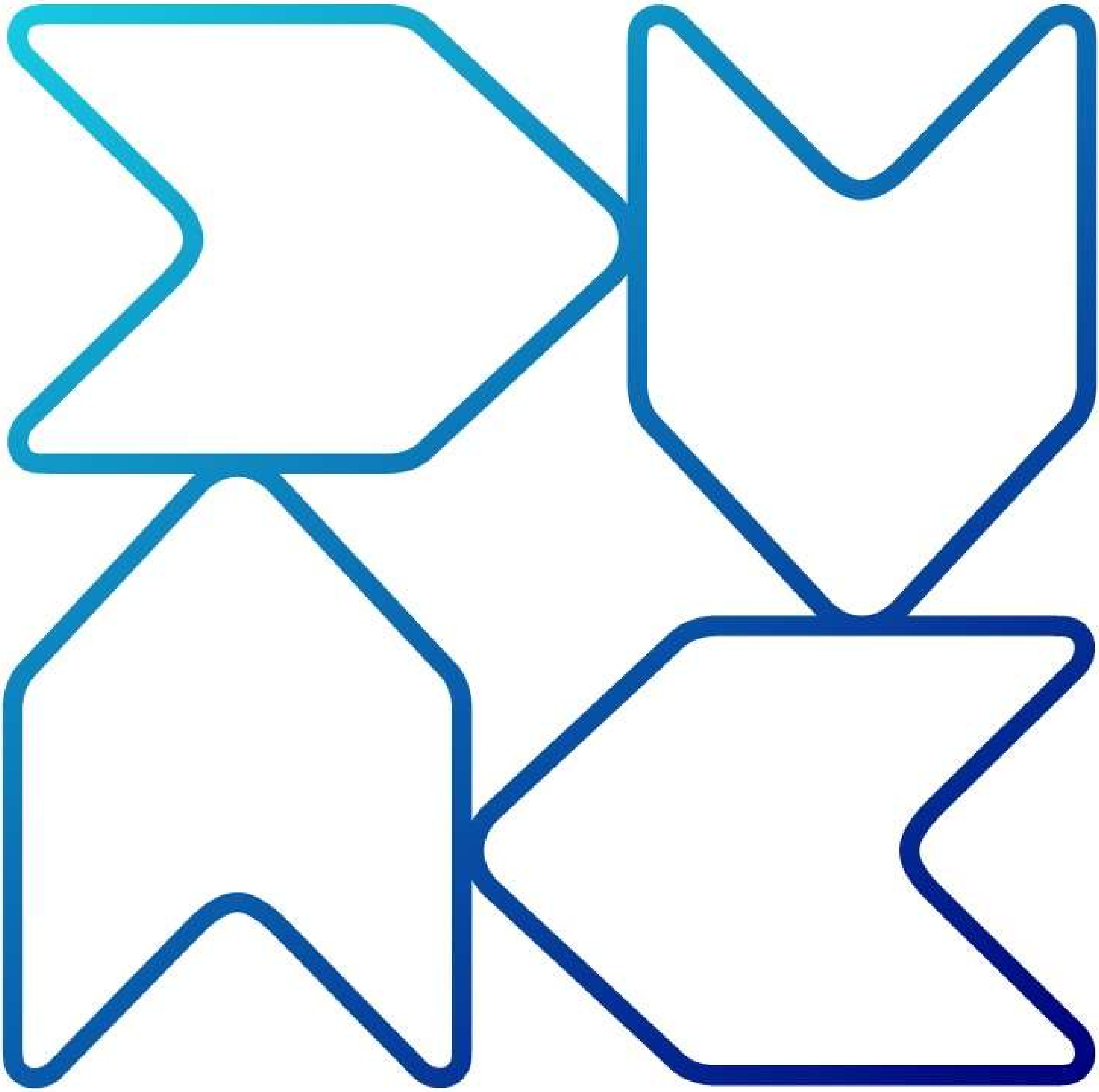


# Half-year financial report
# As at June 30, 2023

# CONTENTS



*This is a translation into English of the Half-Year Financial Report of the Company issued in French and it is available on the website of the Issuer.*

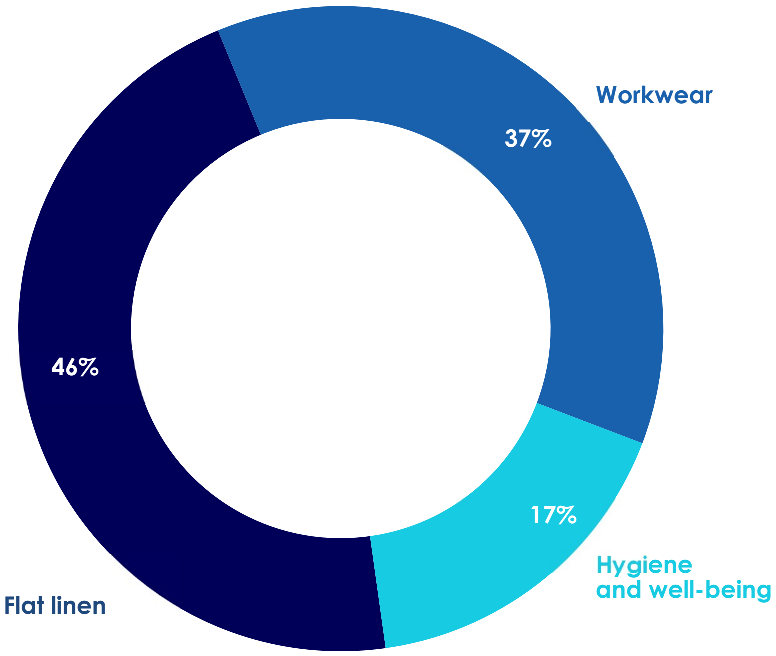
# 01 Management report for the first half of 2023

## 1.1 Group profile and key figures of the first half of 2023

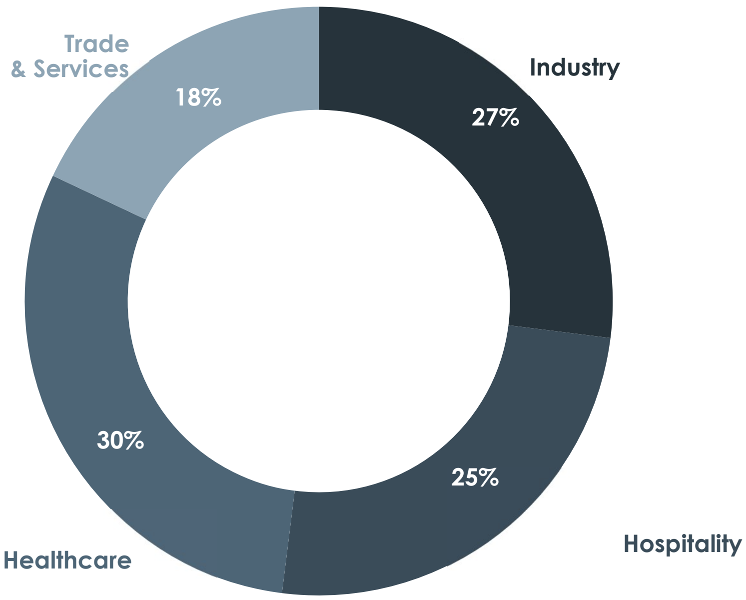
A leader in circular services thanks to a rental & maintenance model optimized through traceability technologies, Elis innovates every day. In the 29 countries in which it operates, Elis meets its customers' needs in terms of protection, hygiene and well-being, while helping them to achieve their environmental objectives. With its unique operational expertise and a profitable organic growth profile, Elis creates sustainable value for its shareholders, customers, employees and the environment.

### Breakdown of H1 2023 revenue

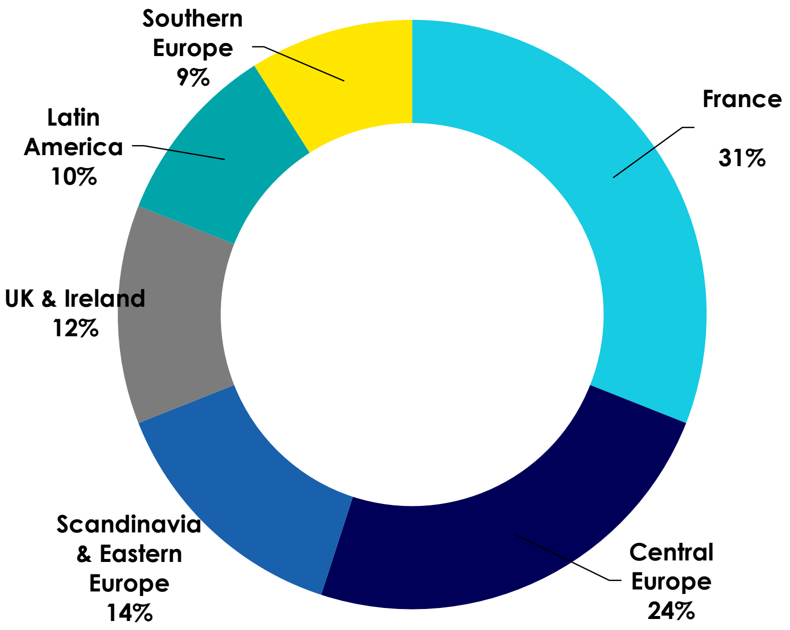
*By services*



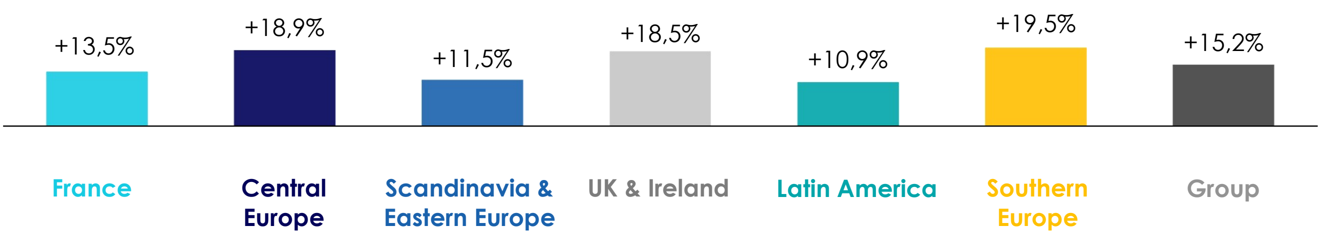

*By customer segment*



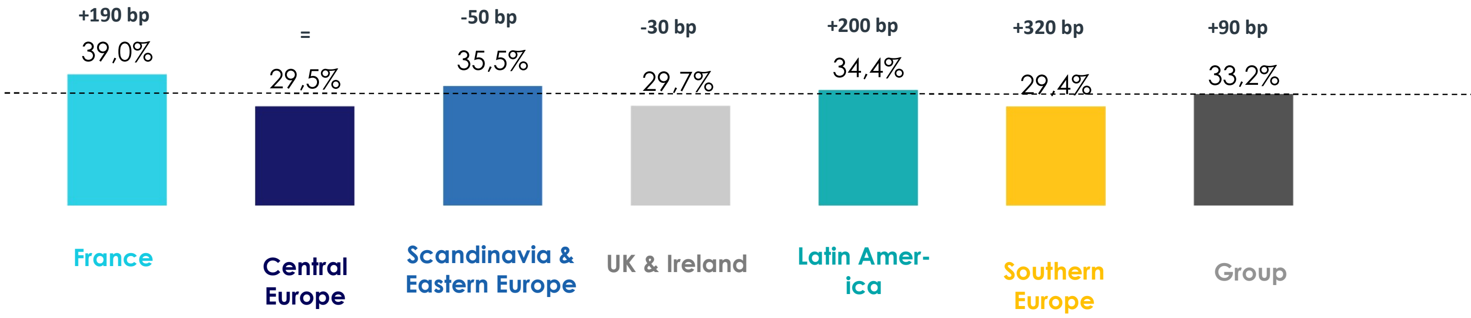
*By operating segment*




**H1 2023 organic revenue growth by operating segment**




**H1 2023 adjusted EBITDA margin growth by operating segment**



## 1.2 Highlights of the first half of 2023

**Very solid results despite inflation and continuing geopolitical uncertainties**

- Revenue of €2,101.3m (+17.8% of which +15.2% organic)
- Adjusted EBITDA margin up +90bps to 33.2% of revenue
- Adjusted EBIT margin up +200bps to 15.1% of revenue
- Net income up +158.3% to €138.8m
- Headline net income up +33.3% to €197.7m
- Headline net income per share up +25.5% at €0.78 (on a fully diluted basis)
- Free cash flow (after lease payments) at €16.9m, in line with the usual seasonality of the first half
- Financial leverage ratio down to 2.4x as of June 30, 2023

**Strong revenue growth: commercial achievements in Workwear, good pricing momentum to offset cost inflation and satisfactory activity in Hospitality**

- Record level of new Workwear contracts signed in the first half, driven by Elis' many commercial initiatives
- Good activity in Hospitality, especially in France
- Very favorable pricing momentum across all our markets, driven by the carry-forward effect of the adjustments implemented throughout 2022 and those put in place since January 1, 2023

**Improvement in EBITDA margin driven by operating leverage, productivity gains and neutral balance of inflationary impacts**

- Strong improvement of adjusted EBITDA margin in Southern Europe, Latin America and France, notably due to the activity re-bound in Hospitality
- Further productivity gains with marked improvement on the logistics side and on energy consumption
- Pricing effect is c. +11% in H1; the increase in our cost base is c. +10%
- Highly selective approach on new bids and contract renewals, sometimes leading to contract losses

**Further deployment of our CSR strategy**

- Improvement of Elis' extra-financial ratings, rewarding the Group's CSR strategy
- Elis will present its climate plan during an event on September 4, 2023, along with an update on current trading

## 1.3 Business review and comments on the first half of 2023

### H1 2023 revenue

| In millions of euros | 2023 | | | 2022 | | | Var. | | |
|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | H1 | Q1 | Q2 | H1 | Q1 | Q2 | H1 |
| France | 303.5 | 336.8 | 640.3 | 262.1 | 301.9 | 564.0 | +15.8% | +11.6% | +13.5% |
| Central Europe | 245.6 | 251.8 | 497.3 | 196.6 | 214.1 | 410.7 | +24.9% | +17.6% | +21.1% |
| Scandinavia & East. Eur. | 153.3 | 146.8 | 300.1 | 135.3 | 145.0 | 280.2 | +13.3% | +1.3% | +7.1% |
| UK & Ireland | 121.9 | 135.5 | 257.3 | 102.7 | 121.5 | 224.2 | +18.7% | +11.5% | +14.8% |
| Latin America | 102.4 | 111.3 | 213.7 | 64.2 | 76.8 | 141.0 | +59.6% | +44.9% | +51.6% |
| Southern Europe | 81.3 | 98.7 | 179.9 | 65.2 | 85.1 | 150.3 | +24.7% | +16.0% | +19.8% |
| Others | 5.5 | 7.1 | 12.6 | 6.8 | 6.7 | 13.5 | -19.1% | +5.4% | -6.9% |
| **Total** | **1 013.4** | **1 087.9** | **2 101.3** | **832.8** | **951.0** | **1 783.8** | **+21.7%** | **+14.4%** | **+17.8%** |

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

### H1 2023 revenue breakdown

| In millions of euros | H1 2023 | H1 2022 | Organic growth | External growth | FX | Reported growth |
|---|---|---|---|---|---|---|
| France | 640.3 | 564.0 | +13.5% | - | - | +13.5% |
| Central Europe | 497.3 | 410.7 | +18.9% | +1.4% | +0.7% | +21.1% |
| Scandinavia & East. Eur. | 300.1 | 280.2 | +11.5% | +0.5% | -4.9% | +7.1% |
| UK & Ireland | 257.3 | 224.2 | +18.5% | - | -3.7% | +14.8% |
| Latin America | 213.7 | 141.0 | +10.9% | +40.2% | +0.5% | +51.6% |
| Southern Europe | 179.9 | 150.3 | +19.4% | +0.3% | - | +19.8% |
| Others | 12.6 | 13.5 | -4.4% | - | -2.5% | -6.9% |
| **Total** | **2 101.3** | **1 783.8** | **+15.2%** | **+3.6%** | **-1.0%** | **+17.8%** |

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

### H1 2023 organic revenue growth

| | Q1 2023 organic growth | Q2 2023 organic growth | H1 2023 organic growth |
|---|---|---|---|
| France | +15.8% | +11.6% | +13.5% |
| Central Europe | +21.4% | +16.7% | +18.9% |
| Scandinavia & East. Eur. | +15.8% | +7.4% | +11.5% |
| UK & Ireland | +23.9% | +13.9% | +18.5% |
| Latin America | +12.6% | +9.5% | +10.9% |
| Southern Europe | +24.7% | +15.4% | +19.4% |
| Others | -15.4% | +6.6% | -4.4% |
| **Total** | **+18.3%** | **+12,5%** | **+15.2%** |

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

### Q2 2023 revenue

| In millions of euros | Q2 2023 | Q2 2022 | Organic growth | External growth | FX | Reported growth |
|---|---|---|---|---|---|---|
| France | 336.8 | 301.9 | +11.6% | - | - | +11.6% |
| Central Europe | 251.8 | 214.1 | +16.7% | - | +0.9% | +17.6% |
| Scandinavia & East. Eur. | 146.8 | 145.0 | +7.4% | +0.3% | -6.4% | +1.3% |
| UK & Ireland | 135.5 | 121.5 | +13.9% | - | -2.4% | +11.5% |
| Latin America | 111.3 | 76.8 | +9.5% | +38.0% | -2.6% | +44.9% |
| Southern Europe | 98.7 | 85.1 | +15.4% | +0.6% | - | +16.0% |
| Others | 7.1 | 6.7 | +6.6% | - | -1.2% | +5.4% |
| **Total** | **1 087.9** | **951.0** | **+12.5%** | **+3.2%** | **-1.3%** | **+14.4%** |

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

## H1 2023 adjusted EBITDA

| In millions of euros | H1 2023 reported | H1 2022 restated[1] | Var. H1 2023 / H1 2022 |
|---|---|---|---|
| France | 250.4 | 209.7 | +19.4% |
| *As of % of revenue* | *39.0%* | *37.0%* | *+190bps* |
| Central Europe | 147.3 | 121.5 | +21.2% |
| *As of % of revenue* | *29.5%* | *29.4%* | = |
| Scandinavia & East. Eur. | 106.5 | 100.7 | +5.7% |
| *As of % of revenue* | *35.5%* | *35.9%* | *-50bps* |
| UK & Ireland | 76.5 | 67.4 | +13.6% |
| *As of % of revenue* | *29.7%* | *30.0%* | *-30bps* |
| Latin America | 73.6 | 45.6 | +61.1% |
| *As of % of revenue* | *34.4%* | *32.4%* | *+200bps* |
| Southern Europe | 53.0 | 39.4 | +34.6% |
| *As of % of revenue* | *29.4%* | *26.2%* | *+320bps* |
| Others | (9.1) | (7.9) | +15.1% |
| **Total** | **698.1** | **576.4** | **+21.1%** |
| *As of % of revenue* | *33.2%* | *32.3%* | *+90bps* |

[1]: A reconciliation is provided in Note 1.6 of the condensed half-year consolidated financial statements included in section 2 of this report.
Margin rates and percentage change calculations are based on actual figures.

### France

H1 revenue was up +13.5% (entirely organic). On top of a favorable comparable base (Q1 2022 was still impacted by the Omicron variant), activity in Hospitality was well oriented, especially in Paris. Pricing dynamic was good and helped offset cost inflation. We recorded many contract wins in Workwear and Pest Control but our strong pricing discipline resulted in some losses in the other segments.

Logistics productivity gains, as well as the neutral balance of inflationary impacts, allowed an adjusted EBITDA margin improvement of +190bps in the first half of 2023, to 39.0%.

### Central Europe

The region's revenue was up +21.1% (+18.9% on an organic basis). In Germany, most price adjustments negotiated in 2022 to offset strong inflation (especially on wages) were implemented at the beginning of 2023, in particular for our clients in Healthcare. The country's organic revenue growth exceeded +20% in the first half. All other countries in the region delivered organic growth of c.+15% or more, with similar pricing dynamics and contract wins in Industry and Trade & Services, especially in Poland and the Netherlands. As in France, the Group's pricing discipline occasionally led to contract losses, notably in Healthcare in Germany.

H1 2023 adjusted EBITDA margin was stable in the first half compared to the same period last year, at 29.5%. The gradual implementation of price adjustments, and productivity gains, notably in logistics, offset the persistent high inflation in the region, especially in Germany. Our energy costs are rising in the geography, as 2022 volumes were hedged at prices below today's.

### Scandinavia & Eastern Europe

Revenue was up +7.1% in the region (+11.5% on an organic basis), driven by the strong pick-up in Hospitality, especially in Sweden and Denmark (with a favorable comparable base in Q1). Commercial momentum was very good in Workwear (including Cleanroom).

Adjusted EBITDA margin was down -50bps compared to H1 2022 at 35.5%. Inflation remains high, pricing negotiations are often more difficult, particularly with public healthcare clients, and the continuing recovery in Hospitality had a slightly dilutive effect on margin in the region.

### UK & Ireland

Revenue was up +14.8% in the region (+18.5% on an organic basis). The Group recorded a good performance in Hospitality, with a favorable comparable base in Q1. Pricing momentum is very good in the region. We also signed new contracts in Industry and Trade & Services thanks to strong commercial initiatives. However, our client's activity seems to be affected by the deteriorating macro environment in the UK.

Adjusted EBITDA margin was down -30bps in the first half compared to H1 2022, at 29.7%. UK margin was up, but margin in Ireland was down as H1 2022 was boosted by the tail end of pandemic-related subsidies. Restated for this one-off, the region's margin was up.

### Latin America

Revenue was up +51.6% in the region (+10.9% on an organic basis). Inflation in the region continues to fall below 10% while the outsourcing trend continues. The acquisition of the Mexican market leader, consolidated since July 1, 2022, contributed significantly to the strong scope effect recorded in H1 (+40.2%). Activity was very satisfactory in H1, with many new signings in Workwear. FX was virtually neutral for the half-year (+0.5%).

Adjusted EBITDA margin was strongly up +200bps in the first half compared to H1 2022 at 34.4%, driven by the integration of the Mexican asset as well as productivity gains in other countries.

### Southern Europe

Revenue was up +19.8% in the region (+19.4% on an organic basis). As expected, Hospitality benefited from a very favorable comparable base and delivered significant growth. In Workwear, commercial momentum and outsourcing trend continued. Finally, the pricing level was satisfactory in the region.

Strong revenue growth and productivity gains led to +320bps adjusted margin improvement in H1 2023, to 29.4%.

## Adjusted EBITDA to net income

| In millions of euros | H1 2023 reported | H1 2022 restated[1] | Var. |
|---|---|---|---|
| **Adjusted EBITDA** | **698.1** | **576.4** | **+21.1%** |
| *As a % of revenue* | *33.2%* | *32.3%* | *+90bps* |
| D&A | (381.7) | (344.0) | |
| **Adjusted EBIT** | **316.4** | **232.4** | **+36.2%** |
| *As a % of revenue* | *15.1%* | *13.0%* | *+200bps* |
| **Current operating income** | **305.3** | **221.2** | **+38.0%** |
| Amortization of intangible assets recognized in a business combination | (41.3) | (40.7) | |
| Goodwill impairment | - | (58.7) | |
| Non-current operating income and expenses | (21.5) | (1.2) | |
| **Operating income** | **242.4** | **120.7** | **+100.8%** |
| Net financial result | (56.9) | (28.9) | |
| Income tax | (46.7) | (38.0) | |
| **Income from continuing operations** | **138.8** | **53.7** | **+158.3%** |
| **Net income** | **138.8** | **53.7** | **+158.3%** |

[1]: A reconciliation is provided in Note 1.6 of the condensed half-year consolidated financial statements included in section 2 of this report.
Margin rates and percentage change calculations are based on actual figures.

## Adjusted EBIT

As a percentage of revenue, adjusted EBIT was up +200bps in H1 2023, due to the decrease in linen capex in 2020 and in 2021, and the inertia of industrial capex depreciation in relation to inflation (its depreciation period being much longer than linen), leading to a decrease in depreciation as a percentage of sales in the first half (18.2% vs. 19.3% in H1 2022).

## Operating income

The main items between EBIT and Operating income are as follows:

- Expenses related to free-share plans correspond to the requirements of the IFRS 2 accounting standard. They are stable in H1 2023 compared to H1 2022, at €10.3m,
- The amortization of intangible assets recognized in a business combination is mainly related to the goodwill allocation of Berendsen. In H1 2023, the aggregate was stable compared to H1 2022,
- Non-current operating expenses are increasing strongly, driven by the revaluation of the earn-out related to the 2022 Mexican acquisition. The financial outlook for the acquired group has been revised upwards in light of its performance in H1 2023,

- As a reminder, the Group booked a €58.7m goodwill impairment in Russia, on June 30, 2022, in accordance with accounting standards.

## Net financial result

In H1 2023, net financial expense was €56.9m. It is c. €28m higher compared to H1 2022, mainly due to a base effect (high foreign exchange gains in H1 2022), the accretion of the earn-out on the acquisition in Mexico in 2022, and interests on new financings put in place in 2022.

## Net income

Net income was up +158.3% at €138.8m in H1 2023, compared to €53.7m in H1 2022.

## Net income to headline net income

| In millions of euros | H1 2023 reported | H1 2022 restated[1] | Var. |
|---|---|---|---|
| **Net income** | **138.8** | **53.7** | **+158.3%** |
| Amortization of intangible assets recognized in a business combination[2] | 32.9 | 32.6 | |
| IFRS 2 expenses[2] | 9.8 | 10.2 | |
| Goodwill impairment | - | 58.7 | |
| Exceptional foreign exchange gains[2] | - | (7.9) | |
| Non-current operating income and expenses[2] | 16.3 | 1.0 | |
| **Headline net income** | **197,7** | **148.4** | **+33.3%** |
| Non-controlling interests | (0.0) | 0,0 | |
| **Headline net income attributable to owners of the parent (A)** | **197.7** | **148.4** | **+33.2%** |
| Convertible related interests (B) | (8.1) | (3.5) | |
| Share count – basic (C) | 232.6 | 231.0 | |
| Share count – fully diluted (D) | 263.4 | 245.1 | |
| **Headline net income per share (in euros):** | | | |
| - basic, attributable to owners of the parent = A/C | **0.85** | **0.64** | **+32.3%** |
| - diluted, attributable to owners of the parent = (A-B)/C | **0.78** | **0.62** | **+25.5%** |

[1]: A reconciliation is provided in Note 1.6 of the condensed half-year consolidated financial statements included in section 2 of this report.
[2]: Net of tax effect.

Headline net income was €197.7m in H1 2023, up +33.3% compared to H1 2022 and headline net income per share was up +25.5% at €0.78 (on a fully diluted basis).

## Cash flow statement

| In millions of euros | H1 2023 reported | H1 2022 restated[1] |
|---|---|---|
| **Adjusted EBITDA** | **698.1** | **576.4** |
| Non-recurring items and changes in provisions | (6.8) | (2.0) |
| Acquisition and disposal expenses | (0.5) | (1.7) |
| Other | (0.9) | (0.8) |
| **Cash flow before finance costs and tax** | **689.9** | **571.9** |
| Net capex | (414.1) | (320.9) |
| Change in working capital requirement | (85.9) | (81.6) |
| Net interest paid | (63.7) | (53.2) |
| Tax paid | (56.5) | (50.8) |
| Lease liabilities payments - principal | (52.9) | (48.5) |
| **Free cash flow (after lease liabilities payments)** | **16.9** | **17.0** |
| Acquisitions of subsidiaries, net of cash acquired | (61.7) | (32.4) |
| Changes arising from obtaining or losing control of subsidiaries or other entities | (4.0) | (1.8) |
| Other cash flows related to financing activities | (4.0) | 0.9 |
| Dividends and distributions paid | (61.7) | (33.2) |
| Equity increase & treasury shares | 0.5 | 0.4 |
| Other | 16.8 | 5.6 |
| **Net debt variance** | **(97.3)** | **(43.5)** |
| | **June 30, 2023** | **December 31, 2022** |
| **Net financial debt** | **3 275.4** | **3 178.0** |

[1]: A reconciliation is provided in Note 1.6 of the condensed half-year consolidated financial statements included in section 2 of this report.

## Net capex

In H1 2023, the Group's net capex were up c. €93m vs H1 2022. As a percentage of revenue, they represented 19.7%, compared to 18.0% in the same period last year. The ratio increase reflects the return to a normative seasonality of our activity, with most investments made in the first half of the year to prepare the season. As a reminder, in 2022, only 45% of investments had been made in the first half of the year, due to weak Hospitality activity and to supplier delays linked to the disruption of the global supply chain.

## Change in working capital requirement

In H1 2023, change in WCR was strongly negative at c. -€86m, reflecting the impact of the strong activity pick-up on trade receivables, and negative payables. The Group recorded good cash collection ratios: average payment time was 54 days at June 30, 2023, and 55 days as at June 30, 2022.

## Free cash-flow

In H1 2023, free cash flow (after lease liabilities payments) was €16.9m, in line with the Group's normative cash generation seasonality and yearly target.

## Net financial debt and financing

The Group's net financial debt as of June 30, 2023 stood at €3,275.4m compared to €3,178.0m at December 31, 2022 and €3 187.3m at June 30, 2022. The financial leverage ratio was 2.4x at June 30, 2023 compared to 2.5x at December 31, 2022 and 2.7x at June 30, 2022.

On July 20, 2023, the Group signed a new $200m USPP financing with a group of US investors led by MetLife Investment Management. The new notes have a 12-year maturity (July 2035) and will offer to investors a 6.03% coupon in US dollars. Elis has swapped the notes into euros for a total amount of €183 million and will pay a 5.21% coupon in euros.

## Payout for the 2022 financial year

The General Shareholders Meeting held on May 25, 2023 decided to offer each shareholder the option of receiving dividend payments of €0.41 per share for the financial year 2022 in cash or in new shares. The issue price of the new shares issued in payment of the dividend was set at €16.39. At the end of the option, 34.72% of the rights were exercised in favor of the payment in shares. The amount of the dividend for the financial year 2022 paid in cash to shareholders who opted for payment in kind amounted to €61.7m (excluding fees) and was paid in June.

## 1.4 2023 profitability objectives raised

- 2023 full-year organic revenue growth now expected at c. +12% (previously expected between +11% and +13%)
- 2023 adjusted EBITDA margin now expected up c. +70bps yoy (previously expected at c. +50bps yoy)
- 2023 adjusted EBIT now expected above €660m (previously expected above €650m)
- 2023 headline net income now expected above €410m (previously expected above €405m)
- 2023 headline net income per share still expected above €1.65 on a fully diluted basis (up at least +13% yoy)
- 2023 free cash flow (after lease payments) still expected above €260m (up at least +16% yoy)
- Financial leverage ratio at December 31, 2023 still expected at c. 2.1x

## 1.5 Financial definitions

- Organic growth in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" (as defined in the Document de Base) in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.
- Adjusted EBITDA is defined as adjusted EBIT before depreciation and amortization net of the portion of grants transferred to income.
- Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.
- Adjusted EBIT is defined as net income (loss) before net financial income (loss), income tax, share in net income of equity accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating income and expense, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expenses (share-based payments).
- Adjusted EBIT margin is defined as adjusted EBIT divided by revenue.
- Headline net result corresponds to net income or loss excluding extraordinary items which, due to their type and unusual nature, cannot be considered as intrinsic to the Group's current performance.
- Free cash flow is defined as adjusted EBITDA less non-cash-items and changes in working capital, purchases of linen, capital expenditures (net of disposals), tax paid, financial interest paid and lease liabilities payments.
- The financial leverage ratio is the leverage ratio calculated for the purpose of the financial covenant included in the banking agreement signed in 2021: Leverage ratio is equal to Net financial debt / adjusted EBITDA, pro forma of acquisitions finalized during the last 12 months, and after synergies.

## 1.6 Risk factors

The main risks and uncertainties that the Group could face during the second half of 2023 are those described in chapters 3 and 4 of the 2022 Universal Registration Document – in chapter 3, section 3.6.1 "Non-financial performance statement (NFPS)" (pages 193 to 196) and in chapter 4, section 4.1 "Risk factors" (pages 218 to 229). Subject to the information below and the updates to disputes detailed in Note 7.2 of the condensed half-year consolidated financial statements included in section 2 of this report, these risk factors remain applicable as at the date of this report.

In an environment marked by the ongoing military conflict between Russia and Ukraine as at the date of this report, the Company has not observed any significant adverse effects on its business, mainly due to limited exposure to Russia (the Group derives revenue of around €20 million per year from Russia and has no business in Ukraine).

Furthermore, the Company is monitoring the situation closely and has put in place the necessary arrangements to comply with international sanctions and export control measures imposed by a number of countries and organizations, including the European Union, the United Kingdom and the United States.

In the current situation, the main uncertainty concerns the future development of the conflict, international sanctions and the resulting export control measures, as well as the potential impact of the conflict and these sanctions and measures on the Group's business. The Company cannot rule out the possibility that, if these various sanctions were ramped up or if the conflict worsened, this could have an adverse impact on the Group's business, profitability or outlook.

## 1.7 Transactions with related parties

The main transactions with related parties are set out in Note 5.2 "Executive compensation" to the condensed half-year consolidated financial statements in section 2 of this report.

## 1.8 Changes in corporate governance

On March 7, 2023, the Supervisory Board appointed Fabrice Barthelémy as Vice-Chairman of the Supervisory Board to replace Joy Verlé, who resigned in August 2022.

On May 25, 2023, the Elis annual general shareholders' meeting was held, at which the shareholders approved:

- the reappointment of three members of the Supervisory Board, Thierry Morin, Magali Chessé and Philippe Delleur, for four-year terms, that is until the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2026;
- the appointment of Bpifrance Investissement as member of the Supervisory Board for a three-year term, that is until the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2025; This appointment automatically terminates its term of office as non-voting member, which began in January 2023. Bpifrance Investissement is represented by Paul-Philippe Bernier;
- the ratification of the co-option of Michel Plantevin as a member of the Supervisory Board on April 25, 2023, for the remainder of the term of office of his predecessor, Joy Verlé, that is until the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2024.

At June 30, 2023, the Elis Supervisory Board had 12 members, including 7 independent members, 5 women and 2 employee representatives.

In addition, Michel Plantevin and Bpifrance Investissement, represented by Paul-Philippe Bernier, were appointed members of the Appointments, Compensation and Governance Committee as at the effective date of their appointment as members of the Supervisory Board.

## 1.9 Information about share capital

### 1.9.1 Share capital and shareholding structure

The latest breakdown of the Company's share capital is updated on the Group's website at **www.elis.com**.

Based on statutory disclosures establishing an interest of more than 5% of share capital or voting rights, and disclosures by parties related to the Group, the share capital or voting rights structure as at June 30, 2023 was as follows:

| Shareholders | June 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | Theoretical voting rights | Exercisable voting rights | % of share capital | % of theoretical voting rights | % of exercisable voting rights |
| Canada Pension Plan Investment Board (*)(**) | 28,108,606 | 55,433,115 | 55,433,115 | 12.08% | 19.92% | 19.93% |
| Predica (*) | 14,391,615 | 28,383,777 | 28,383,777 | 6.18% | 10.20% | 10.21% |
| LAC I SLP fund (***) | 11,546,067 | 11,546,067 | 11,546,067 | 4.96% | 4.15% | 4.15% |
| Free float, o/w | 178,578,833 | 182,748,630 | 182,748,630 | 76.73% | 65.69% | 65.71% |
| . Executives and employees (a) | 5,861,199 | 10,518,347 | 10,518,347 | 2.52% | 3.78% | 3.78% |
| Treasury shares (b) | 101,064 | 101,064 | 0 | 0.04% | 0.04% | 0% |
| **Total** | **232,726,185** | **278,212,653** | **278,111,589** | **100%** | **100%** | **100%** |

(*) including shares held by the shareholder's representative(s) on the Supervisory Board

(**) Canada Pension Plan Investment Board reported to the AMF on July 17, 2023 that it had fallen below the threshold of 20% of voting rights at June 30, 2023.
(***) The LAC I SLP fund, represented by its manager Bpifrance Investissement, reported to the AMF that it had exceeded the threshold of 5% of the share capital on January 9, 2023 and then had fallen below it on June 23, 2023.
(a) O/w 1,838,182 shares held by employees through the "Elis for All" investment fund (FCPE), and 3,644,392 shares held in respect of settlements of performance share plans implemented by the Company for which the vesting period has expired.

(b) o/w 101,064 held under the liquidity agreement. These shares have no voting rights.

To the Company's knowledge, as at June 30, 2023, no shareholder other than those mentioned above directly or indirectly held 5% or more of the Company's share capital and voting rights.

### 1.9.2 Shareholding disclosure thresholds

Bpifrance Investissement, acting on behalf of LAC I SLP, which it manages, reported to the AMF that:

- on January 4, 2023, it exceeded the legal and statutory threshold of 5% of Elis' capital, bringing its holding to 11,517,663 shares, and voting rights in the company, representing 5% of the capital and 4.20% of the voting rights (AMF disclosure no. 223C0063),
- on June 22, 2023, it fell below the threshold of 5% of the capital of Elis with a holding of 11,546,067 shares, i.e. 4.96% of the capital and 4.17% of the voting rights of the company. This passive threshold crossing was the result of an increase in the total number of shares making up the capital of Elis following the payment of the dividend in new shares (AMF report no. 223C0959).

On July 17, 2023, the Canada Pension Plan Investment Board fund reported to the AMF that it had fallen below the legal threshold of 20% of Elis' voting rights and held 55,433,115 voting rights, i.e. 19.92% of the company's voting rights. This passive threshold crossing was the result of an increase in the total number of shares and voting rights making up the capital of Elis at June 30, 2023, reported by the company on July 12, 2023.

No other crossing of the 5% capital threshold was reported to the AMF.

### 1.9.3 Potential shares

At June 30, 2023, the securities giving access to the Company's capital were:

- performance shares granted by the Company (see Note 5.1 of the condensed half-year consolidated financial statements in section 2 of this report), representing 4,063,106 rights that may give rise to the issue of 4,063,106 new shares;
- OCEANE bonds (convertible or exchangeable for new or existing shares) issued by the Company, representing 29,375,610 underlying shares (including 6,279,434 OCEANE 2023 bonds and 3,800 OCEANE 2029 bonds). For OCEANE bonds maturing in 2023, the number of shares takes into account the last adjustment to the conversion ratio on May 30, 2023 following the dividend payment in respect of the 2022 financial year (see Note 10.2 of the condensed half-year consolidated financial statements in section 2 of this report). For the OCEANE bonds maturing in 2029, the conversion ratio was last adjusted on May 30, 2023, to 5915.9980 shares per bond, as for the 2023 OCEANE bonds.

The overall potentially dilutive effect of these instruments stood at around 14.37% of the share capital as at June 30, 2023.

## 1.10 Events after the reporting period

No other significant events have occurred since the condensed half-year consolidated financial statements' reporting date.

# 02 Condensed half-year consolidated financial statements

## 2.1 Interim consolidated income statement

| (in millions of euros) *(Unaudited)* | Notes | 06/30/2023 | 06/30/2022 restated (a) |
|---|---|---|---|
| Revenue | 3.1/3.3 | 2,101.3 | 1,783.8 |
| Cost of linen, equipment and other consumables | | (308.0) | (273.1) |
| Processing costs | | (809.3) | (698.3) |
| Distribution costs | | (307.4) | (276.4) |
| Gross margin | | 676.6 | 536.1 |
| Selling, general and administrative expenses | | (370.7) | (319.1) |
| Net impairment on trade and other receivables | | (0.7) | 4.1 |
| Operating income before other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment | 3.2 | 305.3 | 221.2 |
| Amortization of intangible assets recognized in a business combination | 4.1 | (41.3) | (40.7) |
| Goodwill impairment | 6.2 | - | (58.7) |
| Other operating income and expenses | 4.2 | (21.5) | (1.2) |
| Operating income | | 242.4 | 120.7 |
| Net financial income (loss) | 8.1 | (56.9) | (28.9) |
| Income (loss) before tax | | 185.5 | 91.8 |
| Tax | 9 | (46.7) | (38.0) |
| Income from continuing operations | | 138.8 | 53.7 |
| Income from discontinued operation, net of tax | | - | - |
| **NET INCOME (LOSS)** | | **138.8** | **53.7** |
| Attributable to: | | | |
| - owners of the parent | | 138.8 | 53.7 |
| - non-controlling interests | | 0.0 | 0.0 |
| Earnings (loss) per share (EPS) (in euros): | | | |
| - basic, attributable to owners of the parent | 10.3 | €0.60 | €0.23 |
| - diluted, attributable to owners of the parent | 10.3 | €0.56 | €0.23 |
| Earnings (loss) per share (EPS) from continuing operations (in euros): | | | |
| - basic, attributable to owners of the parent | 10.3 | €0.60 | €0.23 |
| - diluted, attributable to owners of the parent | 10.3 | €0.56 | €0.23 |

*(a) see Note 1.6*

## 2.2 Interim consolidated statement of comprehensive income

| (in millions of euros) *(Unaudited)* | Notes | 06/30/2023 | 06/30/2022 restated (a) |
|---|---|---|---|
| **NET INCOME (LOSS)** | | 138.8 | 53.7 |
| Gains (losses) on cash flow hedges, before tax | | 2.2 | 21.1 |
| Cash flow hedge reserve reclassified to income | | - | - |
| **Total change in cash flow hedge reserve, before taxes** | | **2.2** | **21.1** |
| Related tax | | (0.6) | (0.8) |
| **Net change in the cost of hedging, before tax** | | **(9.8)** | **2.2** |
| Related tax | | 2.5 | (0.6) |
| **Effects of changes in foreign exchange rates – net translation differences** | | **28.1** | **35.3** |
| Other comprehensive income (loss) which may be subsequently reclassified to income | | 22.4 | 57.2 |
| **Actuarial gains (losses) on defined benefit plans, before tax** | | **(11.9)** | **19.1** |
| Related tax | | (0.1) | (4.3) |
| Other comprehensive income (loss) which may not be subsequently reclassified to income | | (12.0) | 14.7 |
| **Other comprehensive income** | | **10.4** | **71.9** |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | **149.2** | **125.7** |
| Attributable to: | | | |
| - owners of the parent | | 149.3 | 125.6 |
| - non-controlling interests | | 0.0 | 0.0 |

*(a) see Note 1.6*

## 2.3 Interim consolidated statement of financial position – Assets

| (in millions of euros)<br>(Unaudited) | Notes | 06/30/2023 | 12/31/2022<br>restated (a) |
|---|---|---|---|
| *Goodwill* | 6.1 | 3,974.3 | 3,943.7 |
| Intangible assets | | 682.3 | 721.5 |
| Right-of-use assets | 11 | 483.7 | 466.9 |
| Property, plant and equipment | 6.3 | 2,138.3 | 2,039.8 |
| Other equity investments | | 0.1 | 0.1 |
| Other non-current assets | | 74.4 | 79.2 |
| Deferred tax assets | | 50.9 | 43.0 |
| Employee benefit assets | | 8.0 | 18.7 |
| TOTAL NON-CURRENT ASSETS | | 7,412.1 | 7,312.9 |
| Inventories | | 200.7 | 195.2 |
| Contract assets | | 60.4 | 45.5 |
| Trade and other receivables | | 839.3 | 748.0 |
| Current tax assets | | 27.4 | 18.2 |
| Other assets | | 23.4 | 17.4 |
| Cash and cash equivalents | 8.3 | 408.7 | 286.1 |
| Assets held for sale | | - | 0.2 |
| TOTAL CURRENT ASSETS | | 1,559.9 | 1,310.6 |
| **TOTAL ASSETS** | | **8,972.0** | **8,623.6** |

*(a) see Note 1.6*

## 2.4 Interim consolidated statement of financial position – Equity and liabilities

| (in millions of euros)<br>(Unaudited) | Notes | 06/30/2023 | 12/31/2022<br>restated (a) |
|---|---|---|---|
| *Share capital* | 10.1 | 232.7 | 230.1 |
| Additional paid-in capital | 10.1 | 2,471.2 | 2,440.9 |
| Treasury share reserve | | (1.2) | (1.7) |
| Other reserves | | (301.5) | (324.1) |
| Retained earnings (accumulated deficit) | | 906.6 | 866.2 |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | | **3,307.8** | **3,211.5** |
| **NON-CONTROLLING INTERESTS** | | **0.8** | **0.8** |
| TOTAL EQUITY | | 3,308.6 | 3,212.2 |
| Provisions | 7.1 | 91.2 | 91.8 |
| Employee benefit liabilities | | 68.3 | 69.4 |
| Borrowings and financial debt | 8.2/8.4 | 2,536.1 | 3,034.9 |
| Deferred tax liabilities | | 295.3 | 297.0 |
| Lease liabilities | 11 | 406.2 | 390.3 |
| Other non-current liabilities | | 41.4 | 69.6 |
| TOTAL NON-CURRENT LIABILITIES | | 3,438.5 | 3,952.9 |
| Current provisions | 7.1 | 10.3 | 10.4 |
| Current tax liabilities | | 27.2 | 24.0 |
| Trade and other payables | | 353.6 | 364.9 |
| Contract liabilities | | 84.8 | 81.4 |
| Current lease liabilities | 11 | 99.9 | 95.2 |
| Other liabilities | | 501.0 | 453.4 |
| Bank overdrafts and current borrowings | 8.2/8.4 | 1,148.0 | 429.3 |
| Liabilities directly associated with assets held for sale | | - | - |
| TOTAL CURRENT LIABILITIES | | 2,224.8 | 1,458.4 |
| **TOTAL EQUITY AND LIABILITIES** | | **8,972.0** | **8,623.6** |

*(a) see Note 1.6*

## 2.5 Interim consolidated statement of cash flows

| (in millions of euros)<br>*(Unaudited)* | Notes | 06/30/2023 | 06/30/2022<br>restated (a) |
|---|---|---|---|
| **Consolidated net income (loss)** | | **138.8** | **53.7** |
| Tax | 9 | 46.7 | 38.0 |
| Net financial income (loss) | 8.1 | 56.9 | 28.9 |
| Goodwill impairment | 6.2 | - | 58.7 |
| Share-based payments | | 8.4 | 9.8 |
| Depreciation, amortization and provisions | 4.1 | 422.4 | 383.8 |
| Portion of grants transferred to income | 4.1 | (0.3) | (0.3) |
| Net gains and losses on disposal of property, plant and equipment and intangible assets | | 1.0 | 1.1 |
| Other | | 15.9 | (1.8) |
| **CASH FLOWS BEFORE FINANCE COSTS AND TAX** | | **689.9** | **571.9** |
| Change in inventories | | (2.8) | (24.5) |
| Change in trade and other receivables and contract assets | | (93.4) | (118.6) |
| Change in other assets | | (4.4) | (3.1) |
| Change in trade and other payables | | (30.2) | 33.9 |
| Change in contract liabilities and other liabilities | | 49.5 | 30.8 |
| Other changes | | (1.9) | (1.0) |
| Employee benefits | | (2.7) | 0.9 |
| Tax paid | | (56.5) | (50.8) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | **547.5** | **439.6** |
| Acquisition of intangible assets | | (13.4) | (11.0) |
| Proceeds from disposal of intangible assets | | 0.0 | - |
| Acquisition of property, plant and equipment | | (402.9) | (315.7) |
| Proceeds from disposal of property, plant and equipment | | 2.0 | 5.6 |
| Acquisition of subsidiaries, net of cash acquired | 2.1 | (61.7) | (32.4) |
| Proceeds from disposal of subsidiaries, net of cash transferred | | - | - |
| Changes in loans and advances | | 0.2 | 0.6 |
| Dividends earned | | - | - |
| Investment grants | | 0.2 | 0.3 |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | | **(475.6)** | **(352.7)** |
| Capital increase | | 0.0 | (0.0) |
| Treasury shares | | 0.5 | 0.4 |
| Dividends and distributions paid | | | |
| *- to owners of the parent* | | *(61.7)* | *(33.2)* |
| *- to non-controlling interests* | | - | - |
| Change in borrowings (b) | 8.2 | 223.7 | 485.7 |
| *- Proceeds from new borrowings* | *8.2* | *624.2* | *739.6* |
| *- Repayments of borrowings* | *8.2* | *(400.5)* | *(254.0)* |
| Lease liability payments - principal | 11 | (52.9) | (48.5) |
| Net interest paid (including interest on lease liabilities) | | (63.7) | (53.2) |
| Other cash flows related to financing activities | | (4.0) | 0.9 |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | | **41.9** | **352.1** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **113.8** | **439.0** |
| Cash and cash equivalents at beginning of period | | 286.1 | 160.1 |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | 3.8 | 6.8 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | **403.6** | **605.8** |

*(a) see Note 1.6*
*(b) net change in credit lines*

## 2.6 Interim consolidated statement of changes in equity as at June 30, 2023

(in millions of euros)

| *(Unaudited)* | 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, 2022 restated (a)** | | **230.1** | **2,440.9** | **(1.7)** | **(3.6)** | **6.8** | **(404.5)** | **54.2** | **23.0** | **866.2** | **3,211.5** | **0.8** | **3,212.2** |
| Cash increase in share capital | 10.1 | - | - | - | - | - | - | - | - | 0.0 | 0.0 | - | 0.0 |
| Amounts paid to shareholders | 10.2 | - | - | - | - | - | - | - | - | (61.7) | (61.7) | - | (61.7) |
| Issue/redemption of convertible notes | | - | - | - | - | - | - | - | - | - | - | - | - |
| Share-based payments | | - | - | - | - | - | - | - | - | 8.4 | 8.4 | - | 8.4 |
| Changes in treasury shares | | - | - | 0.5 | - | - | - | - | - | - | 0.5 | - | 0.5 |
| Acquisition of NCI without a change in control | | - | - | - | - | - | - | - | - | (0.0) | (0.0) | 0.0 | (0.0) |
| Acquisition of subsidiary - NCI | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other changes | 10.1 | 2.6 | 30.2 | - | - | - | - | - | 0.3 | (33.1) | (0.0) | - | (0.0) |
| **NET INCOME (LOSS)** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **138.8** | **138.8** | **0.0** | **138.8** |
| Other comprehensive income | | - | - | - | 1.6 | (7.3) | 28.1 | - | - | (12.0) | 10.4 | - | 10.4 |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | **-** | **-** | **-** | **1.6** | **(7.3)** | **28.1** | **-** | **-** | **126.8** | **149.3** | **0.0** | **149.2** |
| **Balance as at June 30, 2023** | | **232.7** | **2,471.2** | **(1.2)** | **(2.0)** | **(0.5)** | **(376.4)** | **54.2** | **23.3** | **906.6** | **3,307.8** | **0.8** | **3,308.6** |

*(a) see Note 1.6*

## 2.7 Interim consolidated statement of changes in equity as at June 30, 2022

(in millions of euros)

| *(Unaudited)* | 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** | | **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 | | - | (0.0) | - | - | - | - | - | - | (0.0) | (0.0) | - | (0.0) |
| Amounts paid to shareholders | | - | (33.2) | - | - | - | - | - | - | (0.0) | (33.2) | - | (33.2) |
| Issue/redemption of convertible notes | | - | - | - | - | - | - | - | - | - | - | - | - |
| Share-based payments | | - | - | - | - | - | - | - | - | 9.8 | 9.8 | - | 9.8 |
| Changes in treasury shares | | - | - | 0.4 | - | - | - | - | - | - | 0.4 | - | 0.4 |
| Acquisition of NCI without a change in control | | - | - | - | - | - | - | - | - | (0.0) | (0.0) | - | (0.0) |
| Acquisition of subsidiary - NCI | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other changes | | 4.1 | (60.0) | - | - | - | - | - | 6.8 | 49.1 | (0.0) | - | (0.0) |
| **NET INCOME (LOSS)** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **53.7** | **53.7** | **0.0** | **53.7** |
| Other comprehensive income | | - | - | - | 20.2 | 1.7 | 35.3 | - | - | 14.7 | 71.9 | - | 71.9 |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | **-** | **-** | **-** | **20.2** | **1.7** | **35.3** | **-** | **-** | **68.4** | **125.6** | **0.0** | **125.7** |
| **Balance as at June 30, 2022 (restated)** | | **228.2** | **2,438.5** | **(1.1)** | **22.5** | **2.9** | **(344.8)** | **37.8** | **22.8** | **708.8** | **3,115.6** | **0.8** | **3,116.4** |

## 2.8 Notes to the consolidated financial statements

Elis is an international multi-service provider, offering textile, hygiene and well-being rental, laundry and maintenance solutions in Europe and Latin America. The Group serves hundreds of thousands of customers of all sizes in the Hospitality, Healthcare, Industry, 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 condensed half-year consolidated financial statements were approved by the Management Board and reviewed by the Audit Committee and Supervisory Board on July 26, 2023. They have also been subject to a limited review by the Statutory Auditors.

# NOTE 1 Accounting methods and policies

## 1.1 Basis of preparation

The Elis Group's condensed half-year consolidated financial statements include the financial statements of Elis and its subsidiaries.

The Elis Group (or the Group) refers to Elis (or the Company), the parent company of the Elis Group, and the companies it controls and consolidates.

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

## 1.2 Accounting standards applied

Elis' condensed half-year consolidated financial statements for the period from January 1 to June 30, 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting," the IFRS (International Financial Reporting Standards) standard as adopted by the European Union. As they are condensed financial statements, they do not include all the information required by IFRS for annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2022.

The amounts are shown with comparative figures from the consolidated financial statements as at December 31, 2022 and with the condensed half-year consolidated financial statements as at June 30, 2022.

## 1.3 Impact of new standards

The accounting policies used are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2022, except for standards, amendments and interpretations whose application is mandatory as at January 1, 2023.

The Group has identified only a limited impact of the new standards that become mandatory as at January 1, 2023, related to the amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The Group now recognizes a separate deferred tax asset in respect of lease liabilities and a deferred tax liability in respect of right-of-use assets – and no longer on a net basis. However, given the offsetting rules set out in IAS 12, there is no impact on the statement of financial position. The impact for the Group will only concern the note relating to deferred taxes, which will be included in the annual consolidated financial statements for 2023.

In addition, at June 30, 2023, the amendment to IAS 12 relating to the exception for the recognition of deferred tax under the Pillar 2 minimum tax rules had not yet been adopted.

Pending finalization of the IFRS texts, the Group has adopted the accounting principle of not recognizing deferred tax in respect of top-up tax. The top-up tax charge will therefore be recorded under current tax in the year in question.

The Group is in the process of taking simplification measures into account. Ireland is the main Group country concerned. At June 30, 2023, no impact had been recorded.

## 1.4 Critical accounting estimates and judgments

The preparation of the condensed half-year consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, income and expenses and the disclosures in some of the notes to the financial statements. Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

In preparing these condensed half-year consolidated financial statements, the judgments and significant estimates made by management in applying the Group's accounting policies were the same as those made for the annual consolidated financial statements as at December 31, 2022, with the exception of:

- the estimate made for the recognition of the interim tax expense, as described in Note 9 "Income tax expense";
- the French business tax (CVAE) and the employee profit-sharing taken into account in the results of the Group's French entities, which are provisioned at 50% of the estimated annual expense;
- the retirement benefit liabilities which were not remeasured using actuarial methods for the purposes of the condensed half-year consolidated financial statements. The retirement benefit expense for the period corresponds to 50% of the estimated expense for full-year 2023, based on data used at December 31, 2022, extrapolated for any significant changes in assumptions (change in discount and inflation rates) and for the pension reform in France.

## 1.5 Seasonal revenues

Revenue, recurring operating income (before other operating income and expenses) and all operating indicators are subject to low seasonal fluctuations, with the exception of tourism and summer vacation periods which impact activity at certain sites. The extent of the seasonal impact varies in the countries in which the Group operates.

Consequently, the half-year results for the period from January 1 to June 30, 2023 are not necessarily representative of the results for full-year 2023.

## 1.6 Restated income statement for prior financial years

The following tables present the adjustments related to previous business combinations compared to the income statement as at June 30, 2022 included in the condensed half-year consolidated financial statements and the previously published financial statements as at December 31, 2022.

### *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 main adjustments compared to previously published consolidated financial statements concern:

- The H1 2022 income statement. Initial accounting for several business combinations had not been completed by July 2022, the reporting date for the condensed half-year consolidated financial statements as at June 30, 2022: in particular, valuations of some customer relationships were not finalized until the second half of 2022. These valuations were performed using the excess earnings method.
- The balance sheet for the year ended December 31, 2022. As mentioned in Note 2.4 "Changes in the scope of consolidation" to the 2022 consolidated financial statements, because of the recent acquisitions, the initial accounting for business combinations acquired over the last 12 months had not been completed and the fair value amounts were therefore provisional. The restatements are mainly related to the allocation of goodwill from acquisitions made in the second half of 2022, and mostly for Lavartex in Mexico: recognition of customer relationships and the Lavartex brand, using standard valuation methods, with the help of an expert.

### 1.6.1 Interim consolidated income statement

| (in millions of euros) | 06/30/2022 published | IFRS 3 | 06/30/2022 restated |
|---|---|---|---|
| Revenue | 1,783.8 | - | 1,783.8 |
| Cost of linen, equipment and other consumables | (273.1) | - | (273.1) |
| Processing costs | (698.3) | - | (698.3) |
| Distribution costs | (276.4) | - | (276.4) |
| Gross margin | 536.1 | - | 536.1 |
| Selling, general and administrative expenses | (319.1) | - | (319.1) |
| Net impairment on trade and other receivables | 4.1 | - | 4.1 |
| Operating income before other income and expenses, amortization of intangible assets recognized in a business combination and goodwill impairment | 221.2 | - | 221.2 |
| Amortization of intangible assets recognized in a business combination | (40.4) | (0.3) | (40.7) |
| Goodwill impairment | (58.7) | - | (58.7) |
| Other operating income and expenses | (1.2) | - | (1.2) |
| Operating income | 121.0 | (0.3) | 120.7 |
| Net financial income (loss) | (28.9) | - | (28.9) |
| Income (loss) before tax | 92.0 | (0.3) | 91.8 |
| Tax | (38.1) | 0.1 | (38.0) |
| Income from continuing operations | 53.9 | (0.2) | 53.7 |
| Income from discontinued operation, net of tax | - | - | - |
| **NET INCOME (LOSS)** | **53.9** | **(0.2)** | **53.7** |
| Attributable to: | | | |
| - owners of the parent | 53.9 | (0.2) | 53.7 |
| - non-controlling interests | 0.0 | - | 0.0 |
| Earnings (loss) per share (EPS) (in euros): | | | |
| - basic, attributable to owners of the parent | €0.24 | | €0.23 |
| - diluted, attributable to owners of the parent | €0.24 | | €0.23 |
| Earnings (loss) per share (EPS) from continuing operations (in euros): | | | |
| - basic, attributable to owners of the parent | €0.24 | | €0.23 |
| - diluted, attributable to owners of the parent | €0.24 | | €0.23 |

### 1.6.2 Interim consolidated statement of comprehensive income

| (in millions of euros) | 06/30/2022 published | IFRS 3 | 06/30/2022 **restated** |
|---|---|---|---|
| **NET INCOME (LOSS)** | **53.9** | **(0.2)** | **53.7** |
| Gains (losses) on cash flow hedges, before tax | 21.1 | | 21.1 |
| Cash flow hedge reserve reclassified to income | - | | - |
| **Total change in cash flow hedge reserve, before taxes** | **21.1** | **-** | **21.1** |
| Related tax | (0.8) | | (0.8) |
| **Net change in the cost of hedging, before tax** | **2.2** | | **2.2** |
| Related tax | (0.6) | | (0.6) |
| **Effects of changes in foreign exchange rates – net translation differences** | **35.3** | **0.1** | **35.3** |
| Other comprehensive income (loss) which may be subsequently reclassified to income | 57.1 | 0.1 | 57.2 |
| **Actuarial gains (losses) on defined benefit plans, before tax** | **19.1** | | **19.1** |
| Related tax | (4.3) | | (4.3) |
| Other comprehensive income (loss) which may not be subsequently reclassified to income | 14.7 | - | 14.7 |
| **Other comprehensive income** | **71.9** | **0.1** | **71.9** |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | **125.8** | **(0.1)** | **125.7** |
| Attributable to: | | | |
| - owners of the parent | 125.8 | (0.1) | 125.6 |
| - non-controlling interests | 0.0 | - | 0.0 |

### 1.6.3 Consolidated statement of financial position – Assets

| (in millions of euros) | 12/31/2022 published | IFRS 3 allocation as at the acquisition date | IFRS 3 change between the acquisition date and the balance sheet date | IFRS 3 translation differences | 12/31/2022 restated |
|---|---|---|---|---|---|
| Goodwill | 3,962.6 | (18.7) | - | (0.2) | 3,943.7 |
| Intangible assets | 697.1 | 26.8 | (2.9) | 0.5 | 721.5 |
| Right-of-use assets | 466.9 | - | - | - | 466.9 |
| Property, plant and equipment | 2,039.5 | 0.4 | - | (0.0) | 2,039.8 |
| Other equity investments | 0.1 | - | - | - | 0.1 |
| Other non-current assets | 79.2 | - | - | - | 79.2 |
| Deferred tax assets | 43.0 | - | - | - | 43.0 |
| Employee benefit assets | 18.7 | - | - | - | 18.7 |
| TOTAL NON-CURRENT ASSETS | 7,307.0 | 8.5 | (2.9) | 0.3 | 7,312.9 |
| Inventories | 195.3 | (0.1) | - | (0.0) | 195.2 |
| Contract assets | 45.5 | - | - | - | 45.5 |
| Trade and other receivables | 748.2 | (0.2) | - | (0.0) | 748.0 |
| Current tax assets | 18.2 | 0.0 | - | (0.0) | 18.2 |
| Other assets | 17.4 | (0.1) | - | (0.0) | 17.4 |
| Cash and cash equivalents | 286.2 | (0.1) | - | (0.0) | 286.1 |
| Assets held for sale | 0.2 | - | - | - | 0.2 |
| TOTAL CURRENT ASSETS | 1,311.0 | (0.3) | - | (0.0) | 1,310.6 |
| **TOTAL ASSETS** | **8,618.0** | **8.2** | **(2.9)** | **0.2** | **8,623.6** |

### 1.6.4 Consolidated statement of financial position – Equity and liabilities

| (in millions of euros) | 12/31/2022 published | IFRS 3 allocation as at the acquisition date | IFRS 3 change between the acquisition date and the balance sheet date | IFRS 3 translation differences | 12/31/2022 restated |
|---|---|---|---|---|---|
| Share capital | 230.1 | - | - | - | 230.1 |
| Additional paid-in capital | 2,440.9 | - | - | - | 2,440.9 |
| Treasury share reserve | (1.7) | - | - | - | (1.7) |
| Other reserves | (324.2) | - | - | 0.1 | (324.1) |
| Retained earnings (accumulated deficit) | 868.2 | 0.0 | (2.0) | - | 866.2 |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | **3,213.4** | **0.0** | **(2.0)** | **0.1** | **3,211.5** |
| **NON-CONTROLLING INTERESTS** | **0.8** | **-** | **-** | **-** | **0.8** |
| TOTAL EQUITY | 3,214.2 | 0.0 | (2.0) | 0.1 | 3,212.2 |
| Provisions | 91.6 | 0.1 | - | 0.0 | 91.8 |
| Employee benefit liabilities | 69.4 | - | - | - | 69.4 |
| Borrowings and financial debt | 3,034.9 | - | - | - | 3,034.9 |
| Deferred tax liabilities | 290.1 | 7.6 | (0.9) | 0.2 | 297.0 |
| Lease liabilities | 390.3 | (0.0) | - | 0.0 | 390.3 |
| Other non-current liabilities | 68.9 | 0.7 | - | (0.0) | 69.6 |
| TOTAL NON-CURRENT LIABILITIES | 3,945.2 | 8.4 | (0.9) | 0.1 | 3,952.9 |
| Current provisions | 10.4 | - | - | - | 10.4 |
| Current tax liabilities | 24.0 | - | - | - | 24.0 |
| Trade and other payables | 364.9 | (0.1) | - | 0.0 | 364.9 |
| Contract liabilities | 81.4 | - | - | - | 81.4 |
| Current lease liabilities | 95.2 | (0.0) | - | 0.0 | 95.2 |
| Other liabilities | 453.9 | (0.5) | - | 0.0 | 453.4 |
| Bank overdrafts and current borrowings | 428.9 | 0.4 | - | (0.1) | 429.3 |
| Liabilities directly associated with assets held for sale | - | - | - | - | - |
| TOTAL CURRENT LIABILITIES | 1,458.6 | (0.2) | - | 0.0 | 1,458.4 |
| **TOTAL EQUITY AND LIABILITIES** | **8,618.0** | **8.2** | **(2.9)** | **0.2** | **8,623.6** |

### 1.6.5 Interim consolidated statement of cash flows

| (in millions of euros) | 06/30/2022 published | IFRS 3 | 06/30/2022 restated |
|---|---|---|---|
| **Consolidated net income (loss)** | **53.9** | **(0.2)** | **53.7** |
| Tax | 38.1 | (0.1) | 38.0 |
| Net financial income (loss) | 28.9 | - | 28.9 |
| Goodwill impairment | 58.7 | | 58.7 |
| Share-based payments | 9.8 | | 9.8 |
| Depreciation, amortization and provisions | 383.6 | 0.3 | 383.8 |
| Portion of grants transferred to income | (0.3) | | (0.3) |
| Net gains and losses on disposal of property, plant and equipment and intangible assets | 1.1 | | 1.1 |
| Other | (1.8) | - | (1.8) |
| **CASH FLOWS BEFORE FINANCE COSTS AND TAX** | **571.9** | **-** | **571.9** |
| Change in inventories | (24.5) | | (24.5) |
| Change in trade and other receivables and contract assets | (118.6) | | (118.6) |
| Change in other assets | (3.1) | | (3.1) |
| Change in trade and other payables | 33.9 | - | 33.9 |
| Change in contract liabilities and other liabilities | 30.8 | | 30.8 |
| Other changes | (1.0) | | (1.0) |
| Employee benefits | 0.9 | | 0.9 |
| Tax paid | (50.8) | | (50.8) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **439.6** | **-** | **439.6** |
| Acquisition of intangible assets | (11.0) | | (11.0) |
| Proceeds from disposal of intangible assets | - | | - |
| Acquisition of property, plant and equipment | (315.7) | - | (315.7) |
| Proceeds from disposal of property, plant and equipment | 5.6 | | 5.6 |
| Acquisition of subsidiaries, net of cash acquired | (32.4) | - | (32.4) |
| Proceeds from disposal of subsidiaries, net of cash transferred | - | | - |
| Changes in loans and advances | 0.6 | | 0.6 |
| Dividends earned | - | | - |
| Investment grants | 0.3 | | 0.3 |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **(352.7)** | **-** | **(352.7)** |
| Capital increase | (0.0) | | (0.0) |
| Treasury shares | 0.4 | | 0.4 |
| Dividends and distributions paid | | | |
| *- to owners of the parent* | *(33.2)* | | *(33.2)* |
| *- to non-controlling interests* | - | | - |
| Change in borrowings | 485.7 | | 485.7 |
| *- Proceeds from new borrowings* | *739.6* | | *739.6* |
| *- Repayments of borrowings* | *(254.0)* | | *(254.0)* |
| Lease liability payments - principal | (48.5) | - | (48.5) |
| Net interest paid (including interest on lease liabilities) | (53.2) | - | (53.2) |
| Other cash flows related to financing activities | 0.9 | | 0.9 |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | **352.1** | **-** | **352.1** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **439.0** | **-** | **439.0** |
| Cash and cash equivalents at beginning of period | 160.1 | | 160.1 |
| Effect of changes in foreign exchange rates on cash and cash equivalents | 6.8 | - | 6.8 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **605.8** | **-** | **605.8** |

# NOTE 2 Changes in the scope of consolidation and key highlights

## 2.1 Acquisitions completed during the first half of 2023

During the first half of the year, the Group acquired the following companies or assets, which the Group deemed to be business combinations:

- January 10, 2023: Center Lav Serviço de Lavanderia Ltda in Brazil (revenue of around €0.5 million; 35 employees);
- January 10, 2023: Euromaty assets in Poland (Mats; revenue of around €0.1 million; one employee);
- January 13, 2023: Lavandarias Monica 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 and Terrana sro in the Czech Republic (Workwear, revenue of around €2.8 million; 37 employees).
- March 31, 2023: SOS Termites SAS in France (Pest control, revenue of around €0.5 million; 5 employees);
- May 5, 2023: Servicetex GmbH in Germany (Workwear, revenue of around €2.4 million; 12 employees);
- May 30, 2023: Herr Entramatta AB assets in Sweden (Mats, revenue of around €0.9 million; 8 employees);
- May 31, 2023: Miettex Service Süd GmbH in Germany (Workwear, revenue of around €1.4 million; 1 employee);
- June 13, 2023: Gruppo Indaco in Italy (Pest control, revenue of around €5.2 million; 60 employees).

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

### *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* | *Italy* | *France* | *Portugal* | *Poland* | *Sweden* | *Czech Rep.* |
|---|---|---|---|---|---|---|---|---|---|
| **Balance sheet** | | | | | | | | | |
| Intangible assets | 0.3 | - | - | 0.0 | 0.2 | - | 0.1 | - | 0.0 |
| Right-of-use assets | 0.4 | - | - | 0.1 | 0.3 | - | - | - | - |
| Property, plant and equipment | 5.4 | 0.8 | 0.1 | 0.6 | 0.0 | 1.0 | 0.0 | - | 3.0 |
| Other non-current assets | - | - | - | - | - | - | - | - | - |
| Deferred tax assets | 0.0 | - | - | 0.0 | - | - | - | - | - |
| Inventories | 1.0 | - | - | 0.1 | 0.0 | 0.0 | - | - | 0.9 |
| Contract assets | 0.0 | - | - | 0.0 | - | - | - | - | - |
| Trade and other receivables | 5.0 | 0.5 | 0.0 | 2.4 | 0.1 | 0.4 | - | 0.9 | 0.8 |
| Current tax assets | 0.3 | - | - | 0.2 | 0.0 | 0.0 | - | - | - |
| Other assets | 0.0 | 0.0 | - | 0.0 | 0.0 | 0.0 | - | - | (0.0) |
| Cash and cash equivalents | 3.7 | 0.8 | 0.0 | 2.5 | 0.1 | 0.2 | - | - | 0.2 |
| Provisions | (0.4) | - | (0.4) | - | - | - | - | - | - |
| Borrowings and financial debt | (0.2) | - | - | - | - | (0.2) | - | - | (0.0) |
| Lease liabilities | (0.3) | - | - | (0.1) | (0.3) | - | - | - | - |
| Other non-current liabilities | - | - | - | - | - | - | - | - | - |
| Current tax liabilities | 0.1 | (0.0) | - | 0.1 | - | - | - | - | 0.0 |
| Trade and other payables | (1.5) | (0.1) | (0.0) | (0.5) | (0.1) | (0.1) | - | - | (0.6) |
| Contract liabilities | (0.1) | - | - | (0.1) | - | - | - | - | - |
| Current lease liabilities | (0.0) | - | - | (0.0) | (0.0) | - | - | - | - |
| Other liabilities | (1.2) | (0.3) | (0.0) | (0.6) | (0.0) | (0.3) | - | - | (0.1) |
| Bank overdrafts and current borrowings | (3.8) | - | - | (1.0) | (0.1) | - | - | - | (2.8) |
| **Total identifiable assets and liabilities at fair value (a)** | **7.8** | **1.6** | **(0.4)** | **3.1** | **0.1** | **1.0** | **0.1** | **0.9** | **1.4** |
| *Goodwill* | 22.5 | 6.8 | 1.0 | 9.5 | 0.5 | 2.7 | - | - | 1.8 |
| **Purchase price** | **30.2** | **8.4** | **0.6** | **12.6** | **0.7** | **3.7** | **0.1** | **0.9** | **3.2** |
| Acquisition-related transaction costs | 0.5 | 0.1 | 0.0 | 0.1 | - | 0.1 | - | - | 0.1 |

(a) Provisional amount, see below.

As at June 30, 2023, 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 2023 have contributed €3.9 million to revenue, €1.1 million to adjusted EBITDA, €0.7 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.6 million to net income. If these acquisitions had taken place at the beginning of 2023, the additional revenue would have been €5.2 million, with additional adjusted EBITDA of €1.7 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €0.5 million, and additional net income of €0.5 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) | 06/30/2023 | *Ger-many* | *Brazil* | *Italy* | *France* | *Portu-gal* | *Poland* | *Swe-den* | *Czech Rep.* | *Rus-sia* | *Spain* | *Chile* | *Slo-vakia* | *Ire-land* | *Den-mark* | *Co-lom-bia* | *Mexico* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net cash acquired including subsidiaries | 3.7 | 0.8 | 0.0 | 2.5 | 0.1 | 0.2 | - | - | 0.2 | - | - | - | - | - | - | - | - |
| Cash outflows for the acquisition | (65.4) | (8.4) | (0.9) | (12.6) | (0.7) | (3.7) | (0.1) | (0.9) | (3.2) | (0.5) | (0.3) | (1.8) | 0.0 | (0.2) | (0.4) | (0.3) | (31.4) |
| Cash inflows from forward contracts | | | | | | | | | | | | | | | | | |
| **Net cash flow** | **(61.7)** | **(7.6)** | **(0.9)** | **(10.1)** | **(0.6)** | **(3.6)** | **(0.1)** | **(0.9)** | **(3.1)** | **(0.5)** | **(0.3)** | **(1.8)** | **0.0** | **(0.2)** | **(0.4)** | **(0.3)** | **(31.4)** |

## 2.2 Changes in the scope of consolidation

The following changes in the scope of consolidation occurred during the first half of 2023:

| Entity name | Registered office | Business | % interest 06/30/2023 | % interest 12/31/2022 |
|---|---|---|---|---|
| ***France*** | | | | |
| Anchain Trade Services | Flers-en-Escrebieux | Textile & hygiene services | Merger | 100 |
| SOS Termites SAS | La Teste-de-Buch | Textile & hygiene services | 100 | - |
| ***Germany*** | | | | |
| Servicetex GmbH | Villingen-Schwenningen | Textile & hygiene services | 100 | - |
| Miettex Service Süd GmbH | Hamburg | Textile & hygiene services | 100 | - |
| ***Brazil*** | | | | |
| Center Lav Serviço de Lavanderia | Palmas | Textile & hygiene services | 100 | - |
| ***Italy*** | | | | |
| Sistema ambiente Srl | Parma | Textile & hygiene services | Merger | - |
| Gruppo Indaco Srl | Milan | Textile & hygiene services | 100 | - |
| ***Portugal*** | | | | |
| Lavandarias Monica SA | Ponte GMR | Textile & hygiene services | 100 | - |
| ***Czech Republic*** | | | | |
| Pevi, s.r.o. | Lanškroun | Textile & hygiene services | 100 | - |
| Terrana, s.r.o. | Lanškroun | Other | 100 | - |
| ***United Kingdom*** | | | | |
| Davis (BIM) Ltd | Basingstoke | Dormant | Dissolved | 100 |
| Sunlight Textile Services Ltd | Basingstoke | Dormant | Dissolved | 100 |
| Berendsen Finance (Euro 2) Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| Berendsen Healthcare Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| Berendsen Hospitality Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| Berendsen Cleanroom Services Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| Berendsen Workwear Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| Fabricare Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| St. Helen's Laundry Ltd | Basingstoke | Dormant | Dissolved | Currently being dissolved |
| Berendsen Finance (DKK) Ltd | Basingstoke | Dormant | Currently being dissolved | 100 |
| Berendsen Finance (Euro) Ltd | Basingstoke | Dormant | Currently being dissolved | 100 |
| Central Laundry Ltd | Basingstoke | Dormant | Currently being dissolved | 100 |
| ***Sweden*** | | | | |
| Herr Entramatta AB | Vällingby | Textile & hygiene services | 100 | - |
| ***Switzerland*** | | | | |
| AS Désinfection SA | Lonay | Textile & hygiene services | Merger | 100 |

## 2.3 Pension reform in France

Elis' commitments to the long-term benefit plans granted to its French employees in the form of retirement benefits have been revalued to take account of the enactment on April 14, 2023 of a law which, in particular, gradually raises the legal retirement age in France from 62 to 64. Compared with the values recognized at December 31, 2022, this reform results in a €0.9 million reduction in the commitment to retirement benefits payable to French employees. As regards the revaluation of services rendered by members of staff in periods prior to the current financial year, this income was recorded in the income statement under "Other operating income and expenses." This reform has no impact on the other long-term benefit plans granted to French employees.

## 2.4 Financing

### Securitization programs

On June 12, 2023, the Group entered into a three-year securitization program to sell trade receivables in France.

As part of this program, the Group has agreed to sell some of its trade receivables on a revolving basis. In accordance with the provisions of the contract, the subsidiaries undertake to indemnify the buyer in the event that the assigned receivables become irrecoverable or disputed. Furthermore, in these contracts, the buyer of the receivables, in order to insure their risk, finances only part of the receivables assigned to them, as is usually the case in similar commercial transactions. As the risks and rewards of ownership cannot be considered fully transferred, trade receivables cannot be derecognized and these transactions are treated as secured financing.

Trade receivables therefore include €278.6 million in assigned receivables outstanding at June 30, 2023.

The current portion of financial liabilities includes €181.3 million in respect of this program at June 30, 2023.

### Financial ratings

On March 15, 2023, DBRS Morningstar confirmed its "BBB low" rating and changed the trend from "stable" to "positive";

On March 24, 2023, S&P Global Ratings upgraded the outlook on the "BB+" long-term credit rating assigned to the Elis industrial laundry group from "stable" to "positive."

# NOTE 3 Segment information

The definition of segments and the rules for assessing the performance of each segment at June 30, 2023 are the same as those used to prepare the annual financial statements.

## 3.1 Revenue

**06/30/2023**

| (In millions of euros) | France | Central Europe | Scandinavia & Eastern Europe | UK & Ireland | Latin America | Southern Europe | Eliminations & other segments | **Total** |
|---|---|---|---|---|---|---|---|---|
| External customers | 640.3 | 497.3 | 300.1 | 257.3 | 213.7 | 179.9 | 12.6 | **2,101.3** |
| Inter-segment | 2.5 | 2.7 | 0.1 | 0.1 | - | 0.3 | (5.5) | - |
| **Segment revenue** | **642.8** | **500.0** | **300.2** | **257.4** | **213.7** | **180.2** | **7.0** | 2,101.3 |

**06/30/2022**

| (In millions of euros) | France | Central Europe | Scandinavia & Eastern Europe | UK & Ireland | Latin America | Southern Europe | Eliminations & other segments | **Total** |
|---|---|---|---|---|---|---|---|---|
| External customers | 564.0 | 410.7 | 280.2 | 224.2 | 141.0 | 150.3 | 13.5 | **1,783.8** |
| Inter-segment | 2.3 | 2.0 | 0.1 | 0.1 | - | 0.2 | (4.6) | - |
| **Segment revenue** | **566.3** | **412.7** | **280.3** | **224.2** | **141.0** | **150.4** | **8.9** | 1,783.8 |

## 3.2 Income (loss)

### *Non-IFRS indicators*

- Adjusted EBIT is defined as net income (loss) before net financial income (loss), income tax, share of income of equity-accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment, other operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expenses (share-based payments).
- Adjusted EBITDA is defined as adjusted EBIT before depreciation and amortization, net of the portion of grants transferred to income.

**06/30/2023**

| (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** | **140.8** | **55.7** | **52.9** | **20.6** | **34.1** | **20.6** | **(19.5)** | **305.3** |
| *Miscellaneous financial items* | *0.3* | *0.1* | *0.0* | *0.1* | *0.1* | *0.1* | *0.2* | 0.9 |
| *Expenses related to share-based payments* | *0.7* | *-* | *0.1* | *-* | *-* | *-* | *9.4* | 10.3 |
| **Adjusted EBIT** | **141.9** | **55.8** | **53.1** | **20.7** | **34.2** | **20.7** | **(9.9)** | **316.4** |
| *Depreciation and amortization, net of the portion of grants transferred to income* | *108.5* | *91.5* | *53.4* | *55.9* | *39.3* | *32.3* | *0.7* | 381.7 |
| **Adjusted EBITDA** | **250.4** | **147.3** | **106.5** | **76.5** | **73.6** | **53.0** | **(9.1)** | **698.1** |
| Adjusted EBITDA margin | *39.0%* | *29.5%* | *35.5%* | *29.7%* | *34.4%* | *29.4%* | | *33.2%* |

**06/30/2022**

| (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** | **109.0** | **36.5** | **49.3** | **15.4** | **20.7** | **9.4** | **(19.1)** | **221.2** |
| *Miscellaneous financial items* | *0.3* | *0.1* | *0.0* | *0.1* | *0.0* | *0.1* | *0.2* | 0.8 |
| *Expenses related to share-based payments* | *0.3* | *-* | *-* | *-* | *-* | *-* | *10.1* | 10.4 |
| **Adjusted EBIT** | **109.6** | **36.6** | **49.3** | **15.5** | **20.7** | **9.5** | **(8.8)** | **232.4** |
| *Depreciation and amortization, net of the portion of grants transferred to income* | *100.0* | *85.0* | *51.4* | *51.9* | *25.0* | *29.9* | *0.9* | 344.0 |
| **Adjusted EBITDA** | **209.7** | **121.5** | **100.7** | **67.4** | **45.6** | **39.4** | **(7.9)** | **576.4** |
| Adjusted EBITDA margin | *37.0%* | *29.4%* | *35.9%* | *30.0%* | *32.4%* | *26.2%* | | *32.3%* |

The half-year performance was marked by strong growth driven by higher prices in an inflationary context, and by the acquisition of Lavartex in Mexico for the Latin America sector. The first quarter of 2022 was also adversely affected by the Omicron variant in the Hospitality sector.

## 3.3 Disaggregation of revenue

### 06/30/2023

| (In millions of euros) | France | Central Europe | Scandinavia & Eastern Europe | UK & Ireland | Latin America | Southern Europe | Other segments | Total |
|---|---|---|---|---|---|---|---|---|
| Flat linen | 260.6 | 179.1 | 60.2 | 161.5 | 180.3 | 110.6 | - | **952.2** |
| Workwear | 231.8 | 257.8 | 114.8 | 76.7 | 32.8 | 47.8 | - | **761.7** |
| Hygiene and well-being | 167.2 | 47.8 | 104.4 | 13.7 | - | 21.8 | 0.1 | **354.9** |
| Other | (19.2) | 12.7 | 20.8 | 5.5 | 0.6 | (0.3) | 12.4 | **32.5** |
| **Revenue by service** | **640.3** | **497.3** | **300.1** | **257.3** | **213.7** | **179.9** | **12.6** | **2,101.3** |
| Hospitality | 220.8 | 64.2 | 53.0 | 87.9 | 20.1 | 84.2 | - | **530.3** |
| Industry | 121.4 | 161.3 | 159.2 | 44.7 | 38.9 | 34.1 | - | **559.5** |
| Healthcare | 113.5 | 197.2 | 39.8 | 96.1 | 153.2 | 30.9 | - | **630.7** |
| Commerce and services | 204.0 | 74.7 | 48.1 | 28.7 | 1.4 | 30.7 | - | **387.6** |
| Other | (19.4) | (0.0) | 0.0 | (0.0) | 0.0 | 0.0 | 12.6 | **(6.8)** |
| **Revenue by customer segment** | **640.3** | **497.3** | **300.1** | **257.3** | **213.7** | **179.9** | **12.6** | **2,101.3** |
| Services (supplied over a given period) | 636.2 | 482.9 | 279.3 | 249.9 | 211.3 | 179.6 | (0.3) | **2,038.9** |
| Sales of goods (supplied on a specific date) | 4.1 | 14.5 | 20.8 | 7.4 | 2.4 | 0.3 | 12.8 | **62.4** |
| **Revenue** | **640.3** | **497.3** | **300.1** | **257.3** | **213.7** | **179.9** | **12.6** | **2,101.3** |

### 06/30/2022

| (In millions of euros) | France | Central Europe | Scandinavia & Eastern Europe | UK & Ireland | Latin America | Southern Europe | Other segments | Total |
|---|---|---|---|---|---|---|---|---|
| Flat linen | 214.7 | 144.1 | 50.9 | 142.9 | 110.7 | 89.2 | - | **752.5** |
| Workwear | 206.2 | 218.3 | 110.5 | 64.0 | 29.2 | 42.4 | - | **670.7** |
| Hygiene and well-being | 157.0 | 37.7 | 100.2 | 11.3 | - | 18.7 | 0.1 | **325.0** |
| Other | (13.9) | 10.7 | 18.6 | 6.0 | 1.1 | (0.1) | 13.4 | **35.6** |
| **Revenue by service** | **564.0** | **410.7** | **280.2** | **224.2** | **141.0** | **150.3** | **13.5** | **1,783.8** |
| Hospitality | 184.2 | 39.3 | 44.3 | 71.5 | 11.5 | 66.8 | - | **417.6** |
| Industry | 108.1 | 136.5 | 152.3 | 40.0 | 33.7 | 29.6 | - | **500.2** |
| Healthcare | 98.0 | 170.8 | 38.0 | 85.9 | 94.7 | 27.0 | - | **514.4** |
| Commerce and services | 187.3 | 64.1 | 45.7 | 26.7 | 1.1 | 26.8 | - | **351.7** |
| Other | (13.6) | (0.0) | 0.0 | 0.0 | (0.0) | 0.0 | 13.5 | **(0.1)** |
| **Revenue by customer segment** | **564.0** | **410.7** | **280.2** | **224.2** | **141.0** | **150.3** | **13.5** | **1,783.8** |
| Services (supplied over a given period) | 560.6 | 399.0 | 262.6 | 216.3 | 138.1 | 150.1 | 1.2 | **1,728.0** |
| Sales of goods (supplied on a specific date) | 3.4 | 11.7 | 17.7 | 7.9 | 2.9 | 0.1 | 12.3 | **55.8** |
| **Revenue** | **564.0** | **410.7** | **280.2** | **224.2** | **141.0** | **150.3** | **13.5** | **1,783.8** |

# NOTE 4 Other operating data

## 4.1 Depreciation, amortization, provisions and other costs by type

| (In millions of euros) | 06/30/2023 | 06/30/2022 |
|---|---|---|
| **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 | (231.4) | (201.7) |
| Other leased items | (16.0) | (15.0) |
| Other property, plant and equipment and intangible assets | (78.8) | (78.2) |
| Right-of-use assets | (55.8) | (49.5) |
| Portion of grants transferred to income | 0.3 | 0.3 |
| *- included in Other operating income and expenses* | (0.1) | (0.0) |
| *- amortization of intangible assets recognized in a business combination* | (41.3) | (40.7) |
| *- included in Income from discontinued operations* | - | - |
| **Total depreciation and amortization (net of the portion of grants transferred to income)** | **(423.1)** | **(384.7)** |
| **Additions to or reversals of provisions** | | |
| | 0.2 | 0.4 |
| *- included in operating income before amortization of intangible assets recognized in a business combination, goodwill impairment and before other operating income and expenses* | | |
| *- included in Other operating income and expenses* | 0.7 | 0.7 |
| **Total additions to or reversals of provisions** | **0.9** | **1.1** |

## 4.2 Other operating income and expenses

| (In millions of euros) | 06/30/2023 | 06/30/2022 |
|---|---|---|
| Acquisition-related transaction costs | (0.8) | (2.1) |
| Earnout adjustments | (16.0) | 2.2 |
| Restructuring costs | (1.8) | (1.8) |
| Non-capitalizable costs related to the change of IT systems | (0.5) | (0.1) |
| Litigation | (2.7) | - |
| Net gain (loss) on site disposals | 0.5 | 0.4 |
| Expenses relating to site disposal | (0.3) | (0.1) |
| Environmental rehabilitation – costs net of changes in provisions | (0.2) | (0.6) |
| Employee benefits - Effect of plan changes | 0.9 | - |
| Other | (0.6) | 0.8 |
| **Other operating income and expenses** | **(21.5)** | **(1.2)** |

Non-current operating expenses are increasing, driven by the revaluation of the earn-out related to the 2022 Mexican acquisition. The financial outlook for the acquired group has been revised upwards in light of its performance in the first half of 2023.

# NOTE 5 Employee benefits expense

## 5.1 Share-based payments – Free performance share grants

In accordance with IFRS 2, Elis estimated the fair value of services received in return for bonus shares awarded, based on the fair value of the equity instruments granted, measured using the Monte Carlo model, which is determined by the share price fluctuations, and weighted by a reasonable assumption of meeting the share grant criteria. The expense, recognized together with a corresponding entry to equity, is spread over the vesting period starting from the date of the Management Board's approval of the plan and is recorded under operating income.

Details of the performance share plans under which shares have vested during the period or were still in the process of vesting as at June 30, 2023 are as follows:

| Free performance share grants | Plan no. 12 2020 | Plan no. 14 2021 | Plan no. 15 2021 | Plan no. 16 2022 | Plan no. 17 2022 | Plan no. 18 2022 | Plan no. 19 2023 |
|---|---|---|---|---|---|---|---|
| Date of shareholders' meeting | 06/30/2020 | 06/30/2020 | 06/30/2020 | 06/30/2020 | 06/30/2020 | 06/30/2020 | 05/25/2023 |
| Date of Supervisory Board meeting | 03/03/2020 and 06/30/2020 | 03/08/2021 | 03/08/2021 | 03/08/2022 | 03/08/2022 | 03/08/2022 | 03/07/2023 and 05/10/2023 |
| Date of decision of the Management Board | 07/09/2020 | 03/10/2021 | 08/30/2021 | 04/15/2022 | 05/20/2022 | 10/24/2022 | 06/16/2023 |
| Number of rights originally granted | 2,101,762 | 1,417,198 | 25,363 | 1,087,011 | 500,500 | 309,574 | 1,251,994 |
| – of which members of the Executive Committee | 581,029 | 448,472 | 0 | 0 | 500,500 | 0 | 412,448 |
| – of which corporate officers: | 276,244 | 213,220 | 0 | 0 | 240,128 | 0 | 197,827 |
| – Xavier Martiré | 165,746 | 127,932 | 0 | 0 | 144,334 | 0 | 118,908 |
| – Louis Guyot | 64,457 | 49,751 | 0 | 0 | 55,880 | 0 | 46,036 |
| – Matthieu Lecharny | 46,041 | 35,537 | 0 | 0 | 39,914 | 0 | 32,883 |
| Number of beneficiaries | 536 | 526 | 17 | 524 | 11 | 222 | 513 |
| – of which members of the Executive Committee | 11 | 11 | 0 | 0 | 11 | 0 | 11 |
| – of which corporate officers | 3(a) | 3(a) | 0 | 0 | 3(a) | 0 | 3(a) |
| Grant date | 07/09/2020 | 03/10/2021 | 08/30/2021 | 04/15/2022 | 05/20/2022 | 10/24/2022 | 06/16/2023 |
| Vesting date | | | | | | | |
| – members of the Management Board and the Executive Committee | 07/09/2023(c) | 03/10/2024(c) | | | 05/20/2025(c) | | 06/16/2026(c) |
| – other beneficiaries | 07/11/2022(c) | 03/10/2023(c) | 08/30/2023(c) | 04/15/2024(c) | | 10/24/2024(c) | 06/16/2025(c) |
| End of share lock-up period | | | | | | | |
| – members of the Management Board and the Executive Committee | 07/09/2023(d) | 03/10/2024(d) | | | 05/20/2025(d) | | 06/16/2026(d) |
| – other beneficiaries | 07/11/2022(d) | 03/10/2023(d) | 08/30/2023(d) | 04/15/2024(d) | | 10/24/2024(d) | 06/16/2025(d) |
| **Rights vested as at 06/30/2023*** | **1,366,492 (e)** | **576,867 (f)(g)(h)** | **0 (f)** | **1,517(h)(i)** | **0(i)** | **0(i)** | **0 (i)** |
| Number of rights lapsed or forfeited as at 06/30/2023 | 186,469 | 416,021 | 4,542 | 68,092 | 0 | 9582 | 0 |
| Number of rights outstanding as at 06/30/2023 | 548,801 | 423,596 | 20,821 | 1,017,402 | 500,500 | 299,992 | 1,251,994 |
| – of which members of the Executive Committee | 548,801 | 423,596 | | | 500,500 | | 412,448 |
| – of which corporate officers: | 276,244 | 213,220 | | | 240,128 | | 197,827 |
| – Xavier Martiré | 165,746 | 127,932 | | | 144,334 | | 118,908 |
| – Louis Guyot | 64,457 | 49,751 | | | 55,880 | | 46,036 |
| – Matthieu Lecharny | 46,041 | 35,537 | | | 39,914 | | 32,883 |
| Number of working beneficiaries as at 06/30/2023 | 440 | 448 | 14 | 483 | 11 | 216 | 513 |
| – of which members of the Executive Committee | 10 | 10 | 0 | 0 | 11 | 0 | 11 |
| – of which corporate officers: | 3(b) | 3(b) | 0 | 0 | 3(b) | 0 | 3(b) |

* between January 1 and June 30, 2023

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

(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny.
(c) 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.

(d) 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 French Code of Conduct for Trading and Market Activities. 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.
(e) not applicable.
(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 plans 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 conditions 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 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) At the recommendation of the Group's Appointments, Compensation and Governance Committee, at its meeting of March 7, 2023, the Supervisory Board examined the performance related to the final vesting of the performance shares granted to the employees under Plan no. 14, and noted that the two targets related to 2022 revenue and EBIT had been met, but the 2022 TSR had not been achieved. Consequently, 67% of the performance shares granted to employees in 2021 were vested on March 10, 2023.
(h) The amount takes into account the number of shares delivered in advance to an employee on disability for plans no. 14 and 16 (100% of the shares allocated were delivered in February 2023, in accordance with the plan rules)
(i) 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. In addition, three thresholds were set to determine whether the economic performance and CSR criteria have been met at the end of the vesting period: a trigger threshold (lower limit), a target threshold and a performance threshold (upper limit). Two thresholds were set for the stock market criterion (the target and performance thresholds). Performance will be measured on a straight-line basis between the lower and upper limits.
The number of shares to be delivered at the end of the vesting period will be determined in two stages: (i) a calculation based on the extent to which each criteria has met the set threshold, with the performance being measured on a straight-line basis between the lower and upper limits and (ii) a second limit will be used to take into account whether or not the target thresholds have been reached.
For the plans implemented in 2022 and 2023, 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. (Only the last two quotas will apply to the stock market criterion). The second limit set out below will then be applied:
- if the four target thresholds have been met (or exceeded), 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 met (or exceeded), the number of vested shares may not exceed 80% of the shares granted, irrespective of the deviation of the other two criteria from their target thresholds;
- if only one target threshold has been met (or exceeded), the number of vested shares may not exceed 70% of the shares granted, irrespective of the deviation of the other two criteria from their target thresholds;
- if no target threshold has been met, the number of vested shares may not exceed 60% of the shares granted.

Expenses related to share-based payments associated with the granting of free performance shares amounted to €10.3 million during the first half of 2023 (versus €10.4 million during the first half of 2022).

## 5.2 Executive compensation (related party disclosures)

As at June 30, 2023, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board.

The total compensation awarded to the main executives is as follows:

| (In millions of euros) | 06/30/2023 | 06/30/2022 |
|---|---|---|
| Number of people | 11 | 11 |
| Short-term benefits – Fixed, variable, special and other elements of compensation | (6.1) | (4.6) |
| Post-employment benefits | (1.7) | (1.2) |
| Termination benefits | - | - |
| Expenses related to share-based payments (IFRS 2) | (4.2) | (2.8) |

Post-employment benefits relate to a supplemental retirement plan introduced in accordance with 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.

## 5.3 Group Savings Plan

During the first half of the year, Elis decided to set up its fourth "Elis for All 2023" employee shareholding scheme, open to 18 countries. The Group has started notifying its employees about the launch of this scheme, which will be finalized in the second half of 2023. Under this scheme, eligible employees may subscribe to newly issued Elis SA shares, at a subscription price that is discounted by 30% compared to the average of the opening share prices preceding the day the subscription period opens, as well as a matching contribution at the rate of one free share for every 10 shares subscribed. Elis will recognize this scheme in accordance with IFRS 2 "Share-based payments" in the second half of the year when the terms of the scheme have been finalized.

# NOTE 6 Property, plant and equipment and intangible assets

## 6.1 *Goodwill*

| (In millions of euros) | 06/30/2023 |
|---|---|
| Gross value | 4,052.5 |
| Accumulated impairment | (108.8) |
| **Carrying amount at beginning of period** | **3,943.7** |
| Increase related to business combinations | 22.5 |
| Disposals | - |
| Translation adjustments | (0.6) |
| Other changes | (0.0) |
| **Changes in gross carrying amount** | **21.9** |
| Impairment | - |
| Translation adjustments | 8.7 |
| Other changes | 0.0 |
| **Changes in impairment** | **8.7** |
| **Carrying amount at end of period** | **3,974.3** |
| Gross value | 4,074.4 |
| Accumulated impairment | (100.0) |

## 6.2 Impairment tests as at June 30, 2023

In accordance with IAS 36, the Group identifies indications of impairment using both internal and external sources of information.

- External sources of information mostly comprise the review of the weighted average cost of capital (WACC).
- Internal sources of information mostly include reporting: a significant drop in profitability or the inability to meet budget are indicators of impairment.

Given the economic context, the Group regularly reviews the performance of each cash-generating unit (CGU) in order to decide whether it is necessary to carry out an impairment test. After reviewing both internal and external sources of information, management concluded that there was no indication of impairment as at June 30, 2023.

## 6.3 Property, plant and equipment

During the six months ended June 30, 2023, the Group acquired property, plant and equipment in the amount of €398.2 million (€320.3 million as at June 30, 2022). The changes which occurred during the period are presented as follows:

| (In millions of euros) | Land and buildings | Vehicles | Plant & equipment | Rental, laundry and maintenance items | Total |
|---|---|---|---|---|---|
| **Gross value** | 932.8 | 138.9 | 1,802.6 | 2,440.7 | 5,315.0 |
| **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** | **16.2** | **599.8** | **843.2** | **2,039.8** |
| Investments | 16.6 | 1.4 | 61.9 | 318.3 | 398.2 |
| Acquisitions through business combinations | 3.3 | 0.2 | 0.7 | 1.2 | 5.4 |
| Retirements and disposals | (0.3) | (0.1) | (0.2) | (2.2) | (2.9) |
| Depreciation | (15.0) | (3.5) | (50.2) | (247.4) | (316.1) |
| Translation adjustments | 3.0 | 0.5 | 4.9 | 5.5 | 13.9 |
| Impairment | - | - | (0.1) | - | (0.1) |
| Other movements | 10.5 | 0.3 | (11.4) | 0.5 | (0.1) |
| **Gross value** | 966.7 | 138.2 | 1,869.1 | 2,663.3 | 5,637.3 |
| **Accumulated amortization and impairment** | (367.9) | (123.2) | (1,263.7) | (1,744.3) | (3,499.0) |
| **Net carrying amount as at June 30, 2023** | **598.8** | **15.0** | **605.4** | **919.0** | **2,138.3** |

# NOTE 7 Provisions and contingent liabilities

## 7.1 Provisions

| (In millions of euros) | Compliance | Litigation | Other | Total |
|---|---|---|---|---|
| **As at 12/31/2022** | 73.6 | 6.1 | 22.4 | **102.1** |
| Increases/additions for the financial year | - | 1.5 | 0.1 | 1.6 |
| Increase related to business combinations | 0.4 | - | 0.1 | 0.5 |
| Decreases/reversals of used and unused provisions | (0.6) | (1.5) | (0.4) | (2.5) |
| Translation differences | (0.9) | 0.3 | 0.5 | (0.1) |
| Other | 0.0 | (0.0) | (0.1) | (0.1) |
| **As at June 30, 2023** | 72.5 | 6.5 | 22.5 | **101.5** |
| Current portion | 0.0 | 2.5 | 7.7 | **10.3** |
| Non-current portion | 72.4 | 3.9 | 14.8 | **91.2** |
| *France* | *12.2* | *1.5* | *0.2* | *13.9* |
| *UK & Ireland* | *12.0* | *-* | *(0.0)* | *12.0* |
| *Scandinavia & Eastern Europe* | *26.2* | *-* | *8.5* | *34.6* |
| *Latin America* | *8.8* | *4.5* | *12.9* | *26.2* |
| *Other segments* | *13.2* | *0.4* | *1.1* | *14.7* |

## 7.2 Contingent liabilities

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

### Disputes 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 June 30, 2023, 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 had been appealed by the administration, was confirmed by the Court of Appeal in favor of Atmosfera. The administration has filed a new appeal before the Superior Labor Court, resulting in a new proceeding. 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 was again rejected by the Superior Labor Court on June 21, 2023. The administration is once again entitled to appeal this decision, which it had not done as at the date of this document. Should the Ministry of Labor's decision be confirmed following a 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, 2023, 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. In March 2023, NJ Lavanderia was informed that these proceedings were definitively closed.

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). Therefore, the search and seizure warrants aimed at trying to find evidence of potential wrongdoings that could have taken place before the Group acquired Lavebras (and hence, NJ Lavanderia) in 2017, even though contracts after 2017 were also seized by the authorities.

As at June 30, 2023, 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, even though some entities are named in some of the pleadings and are involved in specific aspects of the investigation.

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 June 30, 2023, 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 June 30, 2023, 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. The amount of the dispute was approximately R$401 million as of the end of June 2023, or around €76 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 notified and, as a result of the investigation by the Brazilian Federal Police, 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 ten 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 Office confirmed termination of that inquiry, which is now closed.

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 10 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 June 30, 2023. The Company considers that it has strong arguments in connection with these various investigations and proceedings, which also concern other players in the sector.

The Group has also been informed of the opening of an investigation by CADE in connection with the above-mentioned events, although the Company does not yet have precise information on the subject of the investigation or its current status. Similarly, given the preliminary stage of this investigation, no provision has been recognized in the financial statements at June 30, 2023.

### *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. Because of these difficulties, Lavebras took legal action in order to be able to operate its plant, which Lavebras voluntarily closed in 2020. The judicial decision that authorized Lavebras to run its Teresina plant in 2019 and 2020 was appealed by the authorities and his now before the Court of Appeal. Should the Court of Appeal disagree with the first instance decision, Lavebras could be considered as having run its plant in Teresina without holding the necessary operating license, which may reinforce the Prosecutors arguments in the criminal litigation mentioned below.

The Company believes that it has a strong case to obtain a favorable decision in these legal proceedings. As at June 30, 2023, the Company has set aside no provisions in relation to these proceedings.

In October 2019, in addition to the above, the Public Prosecutor's Office alleged that Lavebras has caused water pollution through illegal wastewater discharges in a federal river located nearby Lavebras' plant and initiated a criminal litigation alleging that Lavebras ran its plant without holding the required operating licenses and polluted the 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. The prosecutor has not appealed this decision. Consequently, these proceedings closed in June 2022.

Since the alleged water pollution above relates to a Federal river, the Federal Police also started 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. These sanctions may consist, depending on the circumstances, of (i) the repayment of certain amounts paid under such contracts, if relevant, (ii) fines, and/or (iii) ban to participate in public tenders for a period up to five years.

A ban to participate to public tenders generally only applies to the legal entity which was sanctioned and in principle, it is limited to the administrative level (i.e., the federal, state or municipal level) of the relevant public customer taking the sanction. Furthermore, such ban has no effect on existing public contracts (with the exception, however, of (i) renewals of existing contracts, which public customers may consider inappropriate on a case-by-case basis, and (ii) contracts under which the existence of such a ban may constitute a valid cause 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.

Among the above-mentioned disputes, as a result of difficulties encountered in the performance of a contract concluded in the state of Goïas with one of the establishments of a customer subject to Brazilian public procurement law, BR Laundry was suspended for six months (until January 10, 2024) from taking part in public tenders with this customer, which is also present in several other Brazilian states via various establishments, some of which have current contracts with other Group entities in Brazil. Although the Company cannot rule out the possibility that this suspension could be used by the customer's other establishments in order to terminate current contracts with the Group, it has good reason to believe that this suspension only concerns BR Laundry. It should also be noted that this suspension concerns this customer alone (to the exclusion of other public, federal, state or municipal contracts).

In relation to these different disputes above, at June 30, 2023 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 Net financial income (loss)

| (In millions of euros) | 06/30/2023 | 06/30/2022 |
|---|---|---|
| Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost | (49.6) | (38.4) |
| Interest expense on lease liabilities | (9.0) | (5.7) |
| **Total interest expense** | **(58.6)** | **(44.0)** |
| Gains (losses) on interest rate derivatives measured at fair value through profit or loss | - | - |
| Interest income using the effective interest rate method | 5.2 | 2.2 |
| Foreign currency translation gains (losses) related to financing operations | 1.3 | 13.6 |
| Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss | 0.7 | (0.4) |
| Accretion expenses | (6.2) | (0.4) |
| Other | 0.7 | 0.1 |
| **Net financial income (loss)** | **(56.9)** | **(28.9)** |

In H1 2023, net financial expense was €56.9m. It is c. €28m higher compared to H1 2022, mainly due to a base effect (high foreign exchange gains in the 1st half of 2022), the accretion of the earn-out on the acquisition in Mexico in 2022, and interests on new financings put in place in 2022.

## 8.2 Gross debt

The Elis Group has several sources of financing: short- and medium-term financing on capital markets, bank loans, and private placement, as described in Note 8.3 "Gross debt" to the consolidated financial statements for the period ended December 31, 2022.

As at June 30, 2023, consolidated debt mainly comprised the following:

| (In millions of euros) | Maturity of liabilities | 06/30/2023 | 12/31/2022 |
|---|---|---|---|
| USPP | 2029 and 2032 | 499.9 | 503.7 |
| EMTN (Euro Medium Term Notes) | 2024, 2025, 2026, 2027 and 2028 | 2,210.4 | 2,233.1 |
| Convertible bonds | 2023 and 2027 | 543.9 | 532.9 |
| Medium-term negotiable notes (NEU MTN) | 2023 | - | 10.1 |
| Commercial paper (NEU CP) | less than 12 months | 243.0 | 184.0 |
| Revolving/bilateral short term | | 0.4 | 0.4 |
| Unamortized debt issuance costs | | (16.7) | (18.7) |
| Loan from employee profit-sharing fund | | 13.5 | 14.0 |
| Liabilities from securitization of receivables | 36-month program until June 2026 | 181.3 | - |
| Other | | 3.3 | 4.7 |
| Overdrafts | | 5.1 | 0.0 |
| **Total borrowings and financial debt** | | **3,684.1** | **3,464.2** |

As at June 30, 2023, all of Elis' long-term debt had fixed interest rates.

### Breakdown of financial debt by currency

| *(In millions of euros)* | 06/30/2023 | 12/31/2022 |
|---|---|---|
| EUR | 3,485.6 | 3,261.4 |
| USD | 197.9 | 201.6 |
| DKK | 0.6 | 0.6 |
| CLP | 0.1 | 0.2 |
| COP | 0.0 | 0.3 |
| **Borrowings and financial debt** | **3,684.1** | **3,464.2** |

Significant issuances and redemptions of debt securities during the period are presented below:

| (In millions of euros) | 12/31/2022 | 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 | 06/30/2023 |
|---|---|---|---|---|---|---|---|
| USPP | 501.6 | (0.0) | - | - | - | (3.7) | 497.9 |
| EMTN (Euro Medium Term Notes) | 2,200.0 | - | - | - | - | - | 2,200.0 |
| Convertible bonds | 530.6 | - | - | - | - | 6.7 | 537.3 |
| Medium-term negotiable notes (NEU MTN) | 10.0 | (10.0) | - | - | - | - | - |
| Commercial paper (NEU CP) | 184.0 | 59.0 | - | - | - | - | 243.0 |
| Revolving/bilateral short term | - | - | - | - | - | - | - |
| Liabilities from securitization of receivables | - | 181.3 | - | - | 0.0 | - | 181.3 |
| Other loans | 4.7 | (5.5) | 4.0 | 0.0 | 0.0 | (0.0) | 3.3 |
| Overdrafts | 0.0 | - | 0.0 | 0.0 | 4.8 | (0.0) | 4.8 |
| Loan from employee profit-sharing fund | 14.0 | (0.7) | - | - | | | 13.3 |
| Loans | 212.7 | 224.1 | 4.0 | 0.0 | 4.8 | (0.0) | 445.6 |
| Accrued interest | 38.0 | | | - | 0.3 | (18.3) | 20.1 |
| Unamortized debt issuance costs | (18.7) | (0.4) | - | - | - | 2.4 | (16.7) |
| **Borrowings and financial debt** | **3,464.2** | **223.7** | **4.0** | **0.0** | **5.1** | **(12.9)** | **3,684.1** |
| **Reconciliation to cash flow statement** | | | | | | | |
| - Proceeds from new borrowings | | 624.2 | | | | | |
| - Repayments of borrowings | | (400.5) | | | | | |
| **Change in borrowings** | | **223.7** | | | | | |

### *Capital markets*

On the short-term capital market, Elis has an unrated commercial paper program, approved by Banque de France, in the amount of €600 million. As at June 30, 2023, outstandings under this program totaled €243.0 million, versus €184.0 million as at December 31, 2022, a decrease of €59.0 million.

### *Bank loans and private placement*

As at June 30, 2023, the revolving line of credit of €900 million was undrawn.

### *Securitization programs*

As mentioned in Note 2.4 "Financing," on June 12, 2023, the Group entered into a three-year securitization program to sell trade receivables in France. At June 30, 2023, the corresponding debt amounted to €181.3 million. It bears interest at the 1 month Euribor rate + a margin of 2%.

## 8.3 Cash and cash equivalents

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

| (In millions of euros) | 06/30/2023 | 12/31/2022 |
|---|---|---|
| Demand accounts | 224.0 | 282.7 |
| Term deposits and marketable securities | 184.7 | 3.4 |
| **Cash and cash equivalents (assets)** | **408.7** | **286.1** |
| Overdrafts | (5.1) | (0.0) |
| **Cash and cash equivalents, net** | **403.6** | **286.1** |

Term deposits include a €181 million locked-in deposit with a French financial institution, maturing in three months on September 20, 2023.

Cash and cash equivalents in Russia amounted to €4.5 million at June 30, 2023 (€6.4 million at December 31, 2022). This amount is used for the day-to-day operations of subsidiaries in this country.

In Latin America (excluding Mexico), where there may be foreign exchange controls, cash and cash equivalents totaled €61.4 million as at June 30, 2023, compared with €59.7 million at December 31, 2022.

## 8.4 Net financial debt

| (In millions of euros) | 06/30/2023 | 12/31/2022 |
|---|---|---|
| USPP | 497.9 | 501.6 |
| EMTN (Euro Medium Term Notes) | 2,200.0 | 2,200.0 |
| Convertible bonds | 537.3 | 530.6 |
| Medium-term negotiable notes (NEU MTN) | - | 10.0 |
| Commercial paper (NEU CP) | 243.0 | 184.0 |
| Liabilities from securitization of receivables | 181.3 | - |
| Other loans | 3.3 | 4.7 |
| Overdrafts | 4.8 | 0.0 |
| Loan from employee profit-sharing fund | 13.3 | 14.0 |
| Loans | 445.6 | 212.7 |
| Accrued interest | 20.1 | 38.0 |
| Unamortized debt issuance costs | (16.7) | (18.7) |
| **Borrowings and financial debt** | **3,684.1** | **3,464.2** |
| Of which maturing in less than one year | 1,148.0 | 429.3 |
| Of which maturing in more than one year | 2,536.1 | 3,034.9 |
| **Cash and cash equivalents (assets)** | **408.7** | **286.1** |
| **Net debt** | **3,275.4** | **3,178.0** |

## 8.5 Financial assets and liabilities

The following table shows the comparison between the balance sheet value and the fair value of financial assets and liabilities:

| (In millions of euros) | 06/30/2023 | | Breakdown by category of financial instrument | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Mandatory at fair value through profit or loss | Fair value – hedging instruments by OCI | Financial assets at amortized cost | Debt at amortized cost |
| Other equity investments | 0.1 | 0.1 | 0.1 | | | |
| Other non-current assets | 74.4 | 74.4 | 27.8 | 8.0 | 38.7 | |
| Contract assets | 60.4 | 60.4 | | | 60.4 | |
| Trade and other receivables | 839.3 | 839.3 | | | 839.3 | |
| Other current assets | 23.4 | 23.4 | 1.9 | 0.4 | 21.2 | |
| Cash and cash equivalents | 408.7 | 408.7 | | | 408.7 | |
| **Financial assets** | **1,406.3** | **1,406.3** | **29.7** | **8.3** | **1,368.3** | **-** |
| Borrowings and financial debt | 2,536.1 | 2,349.3 | | | | 2,536.1 |
| Other non-current liabilities | 41.4 | 41.4 | 23.0 | 5.8 | | 12.6 |
| Trade and other payables | 353.6 | 353.6 | | | | 353.6 |
| Contract liabilities | 84.8 | 84.8 | | | | 84.8 |
| Other current liabilities | 501.0 | 501.0 | 56.2 | 2.4 | | 442.4 |
| Bank overdrafts and current borrowings | 1,148.0 | 1,139.8 | | | | 1,148.0 |
| **Financial liabilities (excluding lease liabilities)** | **4,665.0** | **4,469.9** | **79.2** | **8.2** | **-** | **4,577.6** |

| (In millions of euros) | 12/31/2022 | | Breakdown by category of financial instrument | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Mandatory at fair value through profit or loss | Fair value – hedging instruments by 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 | 748.0 | 748.0 | | | 748.0 | |
| Other current assets | 17.4 | 17.4 | 0.7 | 1.0 | 15.6 | |
| Cash and cash equivalents | 286.1 | 286.1 | | | 286.1 | |
| **Financial assets** | **1,176.2** | **1,176.2** | **27.5** | **16.6** | **1,132.1** | **-** |
| Borrowings and financial debt | 3,034.9 | 2,795.0 | | | | 3,034.9 |
| Other non-current liabilities | 69.6 | 69.6 | 57.2 | - | | 12.4 |
| Trade and other payables | 364.9 | 364.9 | | | | 364.9 |
| Contract liabilities | 81.4 | 81.4 | | | | 81.4 |
| Other current liabilities | 453.4 | 453.4 | 35.7 | 5.1 | | 412.6 |
| Bank overdrafts and current borrowings | 429.3 | 431.5 | | | | 429.3 |
| **Financial liabilities (excluding lease liabilities)** | **4,433.4** | **4,195.8** | **92.8** | **5.1** | **-** | **4,335.5** |

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

| (In millions of euros) | 06/30/2023 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) | 8.0 | | 8.0 | |
| Current derivatives – assets (currency forwards) | 2.2 | | 2.2 | |
| Offsetting assets | 27.8 | | | 27.8 |
| **Assets measured at fair value** | **38.0** | **-** | **10.2** | **27.8** |
| Non-current derivatives – liabilities (cross-currency swaps) | 5.8 | | 5.8 | |
| Current derivatives – liabilities (currency forwards) | 5.1 | | 5.1 | |
| Debt related to acquisitions | 76.5 | | | 76.5 |
| **Liabilities measured at fair value** | **87.4** | **-** | **10.9** | **76.5** |
| USPP | 440.1 | | 440.1 | |
| EMTN (Euro Medium Term Notes) | 2,063.9 | 2,063.9 | | |
| Convertible bonds – debt component | 531.9 | | 531.9 | |
| **Liabilities for which fair value is disclosed in the Notes** | **3,035.9** | **2,063.9** | **972.0** | **-** |

| (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 (interest rate swaps) | - | | - | |
| Current derivatives – liabilities (currency forwards) | 7.3 | | 7.3 | |
| Debt related to acquisitions | 90.6 | | | 90.6 |
| **Liabilities measured at fair value** | **97.9** | **-** | **7.3** | **90.6** |
| 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** | **-** |

# NOTE 9 Income tax expense

The Group recognizes income tax expense for interim periods based on its best estimate of the average annual tax rate expected to apply to total annual earnings for each tax jurisdiction.

# NOTE 10 Shareholders' equity and earnings per share

## 10.1 Changes in share capital

| | |
|---|---|
| **Number of shares as at January 1, 2022** | **224,076,007** |
| **Number of shares as at December 31, 2022** | **230,147,257** |
| **Number of shares as at June 30, 2023** | **232,726,185** |
| Number of authorized shares | 232,726,185 |
| Number of shares issued and fully paid up | 232,726,185 |
| Number of shares issued and not fully paid up | - |
| Par value of shares | 1.00 |
| Treasury shares | 104,816 |
| Shares reserved for issue under options and sales agreements | - |

Following the vesting of the free performance shares, the share capital was increased on March 10, 2023 by a nominal amount of €0.6 million, through the capitalization of that amount in "Additional paid-in capital."

In addition, the general shareholders' meeting of May 25, 2023, confirmed by the Management Board on June 22, 2023, decided to allocate the net profit for the 2022 financial year (plus retained earnings) of €110.4 million as follows:

- €61.7 million to the distribution of the cash dividend of €0.41 per share (after the result of the distribution of the stock dividend referred to below),
- the balance to retained earnings.

Finally, the share capital and issue premium were increased to €2.0 million and €30.8 million respectively through the creation of 2,002,768 new Elis shares to implement the distribution of the dividends as shares (see below). An amount of €0.3 million was also deducted from the balance of distributable profit to bring the Company's legal reserve to one-tenth of the new share capital.

## 10.2 Dividends and distributions paid

At the general shareholders' meeting of May 25, 2023, it was decided to distribute a dividend for the 2022 financial year of €0.41 per share, with the option of this dividend being paid in Elis shares.

The cash and share dividend was distributed on June 22, 2023.

34.72% of rights were exercised in favor of the payment of the dividend in shares, representing an issue of 2,002,768 new shares. The cash dividend paid to shareholders who did not opt for the stock dividend amounted to €61.7 million.

## 10.3 Earnings per share

The weighted average number of ordinary shares outstanding during the period is shown below:

| (In millions of euros) | 06/30/2023 | 06/30/2022 |
|---|---|---|
| Net income or loss attributable to owners of the parent | | |
| - Continuing operations | 138.8 | 53.7 |
| - Discontinued operations | - | - |
| **Net income or loss attributable to owners of the parent** | **138.8** | **53.7** |
| Weighted average number of shares | 232,643,268 | 231,016,474 |
| Effect of conversion of convertible bonds | 29,375,611 | 13,789,638 |
| Effect of contingently issuable shares | 1,393,828 | 293,552 |
| Weighted average number of shares used for diluted EPS | 263,412,707 | 245,099,664 |
| Earnings (loss) per share (EPS) (in euros): | | |
| - basic, attributable to owners of the parent | €0.60 | €0.23 |
| - diluted, attributable to owners of the parent | €0.56 | €0.23 |
| Earnings (loss) per share (EPS) from continuing operations (in euros): | | |
| - basic, attributable to owners of the parent | €0.60 | €0.23 |
| - diluted, attributable to owners of the parent | €0.56 | €0.23 |

# NOTE 11 Right-of-use assets and lease liabilities

| | Right-of-use assets | | | | |
|---|---|---|---|---|---|
| (In millions of euros) | Land and buildings | Vehicles | Plant & equipment | Total | Lease liabilities |
| **As at 12/31/2022** | **311.4** | **147.4** | **8.1** | **466.9** | **485.4** |
| Increase related to business combinations | 0.4 | - | - | **0.4** | **0.4** |
| New rights of use | 11.6 | 47.1 | 1.0 | **59.7** | **59.7** |
| Remeasuring of rights of use | 8.5 | 1.5 | 0.4 | **10.4** | **10.4** |
| Depreciation & amortization / impairment | (23.3) | (30.6) | (1.9) | **(55.7)** | |
| Principal payments | | | | | **(52.9)** |
| Translation differences | 4.2 | 0.3 | 0.1 | **4.6** | **4.9** |
| Other movements | (0.3) | (1.7) | (0.5) | **(2.5)** | **(1.8)** |
| **As at June 30, 2023** | **312.5** | **164.0** | **7.2** | **483.7** | **506.2** |

As at June 30, 2023, the Group had recognized lease expenses relating to:

- short-term lease agreements in the amount of €3.7 million (versus €3.8 million at June 30, 2022);
- leases of low-value assets in the amount of €0.9 million (versus €0.9 million at June 30, 2022); and
- variable lease payments in the amount of €0.2 million (versus €0.3 million at June 30, 2022).

# NOTE 12 Off-balance sheet commitments

| (In millions of euros) | 06/30/2023 | 12/31/2022 |
|---|---|---|
| **Commitments given** | | |
| Assignment and pledge of receivables as collateral | | |
| Pledges, mortgages and sureties | 1.7 | 1.7 |
| Pledges, endorsements and guarantees given | | |
| Warranties | - | - |
| **Commitments received** | | |
| Pledges, mortgages and sureties | | |
| Pledges, endorsements and guarantees received | 38.2 | 35.0 |
| Warranties | 144.2 | 130.7 |

# NOTE 13 Events after the reporting period

### Acquisitions made after June 30:

July 7: 3D Désinfection Dératisation et Désinsectisation in France (Pest Control, revenue of around €0.6 million, 5 employees).

### Capital increase

On July 10, 2022, following the vesting of the free performance shares, the share capital was increased by a nominal amount of €0.5 million, through the capitalization of that amount in "Additional paid-in capital."

### USPP

On July 20, Elis took out new USPP financing for US$200 million. The new notes issued have a 12-year maturity (July 2035) and offer investors a 6.03% coupon in US dollars. The notes have been swapped in euros for a total amount of €183 million by Elis which will pay a final 5.21% coupon in euros.

The funds raised by this financing will be used entirely to refinance the Group's existing debt, in particular the refinancing of the €500 million bond issue maturing in April 2024.

# 03 Statutory Auditors' review report on the half-yearly financial information

**PricewaterhouseCoopers Audit**
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

**Mazars**
61, rue Henri Regnault
92400 Courbevoie

## Statutory Auditors' review report on the half-yearly financial information

(For the period from January 1 to June 30, 2023)

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France*

To the Shareholders,
**Elis**
5, boulevard Louis Loucheur
92210 Saint-Cloud

In compliance with the assignment entrusted to us by your Shareholders' General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Elis, for the period from January 1 to June 30, 2023;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

### I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.
A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information

### II - Specific verification

We have also verified the information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Neuilly-sur-Seine and Courbevoie on July 26, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit — Mazars

Bardadi BENZEGHADI — Francisco SANCHEZ

# 04 Certification by the person responsible

This document is the responsibility of Xavier Martiré, Chairman of the Management Board.

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and present fairly the assets, liabilities, financial position and results of the Company and all the companies included in the scope of consolidation, and that the half-year management report on page 3 presents fairly the significant events that occurred during the first six months of the financial year beginning January 1, 2023, their impact on the financial statements and the main related-party transactions, and describes the main risks and uncertainties for the remaining six months of the financial year.

Saint-Cloud, July 26, 2023

Chairman of the Management Board,

Xavier Martiré

Circular services at work

elis.com

French joint-stock corporation (société anonyme) with a Management Board and Supervisory Board, with share capital of €233,274,986
Registered office: 5, boulevard Louis Loucheur, 92210 Saint-Cloud, France – Nanterre Trade and Companies Register no. 499 668 440