Q1 2023 trading update

10 May 2023

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This document may contain information related to the Group's outlook. Such outlook is based on data, assumptions and estimates that the Group regarded as reasonable at the date of this press release. Those data and assumptions may change or be adjusted as a result of uncertainties relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware on the date of this press release. Moreover, the materialization of certain risks, especially those described in chapter 4 "Risk management and internal control" of the Universal Registration Document for the financial year ended 31 December 2022, which is available on Elis's website (www.elis.com), may have an impact on the Group's activities, financial position, results or outlook and therefore lead to a difference between the actual figures and those given or implied by the outlook presented in this document. Elis undertakes no obligation to publicly update or revise the Group's outlook or any of the abovementioned data, assumptions, or estimates, except as required by applicable laws and regulations. Reaching the outlook also implies success of the Group's strategy. As a result, the Group makes no representation and gives no warranty regarding the achievement of any outlook set out above.

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Good start of the year driven by solid activity momentum and the effect of recent price adjustments

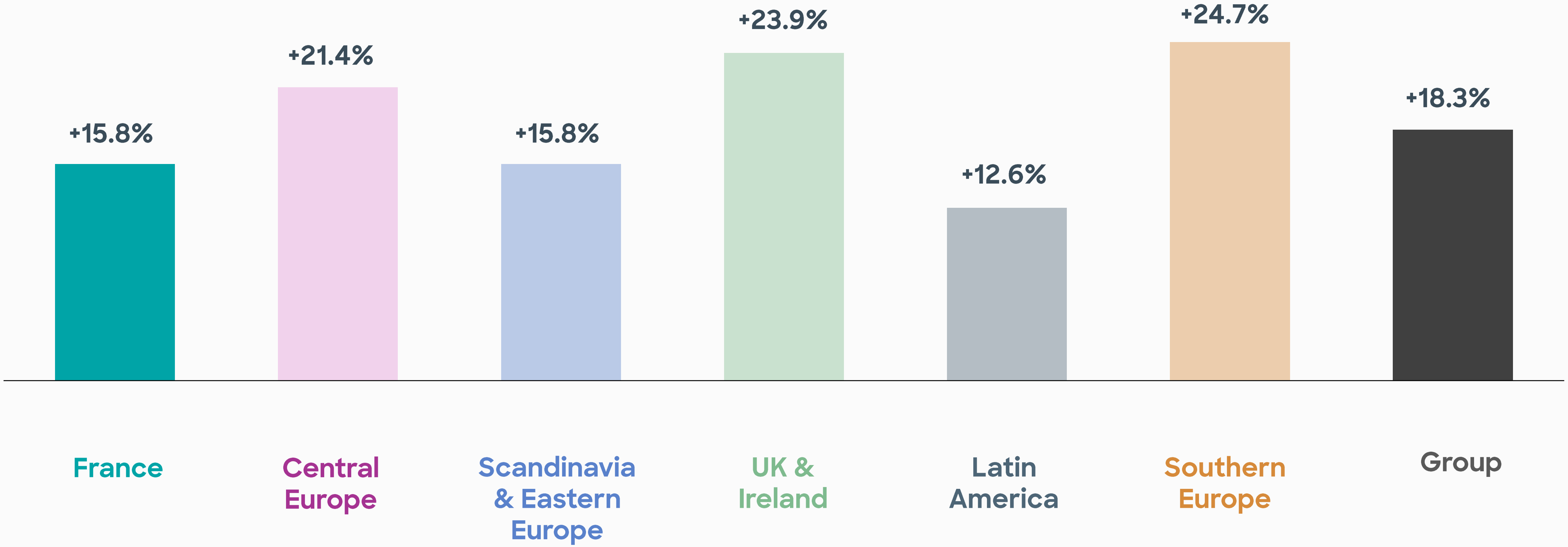
Q1 2023 revenue up +21.7% to €1,013.4m, of which +18.3% organic

- **Many commercial successes across the board**, notably driven by new outsourcing and increased need for hygiene and traceability from customers ; record level of new contracts signed in Q1
- **Further rebound of Hospitality** on the back of a favorable comparable base, especially in Southern Europe and the UK & Ireland
- **c. +11% price effect in Q1 2023**, reflecting the pricing adjustments negotiated throughout 2022 as well as additional adjustments implemented since the beginning of 2023
- **No sign of significant slowdown** across our markets and geographies: Healthcare, Industry and Trade & Services show good momentum – Hospitality was a touch softer in March and April

Increased confidence in achieving 2023 targets: We expect another year of strong organic growth, with marked improvement of all main financial KPIs and further deleveraging

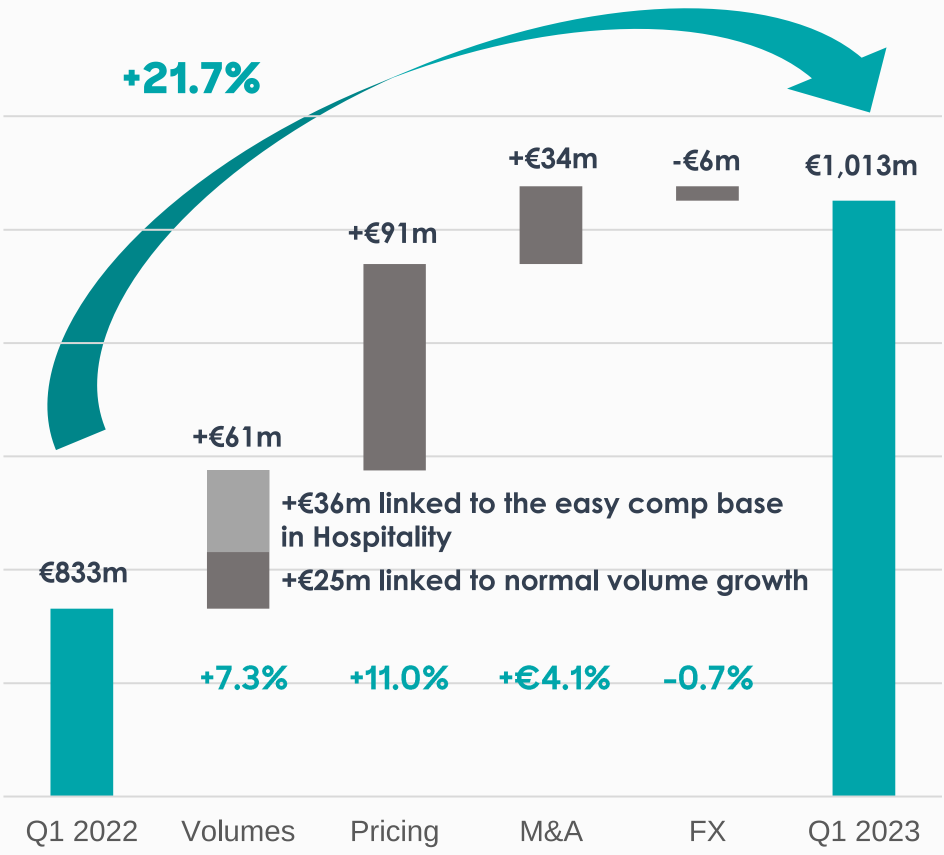
All geographies delivered strong organic revenue growth in Q1 2023

Q1 2023 organic revenue evolution by geography



Q1 2023 growth driven by strong pricing and commercial activity

Q1 2022 to Q1 2023 revenue bridge



Volumes

- Strong commercial momentum across the board: record level of new contracts signed in Q1
- Easy comparable base in Hospitality as Q1 2022 was still impacted by the pandemic: in Q1 2023: c. +€36m correspond to the catch-up effect
- Still, March, April and the beginning of May were a bit softer in Hospitality due to social protests across many European countries

Pricing

- c. +11% pricing effect driven by the carry-forward of the adjustments implemented throughout 2022, plus those put in place since January 1st, 2023

M&A

- The acquisition of a Mexican leader (consolidated from July 1st, 2022) had a c. +€26m impact on Q1 2023 revenue
- Other acquisitions positively impacted growth in Central Europe (Jockel in Germany, closed in March 2022) and Scandinavia & Eastern Europe (Central Vaskeriet closed in Denmark in May 2022) and Latam (Golden Clean in Chile, closed in March 2022)

FX

- Negative currency effect from GBP (c. -€5m), SKK (c. -€4m) and NOK (c. -€2m) partially offset by BRL (c. +€3m)

Multiple pricing initiatives in past 18 months to offset inflation-related cost increases

The nature of the services provided by Elis and the quality of client relationships lead to good pricing power

Elis has been running fair and transparent negotiations with its clients

➔ Most of our cost inductors are easy to monitor; price adjustments have only been implemented to offset inflation

The services proposed by Elis are essential for our customers

➔ Most of our customers cannot operate their business without our Flat linen, Workwear or Hygiene services

These services represent only a small cost for our customers

➔ Our price increases are therefore not very significant in our customers' P&L

Alternative solutions to our services are very limited

➔ Re-internalization is generally not an option

➔ Most competitors are also facing a strong increase of their cost base and therefore need to increase their prices as well

Hospitality continued to rebound in Q1 2023

Good client activity and favorable comparable base

Solid client activity in all geographies

- Good activity in Q1, with strong winter holiday season in France
- No slowdown in any geography, although March and April were a bit softer

Good pricing dynamics

- Inflationary context helped additional pricing discussions with customers in 2022, with a carry-forward effect over 2023
- Limited pressure on new tenders in a context of significant increase in average room price

Favorable comparable base

- Q1 2022 was still c. 20% below 2019 level due to the Omicron variant
- The catch-up had a c. €36m impact in Q1 2023

Many initiatives implemented to capture organic growth opportunities in non-hospitality markets

Continue to roll out Elis' services offer to small clients

- Today, Elis addresses small clients (e.g. Mom-and-Pop stores) in fewer than 10 countries out of 29 in total
- Elis will progressively address smaller clients as Group density increases in a country; initiatives are already under way in the UK, Sweden and Brazil

Opening the nursing home market in Spain and the UK

- The nursing home markets in Spain and the UK have historically been fragmented, with many local independent players that usually insource washing
- This is gradually changing with market consolidation along with professionalization of the industry (implying transition to linen washing outsourcing)
- Elis is working hand-in-hand with industry players to help them in their outsourcing process

Development of the Pest control and Cleanroom businesses

- Demand for Pest control and Cleanroom businesses has been rising significantly over the past years, with an acceleration since the pandemic; yoy growth of around +20%
- Elis leverages its many cross-selling opportunities: combined revenue for Pest control and Cleanroom was c. €250m in 2022

Acceleration of Washroom services roll-out in Poland

- Elis' market share in the country has been good historically in Workwear and mats
- • Elis has recently reinforced its salesforce for washroom services, enabling many cross-selling opportunities with its existing clients

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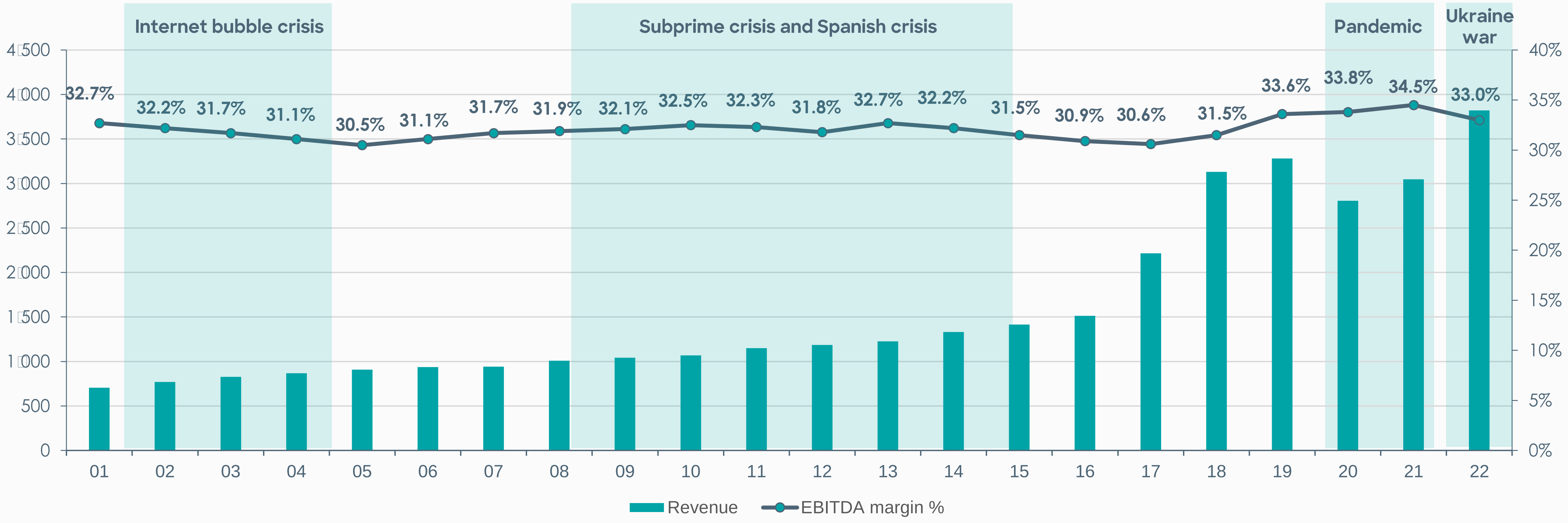
Proven business resilience over the years



- Post-pandemic, **Elis's organic growth profile is reinforced** in all non-Hospitality markets
- Over the last **20 years**, **EBITDA margin** has evolved within a **narrow range**
- **Significant improvement of free cash flow generation over the past years,** including during the recent crisis (€216m in 2020, €227m in 2021 and €225m in 2022)

EBITDA margin numbers from 2019 onwards include the IFRS 16 impact (+210bps impact in 2019)

Elis' end-markets are very resilient through economic downturns

End market	Main market characteristics	Main contributors to revenue
Industry **27% of total 2022 revenue**	**Industry is resilient given the nature of our clients**, which mostly are very resilient themselves **The fixed fee invoicing methodology** (that is largely used with workwear clients) can help absorb a slight slowdown in our clients' activity	Food processing: 25% Pharma: 15% Water/waste management: 10% Automotive: 10% Construction, energy, transport: 10%
Healthcare **28% of total 2022 revenue**	**Healthcare is very resilient by nature**	Hospitals and clinics: 80% Nursing homes: 20%
Trade & Services **20% of total 2022 revenue**	**Trade & Services is largely resilient** on the back of the fixed fee invoicing methodology A significant slowdown in the economy could somewhat impact our activity with SMEs / mom and pop stores (potential decrease in the number of services used to save money)	Major retailers: 20% Facility management: 20% Small retailers: 15% Collective catering: 10% Automotive service centers: 10%
Hospitality **25% of total 2022 revenue**	Aside from pandemic situations (Covid, H_1N_1), **the Hospitality industry delivers steady growth,** driven by resort development, family holiday park development, water park development etc… **Elis' activity in Hospitality** (linked to occupancy) is **less cyclical than hotels'** (linked to RevPar)	Hotels: 80% Restaurants: 20%

Elis' organic growth profile reinforced in all non-Hospitality markets

Structural trends are changing Elis' organic growth profile

01 Need for more hygiene creates cross-selling opportunities (new products and services) and accelerates the development of outsourcing (need for employers to ensure a clean work environment)

02 Re-industrialization of Europe: the pandemic has highlighted the importance of industrial resilience in Europe. The regionalization of supply chains in Europe to avoid dependency (especially on Asia) will be an opportunity for Elis

03 Suppliers with high ESG standards such as Elis will benefit from the increase in tenders with an ESG component

Elis' initiatives further bolster its organic growth profile

04 Steady increase in the share of Elis' fast-growing markets through both organic and M&A development: Latin America and Eastern European countries generally generate double-digit growth and represent an increasing share of Elis' revenue

05 Develop in all countries what has proved successful in historical countries in terms of end-markets (open the nursing home market), products offered (focus on washroom services) or client base (address small clients)

Energy prices are now locked in over 2023-2025

Since H2 2022, the Group has progressively negotiated fixed-rate tariffs for its 2023-2025 volumes

Gas

c. 95% of 2023 volumes @ c. €75/MWh

c. 70% of 2024 volumes currently hedged

c. 45% of 2025 volumes currently hedged

Electricity

c. 90% of 2023 volumes @ c. €225/MWh

c. 25% of 2024 volumes currently hedged

c. 5% of 2025 volumes currently hedged

These hedging contracts have been secured on a country-by-country basis with local energy suppliers

2023 energy bill expected to be just slightly above 2022 level

Increased confidence in achieving 2023 targets: Another strong year ahead

Organic revenue growth expected between +11% and +13%

✓ Expected **pricing effect of at least +9%** (with a significant part of price adjustments in the books since January 1st, 2023)

Adjusted EBITDA margin expected up c. +50bps

✓ Topline dynamism, further productivity gains and hedging in place on energy purchases should generate **margin expansion**

Adjusted EBIT expected above €650m (i.e. up at least +20% yoy)

✓ Driven by top line dynamism and a slight decrease in D&A as a % of revenue

Headline net income expected above €405m (i.e. up at least +15% yoy)

✓ Fully diluted headline net income per share expected above €1.65 (i.e. up at least +13% yoy)

Free cash flow expected above €260m (i.e. up at least +16% yoy)

✓ Driven by top line dynamism and progressive normalization of change in WCR

Financial leverage ratio expected at c. 2.1x as of 31 December 2023

✓ Elis' **deleveraging trajectory** should quickly make the Group **eligible for investment grade rating consideration**

Key takeaways

01

Good revenue momentum in Q1 2023 with strong activity across all geographies

02

Price effect of c. +11% in Q1 2023, driven by the carry-forward effect of pricing adjustments implemented in 2022 and those put in place since January 1st, 2023

03

No sign of slowdown across our markets and geographies

04

Increased confidence in achieving 2023 targets: The Group expects another year of strong results along with further deleveraging

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Appendix: Financial definitions

- **Organic growth** in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" (as defined in the Document de Base) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations
- **Adjusted EBITDA** is defined as adjusted EBIT before depreciation and amortization, net of the portion of grants transferred to income
- **Adjusted EBITDA margin** is defined as adjusted EBITDA divided by revenue
- **Adjusted EBIT** is defined as net income (or net loss) before financial expense, income tax, share in income of equity-accounted companies, amortization of customer relationships, goodwill impairment, non-current operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and expenses related to IFRS 2 (share-based payments).
- **Adjusted EBIT margin** is defined as adjusted EBIT divided by revenue

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

- **Headline net result** corresponds to net income or loss excluding extraordinary items which, due to their type and unusual nature, cannot be considered as intrinsic to the Group's current performance
- **Free cash flow** is defined as adjusted EBITDA less non-cash-items and changes in working capital, purchases of linen, capital expenditures (net of disposals), tax paid, financial interest paid and lease liabilities payments
- **The financial leverage ratio** is the leverage ratio calculated for the purpose of the financial covenant included in the new banking agreement signed in 2021: Leverage ratio is equal to Net financial debt / adjusted EBITDA, pro forma of acquisitions finalized during the last 12 months, and after synergies

These alternative performance measures are meant to facilitate the analysis of Elis' operating trends, financial performance and financial position and allow the provision to investors of additional information that the Managing Board believes to be useful and relevant regarding Elis' results. These alternative performance measures generally have no standardized meaning and therefore may not be comparable to similarly labelled measures used by other companies. As a result, none of these alternative performance measures should be considered in isolation from, or as a substitute for, the Group's consolidated financial statements and related notes prepared in accordance with IFRS.

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