile & hygiene services	100	100
Blanchisserie Blésoise SAS	La Chaussée-Saint-Victor	Textile & hygiene services	100	100
Anchain Trade Services	Flers-en-Escrebieux	Textile & hygiene services	100	-
Mondial Hygiène SAS	Paris	Textile & hygiene services	-	Merger
HMS 3D 57 SAS	Saizerais	Textile & hygiene services	-	Merger
Scaldis France SAS	Lille	Textile & hygiene services	-	Merger
GERMANY				
Elis Holding GmbH	Rehburg-Loccum	Other	100	100
Elis Textil-Service GmbH	Mörlenbach	Textile & hygiene services	100	100
Elis Ibbenbüren GmbH	Ibbenbüren	Textile & hygiene services	100	100
Elis Immobilien GmbH & Co KG	Ibbenbüren	Other	100	100
Elis Freiburg GmbH & Co KG	Freiburg im Breisgau	Textile & hygiene services	100	100
Wolfsperger Verwaltungs GmbH	Freiburg im Breisgau	Other	100	100
Elis Potsdam GmbH	Potsdam	Textile & hygiene services	100	100
Elis München GmbH	Munich	Textile & hygiene services	100	100
Elis Südwest GmbH	Simmern	Textile & hygiene services	100	100
Elis Wismar GmbH	Wismar	Textile & hygiene services	100	100
Elis Stralsund GmbH	Stralsund	Textile & hygiene services	100	100
Elis Mannheim GmbH	Mannheim	Textile & hygiene services	100	100
Elis Servicegesellschaft Rhein-Neckar mbH	Mannheim	Other	100	100
Elis Ost GmbH	Schönebeck (Elbe)	Textile & hygiene services	100	100
Elis Beteiligungs GmbH	Hamburg	Other	100	100
Elis GmbH	Hamburg	Textile & hygiene services	100	100
Elis Glückstadt GmbH	Hamburg	Other	100	100

Entity name	Registered office	Primary business	% equity 12/31/2022	% equity 12/31/2021
Elis Nordost GmbH	Fürstenwalde	Textile & hygiene services	100	100
Elis Schleswig GmbH	Schleswig	Textile & hygiene services	100	100
Elis West GmbH	Hagen	Textile & hygiene services	100	100
Elis Group Services GmbH	Hamburg	Other	100	100
Elis Textilmanagement GmbH	Hamburg	Textile & hygiene services	100	100
Decontam GmbH	Bad Windsheim	Textile & hygiene services	100	100
Jentex GmbH	Jena	Textile & hygiene services	49	49
PTS Pinneberger Textil-Service GmbH	Glückstadt	Dormant	Dissolved	In liquidation
TSL Textil-Service und Logistik GmbH	Fürstenwalde	Dormant	100	100
Elis Sulz GmbH	Sulz am Neckar	Textile & hygiene services	100	100
Elis Eckental GmbH	Eckental	Textile & hygiene services	100	100
Curantex Verwaltungs GmbH	Erkelenz	Other	100	100
Elis Erkelenz GmbH & Co KG	Erkelenz	Textile & hygiene services	100	100
Haber Textile Dienste GmbH & Co KG	Landstuhl	Textile & hygiene services	100	100
Haber Geschäftsführungsgesellschaft mbH	Landstuhl	Other	100	100
Steamtech GmbH	Landstuhl	Other	100	100
Textilservice Jöckel GmbH & Co KG	Alsfeld	Textile & hygiene services	100	-
Jöckel Beteiligungs GmbH	Alsfeld	Other	100	-
Jöckel Grundstücksverwaltungs GmbH & Co KG	Alsfeld	Other	100	-
Niessing Miettextil Gmbh & Co KG	Schwarzenbek	Textile & hygiene services	100	-
Verwaltung Niessing Gmbh	Schwarzenbek	Other	100	-
AKK-Service GmbH	Hamburg	Textile & hygiene services	-	Sold
Saniwo Textil-Gesellschaft mbH	Hamburg	Other	-	Merger
ANDORRA				
Auxiliar Hotelera Arly	Sant Julià de Lòria	Textile & hygiene services	100	100
Arly les Valls	Andorra la Vella	Dormant	In liquidation	In liquidation
AUSTRIA				
Elis Austria GmbH	Hard	Textile & hygiene services	100	100
BELGIUM				
Elis Belgium	Anderlecht	Textile & hygiene services	100	100
Blanchisserie Basse Meuse	Herstal	Textile & hygiene services	100	100
Ardenne & Meuse Logistic	Herstal	Other	100	100
Scaldis St-Martin	Péruwelz	Textile & hygiene services	100	100
Manoha	Péruwelz	Other	100	100
Facility Management Consulting	Péruwelz	Dormant	Dissolved	100
Micronclean Belgium	Péruwelz	Dormant	-	Dissolved
BRAZIL				
Atmosfera Gestão e Higienização de Têxteis SA	Jundiaí	Textile & hygiene services	100	100
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	100	100
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	100	100
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	100	100
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	Merger	100
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	100	100
Uniforme Lavanderia e Locação Ltda	Camaçari	Textile & hygiene services	100	100
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	100
Toalhão Locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	100	100
NJ Lavanderia Industrial e Hospitalar Ltda ME	Brasilia	Textile & hygiene services	100	100
Prolav Servicos Tecnicos Ltda	Rio Bonito, Rio de Janeiro	Textile & hygiene services	100	100
Global Service Lavanderia Ltda ME	Goiana	Textile & hygiene services	100	100
LVB Holding Ltda	Videira	Other	100	100
Lavebras Gestão de Têxteis SA	Videira	Textile & hygiene services	100	100
Atmosfera Gestão e Higienização de Uniformes Ltda	São José dos Pinhais	Textile & hygiene services	100	100
Totalqualy Higienização Textil Ltda	São Bernardo do Campo	Textile & hygiene services	100	100

Entity name	Registered office	Primary business	% equity 12/31/2022	% equity 12/31/2021
BR Laundry Industria, Comercio e Serviços Ltda	Anápolis	Textile & hygiene services	100	100
Clinilaves Lavanderia Industrial Eirelli	Araquari	Textile & hygiene services	100	100
Lavanderia ASPH Ltda	Boa Esperança do Sul	Textile & hygiene services	100	100
MAB Indústria e Comércio Eireli	Araquari	Other	100	100
Nortelav Lavanderia Industrial Ltda	Belém	Textile & hygiene services	100	100
Lavanderia Alba Ltda	Cuiabá	Textile & hygiene services	100	-
Sinop Higienização Têxtil Hospitalar Ltda	Sinop	Textile & hygiene services	100	-
Alba Service Lavanderia Ltda	Cuiabá	Textile & hygiene services	100	-
CHILE				
Elis Chile SpA	Santiago (Santiago)	Other	100	100
Albia SA	Santiago (Santiago)	Textile & hygiene services	100	100
Servicios Hospitalarios SA	Recoleta (Santiago)	Textile & hygiene services	100	100
Comercial Elis Chile SpA	Mostazal (San Francisco de Mostazal)	Textile & hygiene services	100	100
Golden Clean SA	Cerrillos (Santiago)	Textile & hygiene services	100	-
Clean Master SpA	Antofagasta (Antofagasta)	Textile & hygiene services	100	-
CYPRUS				
Coliday Holdings Ltd	Larnaca	Other	100	100
Skewen Investments Ltd	Larnaca	Other	100	100
COLOMBIA				
Elis Colombia SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Centro de Lavado y Aseo CLA SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Lavanser SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Lavanderia Industrial Metropolitana SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Elis Caribe SAS	Turbaco	Textile & hygiene services	100	100
Lavaozono SAS	Itagüí	Textile & hygiene services	100	-
DENMARK				
Berendsen A/S	Søborg	Other	100	100
Elis Danmark A/S	Søborg	Textile & hygiene services	100	100
A-vask A/S	Søborg	Textile & hygiene services	100	100
Jysk Linnedservice A/S	Varde	Textile & hygiene services	Merger	90
Chrisal Skadedyrsservice A/S	Søborg	Textile & hygiene services	Merger	100
Absolut Skadedyrsservice A/S	Søborg	Textile & hygiene services	Merger	-
Centralvaskeriet A/S	Løgumkloster	Textile & hygiene services	Merger	-
SPAIN				
Elis Manomatic SA	Sant Cugat del Vallès (Barcelona)	Textile & hygiene services	100	100
Lavalia cee	La Nucia (Alicante)	Dormant	100	100
Servicios de Lavandería Industrial de Castilla la Mancha SA	Yeles (Toledo)	Textile & hygiene services	100	100
Goiz Ikuztegia SL	Zumárraga (Guipúzcoa)	Textile & hygiene services	100	100
Indusal Navarra SA-Ilunion Navarra SLU UTE 2020	Marcilla (Navarra)	Textile & hygiene services	83	83
Casbu SL	Igualada (Barcelona)	Textile & hygiene services	50	50
Eliteq Sanidad Ambiental SL	Godella (Valencia)	Textile & hygiene services	100	100
Logralimp SL	Aldaia (Valencia)	Textile & hygiene services	Merger	100
Lavanderia Lizarra SL	Leaburu (Guipúzcoa)	Textile & hygiene services	Merger	100
Goiz Ikuztegia SL-Gureak Oiartzun SL UTE	Zumarraga (Guipúzcoa)	Textile & hygiene services	Dissolved	75
Indusal Navarra SA-Ilunion Navarra SL UTE	Marcilla (Navarra)	Textile & hygiene services	Dissolved	In liquidation
Lavanderias Triton SL	Madrid	Textile & hygiene services	-	Merger
Lloguer Textil Maresme SL	Cabrera de Mar (Barcelona)	Textile & hygiene services	-	Merger
2MB Servitec SLU	Villares de la Reina (Salamanca)	Textile & hygiene services	-	Merger
Elis Indusal UTE	Parets del Vallès (Barcelona)	Textile & hygiene services	-	Dissolved
Indusal Centro SA	Guadalajara (Guadalajara)	Textile & hygiene services	-	Merger

Entity name	Registered office	Primary business	% equity 12/31/2022	% equity 12/31/2021
Indusal Navarra SA	Marcilla (Navarra)	Textile & hygiene services	-	Merger
Indusal SA	Arrigorriaga (Vizcaya)	Textile & hygiene services	-	Merger
Energías Margua SA	Marcilla (Navarra)	Other	-	Merger
Cogeneración Martiartu SL	Arrigorriaga (Vizcaya)	Other	-	Merger
Lesa Inmuebles Siglo XXI SL	Marcilla (Navarra)	Other	-	Merger
Compañía Navarra Servicios Integrales SL	Marcilla (Navarra)	Other	-	Merger
ESTONIA				
AS Svarmil	Kiviõli	Other	100	100
Elis Textile Service AS	Tartu County	Textile & hygiene services	100	100
FINLAND				
Elis Textile Service Oy	Tuusula	Textile & hygiene services	100	100
HUNGARY				
Elis Hungary Kft	Miskolc	Textile & hygiene services	100	100
IRELAND				
Berendsen Ireland Holdings Ltd	Dublin	Other	100	100
Elis Textile Services Ltd	Dublin	Textile & hygiene services	100	100
Elis Textiles Ltd	Dublin	Textile & hygiene services	100	100
Elis Pest Control Ltd	Dublin	Textile & hygiene services	100	100
Steri-tex Ltd	Dublin	Dormant	100	100
Berendsen Finance Ireland (DKK) Ltd	Dublin	Dormant	Dissolved	100
Berendsen Finance Ireland (Euro) Ltd	Dublin	Dormant	Dissolved	100
Berendsen Finance Ireland (PLN) Ltd	Dublin	Dormant	Dissolved	100
ITALY				
Elis Italia SpA	San Giuliano Milanese	Textile & hygiene services	100	100
LATVIA				
Elis Tekstila Serviss AS	Riga	Textile & hygiene services	100	100
LITHUANIA				
Berendsen Textile Service, UAB	Vilnius	Textile & hygiene services	100	100
LUXEMBOURG				
Elis Luxembourg SA	Bascharage	Textile & hygiene services	100	100
Rentex Vertriebs GmbH	Luxembourg	Textile & hygiene services	100	100
MEXICO				
Lavartex SAPI de CV	Ciudad de México	Other	100	-
Empresas HTX SA de CV	Ciudad de México	Other	100	-
Bristol Holding SAPI de CV	Ciudad de México	Other	100	-
Grupo Codeli SA de CV	Ciudad de México	Other	100	-
Adoos SA de CV	Ciudad de México	Other	100	-
Higiénica Textil SA de CV	Ciudad de México	Textile & hygiene services	100	-
Lavasan SA de CV	Ciudad de México	Other	100	-
Grupo Empresarial Bousi SA de CV	Naucalpan de Juárez	Other	100	-
Renta de Blancos SA de CV	Ciudad de México	Other	100	-
Servicios y Suministro a Lavanderias SA de CV	Ciudad de México	Other	100	-
Manteles SA de CV	Ciudad de México	Textile & hygiene services	100	-
Lavanderia La Europea SA de CV	Ciudad de México	Textile & hygiene services	100	-
Lavandería de Hospitales y Sanatorios SA de CV	Naucalpan de Juárez	Textile & hygiene services	100	-
Higiene Textil Del Noreste SA de CV	Ciudad Victoria	Textile & hygiene services	100	-
Servisan SA de CV	Ciudad de México	Textile & hygiene services	100	-
Servicios Estrella Azul de Occidente SA de CV	San Pedro Tlaquepaque	Textile & hygiene services	100	-
Mas limpio SA de CV	Guadalajara	Textile & hygiene services	100	-
NORWAY				
Elis Norge AS	Oslo	Textile & hygiene services	100	100
NETHERLANDS				
Elis Nederland BV	Arnhem	Textile & hygiene services	100	100
Elis Pest Control Nederland BV	Arnhem	Textile & hygiene services	100	100
Elis Netherlands Holding BV	Arnhem	Other	100	100

Entity name	Registered office	Primary business	% equity 12/31/2022	% equity 12/31/2021
Arvo Protect BV	Nieuw-Vennep	Textile & hygiene services	100	100
Hexapoda Ongediertebestrijding BV	Velserbroek	Textile & hygiene services	100	-
POLAND				
Elis Textile Service Sp. z.o.o.	Żukowo	Textile & hygiene services	100	100
Elis Supply Chain Centre Sp z.o.o.	Rumia	Other	100	100
PORTUGAL				
Garment Finishing and Distribution European Services SA	Samora Correira	Other	100	100
Sociedade Portuguesa de Aluguer e Serviço de Têxteis SA	Samora Correira	Textile & hygiene services	100	100
SPAST II Lda	Samora Correira	Textile & hygiene services	100	100
CZECH REPUBLIC				
Elis Textil Servis sro	Brno	Textile & hygiene services	100	100
Textile Washing Company ks	Kralovice	Textile & hygiene services	-	Merger
Gonser Textilwashing spol sro	Kralovice	Other	-	Merger
UNITED KINGDOM				
Berendsen Ltd	Basingstoke	Other	100	100
Berendsen Finance (DKK) Ltd	Basingstoke	Dormant	100	100
Berendsen Finance (Euro) Ltd	Basingstoke	Dormant	100	100
Berendsen Finance Ltd	Basingstoke	Other	100	100
Berendsen Nominees Ltd	Basingstoke	Other	100	100
Central Laundry Ltd	Basingstoke	Dormant	100	100
Davis (BIM) Ltd	Basingstoke	Dormant	100	100
Elis UK Ltd	Basingstoke	Textile & hygiene services	100	100
Pure Washrooms Ltd	Basingstoke	Dormant	100	100
Spring Grove Services Group Ltd	Basingstoke	Other	100	100
Sunlight Textile Services Ltd	Basingstoke	Dormant	100	100
Independent Workwear Solutions Ltd	Basingstoke	Textile & hygiene services	100	-
Kennedy Hygiene Products Ltd	Uckfield	Manufacturing entity	100	100
Kennedy Exports Ltd	Uckfield	Other	100	100
Elis NI Ltd	Belfast	Textile & hygiene services	100	100
Berendsen Supply Chain (Northern Ireland) Ltd	Belfast	Dormant	100	100
Northern Pest Control Limited	Belfast	Textile & hygiene services	100	-
Berendsen Finance (Euro 2) Ltd	Basingstoke	Dormant	Currently being dissolved	100
Berendsen Healthcare Ltd	Basingstoke	Dormant	Currently being dissolved	100
Berendsen Hospitality Ltd	Basingstoke	Dormant	Currently being dissolved	100
Berendsen Cleanroom Services Ltd	Basingstoke	Dormant	Currently being dissolved	100
Berendsen Workwear Ltd	Basingstoke	Dormant	Currently being dissolved	100
Fabricare Ltd	Basingstoke	Dormant	Currently being dissolved	100
Pure Washrooms (Coventry) Ltd	Basingstoke	Dormant	Currently being dissolved	100
St. Helens Laundry Ltd	Basingstoke	Dormant	Currently being dissolved	100
BDF Holdings Ltd	Renfrewshire, Scotland	Dormant	-	Dissolved
Lakeland Pennine Group Ltd	Basingstoke	Dormant	-	Dissolved
Midland Laundry Group Ltd	Basingstoke	Dormant	-	Dissolved
Midland Laundry Group Holdings Ltd	Basingstoke	Dormant	-	Dissolved
Sunlight Clinical Solutions Ltd	Basingstoke	Dormant	-	Dissolved
The Sunlight Service Group Ltd	Basingstoke	Dormant	-	Dissolved

Entity name	Registered office	Primary business	% equity 12/31/2022	% equity 12/31/2021
JERSEY				
The Berendsen Employee Benefit Trust	Jersey	Other	-	Closed
RUSSIA				
OOO Berendsen	Moscow	Textile & hygiene services	100	100
OOO Комбинат бытового обслуживания "НОВОСТЬ" (Combine of Consumer Services Novost)	Moscow	Textile & hygiene services	100	100
OOO Маки-сервис (Maki-Service)	Moscow	Textile & hygiene services	100	100
OOO МатСервис (MatService)	Moscow	Textile & hygiene services	100	100
OOO Ковер-Сервис (Kover-Service)	Novossibirsk	Textile & hygiene services	100	100
OOO Холл-Сервис (Holl-Service)	Moscow	Textile & hygiene services	100	100
OOO ГЕО групп (GEO Group)	Moscow	Textile & hygiene services	100	100
OOO Вига-65 (Viga-65)	Moscow	Textile & hygiene services	100	100
OOO Рентекс-Сервис (Rentex-Service)	Moscow	Textile & hygiene services	100	100
OOO Дионикс (Dionix)	Moscow	Dormant	100	100
SLOVAKIA				
Elis Textile Care SK sro	Trenčín	Textile & hygiene services	100	100
SWEDEN				
Elis Design & Supply Chain Centre AB	Gothenburg	Other	100	100
Elis Textil Service AB	Malmö	Textile & hygiene services	100	100
Elis Holding AB	Malmö	Other	100	100
Nyköping Pilen 6 AB	Malmö	Dormant	100	100
SWITZERLAND				
Elis (Suisse) AG	Bern	Textile & hygiene services	100	100
Hygienis SA	Carouge	Textile & hygiene services	100	100
Picsou Management AG	Bern	Other	100	100
Elis Cleanroom (Suisse) SA	Brügg	Textile & hygiene services	100	100
Wäscherei Mariano AG	Schlieren	Textile & hygiene services	100	100
AS Désinfection SA	Lonay	Textile & hygiene services	100	100
Decontam Schweiz GmbH	Zürich	Textile & hygiene services	100	-

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

On January 9, 2023, the Lac 1 fund, managed by Bpifrance Investissement on behalf of French and international investors and dedicated to the long-term support of major French listed companies, announced that it had acquired an equity stake of more than 5% in Elis, its sixth investment since its launch in 2020. By acquiring this stake, Bpifrance Investissement affirms its confidence in Elis's international development strategy. On the recommendation of the Appointments, Compensation and Governance Committee, the appointment of Bpifrance Investissement as a new member of the Supervisory Board will be proposed at the next ordinary general shareholders' meeting in 2023.

NOTE 13 STATUTORY AUDITORS' FEES

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl tax)		as a %		Amount (excl tax)		as a %	
(In millions of euros)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Independent audit	0.6	0.5	84%	90%	0.3	0.3	75%	70%
Services other than an independent audit	0.1	0.1	16%	10%	0.1	0.1	25%	30%
› required by law(a)	0.0	0.0	1%	2%	0.0	0.0	1%	0%
› other(b)(c)	0.1	0.1	15%	8%	0.1	0.1	23%	30%
TOTAL	**0.7**	**0.6**	**100%**	**100%**	**0.4**	**0.4**	**100%**	**100%**

(a) In 2022, services other than an independent audit required by law concerned, for the two Statutory Auditors, the publication of additional reports for a securities issue and a capital increase reserved for employees and, for Mazars, the publication of reports on transactions involving the capital of an entity in France.

(b) In 2022, the other services performed by Mazars and PricewaterhouseCoopers Audit involved issuing comfort letters and reports as part of financing transactions during the financial year, as well as, for Mazars, issuing fixed cost statements and emergency gas and electricity assistance for two entities in France and, for PricewaterhouseCoopers Audit, verifying the consolidated non-financial performance statement and various declarations relating to non-financial disclosures and reviewing the methods used by the Company to implement the EU green taxonomy.

(c) In 2021, the other services performed by Mazars and PricewaterhouseCoopers Audit involved issuing comfort letters and reports as part of financing transactions during the financial year, as well as, for Mazars, issuing fixed cost statements for an entity in France and, for PricewaterhouseCoopers Audit, verifying the consolidated non-financial performance statement and reviewing the methods used by the Company to implement the EU green taxonomy.

In accordance with the ANC (the French Accounting Standards Authority) Regulation 2016-09, these tables only include the fees paid to the Statutory Auditors and do not include fees paid by Elis SA or by its fully consolidated subsidiaries to other legal entities affiliated with auditing firms.

2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AFR

(For the year ended December 31, 2022)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Elis for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

Notes 6.1 "Goodwill", 6.5 "Impairment losses on non-current assets" to the consolidated financial statements

Description of risk

At December 31, 2022, goodwill totalled a net amount of €3,963 million, representing the largest item on the consolidated statement of financial position. Goodwill corresponds to the difference at the acquisition date between the acquisition price paid and the fair value of the assets acquired and liabilities assumed. Goodwill is allocated to the cash-generating units (CGUs) of the businesses into which the various entities acquired have been incorporated.

An impairment charge for this goodwill is recognized on the statement of financial position when the recoverable amount of the CGUs, determined as part of compulsory annual impairment testing, is less than their carrying amount, in accordance with IAS 36.

The recoverable amount is determined using an approach based on discounted future cash flows and requires a significant degree of judgment from management, particularly in relation to business plans, future cash flows based on perpetual growth rate assumptions, and the discounting of these flows based on the weighted average cost of capital. The methods used to measure goodwill are described in Note 6.5 to the consolidated financial statements.

Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter.

How our audit addressed this risk

We assessed the consistency of the methodology applied by the Finance Department.

We also conducted a critical assessment of the procedure for implementing this methodology, and assessed the following:

- that all of the components of the carrying amount of the CGUs tested were taken into account and are consistent with the EBITDA and EBIT projections integrated in the business plans to determine the recoverable amount;
- the reasonableness of the EBITDA and EBIT projections for the CGUs in light of the CGUs' economic and financial environments, and by assessing the reasons for the differences between projected and actual historical performances, the reliability of the process by which the estimates were calculated;
- the consistency of these EBITDA and EBIT projections with management's most recent estimates as validated by the Management Board and approved by the Supervisory Board on December 15, 2022 regarding the years 2023 to 2025;
- the reasonableness of the discount rates and the long-term growth rates used to calculate discounted future cash flows, with the support of our asset valuation experts;
- the sensitivity analyses of the impairment tests conducted by management to a change in the perpetual growth rate and the discount rates.

Lastly, we obtained assurance that Notes 6.1 and 6.5 to the consolidated financial statements provide appropriate disclosures.

Litigation and contingent liabilities

Note 7.2 "Contingent liabilities" to the consolidated financial statements

Description of risk

Note 7.2 to the consolidated financial statements summarizes the legal or arbitration proceedings arising in the normal course of business of the Group and notably includes ongoing proceedings in Brazil.

Provisions are recorded with respect to these if the Group believes that it has a contractual, legal or constructive obligation, and that the future outflows of resources to cover the risk can be estimated accurately.

Given the uncertain outcome of these proceedings and ongoing investigations, and their potential negative and material effect on the Group owing to the financial penalties that may be incurred, as well as any impact they could have on its businesses and their commercial prospects, we deemed litigation and contingent liabilities to be a key audit matter.

How our audit addressed this risk

To assess whether or not the risks associated with these proceedings and ongoing investigations have been properly assessed, and to verify their non-quantifiable nature, where appropriate, we:

- examined the analyses of the proceedings/investigations prepared by the Group's Finance and Legal Departments;
- performed a critical review of the positions adopted by the Company's lawyers and legal advisers involved in these matters.

We also verified that the disclosures provided in Note 7.2 to the consolidated financial statements were appropriate.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Management Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the Group management report includes the consolidated non-financial performance statement required under article L. 225-102-1 of the French Commercial Code. However, in accordance with article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have also verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chairman of the Management Board's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

However, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Elis by your Annual General Meeting held on June 29, 2011 for Mazars and by the bylaws at the time of the Company's incorporation in 2007 for PricewaterhouseCoopers Audit.

At December 31, 2022, Mazars and PricewaterhouseCoopers Audit were in the twelfth and sixteenth consecutive year of their engagement, respectively, and the eighth year since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 7, 2023

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT		MAZARS
Bardadi Benzeghadi	Edouard Sattler	Francisco SANCHEZ

We empower your day

elis.com