2023

FINANCIAL STATEMENTS

for the year ended
December 31, 2023

Circular services at work

1 CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated income statement

(In millions of euros)	Notes	2023	2022 restated*
Revenue	**3.1/4.1/4.2**	**4,309.4**	**3,820.9**
Cost of linen, equipment and other consumables		(629.4)	(575.0)
Processing costs		(1,637.3)	(1,491.3)
Distribution costs		(626.6)	(585.5)
Gross margin		**1,416.1**	**1,169.1**
Selling, general and administrative expenses		(763.6)	(655.1)
Net impairment on trade and other receivables		(2.1)	5.7
Amortization of intangible assets recognized in a business combination	4.5	(85.1)	(82.9)
Other operating income and expenses	4.6	(67.9)	(9.0)
Goodwill impairment	6.1	0.0	(58.7)
Operating income	**3.2**	**497.5**	**369.0**
Net financial income (expense)	8.2	(124.6)	(86.7)
Income (loss) before tax		**372.9**	**282.3**
Tax	9	(110.4)	(79.7)
Income from continuing operations		**262.4**	**202.6**
Income from discontinued operation, net of tax		0.0	0.0
NET INCOME (LOSS)		**262.4**	**202.6**
Attributable to:			
› owners of the parent		262.5	202.6
› non-controlling interests		(0.0)	0.0
Earnings (loss) per share (EPS) *(in euros)*:			
› basic, attributable to owners of the parent	10.3	€1.13	€0.88
› diluted, attributable to owners of the parent	10.3	€1.06	€0.85
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:			
› basic, attributable to owners of the parent	10.3	€1.13	€0.88
› diluted, attributable to owners of the parent	10.3	€1.06	€0.85

(*) *See Note 1.4.*

1.2 Consolidated statement of comprehensive income

(In millions of euros)	Notes	2023	2022 restated*
NET INCOME (LOSS)		**262.4**	**202.6**
Gains (losses) on cash flow hedges, before tax	8.8	1.3	(7.9)
Cash flow hedge reserve reclassified to income	8.8	0.3	0.0
Total change in cash flow hedge reserve, before taxes		**1.6**	**(7.9)**
Related tax	8.8	(0.4)	2.0
Net change in the cost of hedging, before tax	**8.8**	**(21.9)**	**7.4**
Related tax	8.8	5.7	(1.9)
Effects of changes in foreign exchange rates – net translation differences		**68.6**	**(24.4)**
Other comprehensive income (loss) which may be subsequently reclassified to income		**53.6**	**(24.8)**
Actuarial gains (losses) on defined benefit plans, before tax		(28.1)	5.4
Related tax		6.2	(8.4)
Other comprehensive income (loss) which may not be subsequently reclassified to income		**(21.8)**	**(2.9)**
Other comprehensive income		**31.7**	**(27.7)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**294.2**	**174.9**
Attributable to:			
› owners of the parent		294.2	174.9
› non-controlling interests		(0.0)	0.0

(*) *See Note 1.4.*

The change in cash flow hedge reserve reflects the change in the "spot" element of the fair value of forward contracts eligible for hedge accounting.

The net change in the cost of hedging reflects the change in the forward points of the fair value of forward contracts eligible for hedge accounting.

Details are presented in Note 8.8 "Derivative financial instruments and hedges."

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

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

1.3 Consolidated statement of financial position

Assets

(In millions of euros)	Notes	12/31/2023	12/31/2022 restated*
Goodwill	6.1	3,988.1	3,914.1
Intangible assets	6.2	695.1	763.4
Right-of-use assets	6.4	512.8	466.9
Property, plant and equipment	6.3	2,210.8	2,039.8
Other equity investments		0.1	0.1
Other non-current assets	8.7	66.5	79.2
Deferred tax assets	9	46.9	43.0
Employee benefit assets	5.3	12.3	18.7
TOTAL NON-CURRENT ASSETS		**7,532.5**	**7,325.2**
Inventories	4.7	185.6	195.2
Contract assets	4.3	51.9	45.5
Trade and other receivables	4.4	823.4	746.5
Current tax assets		24.5	18.2
Other assets	4.9	19.3	17.4
Cash and cash equivalents	8.4/8.5	665.1	286.1
Assets held for sale		0.0	0.2
TOTAL CURRENT ASSETS		**1,769.7**	**1,309.1**
TOTAL ASSETS		**9,302.2**	**8,634.3**

(*) See Note 1.4.

Equity and liabilities

(In millions of euros)	Notes	12/31/2023	12/31/2022 restated*
Share capital	10.1	234.0	230.1
Additional paid-in capital	10.1	2,477.7	2,440.9
Treasury share reserve		(0.7)	(1.7)
Other reserves		(289.1)	(324.1)
Retained earnings		1,053.8	866.2
Equity attributable to owners of the parent		**3,475.7**	**3,211.5**
Non-controlling interests		**0.7**	**0.8**
TOTAL EQUITY		**3,476.4**	**3,212.3**
Provisions	7.1	94.0	91.8
Employee benefit liabilities	5.3	90.7	69.4
Borrowings and financial debt	8.3/8.5	2,717.5	3,034.9
Deferred tax liabilities	9	293.6	308.9
Lease liabilities	6.4	430.0	390.3
Other non-current liabilities	8.7	57.9	69.5
TOTAL NON-CURRENT LIABILITIES		**3,683.6**	**3,964.7**
Current provisions	7.1	17.1	10.4
Current tax liabilities		24.2	24.0
Trade and other payables	4.8	404.8	364.8
Contract liabilities	4.3	83.7	81.3
Current lease liabilities	6.4	107.4	95.2
Other liabilities	4.9	531.9	452.4
Bank overdrafts and current borrowings	8.3/8.5	973.1	429.3
Liabilities directly associated with assets held for sale		0.0	0.0
TOTAL CURRENT LIABILITIES		**2,142.2**	**1,457.3**
TOTAL EQUITY AND LIABILITIES		**9,302.2**	**8,634.3**

(*) See Note 1.4.

1.4 Consolidated statement of cash flows

(In millions of euros)	Notes	2023	2022 restated*
NET INCOME (LOSS)		**262.4**	**202.6**
Tax	9	110.4	79.7
Net financial income (expense)	8.2	124.6	86.7
Goodwill impairment	6.1	0.0	58.7
Share-based payments		22.9	20.3
Depreciation, amortization and provisions	4.5	885.3	793.6
Portion of grants transferred to income	4.5	(0.5)	(0.7)
Net gains and losses on disposal of property, plant and equipment and intangible assets		4.3	5.4
Earnout adjustments and other elements with no impact on cash flows		48.4	(2.5)
CASH FLOW BEFORE FINANCE COSTS AND TAX		**1,457.9**	**1,243.8**
Change in inventories	4.7	12.3	(50.0)
Change in trade and other receivables and contract assets	4.4	(66.6)	(119.3)
Change in other assets	4.9	(1.4)	0.3
Change in trade and other payables	4.8	1.7	82.2
Change in contract liabilities and other liabilities	4.9	52.5	35.7
Other changes		(0.9)	(2.2)
Employee benefits		(3.5)	0.7
Tax paid		(126.4)	(100.1)
NET CASH FROM OPERATING ACTIVITIES		**1,325.7**	**1,091.2**
Acquisition of intangible assets		(26.8)	(26.5)
Proceeds from disposal of intangible assets		0.1	0.0
Acquisition of property, plant and equipment		(797.1)	(673.3)
Proceeds from disposal of property, plant and equipment		2.8	7.4
Acquisition of subsidiaries, net of cash acquired	2.4	(82.2)	(221.7)
Proceeds from disposal of subsidiaries, net of cash transferred		0.0	(0.0)
Changes in loans and advances		0.5	1.1
Dividends earned		(0.0)	0.0
Investment grants		0.3	0.5
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(902.4)**	**(912.5)**
Capital increase	10.1	7.9	4.6
Treasury shares		1.2	(0.1)
Dividends paid		(61.7)	(33.2)
Proceeds from new borrowings	8.3	1,194.8	1,244.0
Repayments of borrowings	8.3	(985.9)	(1,091.2)
Lease liability payments - principal	6.4	(111.0)	(101.5)
Net interest paid (including interest on lease liabilities)		(90.2)	(72.9)
Other cash flows related to financing activities		(1.4)	(3.4)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(46.4)**	**(53.7)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**376.8**	**125.0**
Cash and cash equivalents at beginning of period		286.1	160.1
Effect of changes in foreign exchange rates on cash and cash equivalents		1.8	1.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**8.4**	**664.7**	**286.1**

(*) *See Note 1.4.*

1.5 Consolidated statement of changes in equity as at December 31, 2023

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	Legal reserve	Retained earnings	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2022, restated*		**230.1**	**2,440.9**	**(1.7)**	**(3.6)**	**6.8**	**(404.5)**	**54.2**	**23.0**	**866.2**	**3,211.5**	**0.8**	**3,212.3**
Cash increase in share capital	10.1	0.7	7.2	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	7.9	0.0	7.9
Amounts paid to shareholders	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(61.7)	(61.7)	0.0	(61.7)
Issue/redemption of convertible notes		0.0	0.0	0.0	0.0	0.0	0.0	(18.9)	0.0	18.9	(0.0)	0.0	(0.0)
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.9	22.9	0.0	22.9
Changes in treasury shares		0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0
Acquisition of NCI without a change in control		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)
Acquisition of subsidiary - NCI		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	10.1	3.1	29.6	0.0	0.0	0.0	0.0	0.0	0.4	(33.1)	(0.0)	0.0	(0.0)
NET INCOME (LOSS)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**262.5**	**262.5**	**(0.0)**	**262.4**
Other comprehensive income		0.0	0.0	0.0	1.2	(16.3)	68.6	0.0	0.0	(21.8)	31.7	0.0	31.7
TOTAL COMPREHENSIVE INCOME (LOSS)		**0.0**	**0.0**	**0.0**	**1.2**	**(16.3)**	**68.6**	**0.0**	**0.0**	**240.6**	**294.2**	**(0.0)**	**294.2**
BALANCE AS AT DECEMBER 31, 2023		**234.0**	**2,477.7**	**(0.7)**	**(2.4)**	**(9.5)**	**(335.8)**	**35.3**	**23.4**	**1,053.8**	**3,475.7**	**0.7**	**3,476.4**

(*) *See Note 1.4.*

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

(In millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	Legal reserve	Retained earnings	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		0.6	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	0.0	4.6
Amounts paid to shareholders	10.2	0.0	(33.2)	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(33.2)	0.0	(33.2)
Issue/redemption of convertible notes		0.0	0.0	0.0	0.0	0.0	0.0	16.3	0.0	15.7	32.1	0.0	32.1
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.3	20.3	0.0	20.3
Changes in treasury shares		0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Acquisition of NCI without a change in control		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)
Acquisition of subsidiary - NCI		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	10.1	5.5	(61.6)	0.0	0.0	0.0	0.0	0.0	7.0	49.1	(0.0)	0.0	(0.0)
NET INCOME (LOSS)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**202.6**	**202.6**	**0.0**	**202.6**
Other comprehensive income		0.0	0.0	0.0	(5.9)	5.5	(24.4)	0.0	0.0	(2.9)	(27.7)	0.0	(27.7)
TOTAL COMPREHENSIVE INCOME (LOSS)		**0.0**	**0.0**	**0.0**	**(5.9)**	**5.5**	**(24.4)**	**0.0**	**0.0**	**199.6**	**174.9**	**0.0**	**174.9**
BALANCE AS AT DECEMBER 31, 2022, RESTATED*		**230.1**	**2,440.9**	**(1.7)**	**(3.6)**	**6.8**	**(404.5)**	**54.2**	**23.0**	**866.2**	**3,211.5**	**0.8**	**3,212.3**

(*) See Note 1.4.

1.7 Notes to the consolidated financial statements

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

The IFRS consolidated financial statements of the Elis Group for the 12-month period ended December 31, 2023 were approved by the Management Board on March 6, 2024 and reviewed by the Audit Committee and the Supervisory Board on March 6, 2024.

INDEX FOR THE NOTES

NOTE 1 ACCOUNTING POLICIES

1.1 Basis of preparation

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

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

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

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

1.2 Accounting standards applied

The accounting policies used to prepare the consolidated financial statements comply with the IFRS standards and IFRS IC interpretations as adopted by the European Union as at December 31, 2023, and available on the following website: eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R1803

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2022 except for the following standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2023.

Main standards, amendments and interpretations with mandatory application from January 1, 2023

- IFRS 17 "Insurance Contracts" and its amendments entitled "Initial Application of IFRS 17 and IFRS 9 – Comparative Information";
- Amendments to IAS 1 "Presentation of Financial Statements": "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)";
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": "Definition of Accounting Estimates";
- Amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 12 "International Tax Reform": "Pillar Two Model Rules."

The Group identified that these new standards – whose application is mandatory from January 1, 2023 – will have only a limited impact. As regards the amendments to IAS 12 "Income Taxes": "Deferred Tax related to Assets and Liabilities arising from a Single Transaction," the Group now recognizes a deferred tax asset in relation to lease liabilities and a deferred tax liability in relation to right-of-use assets separately, rather than on a net basis. However, taking into account the offsetting rules provided for by IAS 12, there is no impact on the statement of financial position. The impact for the Group relates only to the table detailing the sources of deferred taxes included in Note 9 "Income tax expense."

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

- Main standards, amendments and interpretations adopted by the European Union as at December 31, 2023, which have been mandatory since January 1, 2024:
  - Amendments to IAS 1 "Presentation of Financial Statements": "Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants";
  - Amendments to IFRS 16 "Leases": "Lease Liability in a Sale and Leaseback";

  The Group did not apply these standards prior to their required effective dates in the European Union.
- Main standards, amendments and interpretations that have been published but not yet adopted by the European Union as at December 31, 2023:
  - Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates": "Lack of Exchangeability";
  - Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": "Supplier Finance Arrangements";

The Group expects these new standards to have a limited impact on the disclosures required in the notes to the consolidated financial statements.

1.3 Critical accounting estimates and judgments

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

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

Critical accounting estimates and assumptions

Recoverable amount of goodwill and intangible assets with indefinite useful lives

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

Allocation of the acquisition price in business combinations

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

Employee benefit liabilities

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

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

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

Defining terms of leases with renewal options

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

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

Provisions

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

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

Accounting consequences of climate change

On September 4, 2023, Elis unveiled its climate roadmap and related 2030 targets, underscoring its commitment to contributing to a low-carbon society.

Elis's ambition is to achieve the following targets by 2030:

- reducing absolute Scope 1 and 2 CO2eq emissions by 47.5% between 2019 and 2030[(1)];
- reducing absolute Scope 3 CO2eq emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, employee commuting, and end-of-life treatment of sold products by 28% between 2019 and 2030.

These targets have been approved by the Science Based Targets initiative (SBTi), an international reference and a partnership between the United Nations Global Compact, the World Resources Institute (WRI), the Carbon Disclosure Project (CDP) and the World Wildlife Fund for Nature (WWF). They are fully in line with the objectives of the 2015 Paris Climate Agreements to contribute to restricting global warming to less than 1.5°C compared to pre-industrial levels on Scopes 1 and 2, and well below 2°C on Scope 3.

(1) The target includes land-related emissions and removals from bioenergy feedstocks. Scope 2 emissions are reported as market-based.

These climate targets mark a new phase in Elis's CSR and climate strategy. For a long time, the Group has worked to reduce its energy consumption and CO_2eq emissions. In 2023, it reduced the intensity of its thermal energy consumption in its European laundries by 28% compared with 2010 and reduced its CO_2eq emissions (Scopes 1 and 2) in absolute terms by 15% between 2019 and 2023.

To achieve its targets, Elis has developed a clear roadmap and action plan:

- regarding Scopes 1 and 2, which represent 31% of the Group's CO_2eq emissions, Elis will:
  - further optimize its energy use in its industrial laundries thanks to the implementation of established energy-efficient solutions and experimental innovations,
  - decarbonize its energy through on-site renewable energy production, switching to alternative energies or implementing new procurement strategies,
  - reduce the environmental impact of its logistics fleet thanks to delivery optimization tools, eco-driving actions and fleet transition;
- regarding Scope 3, which represents 69% of its CO_2eq emissions, Elis will:
  - improve and optimize its operational practices, especially on linen management,
  - reduce the environmental impact of its products by working on design, material selection or production methods,
  - reduce the impact of freight and support employees in their transition toward more responsible commuting practices.

This credible and ambitious plan of action favors efficiency measures, in terms of both carbon and financial gains. It is also supported by technologies and approaches long used by the Group. Global engagement among Elis's partners and the market will, however, be critical to ensure its achievement by 2030.

The Group tries to take climate risks into account as much as possible in the reporting assumptions and to integrate their potential impact in the financial statements where appropriate.

In particular, the Group has examined the potential impact of climate risks on:

- the estimated useful life of property, plant and equipment (Note 6.2 "Property, plant and equipment") used to calculate depreciation. The Group has ensured that these are consistent with its climate commitments;
- assumptions for asset impairment testing (Note 6.5 "Impairment losses on non-current assets"), which includes additional future investments: historically, the Group has generally been able to pass on cost increases to customers, in particular through price escalation clauses included in customer contracts;
- provisions for environmental compliance: the Group has not been led to change the way in which it establishes these provisions (see Note 7.1 "Provisions").

Furthermore, the Group has a €900.0 million syndicated revolving credit facility (see Note 8.3 "Gross debt"), where costs are indexed to achievement of ESG objectives.

Critical judgments in applying accounting policies

Recognition of assets related to rental-maintenance services

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

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

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

1.4 Restatements of prior years' financial information

The following tables present adjustments related to the income statement, the statement of financial position, and the statement of cash flows as at December 31, 2022, compared to 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 restatements are mainly related to the allocation of goodwill from acquisitions made in the second half of 2022, mainly for Lavartex in Mexico: recognition of customer relationships and of the brand using discounted cash flow methods, with the help of an expert.

The final fair value of assets and liabilities acquired in a business combination in 2022 is disclosed in the "Acquisitions made in the previous financial year" section of Note 2.4 "Changes in scope of consolidation."

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	2022 reported	IFRS 3	**2022 restated**
REVENUE	**3,820.9**	**0.0**	**3,820.9**
Cost of linen, equipment and other consumables	(575.0)	0.0	(575.0)
Processing costs	(1,491.3)	0.0	(1,491.3)
Distribution costs	(585.5)	0.0	(585.5)
Gross margin	**1,169.1**	**0.0**	**1,169.1**
Selling, general and administrative expenses	(655.1)	0.0	(655.1)
Net impairment on trade and other receivables	5.7	0.0	5.7
Amortization of intangible assets recognized in a business combination	(80.1)	(2.8)	(82.9)
Other operating income and expenses	(9.0)	0.0	(9.0)
Goodwill impairment	(58.7)	0.0	(58.7)
Operating income	**371.8**	**(2.8)**	**369.0**
Net financial income (expense)	(86.7)	0.0	(86.7)
Income (loss) before tax	**285.1**	**(2.8)**	**282.3**
Tax	(80.5)	0.8	(79.7)
Income from continuing operations	**204.6**	**(2.0)**	**202.6**
Income from discontinued operation, net of tax	0.0	0.0	0.0
NET INCOME (LOSS)	**204.6**	**(2.0)**	**202.6**
Attributable to:			
› owners of the parent	204.6	(2.0)	202.6
› non-controlling interests	0.0	0.0	0.0
Earnings (loss) per share (EPS) *(in euros)*:			
› basic, attributable to owners of the parent	€0.89		€0.88
› diluted, attributable to owners of the parent	€0.86		€0.85
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:			
› basic, attributable to owners of the parent	€0.89		€0.88
› diluted, attributable to owners of the parent	€0.86		€0.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	2022 reported	IFRS 3	2022 restated
NET INCOME (LOSS)	**204.6**	**(2.0)**	**202.6**
Gains (losses) on cash flow hedges, before tax	(7.9)		(7.9)
Cash flow hedge reserve reclassified to income	0.0		0.0
Total change in cash flow hedge reserve, before taxes	**(7.9)**	**0.0**	**(7.9)**
Related tax	2.0		2.0
Net change in the cost of hedging, before tax	**7.4**		**7.4**
Related tax	(1.9)		(1.9)
Effects of changes in foreign exchange rates – net translation differences	**(24.5)**	**0.1**	**(24.4)**
Other comprehensive income (loss) which may be subsequently reclassified to income	**(24.8)**	**0.1**	**(24.8)**
Actuarial gains (losses) on defined benefit plans, before tax	**5.4**		**5.4**
Related tax	(8.4)		(8.4)
Other comprehensive income (loss) which may not be subsequently reclassified to income	**(2.9)**	**0.0**	**(2.9)**
OTHER COMPREHENSIVE INCOME	**(27.8)**	**0.1**	**(27.7)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**176.8**	**(1.9)**	**174.9**
Attributable to:			
› owners of the parent	176.8	(1.9)	174.9
› non-controlling interests	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In millions of euros)	12/31/2022 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2022 restated
Goodwill	3,962.6	(48.0)	0.0	(0.5)	3,914.1
Intangible assets	697.1	68.1	(2.8)	1.0	763.4
Right-of-use assets	466.9	0.0	0.0	0.0	466.9
Property, plant and equipment	2,039.5	0.4	0.0	(0.0)	2,039.8
Other equity investments	0.1	0.0	0.0	0.0	0.1
Other non-current assets	79.2	0.0	0.0	0.0	79.2
Deferred tax assets	43.0	0.0	0.0	0.0	43.0
Employee benefit assets	18.7	0.0	0.0	0.0	18.7
TOTAL NON-CURRENT ASSETS	**7,307.0**	**20.6**	**(2.8)**	**0.5**	**7,325.2**
Inventories	195.3	(0.1)	0.0	(0.0)	195.2
Contract assets	45.5	0.0	0.0	0.0	45.5
Trade and other receivables	748.2	(1.6)	0.0	(0.1)	746.5
Current tax assets	18.2	0.0	0.0	(0.0)	18.2
Other assets	17.4	(0.1)	0.0	(0.0)	17.4
Cash and cash equivalents	286.2	(0.1)	0.0	(0.0)	286.1
Assets held for sale	0.2	0.0	0.0	0.0	0.2
TOTAL CURRENT ASSETS	**1,311.0**	**(1.9)**	**0.0**	**(0.1)**	**1,309.1**
TOTAL ASSETS	**8,618.0**	**18.7**	**(2.8)**	**0.4**	**8,634.3**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In millions of euros)	12/31/2022 published	IFRS 3 appropriation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	**12/31/2022 restated**
Share capital	230.1	0.0	0.0	0.0	230.1
Additional paid-in capital	2,440.9	0.0	0.0	0.0	2,440.9
Treasury share reserve	(1.7)	0.0	0.0	0.0	(1.7)
Other reserves	(324.2)	0.0	0.0	0.1	(324.1)
Retained earnings	868.2	0.0	(2.0)	0.0	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**	**0.0**	**0.0**	**0.0**	**0.8**
TOTAL EQUITY	**3,214.2**	**0.0**	**(2.0)**	**0.1**	**3,212.3**
Provisions	91.6	0.1	0.0	(0.0)	91.8
Employee benefit liabilities	69.4	0.0	0.0	0.0	69.4
Borrowings and financial debt	3,034.9	0.0	0.0	0.0	3,034.9
Deferred tax liabilities	290.1	19.3	(0.8)	0.3	308.9
Lease liabilities	390.3	(0.0)	0.0	0.0	390.3
Other non-current liabilities	68.9	0.6	0.0	(0.0)	69.5
TOTAL NON-CURRENT LIABILITIES	**3,945.2**	**20.0**	**(0.8)**	**0.3**	**3,964.7**
Current provisions	10.4	0.0	0.0	0.0	10.4
Current tax liabilities	24.0	0.0	0.0	0.0	24.0
Trade and other payables	364.9	(0.2)	0.0	0.0	364.8
Contract liabilities	81.4	(0.0)	0.0	(0.0)	81.3
Current lease liabilities	95.2	(0.0)	0.0	0.0	95.2
Other liabilities	453.9	(1.5)	0.0	0.0	452.4
Bank overdrafts and current borrowings	428.9	0.4	0.0	(0.1)	429.3
Liabilities directly associated with assets held for sale	0.0	0.0	0.0	0.0	0.0
TOTAL CURRENT LIABILITIES	**1,458.6**	**(1.3)**	**0.0**	**0.0**	**1,457.3**
TOTAL EQUITY AND LIABILITIES	**8,618.0**	**18.7**	**(2.8)**	**0.4**	**8,634.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	2022 reported	IFRS 3	2022 restated
NET INCOME (LOSS)	**204.6**	**(2.0)**	**202.6**
Tax	80.5	(0.8)	79.7
Net financial income (expense)	86.7	0.0	86.7
Goodwill impairment	58.7		58.7
Share-based payments	20.3		20.3
Depreciation, amortization and provisions	790.8	2.8	793.6
Portion of grants transferred to income	(0.7)		(0.7)
Net gains and losses on disposal of property, plant and equipment and intangible assets	5.4		5.4
Earnout adjustments and other elements with no impact on cash flows	(2.5)	0.0	(2.5)
CASH FLOW BEFORE FINANCE COSTS AND TAX	**1,243.8**	**0.0**	**1,243.8**
Change in inventories	(50.0)		(50.0)
Change in trade and other receivables and contract assets	(119.3)		(119.3)
Change in other assets	0.3		0.3
Change in trade and other payables	82.2	0.0	82.2
Change in contract liabilities and other liabilities	35.7		35.7
Other changes	(2.2)		(2.2)
Employee benefits	0.7		0.7
Tax paid	(100.1)		(100.1)
NET CASH FROM OPERATING ACTIVITIES	**1,091.2**	**0.0**	**1,091.2**
Acquisition of intangible assets	(26.5)		(26.5)
Proceeds from disposal of intangible assets	0.0		0.0
Acquisition of property, plant and equipment	(673.3)	0.0	(673.3)
Proceeds from disposal of property, plant and equipment	7.4		7.4
Acquisition of subsidiaries, net of cash acquired	(221.6)	(0.1)	(221.7)
Proceeds from disposal of subsidiaries, net of cash transferred	(0.0)		(0.0)
Changes in loans and advances	1.1		1.1
Dividends earned	0.0		0.0
Investment grants	0.5		0.5
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(912.5)**	**(0.1)**	**(912.5)**
Capital increase	4.6		4.6
Treasury shares	(0.1)		(0.1)
Dividends paid	(33.2)		(33.2)
Proceeds from new borrowings	1,244.0		1,244.0
Repayments of borrowings	(1,091.2)		(1,091.2)
Lease liability payments - principal	(101.5)	0.0	(101.5)
Net interest paid (including interest on lease liabilities)	(72.9)	0.0	(72.9)
Other cash flows related to financing activities	(3.4)		(3.4)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(53.7)**	**0.0**	**(53.7)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**125.1**	**(0.1)**	**125.0**
Cash and cash equivalents at beginning of period	160.1		160.1
Effect of changes in foreign exchange rates on cash and cash equivalents	1.0	0.0	1.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**286.2**	**(0.1)**	**286.1**

NOTE 2 SCOPE OF CONSOLIDATION

2.1 Basis of consolidation

Fully consolidated companies

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

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

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

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

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

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

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

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

Associates and joint ventures

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

2.2 Business combinations

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

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

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

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

Business combinations prior to June 30, 2009

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

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

2.3 Foreign currency translation

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

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

2.4 Changes in scope of consolidation

Acquisitions

During the 2023 financial year, the Group acquired the following companies or assets, which the Group deemed to be business combinations:

Major acquisitions

In Italy

On June 13, 2023, the Group acquired 100% of Gruppo Indaco SRL ("Gruppo Indaco"). Its 2023 revenue was €4.5 million. Gruppo Indaco specializes in pest control with a presence throughout Italy, mainly in Lombardy and Piedmont, and has some 60 employees; its services (rodent, insect and crawling-pest control) are offered almost exclusively on a B2B basis.

In Spain

On November 2, 2023, the Group acquired 100% of Compañía de Tratamientos Levante SL. Its 2023 revenue was €4.4 million. The company specializes in pest control and operates throughout the country but primarily in Valencia, Madrid, Castellón and Elche. Founded 30 years ago, the company has both government and private-sector clients. It has around 80 employees and offers a wide range of pest control services (rodent and crawling- and flying-insect control) as well as disinfection services.

With these operations, Elis has strengthened its position in the pest control market in southern Europe, a very promising segment, whose development has accelerated since the end of the pandemic.

Other acquisitions

- January 10, 2023: Center Lav Serviço de Lavanderia Ltda in Brazil (revenue of €0.7 million in 2023; 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 €2.1 million in 2023; 47 employees);
- February 21, 2023: Sistema Ambiente srl in Italy (pest control; revenue of €1.6 million in 2023; 20 employees);
- February 28, 2023: Pevi sro and Terrana sro in the Czech Republic (workwear; revenue of €1.9 million in 2023; 37 employees);
- March 31, 2023: SOS Termites SAS in France (pest control; revenue of €0.7 million in 2023; 5 employees);
- May 5, 2023: Servicetex GmbH in Germany (workwear; revenue of around €2.7 million in 2023; 12 employees);
- May 30, 2023: Herr Entramatta AB in Sweden (mats; revenue of €0.5 million in 2023; 8 employees);
- May 31, 2023: Miettex Service Süd GmbH in Germany (workwear; revenue of €1.5 million in 2023; 1 employee);
- July 7, 2023: 3D - Désinfection Dératisation et Désinsectisation in France (pest control; revenue of €0.5 million in 2023; 5 employees);
- August 31, 2023: Caleo assets in Sweden (mats; revenue of around €0.4 million; 1 employee);
- October 2, 2023: R Bats assets in France (pest control; revenue of around €0.2 million; 1 employee);
- October 12, 2023: four companies that make up the Alpes 3D group in France (pest control; revenue of €1.7 million in 2023; 21 employees);
- November 1, 2023: Radoslawem Woloszyk "Moraks" assets in Poland (workwear and mats; revenue of around €0.4 million; 1 employee);
- November 30, 2023: Bio Pest Services in France (pest control, revenue of around €1.8 million in 2023; 14 employees);

These bolt-on acquisitions help to consolidate the Group's position in these various countries and/or to pursue the development of its pest control services.

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	Gruppo Indaco	Compañía de Tratamientos Levante	Other acquisitions
Intangible assets	7.4	0.0	0.0	7.4
Right-of-use assets	0.5	0.4	0.0	0.1
Property, plant and equipment	6.0	0.4	0.2	5.4
Other non-current assets	0.2	0.0	0.0	0.2
Deferred tax assets	0.1	0.1	0.0	0.0
Inventories	0.6	0.0	0.0	0.5
Trade and other receivables	6.5	1.7	1.2	3.6
Current tax assets	0.4	0.3	0.0	0.1
Other assets	(0.1)	0.0	0.0	(0.1)
Net cash	5.6	2.1	0.6	2.8
Provisions	(0.4)	0.0	0.0	(0.4)
Employee benefit liabilities	(0.7)	(0.6)	0.0	(0.1)
Borrowings and financial debt	(4.4)	(1.0)	(0.3)	(3.1)
Deferred tax liabilities	(1.5)	0.0	0.0	(1.5)
Lease liabilities	(0.5)	(0.4)	(0.0)	(0.1)
Other non-current liabilities	(0.2)	0.0	0.0	(0.2)
Current provisions	(0.1)	0.0	0.0	(0.1)
Current tax liabilities	(0.1)	(0.0)	(0.0)	(0.0)
Trade and other payables	(2.7)	(0.5)	(0.2)	(2.0)
Contract liabilities	(0.4)	0.0	0.0	(0.4)
Other liabilities	(2.0)	(0.5)	(0.3)	(1.3)
TOTAL IDENTIFIABLE NET ASSETS AND LIABILITIES AT FAIR VALUE*	**14.1**	**2.1**	**1.2**	**10.8**
Goodwill	36.5	7.0	7.9	21.6
PURCHASE PRICE	**50.6**	**9.1**	**9.1**	**32.4**
Acquisition-related transaction costs	1.5	0.0	0.1	1.4

(*) Provisional amount, see below.

As at December 31, 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 €13.7 million to revenue, €3.3 million to adjusted EBITDA, €2.2 million to operating income (before amortization of intangible assets recognized in a business combination) and €1.4 million to net income. If these acquisitions had taken place at the beginning of 2023, the additional revenue would have been €11.6 million, with additional adjusted EBITDA of €1.8 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €1.0 million, and additional net income of €0.9 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)	2023	Gruppo Indaco	Compañía de Tratamientos Levante	Lavartex	Other acquisitions
Net cash acquired including subsidiaries	5.6	2.1	0.6	0.0	2.8
Cash outflows for the acquisition	(87.8)	(9.1)	(9.1)	(31.4)	(38.3)
NET CASH FLOW	**(82.2)**	**(7.0)**	**(8.4)**	**(31.4)**	**(35.4)**

2022 acquisitions

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

Major acquisitions

In Chile

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

In Germany

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

In Denmark

On April 29, 2022, Elis acquired 100% of Centralvaskeriet AS, which operates a laundry in the south of the Jutland region and employs around 50 people. The company provides flat linen rental & maintenance services, mostly to customers in Hospitality, as well as rental & maintenance services for workwear and mats. Revenue in 2022 was close to €6.0 million.

In Mexico

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

Other acquisitions

- January 31, 2022: Leasilinge assets in France (revenue of €1.0 million in 2021; 14 employees);
- January 31, 2022: Worldcolour sro assets in Slovakia (the volume of business purchased amounts to €1.1 million, of which €0.5 million is in subcontracting already performed through Elis's Slovak subsidiary; 42 employees);
- February 4, 2022: Magic Mats Ltd assets in Ireland (mats; annual revenue of €0.6 million; 4 employees);
- February 28, 2022: Absolut Skadedyrsservice AS in Denmark (pest control; annual revenue of around €1.5 million; 13 employees);
- April 3, 2022: ABC Matter AS assets in Norway (annual revenue of around €0.4 million; 2 employees);
- April 28, 2022: Hexapoda Ongediertebestrijding BV in the Netherlands, (pest control; annual revenue of around €0.5 million; 5 employees);
- June 23, 2022: Alba in Brazil (healthcare; revenue of €2.9 million in 2022; 175 employees);
- July 12, 2022: Anchain Trade Services in France (pest control; revenue of €1.5 million in 2022; 11 employees);
- July 29, 2022: Ilunion Bugaderia Industrial assets in Andorra (annual revenue of €0.5 million; 2 employees);
- September 30, 2022: Melchor Mascaro assets in the Balearics (revenue of €2.7 million in 2022; 74 employees);
- September 30, 2022: Niessing Miettextil Gmbh & Co. KG and Verwaltung Niessing GmbH in Germany (workwear; revenue of €2.0 million in 2022; 25 employees);
- September 30, 2022: 75% of Northern Pest Control Ltd (the remaining 25% having been acquired at the end of 2022) in Northern Ireland (pest control; revenue of €1.1 million in 2022; 12 employees);
- August 31, 2022: Independent Workwear Solutions Ltd in the United Kingdom (revenue of €1.0 million in 2022; 11 employees);
- October 3, 2022: Företagsmattor Uppsala assets in Sweden (the annual revenue of the assets acquired amounts to €0.3 million; 3 employees);
- November 30, 2022: Dionisio Services assets in France (pest control; annual revenue of €0.5 million, 8 employees);
- December 29, 2022: Serip assets in France (annual revenue of around €0.3 million; 1 employee);
- December 29, 2022: Lavaozono SAS in Colombia (healthcare; revenue of €1.6 million in 2022; 124 employees).

These bolt-on acquisitions help to consolidate the Group's position in these various countries and/or to pursue the development of its pest control services.

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	Textilservice Jöckel	Golden Clean	Centralvaskeriet	Lavartex	Other acquisitions
Intangible assets	91.9	13.2	1.7	0.2	64.5	12.4
Right-of-use assets	21.7	2.3	1.5	0.0	17.3	0.5
Property, plant and equipment	58.6	13.6	1.9	4.9	30.1	8.0
Other non-current assets	0.1	0.0	0.1	0.0	0.0	0.0
Deferred tax assets	6.2	0.8	0.5	0.0	4.8	0.0
Inventories	8.3	0.2	0.3	0.0	7.8	0.1
Contract assets	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	36.2	1.1	2.3	1.0	30.1	1.8
Current tax assets	2.5	0.0	0.1	0.0	2.2	0.1
Other assets	0.5	0.1	0.0	(0.0)	0.4	0.0
Net cash	6.1	2.3	0.9	(0.9)	1.9	1.9
Assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	(5.3)	(0.1)	(1.5)	(0.1)	(2.7)	(0.9)
Employee benefit liabilities	(1.4)	0.0	0.0	0.0	(1.4)	0.0
Borrowings and financial debt	(22.8)	(1.1)	(0.4)	(0.6)	(19.5)	(1.2)
Deferred tax liabilities	(20.9)	0.0	(0.5)	(0.5)	(19.3)	(0.6)
Lease liabilities	(22.7)	(2.3)	(1.4)	(1.2)	(17.3)	(0.5)
Other non-current liabilities	(0.2)	0.0	0.0	(0.2)	0.0	(0.0)
Current provisions	(0.2)	0.0	(0.1)	0.0	(0.1)	0.0
Current tax liabilities	(3.4)	(0.4)	(0.2)	0.0	(2.7)	(0.1)
Trade and other payables	(8.9)	(0.5)	(0.3)	(0.4)	(6.6)	(1.0)
Contract liabilities	(1.4)	0.0	0.0	0.0	(1.2)	(0.1)
Other liabilities	(13.3)	(1.1)	(0.4)	(0.8)	(10.4)	(0.7)
TOTAL IDENTIFIABLE NET ASSETS AND LIABILITIES AT FAIR VALUE	**131.5**	**28.0**	**4.5**	**1.3**	**77.9**	**19.8**
Goodwill	160.4	0.1	4.1	2.4	142.3	11.5
PURCHASE PRICE	**292.0**	**28.1**	**8.6**	**3.7**	**220.2**	**31.3**
Acquisition-related transaction costs	3.8	0.5	0.1	0.2	1.4	1.7

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

Residual goodwill

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

CASH FLOWS FROM ACQUISITIONS

(In millions of euros)	2022 restated*	Textilservice Jöckel	Golden Clean	Centralvaskeriet	Lavartex	Other acquisitions
Net cash acquired including subsidiaries	6.1	2.3	0.9	(0.9)	1.9	1.9
Amount paid	(227.8)	(27.9)	(7.1)	(3.7)	(148.0)	(41.0)
NET CASH FLOW	**(221.7)**	**(25.7)**	**(6.2)**	**(4.6)**	**(146.2)**	**(39.1)**

(*) See Note 1.4.

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

Commitments given relate to guarantees granted by Elis in connection with disposals. There were no commitments given as at December 31, 2023 or as at December 31, 2022.

Commitments received totaled €138.2 million as at December 31, 2023 (compared to €130.7 million as at December 31, 2022) and correspond to the maximum guarantees granted to Elis in connection with its acquisitions.

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

Major acquisitions

On February 26, 2024, Elis acquired 100% of Moderna Holding BV ("Moderna") in the Netherlands.

Moderna has an extremely modern plant that will become one of Elis's biggest. Located in the north-east of the Netherlands, near the German border, its two service centers enable it to serve the entire country. With around 400 employees, Moderna offers flat linen and workwear services and hygiene and well-being solutions to clients in the Hospitality, Industry, and Trade and Services sectors. The company's revenue was around €50 million in 2023.

This acquisition will complement Elis's existing network in the Netherlands, particularly in the burgeoning workwear market, and will enable the Group to enter the flat linen market, in which it did not previously operate.

Other acquisitions

Another business combination carried out after the reporting period:

- February 1, 2024: Les Tapis Boland SRL in Belgium (revenue of around €1.0 million; 7 employees).

This bolt-on acquisition helps consolidate the Group's position in this country.

In January 2024, the Group acquired the non-controlling interests, which amounted to a 50% stake, in Casbu SL in Spain.

NOTE 3 SEGMENT INFORMATION

Accounting policies

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

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

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

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

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

3.1 Revenue

2023

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
External customers	1,311.6	1,013.4	599.2	534.9	444.9	379.2	26.1	4,309.4
Inter-segment	3.8	4.7	0.1	0.2	0.0	0.6	(9.4)	0.0
SEGMENT REVENUE	**1,315.4**	**1,018.2**	**599.3**	**535.1**	**444.9**	**379.8**	**16.7**	**4,309.4**

2022

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
External customers	1,185.0	870.0	580.7	476.5	347.3	330.5	30.8	3,820.9
Inter-segment	4.5	3.8	0.1	0.1	0.0	0.4	(8.8)	0.0
SEGMENT REVENUE	**1,189.5**	**873.8**	**580.8**	**476.6**	**347.3**	**330.9**	**21.9**	**3,820.9**

3.2 Income (loss)

Non-IFRS indicators

Adjusted EBIT is defined as net income (loss) before net financial income (loss), income tax, share in net income of equity-accounted companies, amortization of intangible assets recognized in a business combination, goodwill impairment losses, other operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and IFRS 2 expense (share-based payments). A reconciliation of adjusted EBIT with the consolidated income statement is presented below.

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

2023

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
ADJUSTED EBITDA	**529.8**	**310.9**	**218.5**	**164.4**	**153.0**	**117.1**	**(18.9)**	**1,474.8**
Adjusted EBITDA margin	***40.3%***	***30.5%***	***36.5%***	***30.7%***	***34.4%***	***30.8%***		***34.2%***
Depreciation and amortization, net of the portion of grants transferred to income	(225.3)	(188.2)	(108.2)	(117.7)	(82.7)	(68.2)	(1.3)	(791.7)
ADJUSTED EBIT	**304.4**	**122.7**	**110.3**	**46.7**	**70.3**	**48.9**	**(20.3)**	**683.1**
Adjusted EBIT margin	***23.1%***	***12.1%***	***18.4%***	***8.7%***	***15.8%***	***12.9%***		***15.9%***
Miscellaneous financial items								(1.6)
Expenses related to share-based payments								(31.1)
Amortization of intangible assets recognized in a business combination								(85.1)
Other operating income and expenses								(67.9)
Goodwill impairment								0.0
OPERATING INCOME								**497.5**

2022

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Eliminations & other segments	Total
ADJUSTED EBITDA	**456.2**	**259.0**	**210.2**	**143.2**	**116.4**	**90.1**	**(15.5)**	**1,259.6**
Adjusted EBITDA margin	***38.4%***	***29.6%***	***36.2%***	***30.0%***	***33.5%***	***27.2%***		***33.0%***
Depreciation and amortization, net of the portion of grants transferred to income	(205.1)	(173.8)	(105.2)	(106.3)	(62.5)	(61.4)	(1.7)	(715.9)
ADJUSTED EBIT	**251.1**	**85.2**	**105.1**	**36.9**	**53.9**	**28.7**	**(17.2)**	**543.7**
Adjusted EBIT margin	***21.1%***	***9.8%***	***18.1%***	***7.7%***	***15.5%***	***8.7%***		***14.2%***
Miscellaneous financial items								(1.7)
Expenses related to share-based payments								(22.3)
Amortization of intangible assets recognized in a business combination								(82.9)
Other operating income and expenses								(9.0)
Goodwill impairment								(58.7)
OPERATING INCOME								**369.0**

The performance for the financial year was marked by strong growth driven by rising prices in a context of high inflation, as well as by the acquisition of Lavartex in Mexico, which was completed on July 4, 2022, for the "Latin America" sector. The first quarter of 2022 had also been affected by the Omicron variant of Covid in the Hospitality segment.

3.3 Information by region

(In millions of euros)	2023	2022
France (including Le Jacquard Français)	1,321.4	1,195.4
Germany	548.3	462.2
United Kingdom (including Kennedy Hygiene)	444.1	396.9
Brazil	263.7	242.3
Spain and Andorra	258.5	230.5
Denmark	242.3	228.9
Sweden	218.0	213.9
Netherlands	171.8	150.6
Mexico	118.0	50.2
Other countries	723.2	650.0
REVENUE	**4,309.4**	**3,820.9**

(In millions of euros)	12/31/2023	12/31/2022 restated*
France (including Le Jacquard Français)	2,474.4	2,408.0
Sweden	748.1	753.2
Denmark	632.0	642.6
Germany	550.7	523.2
Netherlands	497.7	504.6
United Kingdom (including Kennedy Hygiene)	468.0	428.4
Brazil	443.4	421.9
Spain and Andorra	310.0	293.1
Mexico	282.7	256.2
Other countries	999.7	953.1
NON-CURRENT ASSETS	**7,406.8**	**7,184.2**

(*) See Note 1.4.

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

NOTE 4 OPERATING DATA

4.1 Revenue

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

Accounting policies

Services

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

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

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

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

Sale of goods

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

4.2 Disaggregation of revenue

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

2023

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Other segments	Total
Flat linen	543.1	370.6	126.6	339.4	376.7	236.9	0.0	1,993.2
Workwear	470.2	524.2	229.6	157.3	67.8	96.6	0.0	1,545.7
Hygiene and well-being equipment	335.8	96.6	202.3	27.7	0.0	46.5	0.3	709.2
Other	(37.4)	22.0	40.8	10.5	0.3	(0.7)	25.8	61.3
Revenue by service	**1,311.6**	**1,013.4**	**599.2**	**534.9**	**444.9**	**379.2**	**26.1**	**4,309.4**
Hospitality	463.7	139.5	111.7	186.7	43.5	183.0	0.0	1,128.1
Industry	244.7	329.6	311.1	84.5	80.3	71.1	0.0	1,121.3
Healthcare	227.9	389.1	79.3	203.0	318.2	62.4	0.0	1,279.9
Trade & Services	411.5	155.2	97.1	60.8	2.9	62.8	0.0	790.3
Other	(36.2)	(0.0)	0.0	0.0	0.0	0.0	26.1	(10.1)
Revenue by customer segment	**1,311.6**	**1,013.4**	**599.2**	**534.9**	**444.9**	**379.2**	**26.1**	**4,309.4**
Services (supplied over a given period)	1,303.4	986.1	558.5	520.3	439.8	378.8	0.5	4,187.5
Sales of goods (supplied on a specific date)	8.2	27.0	40.7	14.6	5.0	0.5	25.6	121.6
REVENUE	**1,311.6**	**1,013.4**	**599.2**	**534.9**	**444.9**	**379.2**	**26.1**	**4,309.4**

2022

(In millions of euros)	France	Central Europe	Scandinavia & Eastern Europe	UK & Ireland	Latin America	Southern Europe	Other segments	Total
Flat linen	472.6	314.8	114.0	313.0	282.3	202.0	0.0	1,698.8
Workwear	421.9	452.9	224.6	129.3	62.7	86.2	0.0	1,377.5
Hygiene and well-being equipment	318.1	77.8	201.9	23.1	0.0	39.0	0.3	660.1
Other	(27.6)	24.5	40.2	11.1	2.4	3.4	30.4	84.4
Revenue by service	**1,185.0**	**870.0**	**580.7**	**476.5**	**347.3**	**330.5**	**30.8**	**3,820.9**
Hospitality	411.1	113.5	101.1	161.5	30.1	160.6	0.0	977.9
Industry	220.6	285.4	298.2	82.7	72.7	61.6	0.0	1,021.1
Healthcare	200.2	335.9	83.1	177.3	242.1	53.3	0.0	1,091.9
Trade & Services	379.7	135.2	98.4	55.0	2.5	55.0	0.0	725.8
Other	(26.6)	0.0	(0.0)	0.0	(0.0)	0.0	30.8	4.2
Revenue by customer segment	**1,185.0**	**870.0**	**580.7**	**476.5**	**347.3**	**330.5**	**30.8**	**3,820.9**
Services (supplied over a given period)	1,173.3	844.8	542.5	461.1	341.3	326.8	4.0	3,693.8
Sales of goods (supplied on a specific date)	11.7	25.2	38.2	15.5	6.0	3.7	26.7	127.1
REVENUE	**1,185.0**	**870.0**	**580.7**	**476.5**	**347.3**	**330.5**	**30.8**	**3,820.9**

4.3 Contract balances

Accounting policies

Contract assets

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

Contract liabilities

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

Contract costs

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

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

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

4.4 Trade and other receivables and contract assets

Accounting policies

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

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

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

(In millions of euros)	**12/31/2023**	12/31/2022 restated*
Trade receivables and notes receivable (gross)	807.8	736.9
(-) Impairment of trade receivables	(57.1)	(54.4)
TRADE RECEIVABLES AND NOTES RECEIVABLE	**750.7**	**682.5**
Other receivables	72.7	64.0
TOTAL TRADE AND OTHER RECEIVABLES	**823.4**	**746.5**
Contract assets	51.9	45.5
TOTAL TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS	**875.3**	**792.0**
› collection expected in less than one year	875.3	792.0
› collection expected in more than one year	0.0	0.0

(*) See Note 1.4.

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

(In millions of euros)	2023	2022 restated*
As at January 1	**792.0**	**637.8**
Change in gross WC	68.7	113.6
Change in write-downs	(2.1)	5.7
Change in net WC	66.6	119.3
Increase related to business combinations	6.5	36.2
Translation differences	6.4	(0.2)
Change in receivables on disposal of fixed assets	(0.2)	(3.4)
Other movements	3.9	2.2
AT DECEMBER 31	**875.3**	**792.0**

(*) *See Note 1.4.*

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

Movements in the impairment of trade receivables are as follows:

(In millions of euros)	Impairment loss
As at December 31, 2022, restated*	**(54.4)**
Movements for the year	(2.1)
Changes in consolidation scope	(0.4)
Translation differences	(0.5)
Other	0.3
AS AT 12/31/2023	**(57.1)**

(*) *See Note 1.4.*

Credit risk

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

4.5 Depreciation, amortization, provisions and other costs by type

(In millions of euros)	2023	2022 restated*
Depreciation and amortization (net of the portion of grants transferred to income) included in EBIT:		
› Textile rental & maintenance items	(482.1)	(424.0)
› Other leased items	(32.7)	(30.3)
› Other property, plant and equipment and intangible assets	(161.6)	(158.6)
› Right-of-use assets	(115.8)	(103.7)
› Portion of grants transferred to income	0.5	0.7
Depreciation and amortization included in Other operating income and expenses	(0.0)	(0.1)
Amortization of intangible assets recognized in a business combination	(85.1)	(82.9)
Depreciation and amortization included in income from discontinued operations	0.0	0.0
TOTAL DEPRECIATION AND AMORTIZATION (NET OF THE PORTION OF GRANTS TRANSFERRED TO INCOME)	**(876.8)**	**(799.0)**
Additions to or reversals of provisions included in EBIT	(6.7)	2.4
Included in Other operating income and expenses	(1.4)	3.8
TOTAL ADDITIONS TO OR REVERSALS OF PROVISIONS	**(8.1)**	**6.1**

(*) *See Note 1.4.*

4.6 Other operating income and expenses

Accounting policies

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

(In millions of euros)	2023	2022
Acquisition-related transaction costs	(1.5)	(4.3)
Earnout adjustments	(48.9)	2.4
Restructuring costs	(5.2)	(5.5)
Non-capitalizable costs related to the change of IT systems	(5.1)	(0.0)
Litigation	(2.6)	(0.8)
Net gain (loss) on site disposals	0.5	(3.8)
Expenses relating to site disposal	(0.9)	0.7
Environmental rehabilitation – costs net of changes in provisions	(5.7)	1.7
Employee benefits – effect of plan changes	0.9	0.0
Other	0.6	0.5
OTHER OPERATING INCOME AND EXPENSES	**(67.9)**	**(9.0)**

Other operating income and expenses rose considerably, due mainly to the revaluation of the earnout pertaining to the acquisition carried out in Mexico in 2022, the acquired group's financial prospects having been revised upward twice during the financial year, taking into account its performance in the first half of 2023, and then in the second half of 2023.

4.7 Inventories

Accounting policies

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

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

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

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

(In millions of euros)	12/31/2023	12/31/2022 restated*
Raw materials, supplies	41.6	55.8
Work in progress	0.3	1.2
Intermediate and finished goods	16.4	19.6
Goods for resale	127.2	118.6
INVENTORIES	**185.6**	**195.2**
› o/w inventories (at cost)	194.2	201.0
› o/w write-downs	(8.6)	(5.8)

(*) See Note 1.4.

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

(In millions of euros)	2023	2022 restated*
As at January 1	**195.2**	**138.6**
Change in gross inventory	(9.9)	51.0
Change in write-downs	(2.4)	(1.0)
Change in net inventory	(12.3)	50.0
Increase related to business combinations	0.6	8.3
Translation differences	2.1	(1.7)
Other movements	0.0	(0.1)
AT DECEMBER 31	**185.6**	**195.2**

(*) See Note 1.4.

The changes in inventories are due to two effects:

- on the one hand, a price effect with high inflation in the prices of raw materials and linen, linked to energy and freight costs;
- on the other hand, a volume effect with:
  - increased volumes in the 2022 financial year linked to the disruption of the global supply chain, which has led the Group's central warehouses to overstock in order to compensate for the uncertainties of global shipping,
  - decreased volumes in the 2023 financial year with a return to more normal levels.

4.8 Trade and other payables

(In millions of euros)	12/31/2023	12/31/2022 restated*
Trade payables	355.7	326.4
Trade payables (fixed assets)	33.5	27.7
Other payables	15.5	10.7
TOTAL TRADE AND OTHER PAYABLES	**404.8**	**364.8**

(*) See Note 1.4.

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

(In millions of euros)	2023	2022 restated*
As at January 1	**364.8**	**262.5**
Change in WC	1.7	82.2
Increase related to business combinations	2.7	8.9
Translation differences	2.5	0.2
Change in trade payables (fixed assets)	5.4	9.7
Other movements	27.8	1.2
AT DECEMBER 31	**404.8**	**364.8**

(*) See Note 1.4.

The change in WC in 2022 was mainly due to the increase in purchase volumes and prices compared with the end of 2021, which was affected by the pandemic.

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

Supplier financing contracts

The Group has classified its debts relating to reverse factoring operations carried out by its Spanish subsidiaries on the same line of the balance sheet and of the cash flow statement as trade payables, to the extent that the nature and function of said debt is similar to those of trade payables. As at December 31, 2023, the amount in question was €2.6 million, of which €0.7 million had already been paid to suppliers prior to the due date by the financial institution in charge of such operations since January 2021. These trade payables have the same payment terms as those for other suppliers not included in this program, that is, 60 days.

4.9 Other current assets and liabilities

(In millions of euros)	Notes	12/31/2023	12/31/2022 restated*
Prepaid expenses		15.7	14.3
Current asset derivatives – cash flow hedging	8.8	0.2	1.0
Other current asset derivatives		1.2	0.7
Other assets		2.2	1.3
TOTAL OTHER ASSETS		**19.3**	**17.4**
Deposits received		9.1	10.2
Payroll-related liabilities		259.1	220.4
Tax liabilities and other debt		170.3	179.2
Deferred consideration payable on acquisitions		86.0	33.5
Liability for repurchase commitments to non-controlling interests		0.0	0.0
Current liability derivatives – cash flow hedging	8.8	3.1	5.1
Other current liability derivatives		2.7	2.2
Investment grants		1.6	1.8
TOTAL OTHER LIABILITIES		**531.9**	**452.4**
Contract liabilities		83.7	81.3
TOTAL CONTRACT AND OTHER LIABILITIES		**615.6**	**533.7**

(*) *See Note 1.4.*

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

(In millions of euros)	2023	2022 restated*
As at January 1	**17.4**	**18.9**
Change in WC	1.4	(0.3)
Increase related to business combinations	(0.1)	0.5
Translation differences	0.1	(0.2)
Change in derivatives	(0.3)	(2.7)
Other movements	0.8	1.1
AT DECEMBER 31	**19.3**	**17.4**

(*) *See Note 1.4.*

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

(In millions of euros)	2023	2022 restated*
As at January 1	**533.7**	**456.6**
Change in WC	52.5	35.7
Increase related to business combinations	2.4	14.7
Translation differences	3.8	(4.6)
Change in debt related to business combinations	52.8	26.0
Change in derivatives	(1.6)	6.6
Other movements	(28.1)	(1.3)
AT DECEMBER 31	**615.6**	**533.7**

(*) *See Note 1.4.*

The change in contract and other liabilities can be explained primarily by the upward revision of the Mexican earnout in 2023.

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

NOTE 5 Employee benefits expense

5.1 Average workforce

(In number of people)	2023	2022
Executives	3,949	3,238
Supervisory personnel	3,164	2,925
Employees	5,411	4,958
Service employees	7,330	6,853
Other employees	35,039	33,866
Total employees per category	**54,892**	**51,840**
France	12,951	12,855
Other countries	41,941	38,984
Total employees	**54,892**	**51,840**

5.2 Expenses related to employee benefits

Accounting policies

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

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

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

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

(In millions of euros)	2023	2022
Wages and salaries	(1,351.7)	(1,208.3)
Payroll taxes	(338.3)	(298.0)
Mandatory/optional profit-sharing	(48.1)	(35.1)
Other employee benefits	3.5	(0.7)
Equity-settled share-based payments	(31.1)	(22.3)
TOTAL EMPLOYEE BENEFIT EXPENSES FROM CONTINUING OPERATIONS	**(1,765.7)**	**(1,564.4)**

The 2023 financial year saw a significant rise in salaries in most countries where the Group is present, in a context of high inflation, as well as weaker activity in the first quarter of 2022 due to the pandemic.

5.3 Employee benefit assets/liabilities

Accounting policies

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

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

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

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

Employee-related liabilities

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

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

The following table shows changes in the balance of the net liability recognized as defined benefits:

(In millions of euros)	Obligation	Fair value of plan assets	Net Liability (Asset)
AS AT JANUARY 1, 2022	**623.5**	**572.7**	**50.8**
Current service cost	10.0	-	10.0
Interest expense	9.3	9.1	0.3
Benefit paid	(24.6)	(20.3)	(4.3)
Employee contributions	7.0	7.0	-
Employer contributions	-	5.0	(5.0)
Past service cost	-	-	-
Plan amendments	-	-	-
Plan curtailments or settlements	(0.0)	-	(0.0)
Actuarial gains and losses	(200.5)	-	(200.5)
Return on plan assets	-	(193.1)	193.1
Change in the effect of the asset ceiling	-	(2.0)	(2.0)
Increase related to business combinations and other movements	1.4	-	1.4
Reclassification to liabilities directly related to assets held for sale	-	-	-
Translation adjustments	(15.4)	(15.1)	(0.3)
AS AT 12/31/2022	**410.7**	**363.3**	**47.4**
Current service cost	3.8	-	3.8
Interest expense	17.6	16.1	1.5
Benefit paid	(26.5)	(26.4)	(0.1)
Employee contributions	4.6	4.6	-
Employer contributions	-	6.0	(6.0)
Past service cost	0.0	-	0.0
Plan amendments	(0.9)	-	(0.9)
Plan curtailments or settlements	(0.4)	-	(0.4)
Actuarial gains and losses	23.7	(0.0)	23.7
Return on plan assets	-	(4.3)	4.3
Change in the effect of the asset ceiling	0.7	-	0.7
Increase related to business combinations and other movements	-	-	-
Reclassification to liabilities directly related to assets held for sale	-	-	-
Translation adjustments	10.1	9.3	0.8
AS AT 12/31/2023	**443.4**	**368.5**	**74.9**

The Group's long-term commitments to employees increased considerably in 2023 due to the decrease in the discount rates used (unlike in 2022, when these rates rose), which are given in the tables below for the main countries. This change was the main reason for the actuarial losses of €23.7 million that increased the Group's obligations, which were recognized in consolidated other comprehensive income.

FUNDED STATUS OF EMPLOYEE BENEFIT OBLIGATION

(In millions of euros)	12/31/2023	12/31/2022
Present value of unfunded obligations	69.0	60.6
Present value of partially or fully funded obligations	374.4	350.1
Total value of defined benefit plan obligations (1)	**443.4**	**410.7**
Fair value of plan assets (2)	368.5	363.3
NET VALUE OF DEFINED BENEFIT PLAN LIABILITY (ASSET) (3) = (1) – (2)	**74.9**	**47.4**
Other long-term benefits (4)	3.5	3.3
LIABILITIES (ASSETS) RELATED TO LONG-TERM EMPLOYEE BENEFITS (5)=(3)+(4)	**78.3**	**50.7**

INFORMATION BY REGION

(In millions of euros)	12/31/2023	12/31/2022
France	39.2	38.3
United Kingdom	(8.2)	(15.9)
Ireland	(4.2)	(2.9)
Sweden	26.8	22.4
Switzerland	15.1	2.7
Other countries	6.1	2.7
LIABILITIES (ASSETS) RELATED TO DEFINED BENEFIT PLANS	**74.9**	**47.4**
Other long-term benefits	3.5	3.3
LIABILITIES (ASSETS) RELATED TO LONG-TERM EMPLOYEE BENEFITS	**78.3**	**50.7**

FRANCE – DETAILS

Pension reform in France

Elis's commitments in terms of long-term benefits paid to French employees for retirement benefits were revalued to take into account the ratification on April 14, 2023 of a law that will gradually extend the legal retirement age in France from 62 to 64. This reform means, with regard to the amounts recognized as at December 31, 2022, a reduction of €0.9 million in the Group's commitment for retirement benefits to be paid to French employees. Since it pertains to the revaluation of services rendered by employees during periods prior to this financial year, this income has been recognized in the financial statements under "Other operating income and expenses". This reform has no impact on the other long-term benefit plans provided to French employees.

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

	12/31/2023	12/31/2022
Discount rate	3.1%	3.5%
Expected salary increase rate	inflation +0/6%	inflation +0/6%

(In millions of euros)	12/31/2023	12/31/2022
Present value of unfunded obligations	36.5	36.4
Present value of partially or fully funded obligations	7.6	3.8
Total value of defined benefit plan obligations (1)	44.1	40.1
Fair value of plan assets (2)	4.9	1.8
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) = (1) – (2)	**39.2**	**38.3**

	Sensitivity France
Discount rate: -0.5% impact	+4.7%
Discount rate: +0.5% impact	-4.1%
Expected salary/retirement benefit increase rate: -0.5 impact	-6.1%
Expected salary/retirement benefit increase rate: +0.5 impact	+6.1%

(In millions of euros)	France
Expected contribution for next financial year	6.4
Weighted average duration of the obligations (in years)	8

(In millions of euros)	France
Cash and cash equivalents	0.1
Shares	1.4
Bonds	2.6
Properties & mortgages	0.5
Derivatives	0.2
FAIR VALUE OF PLAN ASSETS	**4.9**

IRELAND – DETAILS

	12/31/2023	12/31/2022
Discount rate	3.3%	3.7%
Expected salary increase rate	3.1%	3.4%
Expected retirement benefit increase rate	3.0%	3.0%

(In millions of euros)	12/31/2023	12/31/2022
Present value of unfunded obligations	0.0	0.0
Present value of partially or fully funded obligations	22.3	21.5
Total value of defined benefit plan obligations (1)	22.3	21.5
Fair value of plan assets (2)	26.5	24.4
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) = (1) – (2)	**(4.2)**	**(2.9)**

	12/31/2023
Discount rate: -0.5% impact	+8.8%
Discount rate: +0.5% impact	-6.9%
Expected salary benefit increase rate: -0.5 impact	-1.8%
Expected salary benefit increase rate: +0.5 impact	1.9%
Expected retirement benefit increase rate: -0.5 impact	-5.8%
Expected retirement benefit increase rate: +0.5 impact	2.2%

(In millions of euros)	12/31/2023
Expected contribution for next financial year	0.3
Weighted average duration of the obligations (in years)	16

(In millions of euros)	12/31/2023
Cash and cash equivalents	0.1
Shares	3.5
Bonds	20.2
Properties & mortgages	0.0
Derivatives	2.8
FAIR VALUE OF PLAN ASSETS	**26.5**

UNITED KINGDOM – DETAILS

	12/31/2023	12/31/2022
Discount rate	4.8%	5.0%
Expected salary increase rate	2.7%	2.8%
Expected retirement benefit increase rate	2.8%	2.9%

(In millions of euros)	12/31/2023	12/31/2022
Present value of unfunded obligations	0.0	0.0
Present value of partially or fully funded obligations	269.5	258.8
Total value of defined benefit plan obligations (1)	269.5	258.8
Fair value of plan assets (2)	277.7	274.6
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) = (1) – (2)	**(8.2)**	**(15.9)**

	12/31/2023
Discount rate: -0.5% impact	+6.5%
Discount rate: +0.5% impact	-5.9%
Expected salary benefit increase rate: -0.5 impact	0.0%
Expected salary benefit increase rate: +0.5 impact	0.0%
Expected retirement benefit increase rate: -0.5 impact	-2.4%
Expected retirement benefit increase rate: +0.5 impact	3.5%

(In millions of euros)	12/31/2023
Expected contribution for next financial year	0.2
Weighted average duration of the obligations (in years)	13

(In millions of euros)	12/31/2023
Cash and cash equivalents	2.7
Shares	13.9
Bonds	180.6
Properties & mortgages	0.0
Derivatives	80.5
FAIR VALUE OF PLAN ASSETS	**277.7**

SWEDEN – DETAILS

	12/31/2023	12/31/2022
Discount rate	3.3%	4.0%
Expected retirement benefit increase rate	2.0%	2.0%

(In millions of euros)	12/31/2023	12/31/2022
Present value of unfunded obligations	26.8	22.4
Present value of partially or fully funded obligations	0.0	0.0
Total value of defined benefit plan obligations (1)	26.8	22.4
Fair value of plan assets (2)	0.0	0.0
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) = (1) – (2)	**26.8**	**22.4**

	12/31/2023
Discount rate: -0.5% impact	7.5%
Discount rate: +0.5% impact	-6.7%
Expected retirement benefit increase rate: -0.5 impact	-6.8%
Expected retirement benefit increase rate: +0.5 impact	7.5%

(In millions of euros)	12/31/2023
Expected contribution for next financial year	0.1
Weighted average duration of the obligations (in years)	15

SWITZERLAND – DETAILS

	12/31/2023	12/31/2022
Discount rate	1.5%	2.3%
Expected salary increase rate	1.3%	1.3%
Expected retirement benefit increase rate	-	-

(In millions of euros)	12/31/2023	12/31/2022
Present value of unfunded obligations	0.0	0.0
Present value of partially or fully funded obligations	74.5	65.2
Total value of defined benefit plan obligations (1)	74.5	65.2
Fair value of plan assets (2)	59.4	62.5
TOTAL VALUE OF DEFINED BENEFIT PLANS LIABILITY (3) = (1) – (2)	**15.1**	**2.7**

	12/31/2023
Discount rate: -0.5% impact	8.0%
Discount rate: +0.5% impact	-7.0%
Expected salary benefit increase rate: -0.5 impact	-0.6%
Expected salary benefit increase rate: +0.5 impact	0.6%

(In millions of euros)	12/31/2023
Expected contribution for next financial year	3.0
Weighted average duration of the obligations (in years)	9

(In millions of euros)	12/31/2023
Cash and cash equivalents	2.0
Shares	22.0
Bonds	21.1
Properties & mortgages	10.5
Derivatives	3.7
FAIR VALUE OF PLAN ASSETS	**59.4**

5.4 Share-based payments

Accounting policies

Free performance share grants

In accordance with IFRS 2, Elis estimated the fair value of the plans 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 cost, recognized through equity, is spread over the vesting period following the Management Board decision and is mentioned in Note 5.2 "Expenses related to employee benefits."

"Elis for All" Group Savings Plan

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

Free performance share grants

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

Free performance share grants	2021 – Plan no. 14	2022 – Plan no. 16	2022 – Plan no. 17	2022 – Plan no. 18	2023 – Plan no. 19	2023 – Plan no. 20
Date of shareholders' meeting	06/30/2020	06/30/2020	06/30/2020	06/30/2020	05/25/2023	05/25/2023
Date of Supervisory Board meeting	03/08/2021	03/08/2022	03/08/2022	03/08/2022	03/07/2023 and 05/10/2023	03/07/2023 and 05/10/2023
Date of decision of the Management Board	03/10/2021	04/15/2022	05/20/2022	10/24/2022	06/16/2023	12/22/2023
Number of rights originally granted	**1,417,198**	**1,085,873**	**500,500**	**309,574**	**1,251,994**	**6,559**
› of which members of the Executive Committee	448,472	0	500,500	0	412,448	0
› of which corporate officers:	213,220	0	240,128	0	197,827	0
– Xavier Martiré	127,932	0	144,334	0	118,908	0
– Louis Guyot	49,751	0	55,880	0	46,036	0
– Matthieu Lecharny	35,537	0	39,914	0	32,883	0
Number of beneficiaries	**526**	**522**	**11**	**222**	**513**	**4**
› of which members of the Executive Committee	11	0	11	0	11	0
› of which corporate officers	3[a]	0	3[a]	0	3[a]	0
Grant date	**03/10/2021**	**04/15/2022**	**05/20/2022**	**10/24/2022**	**06/16/2023**	**12/22/2023**
Vesting date						
› members of the Management Board and the Executive Committee	03/10/2024[b]		05/20/2025[b]		06/16/2026[b]	
› other beneficiaries	03/10/2023[b]	04/15/2024[b]		10/24/2024[b]	06/16/2025[b]	12/22/2025[b]
End of share lock-up period						
› members of the Management Board and the Executive Committee	03/10/2024[c]		05/20/2025[c]		06/16/2026[c]	
› other beneficiaries	03/10/2023[c]	04/15/2024[c]		10/24/2024[c]	06/16/2025[c]	12/22/2025[c]
Rights vested as at 12/31/2023	**576,867**[d][e]	**1,517**[e][f]	**0**[f]	**0**[f]	**0**[f]	**0**[f]
Number of rights lapsed or forfeited as at 12/31/2023	416,735	100,716	0	13,643	10,129	0
Number of rights outstanding as at 12/31/2023	**423,596**	**983,640**	**500,500**	**295,931**	**1,241,865**	**6,559**
› of which members of the Executive Committee	423,596		500,500		412,448	
› of which corporate officers:	213,220		240,128		197,827	
– Xavier Martiré	127,932		144,334		118,908	
– Louis Guyot	49,751		55,880		46,036	
– Matthieu Lecharny	35,537		39,914		32,883	
Number of working beneficiaries as at 12/31/2023	**434**	**462**	**11**	**210**	**504**	**4**
› of which members of the Executive Committee	10	0	11	0	11	0
› of which corporate officers:	3[a]	0	3[a]	0	3[a]	0

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

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

(c) *There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the Stock Market Code of Ethics regarding the prevention of market abuse. In addition, throughout their terms of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance, provided in chapter 2 of this 2023 Universal Registration Document.*

(d) *In addition to what is stated under point (b), the performance conditions associated with the vesting of the shares under plan no. 14, implemented in 2021, were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT, determined on the basis of the business plan, itself in line with market expectations, and to the performance of the Elis share price relative to a benchmark index. The number of vested shares will depend on the number of targets achieved, with the understanding that the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. For plan no. 14 for the Executive Committee (including members of the Management Board) to be delivered in 2024, 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.*

(e) *The amount takes into account the number of shares delivered in advance to an employee on disability benefits for plans no. 14 and no. 16 (100% of the shares granted were delivered in February 2023, in accordance with the rules of the plan).*

(f) *In addition to what is stated under point (b), based on the plans implemented in 2022, the performance conditions associated with the vesting of the shares were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT, determined on the basis of the business plan, itself in line with market expectations, a CSR criterion and the performance of the Elis share price relative to a benchmark index. Furthermore, three thresholds have been defined to determine the achievement of the economic and CSR performance criteria at the end of the vesting period: a trigger threshold (lower limit), a target threshold and an outperformance threshold (upper limit). Regarding the stock market criterion, two thresholds have been defined (target and outperformance threshold). The performance measurement will be assessed on a straight-line basis between each limit. The number of shares to be delivered at the end of the vesting period will be determined in two stages: (i) a calculation depending on the attainment by each of the criteria of the threshold thus defined, the performance measurement being assessed on a straight-line basis between each limit and (ii) the application of a second limit to take account of the attainment or otherwise of the target thresholds. For the plans implemented in 2022 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. For the stock market criterion, only the last two thresholds will apply. The second limit defined below will also apply: (i) if all four target thresholds have been achieved (or surpassed), the number of vested shares may not exceed 120% of the shares granted; (ii) 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, (iii) if only two target thresholds have been achieved (or surpassed), irrespective of the deviation of the other two criteria from their respective target threshold, the number of vested shares may not exceed 80% of the shares granted; (iv) if only one target threshold has been achieved (or surpassed), irrespective of the deviation of the other three criteria from their respective target threshold, the number of vested shares may not exceed 70% of the shares granted; (v) if no target threshold has been achieved, the number of vested shares may not exceed 60% of the shares granted.*

Group Savings Plan

Pursuant to the 25th resolution of the extraordinary annual general shareholders' meeting on May 19, 2022 and the 21st resolution of the extraordinary annual general shareholders' meeting on May 25, 2023, the Management Board:

- having received authorization from the Supervisory Board of December 15, 2022, voted on March 16, 2023 for two capital increases without preferential subscription rights ("Elis for All 2023"), one reserved for employee members of Elis Group's savings plan and one reserved for employees of Elis's foreign subsidiaries operating in the following countries: Belgium, Brazil, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, Mexico, Norway, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.
- having received authorization from the Supervisory Board of July 27, 2022, voted on July 28, 2022 for two capital increases without preferential subscription rights ("Elis for All 2022"), one reserved for employee members of Elis Group's savings plan and one reserved for employees of Elis's foreign subsidiaries operating in the following countries: Belgium, Brazil, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, Norway, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

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

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

Characteristics of employee share ownership operations	2023 plan	2022 plan
Date of general shareholders' meeting	05/25/2023	05/19/2022
Date of decision by the Chairman of the Management Board, setting the subscription price	09/15/2023	09/16/2022
Closing date of employee subscriptions	10/04/2023	10/05/2022
Plan maturity (in years)	3 or 5	3 or 5
Subscription price	€12.13	€8.97
Closing price on the subscription closing date	€16.46	€11.04
Face value discount	30.00%	30.00%
Discount relative to price on the subscription closing date	26.31%	18.75%
Number of shares matched	1 for 10	1 for 10
Valuation assumptions (5-year maturity)		
Employee financing rate over 5 years	3.34%	2.84%
5-year risk-free interest rate	3.34%	2.84%
Securities lending or borrowing rate	0.50%	0.50%
Non-transferability for the market participant, as a %	(0.50%)	(5.30%)
Amounts subscribed and valuation		
Subscription		
Amount subscribed by employees *(in millions of euros)*	8.2	4.9
Number of shares subscribed	673,510	550,815
Gross expense, before non-transferability discount *(in millions of euros)*	2.9	1.1
Valuation of non-transferability discount *(in millions of euros)*	(0.0)	(0.3)
Net expense *(in millions of euros)*	2.9	0.8
Impact of a 0.5 point decrease in the employee financing rate	0.0	0.4
Matching contribution		
Number of new shares matched	38,688	50,638
Gross expense, before non-transferability discount *(in millions of euros)*	1.0	0.6
Valuation of non-transferability discount *(in millions of euros)*	(0.0)	(0.0)
Net expense *(in millions of euros)*	1.0	0.5
Impact of a 0.5 point decrease in the employee financing rate	0.0	0.0
Total		
Total plan amount *(in millions of euros)*	4.0	1.7
Number of shares issued	712,198	601,453
Gross expense, before non-transferability discount *(in millions of euros)*	3.9	1.7
Valuation of non-transferability discount *(in millions of euros)*	0.0	(0.4)
Net expense *(in millions of euros)*	3.9	1.3
Impact of a 0.5 point decrease in the employee financing rate	0.1	0.5

The amount expensed in 2023 for standard plans was €2.9 million. The free share expense related to the matching contribution was €1.0 million in 2023.

The amount expensed in 2022 for standard plans was €0.5 million. The free share expense related to the matching contribution was €0.5 million in 2022.

5.5 Executive compensation (related party transactions)

As at December 31, 2023, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. The total compensation for the financial year awarded to the main executives is as follows:

(In millions of euros)	**2023**	2022
Number of people	11	11
Short-term benefits – fixed, variable, special and other elements of compensation	(16.1)	(10.4)
Termination benefits	0.0	0.0
Post-employment benefits	(3.2)	(2.7)
Expenses related to share-based payments (IFRS 2)	(9.0)	(6.2)

Post-employment benefits relate to a supplementary retirement plan in application of the new provisions of Article L. 137-11-2 of the French Social Security Code (Pacte law). It is stipulated that this retirement plan is managed by the insurer Predica, a shareholder of Elis until October 2023.

Moreover, as at December 31, 2023, the employee benefit liability accrued for all post-employment benefits totaled €4.7 million (€3.5 million as at December 31, 2022).

Compensation allocated to members of the Supervisory Board (including the Chairman of the Supervisory Board) and expensed as directors' fees totaled €0.9 million (€0.7 million as at December 31, 2022). Elis's Supervisory Board is made up of 12 members and one non-voting member (censor) as at December 31, 2023 (10 members as at December 31, 2022).

NOTE 6 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

6.1 Goodwill

Accounting policies

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

(In millions of euros)	12/31/2023	12/31/2022 restated*
Gross value	4,022.9	3,884.8
Accumulated impairment	(108.8)	(66.5)
CARRYING AMOUNT AT BEGINNING OF PERIOD	**3,914.1**	**3,818.3**
Increase related to business combinations	36.5	160.4
Disposals	0.0	0.0
Translation adjustments	27.8	(22.4)
Other changes	0.0	(0.0)
CHANGES IN GROSS CARRYING AMOUNT	**64.3**	**138.0**
Impairment	0.0	(58.7)
Translation adjustments	9.7	16.4
Other changes	0.0	0.0
CHANGES IN IMPAIRMENT	**9.7**	**(42.2)**
CARRYING AMOUNT AT END OF PERIOD	**3,988.1**	**3,914.1**
Gross value	4,087.2	4,022.9
Accumulated impairment	(99.1)	(108.8)

(*) See Note 1.4.

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

(In millions of euros)	12/31/2023	12/31/2022 restated*
CGU France	1,427.7	1,418.1
CGU Sweden & Finland	525.2	524.0
CGU Denmark	413.1	414.0
CGU Netherlands	365.4	365.4
CGU Brazil	267.1	253.0
CGU Mexico	161.1	144.6
CGU Germany	180.8	174.1
CGU Spain & Andorra	114.8	106.9
CGU Great Britain	98.2	96.2
Other CGU	434.7	417.8
CARRYING VALUE OF GOODWILL	**3,988.1**	**3,914.1**

(*) See Note 1.4.

Recognition of impairment

Accounting policies

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

Military conflict between Ukraine and Russia

The Group is not present in Ukraine and has limited business in Russia, where it generated revenue of €20.0 million in 2023 (€25.6 million in 2022). Furthermore, non-current assets amounted to €16.0 million in net value as at December 31, 2023 (compared to €17.8 million as at December 31, 2022).

Goodwill, which had a gross value of €42.7 million as at December 31, 2023 (€42.7 million as at December 31, 2022) has been fully written down since June 30, 2022, following the impairment tests carried out on that date. Based on a WACC of 26.3% (versus 11.4% as at December 31, 2021) linked to the sharp increase in country risk premium, on June 30, 2022 the Group recorded a goodwill impairment loss of €58.7 million (at an exchange rate of €1 = RUB 56.5553).

Following the impairment tests carried out as at December 31, 2023, the Group recorded no impairment losses.

6.2 Intangible assets

Accounting policies

Brands

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

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

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

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

Intangible assets (other than brands)

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

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

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

(In millions of euros)	Trademarks & non-competition clauses	Customer relationships	Other	**Total**
Gross value	**261.7**	**1,315.3**	**210.0**	**1,787.0**
Accumulated amortization and impairment	**(51.0)**	**(844.1)**	**(139.1)**	**(1,034.2)**
NET CARRYING AMOUNT AS AT JANUARY 1, 2022	**210.7**	**471.2**	**70.9**	**752.7**
Investments	-	0.3	26.2	26.5
Acquisitions through business combinations	3.9	88.0	0.1	91.9
Retirements and disposals	-	-	(0.0)	(0.0)
Depreciation	(2.0)	(80.9)	(18.9)	(101.9)
Translation adjustments	0.2	(6.2)	(0.2)	(6.2)
Impairment	-	-	-	0.0
Other movements	0.2	(0.8)	1.0	0.4
Gross value restated*	**267.3**	**1,392.9**	**233.9**	**1,894.1**
Accumulated amortization and impairment restated*	**(54.5)**	**(921.3)**	**(154.8)**	**(1,130.6)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2022 RESTATED*	**212.8**	**471.5**	**79.0**	**763.4**
Investments	0.0	0.0	26.8	26.8
Acquisitions through business combinations	0.0	7.4	0.0	7.4
Retirements and disposals	0.0	0.0	0.0	0.0
Depreciation	(1.2)	(83.9)	(21.6)	(106.7)
Translation adjustments	0.4	7.3	(0.4)	7.3
Impairment	0.0	0.0	0.0	0.0
Other movements	(0.0)	(0.0)	(3.2)	(3.2)
Gross value	**268.5**	**1,411.3**	**252.8**	**1,932.6**
Accumulated amortization and impairment	**(56.4)**	**(1,009.0)**	**(172.1)**	**(1,237.5)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2023	**212.1**	**402.3**	**80.7**	**695.1**

(*) See Note 1.4.

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

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

(In millions of euros)	12/31/2023	12/31/2022 restated*	Amortization
Elis Brands	206.5	206.5	Not amortized
Lavartex brands	2.9	3.4	5 years
Brands of manufacturing entities	2.2	2.2	
› Le Jacquard Français brand	0.9	0.9	Impairment loss
› Kennedy Hygiene brand	1.3	1.3	Not amortized
Non-competition clauses and miscellaneous	3.4	4.2	
TRADEMARKS & NON-COMPETITION CLAUSES	**212.1**	**212.8**	

(*) See Note 1.4.

Recognition of impairment

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

6.3 Property, plant and equipment

Accounting policies

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

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

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

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

- buildings: component method:
  - structure, outside walls, roof: 40 to 50 years,
  - internal walls, partitions, painting and floor coverings: 10 to 12.5 years;
- production equipment: 10 to 30 years;
- vehicles: 4 to 8 years;
- office equipment and furniture: 5 to 10 years;
- IT equipment: 3 to 7 years;
- items related to rental-maintenance service agreements (textiles, equipment and other leased items) are initially recognized as inventories and are then capitalized and depreciated over a period of 18 months to five years.

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

(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Rental & maintenance items	Total
Gross value	**892.1**	**132.1**	**1,702.0**	**2,073.5**	**4,799.6**
Accumulated amortization and impairment	**(322.7)**	**(114.3)**	**(1,101.0)**	**(1,350.7)**	**(2,888.7)**
NET CARRYING AMOUNT AS AT JANUARY 1, 2022	**569.4**	**17.8**	**601.0**	**722.7**	**1,911.0**
Investments	24.8	3.0	100.1	556.1	684.0
Acquisitions through business combinations	8.8	3.1	20.2	26.5	58.6
Retirements and disposals	(2.3)	(0.4)	(2.0)	(4.9)	(9.5)
Depreciation	(30.2)	(8.1)	(101.4)	(454.3)	(594.0)
Translation adjustments	(4.3)	0.2	(2.4)	(3.8)	(10.3)
Impairment	-	-	(0.1)	-	(0.1)
Other movements	14.4	0.5	(15.6)	0.8	0.2
Gross value restated*	**932.8**	**138.9**	**1,802.6**	**2,440.7**	**5,315.0**
Accumulated amortization and impairment restated*	**(352.2)**	**(122.6)**	**(1,202.8)**	**(1,597.6)**	**(3,275.2)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2022 RESTATED*	**580.7**	**16.2**	**599.8**	**843.2**	**2,039.8**
Investments	41.2	3.4	136.4	621.6	802.6
Acquisitions through business combinations	3.3	0.5	0.7	1.5	6.0
Retirements and disposals	(0.6)	(0.2)	(1.3)	(4.8)	(7.0)
Depreciation	(30.7)	(6.7)	(102.5)	(514.8)	(654.7)
Translation adjustments	5.2	0.6	6.9	8.2	20.9
Impairment	0.0	0.0	(0.0)	0.0	(0.0)
Other movements	13.1	0.6	(11.0)	0.6	3.3
Gross value	**997.3**	**137.9**	**1,942.0**	**2,821.3**	**5,898.5**
Accumulated amortization and impairment	**(385.2)**	**(123.5)**	**(1,313.2)**	**(1,865.7)**	**(3,687.7)**
NET CARRYING AMOUNT AS AT DECEMBER 31, 2023	**612.1**	**14.4**	**628.8**	**955.5**	**2,210.8**

(*) See Note 1.4.

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

6.4 Right-of-use assets / Lease liabilities

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

Accounting policies

Right-of-use assets

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

Lease liabilities

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

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

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

Simplification measures used

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

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

(In millions of euros)	Right-of-use assets: Land and buildings	Right-of-use assets: Vehicles	Right-of-use assets: Plant & equipment	**Total**	Lease liabilities
AS AT JANUARY 1, 2022	**303.7**	**126.8**	**9.0**	**439.4**	**453.5**
Increase related to business combinations restated*	18.0	2.3	1.4	21.7	22.7
New rights of use	15.6	71.8	3.1	90.4	90.4
Remeasuring of rights of use	19.0	1.4	(0.7)	19.7	19.7
Depreciation & amortization / impairment	(45.1)	(55.0)	(3.6)	(103.7)	
Principal payments					(101.5)
Translation differences	(0.4)	(1.5)	(0.0)	(1.9)	(1.9)
Other movements	0.6	1.8	(1.1)	1.3	2.6
AS AT DECEMBER 31, 2022, RESTATED*	**311.4**	**147.4**	**8.1**	**466.9**	**485.4**
Increase related to business combinations	0.3	0.2	0.0	0.5	0.5
New rights of use	26.9	103.4	2.3	132.6	132.6
Remeasuring of rights of use	22.1	2.3	0.6	24.9	24.9
Depreciation & amortization / impairment	(48.2)	(64.1)	(3.6)	(115.9)	
Principal payments					(111.0)
Translation differences	5.0	0.5	0.1	5.6	5.9
Other movements	2.2	(3.3)	(0.7)	(1.9)	(1.0)
AS AT 12/31/2023	**319.8**	**186.3**	**6.7**	**512.8**	**537.4**

(*) See Note 1.4.

The Group recognized lease expenses relating to:

- short-term leases totaling €7.7 million during the 2023 financial year (versus €7.5 million in 2022);
- leases of low-value assets totaling €1.9 million during the 2023 financial year (versus €1.8 million in 2022);
- variable lease payments totaling €0.5 million during the 2023 financial year (versus €0.2 million in 2022).

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

(In millions of euros)	**Carrying value**	Cash flow 2024	Cash flow 2025	Cash flow 2026-2028	Cash flow 2029 and beyond	**Estimate of future cash flows as at 12/31/2023**
Lease liabilities	537.4	131.3	115.7	251.0	176.4	674.3

6.5 Impairment losses on non-current assets

Accounting policies

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

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

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

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

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

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

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

Calculating future cash flows

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

- estimation of projected future cash flows based on the business plans established by the management teams of each CGU and approved by the Management Board. The trajectory for 2024–2026 was approved by the Supervisory Board on December 14, 2023. Future cash flows are estimated based on conservative growth assumptions;
- cash flows are calculated using the discounted cash flow method = adjusted EBITDA (operating income before depreciation and amortization) +/– change in WC – income tax at standard rate – capital expenditure (including lease renewal);
- a five-year maximum explicit time horizon has been chosen, except for countries where a longer duration is justified (Latin America and Russia, which have strong growth prospects over a longer term because there is less recourse to outsourcing);
- the terminal value is calculated on a perpetual growth basis;
- discounted cash flow is calculated based on the weighted average cost of capital (WACC), which, in turn, is based on financial return and industry-specific risk metrics for the market in which the Group operates.

Method for calculating WACC

Elis used the following inputs for calculating the WACC:

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

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

Country	France	Germany	Brazil	Denmark	Spain	Great Britain	Mexico	Netherlan ds	Sweden
Risk-free rate	2.4%	1.6%	7.9%	1.8%	3.0%	3.0%	6.3%	1.8%	1.9%
Credit spread	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Cost of debt (before tax)	**3.9%**	**3.1%**	**9.4%**	**3.3%**	**4.5%**	**4.5%**	**7.8%**	**3.3%**	**3.4%**
Tax rate	25.8%	30.0%	34.0%	22.0%	25.0%	25.0%	30.0%	25.8%	20.6%
Cost of debt, net of tax	**2.9%**	**2.2%**	**6.2%**	**2.6%**	**3.4%**	**3.4%**	**5.4%**	**2.5%**	**2.7%**
Risk premiums	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
Levered beta	1.00	0.99	0.98	1.01	1.01	1.01	1.01	1.01	1.01
Cost of equity	**9.6%**	**8.8%**	**15.0%**	**9.1%**	**10.2%**	**10.3%**	**13.4%**	**9.0%**	**9.2%**
Gearing	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%
WACC 2023	**8.0%**	**7.1%**	**12.8%**	**7.5%**	**8.6%**	**8.6%**	**11.4%**	**7.4%**	**7.6%**
WACC 2022	7.4%	6.7%	14.4%	7.0%	7.9%	7.8%	12.6%	6.9%	7.3%
PRE-TAX DISCOUNT RATE 2023 (APPROXIMATION)	**10.7%**	**10.2%**	**19.4%**	**9.6%**	**11.4%**	**11.4%**	**16.3%**	**10.0%**	**9.5%**
Pre-tax discount rate 2022 (approximation)	*10.0%*	*9.6%*	*21.9%*	*8.9%*	*10.6%*	*10.4%*	*18.1%*	*9.3%*	*9.1%*

Multiples used

The multiples approach was not used as at December 31, 2023 because it has been difficult to implement since the pandemic.

Fundamental assumptions for impairment tests

The business plans of the CGUs were prepared on the basis of management's best estimates. Projected cash flows are therefore reasonable and reflect, where appropriate, the resilience of the CGU's business.

The main assumptions made concern:

- inflation, with a gradual return to a normal level in the last year of the plan, as predicted by the International Monetary Fund;
- the Group's climate plan, with a level of investment greater than the amortization and depreciation historically recorded.

Sensitivity of tests related to goodwill

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

France *(in millions of euros)*		Perpetual growth rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	7.0%	1,024.5	1,244.6	1,509.0	1,832.6	2,237.7
	7.5%	770.1	951.4	1,166.0	1,423.7	1,739.1
	8.0%	552.2	703.6	880.4	1,089.5	1,340.8
	8.5%	363.6	491.4	639.0	811.4	1,015.3
	9.0%	198.7	307.7	432.4	576.3	744.3

Germany *(in millions of euros)*		Perpetual growth rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	6.1%	94.5	155.1	230.4	326.4	453.2
	6.6%	35.7	84.7	144.3	218.4	312.9
	7.1%	(13.4)	26.9	75.2	133.8	206.6
	7.6%	(55.0)	(21.3)	18.3	65.8	123.5
	8.1%	(90.8)	(62.3)	(29.1)	9.9	56.6

Brazil *(in millions of euros)*		Perpetual growth rate				
		2.0%	**2.5%**	**3.0%**	**3.5%**	**4.0%**
WACC	11.8%	96.4	112.2	129.7	149.3	171.5
	12.3%	66.8	80.4	95.6	112.5	131.4
	12.8%	39.9	51.9	65.0	79.6	95.9
	13.3%	15.5	26.0	37.5	50.2	64.3
	13.8%	(6.7)	2.5	12.7	23.7	36.0

Denmark *(in millions of euros)*		Perpetual growth rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	6.5%	47.1	107.6	181.6	274.3	393.7
	7.0%	(7.3)	42.6	102.7	176.2	268.2
	7.5%	(53.4)	(11.4)	38.2	97.8	170.8
	8.0%	(92.8)	(57.1)	(15.4)	33.8	93.1
	8.5%	(126.9)	(96.2)	(60.8)	(19.4)	29.5

Spain *(in millions of euros)*		Perpetual growth rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	7.6%	144.2	172.9	206.8	247.4	297.0
	8.1%	109.7	133.7	161.7	194.8	234.4
	8.6%	79.8	100.1	123.5	150.8	183.0
	9.1%	53.6	71.0	90.8	113.6	140.3
	9.6%	30.5	45.5	62.4	81.7	104.0

United Kingdom *(in millions of euros)*		Perpetual growth rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	7.6%	128.5	164.5	207.0	257.9	319.8
	8.1%	89.8	120.2	155.6	197.4	247.4
	8.6%	56.3	82.2	112.1	146.9	188.0
	9.1%	26.9	49.2	74.7	104.1	138.4
	9.6%	0.9	20.3	42.3	67.4	96.3

Mexico *(in millions of euros)*		Perpetual growth rate				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC	10.2%	165.5	182.7	202.3	224.7	250.8
	10.7%	136.9	151.6	168.1	187.0	208.6
	11.2%	111.5	124.1	138.2	154.1	172.2
	11.7%	88.7	99.6	111.7	125.3	140.6
	12.2%	68.3	77.7	88.2	99.9	112.9

Netherlands *(in millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.4%	150.2	208.5	280.0	369.8	485.9
	6.9%	97.7	145.9	203.8	274.8	364.0
	7.4%	53.5	93.8	141.6	199.1	269.7
	7.9%	15.6	49.9	89.9	137.4	194.5
	8.4%	(17.1)	12.3	46.3	86.1	133.2

Sweden *(in millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.6%	73.9	141.3	223.6	326.2	457.6
	7.1%	6.2	61.7	128.0	209.0	309.9
	7.6%	(51.0)	(4.8)	49.7	115.0	194.6
	8.1%	(100.1)	(61.1)	(15.7)	38.0	102.2
	8.6%	(142.7)	(109.4)	(71.0)	(26.3)	26.5

Sensitivity of tests for unamortized brands

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

	Elis	Le Jacquard Français	Kennedy
Discount rate	9.0%	9.0%	9.6%
Perpetual growth rate	2.0%	2.0%	2.0%
Royalty rate	1.0%	4.0%	2.0%

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

Elis brand *(in millions of euros)*		Perpetual growth rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
Discount rate	8.0%	314.9	350.3	391.7	440.7	499.5
	8.5%	280.9	311.4	346.6	387.7	436.3
	9.0%	251.2	277.7	308.0	343.0	383.8
	9.5%	225.1	248.3	274.6	304.6	339.3
	10.0%	201.8	222.3	245.3	271.4	301.3

NOTE 7 PROVISIONS AND CONTINGENT LIABILITIES

7.1 Provisions

Accounting policies

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

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

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

Provisions are also recognized for obligations arising from onerous contracts.

(In millions of euros)	Compliance	Litigation	Other	**Total**
AS AT 12/31/2022	**73.6**	**6.1**	**22.4**	**102.1**
Increases/additions for the financial year	5.7	10.3	2.0	17.9
Increase related to business combinations	0.4	0.0	0.1	0.5
Decreases/reversals of used and unused provisions	(1.5)	(2.9)	(5.5)	(9.9)
Translation differences	(0.3)	0.3	0.3	0.2
Other	0.0	0.0	0.2	0.2
AS AT 12/31/2023	**77.9**	**13.8**	**19.4**	**111.1**
Current portion	**0.1**	**10.1**	**6.9**	**17.1**
Non-current portion	**77.8**	**3.7**	**12.5**	**94.0**
France	*16.3*	*9.0*	*0.4*	*25.7*
UK & Ireland	*11.8*	*0.0*	*(0.0)*	*11.8*
Scandinavia & Eastern Europe	*26.6*	*0.0*	*6.5*	*33.1*
Latin America	*8.6*	*4.2*	*11.4*	*24.1*
Other segments	*14.6*	*0.7*	*1.2*	*16.4*

Provisions for environmental compliance

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

Provisions for litigation

Provisions for litigation chiefly includes provisions for employee-related risks. A €7.7 million provision was recognized to account for the additional commitments on the part of the Group's French entities in terms of the accrual of paid leave by employees on non-occupational sick leave that could result from the French Supreme Court's decisions of September 13, 2023, and from European legal precedents. This provision was calculated based on the assumption that the probability of this being claimed for the last five years would progressively decrease.

Other provisions

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

7.2 Contingent liabilities

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

In Brazil

Proceedings related to alleged acts of administrative improbity

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

As at December 31, 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 was subject to an appeal by the authorities, was upheld by the Court of Appeal in favor of Atmosfera. The authorities filed a new appeal before the Superior Labor Court, which gave rise to new proceedings. On December 14, 2021, this new appeal was rejected by the Superior Labor Court, which upheld the above first-instance decision. Following this rejection and as they were entitled to, the authorities decided to lodge a new appeal in this case, which was again rejected by the Superior Labor Court on June 21, 2023. The authorities ultimately did not appeal against the last decision handed down by the Superior Labor Court, meaning that the proceedings were definitively closed on September 9, 2023 in favor of Atmosfera.

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 December 31, 2023, the CADE had not initiated any enforcement action in respect of the penalty and Prolav could now claim that any such actions taken to implement the fine in the future should be considered to have lapsed.

Proceedings involving NJ Lavanderia

Proceedings against physical persons

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

As at December 31, 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 if certain entities are cited in certain acts of the proceedings and involved in specific elements 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 December 31, 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 December 31, 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. As at December 31, 2023, the amount of the dispute was approximately R$412 million, or around €77 million (including all penalties but excluding the potential future effect of inflation). An administrative decision by the trial judge was issued in September 2019, which upheld the position of the Brazilian tax authorities. Lavebras has appealed this decision (through an ordinary appeal), submitted its defense, and is awaiting a new decision. Lavebras does not believe that the trial judge's decision will undermine its assessment of the case.

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

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

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

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

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

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

As a consequence, the Group (as well as some of its competitors) is facing various investigations or proceedings as described below, some of which are now closed. 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). The Group has submitted its defense and the Public Prosecutor's office has decided to close the case definitively without any sanction being imposed against the Group.

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.

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

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

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

These various investigations and proceedings are still in the early stages, such that no provision has been recognized in the financial statements as at December 31, 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 that an investigation has been opened by the CADE in relation to the aforementioned events. The CADE has recently stated that no proof of irregularities that could constitute anti-competitive behavior has been found. The Group has thus asked that the CADE close the investigation definitively and is awaiting its decision.

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.

This public civil action followed the difficulties faced by Lavebras in its discussions with the Environment Secretariat (SEMAM) about renewing its operating permits and licenses for the Teresina plant. Due to these problems, Lavebras launched appeals to obtain a legal authorization to operate its plant, which Lavebras voluntarily closed in 2020. The legal decision which authorized Lavebras to operate its Teresina plant in 2019 and 2020 was appealed by the relevant authorities and is now being examined by the Appeal Court. In December 2023, the Appeal Court confirmed the ruling of first instance and ordered Lavebras to pay a fine of R$17,000 (around €3,000). Lavebras ultimately decided not to file an appeal against this decision with the Supreme Court.

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

Administrative disputes with public customers

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

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

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

Amongst the above disputes, following the late payment of a contractual penalty, in November 2021 Lavebras received a six-month ban from participating in public calls for tender in the state of São Paulo (at regional level). Given the disproportionate nature of this penalty, Lavebras decided to contest the ruling in the courts, and while awaiting the decision on the substance, obtained an order suspending this ban on participating in public calls for tender. In October 2022, the judge in charge of the case followed the advice of the Prosecutor's Office and annulled the penalty of suspension ordered by the Health Secretary for the state of Sao Paulo. Following the appeal filed by the Health Secretary, the ruling of first instance was confirmed on appeal in favor of Lavebras on January 12, 2024. A new appeal may be initiated by the Health Secretary following this appeal decision. As at the date of publication of these consolidated financial statements, the Company was not aware of such an appeal.

In relation to these various disputes, at December 31, 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 Financial risk management

Credit and counterparty risk

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

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

As at December 31, 2023, the exposure to credit risk on trade receivables by operating segment is as follows:

(In millions of euros)	**12/31/2023**	12/31/2022 restated*
France	265.5	252.8
Central Europe	150.6	135.6
Scandinavia & Eastern Europe	112.0	99.2
Southern Europe	89.1	81.9
Latin America	96.8	78.0
UK & Ireland	83.1	72.8
Other operating segments	5.6	7.7
TRADE RECEIVABLES AND CONTRACT ASSETS	**802.6**	**728.0**

(*) See Note 1.4.

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

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

	12/31/2023			
(In millions of euros)	**Gross value**	**Impairment loss**	**Expected credit loss rate**	**Net value**
Not yet due or less than 1 month overdue	688.2	(0.9)	(0.1)%	687.3
Between 1 and 4 months overdue	108.1	(3.9)	(3.6)%	104.2
Between 5 and 12 months overdue	20.7	(11.0)	(53.5)%	9.6
More than 1 year overdue	42.7	(41.2)	(96.5)%	1.5
TRADE RECEIVABLES AND CONTRACT ASSETS	**859.7**	**(57.1)**		**802.6**

	12/31/2022 restated*			
(In millions of euros)	Gross value	Impairment loss	Expected credit loss rate	Net value
Not yet due or less than 1 month overdue	617.6	(1.3)	(0.2)%	616.3
Between 1 and 4 months overdue	99.9	(3.2)	(3.2)%	96.7
Between 5 and 12 months overdue	19.7	(8.2)	(41.6)%	11.5
More than 1 year overdue	45.2	(41.7)	(92.2)%	3.5
TRADE RECEIVABLES AND CONTRACT ASSETS	**782.4**	**(54.4)**		**728.0**

(*) See Note 1.4.

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

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

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

Liquidity risk

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

As at December 31, 2023, the Group's net cash amounted to €665.0 million, boosted by free cash-flow of over €300.0 million, up by 35% compared with 2022.

In addition, to shore up its liquidity and secure its debt repayment schedule, the Group implemented a trade receivables sale program in France in the form of securitization for a duration of three years and a new tranche of US dollar financing in the form of a USPP for €183.0 million after currency conversion, maturing in July 2035.

Lastly, the maturity of the revolving credit facility was extended by a year, to November 2028, for €870.0 million of the €900.0 million.

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

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

Financing policy

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

- active debt management, which may lead the Group to seek advance financing on the capital and banking markets in order to (i) extend the average maturity of its debt, (ii) stagger repayment dates over time, and (iii) optimize financing costs. As a result, as at December 31, 2023, the weighted average residual maturity of borrowings and gross financial debt was 3.5 years, with a long-term debt ratio (borrowings and gross financial debt maturing in more than one year/total borrowings and gross financial debt) of 74%;
- the use of bank loans and bonds to diversify its sources of liquidity and creditors: in order to benefit from economies of scale and facilitate access to financing on the capital markets (bonds and commercial paper), the Group centralizes the vast majority of its financing transactions through Elis;
- continuously maintaining a significant buffer of undrawn confirmed credit lines to secure liquidity and meet its short-term debt obligations, especially on its commercial paper program in case of capital market closures. As at December 31, 2023, the Group had an undrawn confirmed credit line totaling €900.0 million, maturing in November 2028;
- continuous monitoring of available cash: as at December 31, 2023, the Group had available cash and cash equivalents as presented in Note 8.4 "Cash and cash equivalents";
- implementation in all the main countries where it operates and where permitted by local regulations of a daily physical centralization of all cash requirements and surpluses via M.A.J. and Elis SA, the central treasury entities for the consolidation scope formerly under Elis and Berendsen, respectively;
- financing through capital increases, if necessary.

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

Financial ratings

Implementing the financing policy and managing liquidity risk require regular monitoring of the Group's financial ratings. As at December 31, 2023, the Company continues to be rated by S&P Global Ratings, Moody's and DBRS Morningstar.

- S&P Global Ratings: in a press release dated November 16, 2023, S&P Global Ratings issued a long-term credit rating of "BBB" (stable outlook) for the Group. The credit rating of the EMTN financing was also changed from "BB+" to "BBB-". This investment grade rating reflects the Group's financial solidity, as well as its prospects for improved margins, accelerated cash flow generation and additional debt reduction. It also rewards the strength of Elis's economic model, which came to the fore during the pandemic.
- Moody's Investors Service ("Moody's"): in a press release dated October 6, 2023, Moody's raised its outlook on Elis's credit rating from "Ba1" (stable outlook) to "Ba1" (positive outlook). This rating also applies to the notes issues carried out by the Company under the EMTN program in February 2018, September 2021 and May 2022;
- DBRS Morningstar: in a press release issued on March 22, 2022, the ratings agency DBRS Ratings GmbH (DBRS Morningstar) confirmed the investment grade rating assigned to the Company since April 2019 of "BBB low" (stable outlook). This rating also applies to all outstanding notes issues carried out by the Company under the EMTN program, including the one in May 2022.

Net debt and future cash flows

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

The repayment dates for consolidated debt and related interest as at December 31, 2023 are presented below.

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

(In millions of euros)	Carrying value Amortized cost	Cash flow 2024 Nominal	Cash flow 2024 Interest	Cash flow 2025 Nominal	Cash flow 2025 Interest	Cash flow 2026-2028 Nominal	Cash flow 2026-2028 Interest	Cash flow 2029 and beyond Nominal	Cash flow 2029 and beyond Interest	Estimate of future cash flows as at 12/31/2023 Nominal	Estimate of future cash flows as at 12/31/2023 Interest
Convertible bonds	345.4	0.0	8.6	0.0	8.6	380.0	17.1	0.0	0.0	380.0	34.2
USPP	681.9	0.0	23.3	0.0	23.3	0.0	70.0	675.6	81.5	675.6	198.1
EMTN (Euro Medium Term Notes)	2,233.0	500.0	45.1	500.0	36.4	1,200.0	61.6	0.0	0.0	2,200.0	143.1
Medium-term negotiable notes (NEU MTN)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial paper (NEU CP)	252.0	252.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	252.0	0.0
Revolving	0.4	0.0	2.7	0.0	2.7	0.0	8.1	0.0	0.0	0.0	13.6
Unamortized debt issuance costs	(15.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan from employee profit-sharing fund	13.0	3.5	0.1	3.6	0.2	5.5	0.6	0.0	0.0	12.6	1.0
Debt relating to mobilization of receivables	178.0	178.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	178.0	0.9
Other	2.0	1.2	0.0	0.6	0.0	0.2	0.0	0.0	0.0	2.0	0.0
Overdrafts	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,690.6**	**935.1**	**80.8**	**504.2**	**71.2**	**1,585.8**	**157.5**	**675.6**	**81.5**	**3,700.7**	**391.0**

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

Market risks

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

Interest rate risk

Interest rate risk mainly includes the risk of fluctuations in future cash flows relating to variable-rate debt. The Group's rate risk management policy is to maintain the vast majority of its total debt at fixed rates over a medium- to long-term horizon. As a result, just like a year earlier, the Group's outstanding variable-rate long-term debt was negligible as at December 31, 2023.

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

Currency risk

Transactional currency risk

The Group is exposed to transactional currency risk mainly related to its purchases of goods from third party suppliers (linen) denominated in US dollars. In 2023, these purchases totaled US$116.6 million, compared with US$149.0 million in 2022, a decrease of US$32.4 million, reflecting the significant linen purchases made in 2022 as a reaction to the health crisis of 2021. The Group is working to reduce the impact of exchange rate fluctuations on its income by using currency hedging for these supply purchases. As at December 31, 2023, the Group had made 2024 forward purchases of US$114.7 million (compared with US$127.8 million a year earlier).

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

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

Financial currency risk

The financing needs of foreign subsidiaries outside the euro area covered by intra-group loans and the centralization of cash surpluses expose some Group entities to financial currency risk (risk related to changes in the value of borrowings or financial receivables denominated in currencies other than the borrowing or lending entity's functional currency). This currency risk is mainly hedged through currency swaps as part of a hedging policy implemented by the Finance Department. As at December 31, 2023, currency swaps against the euro mainly covered the Swedish krona (SEK), Norwegian krone (NOK), Danish krone (DKK), Czech koruna (CZK), pound sterling (GBP), Swiss franc (CHF), Mexican peso (MXN) and Polish zloty (PLN). Currency swaps in rubles (RUB) were settled in early 2022 via a spot purchase of foreign currency.

USPP financing denominated in US dollars

Some of the Group's financing is denominated in US dollars (USPP-type financing): to hedge this currency risk, the Group has entered into cross-currency swap contracts backed by financing with a notional amount of US$415 million as at December 31, 2023 (US$215 million as at December 31, 2022).

The Group's exposure to currency risk

The Group operates a significant share of its activities in countries within the euro area. For the financial year ended December 31, 2023, countries outside the euro area accounted for 38.4% of the Group's consolidated revenue, including 10.3% from the United Kingdom, 6.1% from Brazil, 5.6% from Denmark, 5.1% from Sweden, 2.8% from Switzerland, 2.7% from Mexico, 1.7% from Norway and 1.6% from Poland.

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

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

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

(In millions of euros)	Impact recognized in other comprehensive income resulting from a 10% fall in exchange rate	Change in net income resulting from a 10% fall in exchange rate
SEK (Sweden)	(67.6)	(1.7)
DKK (Denmark)	(58.9)	(2.9)
BRL (Brazil)	(49.8)	(1.8)
GBP (United Kingdom)	(41.0)	(2.3)
MXN (Mexico)	(28.7)	(1.4)
PLN (Poland)	(16.4)	(1.0)
CHF (Switzerland)	(13.9)	(0.8)
NOK (Norway)	(13.9)	(0.6)

Equity risk

As at December 31, 2023, the Group's exposure to equity risk concerned the 63,655 Elis shares held in treasury, mainly as part of the liquidity agreement.

These shares were valued at €0.9 million based on the December 31, 2023 closing price (€18.39). Accordingly, the Group did not consider it necessary to introduce an equity risk management policy.

Commodities risk

While the Group does not purchase raw materials directly on the financial markets, it is indirectly exposed to raw material volatility through its purchases of linens and workwear, the manufacturing price of which is partially linked to the price of cotton or polyester, and through its consumption of petroleum products (mainly gas and fuel) or electricity. As at December 31, 2023, the Group's energy expenditure totaled €191.4 million (€171.4 million as at December 31, 2022) for gas and other fuels and €90.1 million (€83.9 million as at December 31, 2022) for electricity. To mitigate the effects of price volatility for its gas and electricity purchases and to hedge this risk, the Group enters into fixed-price contracts with its energy suppliers where appropriate. As at December 31, 2023, the Group and its suppliers have agreed on a fixed price for around 95% of its forecast gas consumption in Europe and 92% of its electricity consumption for 2024. The Group has also agreed with its suppliers on a fixed price for around 60% and 21% of its estimated gas consumption in Europe for 2025 and 2026, respectively.

8.2 Net financial income (loss)

(In millions of euros)	**2023**	2022
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(109.3)	(87.5)
Interest expense on lease liabilities	(19.8)	(13.1)
Interest income using the effective interest rate method	18.0	9.5
TOTAL NET INTEREST EXPENSE	**(111.1)**	**(91.1)**
Gains (losses) on interest rate derivatives measured at fair value through profit or loss	0.0	0.0
Foreign currency translation gains (losses) related to financing operations	(0.3)	6.5
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	0.1	(2.1)
Accretion expenses	(13.8)	(0.3)
Other	0.5	0.4
NET FINANCIAL INCOME (EXPENSE)	**(124.6)**	**(86.7)**

In 2023, total net interest expense rose by €20.0 million compared with 2022. This increase was related to (i) the implementation of new financing in 2022 (EMTN in May 2022, USPP in June 2022 and convertible bonds in September 2022) and 2023 (receivables securitization program and USPP in June and July 2023 respectively) at higher interest rates than those applicable to the previous lines of funding and (ii) the rise in the interest rates used to value lease liabilities.

Moreover, the net financial result was affected by the accretion expense of the earnout pertaining to the acquisition carried out in Mexico in 2022.

8.3 Gross debt

Accounting policies

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

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

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

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

As at December 31, 2023, consolidated debt mainly comprised the following:

Private placements

USPP

In April 2019, the Group took out a USPP loan with two tranches: one tranche in euros in the amount of €300.0 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a cross-currency swap for a total of €35.7 million with a synthetic coupon rate in euros of 2.69%.

On June 1, 2022, Elis also took out new USPP financing for US$175.0 million. The new notes issued have a 10-year maturity (June 2032) and offer investors a 4.32% coupon in US dollars. These were entirely converted into euros via cross-currency swaps for a total amount of €158.6 million. Elis will pay a final, euro-denominated coupon of 3.0%. On July 20, 2023, Elis also took out new USPP financing for US$200.0 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 fully converted into euros for a total amount of €183.4 million by Elis, which will pay a final 5.21% coupon in euros.

The funds raised by this financing will be entirely dedicated to refinancing the Group's existing debt, and in particular to refinancing the €500.0 million bond issue due to mature in April 2024.

These loan agreements contain a[1] leverage ratio <3.75 covenant to be respected at the end of each half.

Capital markets

Convertible bonds (OCÉANEs)

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new and/or existing Elis shares ("2023 OCÉANEs") maturing on October 6, 2023 for a nominal amount of €400.0 million, represented by 12,558,869 bonds with a nominal value of €31.85. These bonds are non-interest bearing (zero coupon). At the same time as the issue of the new OCÉANEs (see below), the Company redeemed a total principal amount of €200.0 million on September 22, 2022, representing approximately 50% of the aggregate number of 2023 OCÉANEs initially issued. On October 6, 2023, the Group repaid the bearers the balance of the 2023 OCÉANEs upon maturity, for a total of €200.0 million.

On September 22, 2022, Elis issued bonds convertible into and/or exchangeable for new and/or existing Elis shares ("2029 OCÉANEs") maturing on September 22, 2029 for a nominal amount of €380.0 million. The bonds have a nominal unit value of €100,000 and carry an annual coupon of 2.25%, payable annually, and a conversion premium of 42.50% relative to the reference share price on September 15, 2022. The holders of these bonds are also entitled to redeem the nominal amount plus accrued interest on September 22, 2027.

Accounting policies

OCÉANE bonds qualify as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires that the equity component (the call option held by the bondholder to convert the bond into shares) and the debt component (the contractual commitment to deliver cash) be recognized separately in the balance sheet.

The fair value of the debt component of the 2032 OCÉANEs is equivalent to €328.6 million at inception and €47.6 million for the options component (net of costs but before deferred tax). The redemption of the 2029 OCÉANEs was subject to split accounting in 2022 in the amount of €191.7 million for the debt component and €4.3 million for the equity component. The previous reserve accumulated in equity has been reclassified to retained earnings for €22.9 million before deferred tax in 2022, then €27.2 million in 2023, following the repayment upon maturity.

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

EMTN (Euro Medium Term Notes)

On the long-term capital markets, Elis has a €4 billion EMTN program, renewed and approved by the AMF on May 11, 2023, under which it has carried out several bond issues, of which the following are still circulating:

- on February 15, 2018, a dual-tranche bond issue comprising a €650 million tranche with a maturity of 5 years (February 2023) and a coupon of 1.875%, and a €350.0 million tranche with a maturity of 8 years (February 2026) and a coupon of 2.875%. The line of €650.0 million (February 2023) was repaid in full following two successive repurchases in September 2021 and November 2022;
- on April 11, 2019, a bond issue in the amount of €500.0 million with a 5-year maturity and a coupon of 1.75%;
- on October 3, 2019, a dual-tranche bond issue for €850.0 million comprising (i) a €500.0 million tranche with a maturity of 5.5 years (maturing April 2025) and an annual coupon of 1%, and (ii) a €350.0 million tranche with a maturity of 8.5 years (maturing April 2028) and an annual coupon of 1.625%;
- on September 23, 2021, a fully fungible €200.0 million bond issue forming a single line with the existing bonds maturing in April 2028 issued on October 3, 2019 for an initial amount of €350.0 million with an annual coupon of 1.625%; This brought the amount of the bond line to €550.0 million. The income from these new bonds was entirely used for the partial redemption of bonds issued in February 2018;
- on May 17, 2022, Elis placed a principal amount of €300.0 million of senior unsecured notes under its EMTN program. The notes have a maturity of 5 years and carry a fixed annual coupon of 4.125%. The net proceeds of this new issue were used to refinance the original tranche for a principal amount of €450.0 million, due to mature on February 15, 2023.

The financing contracts entered into by Elis SA contain a cross-default clause pursuant to which a default on another financing contract representing a debt of at least €100.0 million would constitute a default on the financing contract in question.

Thus, without obtaining the express authorization of its creditors (waiver), if Elis were to fail to comply with its financial covenant (financial leverage), the Company would also find itself in default on the OCÉANEs and the EMTN.

Medium-term negotiable notes (NEU MTN)

In addition to its commercial paper program, since June 2021 Elis has also had a program of unrated medium-term negotiable notes (NEU MTN), approved by the Banque de France, for a maximum amount of €200.0 million. This program enables the Group to raise medium-term financing resources at favorable market conditions with maturities between the commercial papers and the bonds issued as part of the EMTN program (between 18 months and 3 years). As at December 31, 2023, outstandings under this program had been repaid. They totaled €10 million as at December 31, 2022.

Commercial paper (NEU CP)

On the short-term capital market, Elis has an unrated commercial paper program (NEU CP), approved by Banque de France, for a maximum amount of €600.0 million. In addition to other financing, this program provides the Group with access to disintermediated short-term resources at favorable market conditions. As at December 31, 2023, outstandings under this program totaled €252.0 million (€184.0 million as at December 31, 2022).

Bank financing

Syndicated revolving credit facility

On November 9, 2021, Elis signed a €900 million syndicated revolving credit facility with a group of 13 customer-driven retail banks, undrawn as at December 31, 2023. This five-year credit facility (expiring November 2026) is accompanied by two one-year extension options ("5+1+1" years). Elis exercised the first extension option in 2022. This was unanimously accepted by the banks, extending the facility until November 2027. The second extension option was requested by Elis during the 2023 financial year and accepted by all banks except one, extending the facility to November 2028 for a total of €870 million.

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

- water consumption, which the Group is committed to reducing by 30% per kg of linen delivered over the period from 2018 to 2030 for its laundries in Europe;
- gender balance, with a commitment to increase the proportion of women in managerial roles to 42% by 2030 (34% in 2020);
- a reduction in Scope 1 and 2 CO2eq emissions, with a commitment to reduce them by 47.5% in absolute terms between 2019 and 2030;
- a reduction of 28% between 2019 and 2030 in Scope 3 CO2eq emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, employee commuting, and end-of-life treatment of products.

This loan agreement contains a leverage ratio <3.75 covenant[(1)] to be respected at the end of each half.

Receivables sale programs (Securitization)

On June 12, 2023, the Group completed a trade receivables sale program in France, in the form of securitization for a duration of three years for a maximum balance of €200.0 million.

In the context of this program, the Group agreed to sell some of its trade receivables on a renewable basis. In line with the provisions of the contract, the subsidiaries undertake to indemnify the buyer in the event that the receivables sold become unrecoverable or litigious. Moreover, in these contracts, the buyer of the receivables, in order to mitigate its risk, finances only part of the receivables sold to it, as is usually the case in similar commercial transactions. Thus, since the risks and benefits cannot be considered to have been fully transferred, the trade receivables cannot be derecognized and these operations are treated as a secured loan.

The item "Trade and other receivables" therefore includes a balance of sold receivables for a total of €278.6 million as at December 31, 2023.

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

Change in debt

(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	12/31/2023
CONVERTIBLE BONDS	**530.6**	**(200.0)**	**0.0**	**0.0**	**0.0**	**12.5**	**343.1**
USPP	**501.6**	**183.2**	**0.0**	**0.0**	**0.0**	**(9.2)**	**675.6**
EMTN (EURO MEDIUM TERM NOTES)	**2,200.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2,200.0**
Medium-term negotiable notes (NEU MTN)	10.0	(10.0)	0.0	0.0	0.0	0.0	0.0
Commercial paper (NEU CP)	184.0	68.0	0.0	0.0	0.0	0.0	252.0
Revolving	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relating to mobilization of receivables	0.0	177.5	0.0	0.0	0.0	0.0	177.5
Other loans	4.7	(7.1)	4.4	0.0	(0.0)	(0.0)	2.0
Overdrafts	0.0	0.0	0.0	(0.0)	0.4	(0.0)	0.4
Loan from employee profit-sharing fund	14.0	(1.0)	0.0	0.0			13.0
LOANS	**212.7**	**227.5**	**4.4**	**0.0**	**0.4**	**(0.0)**	**445.0**
ACCRUED INTEREST	**38.0**			**0.0**	**0.0**	**4.6**	**42.6**
UNAMORTIZED DEBT ISSUANCE COSTS	**(18.7)**	**(1.8)**	**0.0**	**0.0**	**0.0**	**4.9**	**(15.5)**
BORROWINGS AND FINANCIAL DEBT	**3,464.2**	**208.9**	**4.4**	**0.0**	**0.4**	**12.7**	**3,690.6**
Reconciliation to cash flow statement							
› Proceeds from new borrowings		1,194.8					
› Repayments of borrowings		(985.9)					
Change in borrowings		208.9					

Breakdown of financial debt by currency

(In millions of euros)	12/31/2023	12/31/2022 restated*
EUR	3,315.0	3,261.4
USD	375.6	201.6
DKK	0.0	0.6
CLP	0.1	0.2
COP	0.0	0.3
BORROWINGS AND FINANCIAL DEBT	**3,690.6**	**3,464.2**

(*) *See Note 1.4.*

The financial debt denominated in US dollars related to the USPP financing has been fully converted into euros via cross-currency swaps, as detailed in the "Financial currency risk" section of Note 8.1 "Financial risk management" and in Note 8.8 "Events after the reporting period".

Maturity of financial liabilities

(In millions of euros)	12/31/2023	2024	2025	2026–2028	2029 and beyond
Convertible bonds	345.4	2.4	0.0	343.1	0.0
USPP	681.9	6.3	0.0	0.0	675.6
EMTN (Euro Medium Term Notes)	2,233.0	533.0	500.0	1,200.0	0.0
Medium-term negotiable notes (NEU MTN)	0.0	0.0	0.0	0.0	0.0
Commercial paper (NEU CP)	252.0	252.0	0.0	0.0	0.0
Revolving	0.4	0.4	0.0	0.0	0.0
Unamortized debt issuance costs	(15.5)	(4.2)	(3.7)	(6.7)	(1.0)
Loan from employee profit-sharing fund	13.0	3.6	3.8	5.6	0.0
Debt relating to mobilization of receivables	178.0	178.0	0.0	0.0	0.0
Other	2.0	1.1	0.6	0.2	0.0
Overdrafts	0.4	0.4	0.0	0.0	0.0
TOTAL BORROWINGS AND FINANCIAL DEBT	**3,690.6**	**973.1**	**500.8**	**1,542.1**	**674.6**

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

8.4 Cash and cash equivalents

Accounting policies

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

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

(In millions of euros)	12/31/2023	12/31/2022 restated*
Demand accounts	287.4	282.7
Cash equivalents	377.7	3.4
CASH AND CASH EQUIVALENTS (ASSETS)	**665.1**	**286.1**
Overdrafts	(0.4)	(0.0)
CASH AND CASH EQUIVALENTS, NET	**664.7**	**286.1**

(*) See Note 1.4.

Cash equivalents include fixed-term deposits with several French banking institutions in the amount of €370.0 million as at December 31, 2023, for terms of three months or less.

In Latin America (excluding Mexico), where there may be foreign exchange controls, cash and cash equivalents totaled €62.8 million as at December 31, 2023, compared with €59.7 million at December 31, 2022.

In France, cash available as at December 29, 2023 in the context of the new liquidity contract amounted to €3.7 million as at December 31, 2023 (see Note 12 "Events after the reporting period").

In Russia, cash amounted to €3.2 million as at December 31, 2023 (€6.4 million as at December 31, 2022). This amount is used for the ordinary operations of the Group's subsidiaries in that country.

8.5 Net financial debt

(In millions of euros)	12/31/2023	12/31/2022 restated*
CONVERTIBLE BONDS	**343.1**	**530.6**
USPP	**675.6**	**501.6**
EMTN (EURO MEDIUM TERM NOTES)	**2,200.0**	**2,200.0**
Medium-term negotiable notes (NEU MTN)	0.0	10.0
Commercial paper (NEU CP)	252.0	184.0
Debt relating to mobilization of receivables	177.5	0.0
Other loans	2.0	4.7
Overdrafts	0.4	0.0
Loan from employee profit-sharing fund	13.0	14.0
LOANS	**445.0**	**212.7**
ACCRUED INTEREST	**42.6**	**38.0**
UNAMORTIZED DEBT ISSUANCE COSTS	**(15.5)**	**(18.7)**
BORROWINGS AND FINANCIAL DEBT	**3,690.6**	**3,464.2**
Of which maturing in less than one year	973.1	429.3
Of which maturing in more than one year	2,717.5	3,034.9
CASH AND CASH EQUIVALENTS (ASSETS)	**665.1**	**286.1**
NET DEBT	**3,025.5**	**3,178.0**

(*) *See Note 1.4.*

8.6 Financial assets and liabilities

Accounting policies

Initial recognition of financial assets and liabilities

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

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

Fair value and carrying amount of financial assets and liabilities

The key measurement methods used are as follows:

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

(In millions of euros)	12/31/2023 Carrying amount	12/31/2023 Fair value	Breakdown by category of financial instrument: Mandatory at fair value through profit or loss	Fair value – hedging instruments through OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.1	0.1	0.1			
Other non-current assets	66.5	66.5	23.6	1.9	40.9	
Contract assets	51.9	51.9			51.9	
Trade and other receivables	823.4	823.4			823.4	
Other current assets	19.3	19.3	1.2	0.2	17.9	
Cash and cash equivalents	665.1	665.1			665.1	
FINANCIAL ASSETS	**1,626.2**	**1,626.2**	**24.9**	**2.1**	**1,599.2**	**0.0**
Borrowings and financial debt	2,717.5	2,627.0				2,717.5
Other non-current liabilities	57.9	57.9	31.3	17.1		9.5
Trade and other payables	404.8	404.8				404.8
Contract liabilities	83.7	83.7				83.7
Other current liabilities	531.9	531.9	88.7	3.1		440.2
Bank overdrafts and current borrowings	973.1	964.5				973.1
FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)	**4,768.9**	**4,669.8**	**120.0**	**20.2**	**0.0**	**4,628.7**

(In millions of euros)	12/31/2022 restated* Carrying amount	12/31/2022 restated* Fair value	Breakdown by category of financial instrument: Mandatory at fair value through profit or loss	Fair value – hedging instruments through OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.1	0.1	0.1			
Other non-current assets	79.2	79.2	26.7	15.6	36.9	
Contract assets	45.5	45.5			45.5	
Trade and other receivables	746.5	746.5			746.5	
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	**1,174.7**	**1,174.7**	**27.5**	**16.6**	**1,130.7**	**0.0**
Borrowings and financial debt	3,034.9	2,795.0				3,034.9
Other non-current liabilities	69.5	69.5	57.1	0.0		12.4
Trade and other payables	364.8	364.8				364.8
Contract liabilities	81.3	81.3				81.3
Other current liabilities	452.4	452.4	35.7	5.1		411.6
Bank overdrafts and current borrowings	429.3	431.5				429.3
FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)	**4,432.2**	**4,194.6**	**92.8**	**5.1**	**0.0**	**4,334.4**

(*) *See Note 1.4.*

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

	12/31/2023	Fair value hierarchy		
(In millions of euros)	**Fair value**	Level 1	Level 2	Level 3
Other equity investments	0.1			0.1
Non-current derivatives – assets (cross-currency swaps)	1.9		1.9	
Current derivatives – assets (currency forwards)	1.4		1.4	
Offsetting assets	23.6			23.6
ASSETS MEASURED AT FAIR VALUE	**27.0**	**-**	**3.4**	**23.6**
Non-current derivatives – liabilities (cross-currency swaps)	17.1		17.1	
Current derivatives – liabilities (currency forwards)	5.7		5.7	
Debt related to acquisitions	117.3			117.3
LIABILITIES MEASURED AT FAIR VALUE	**140.2**	**-**	**22.8**	**117.3**
USPP	661.4		661.4	
EMTN (Euro Medium Term Notes)	2,135.9	2,135.9		
Convertible bonds – debt component	346.0		346.0	
LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED IN THE NOTES	**3,143.3**	**2,135.9**	**1,007.5**	**-**

	12/31/2022 restated*	Fair value hierarchy		
(In millions of euros)	Fair value	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	90.5			90.5
LIABILITIES MEASURED AT FAIR VALUE	**97.8**	**-**	**7.3**	**90.5**
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**	**-**

(*) See Note 1.4.

8.7 Other non-current assets and liabilities

Accounting policies

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

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

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

(In millions of euros)	Notes	12/31/2023	12/31/2022 restated*
Non-current derivatives – assets	8.8	1.9	15.6
Long-term loans and receivables		3.1	3.2
Offsetting assets and other non-current assets		23.6	26.7
Marginal costs of obtaining contracts		37.8	33.7
OTHER NON-CURRENT ASSETS		**66.5**	**79.2**
Non-current derivatives – liabilities	8.8	17.1	-
Deferred consideration payable on acquisitions		31.3	57.1
Liability for repurchase commitments to non-controlling interests		-	-
Other non-current liabilities		9.5	12.4
OTHER NON-CURRENT LIABILITIES		**57.9**	**69.5**

(*) See Note 1.4.

8.8 Derivative financial instruments and hedges

Accounting policies

The Group holds derivative financial instruments in order to hedge its exposure to currency risk.

Derivative financial instruments are initially measured at fair value at inception and are subsequently remeasured at their fair value. The resulting changes are recognized under income for derivatives hedging intra-Group current accounts denominated in foreign currencies.

The Group designates other derivatives as hedging instruments in order to hedge its exposure to the changeability of cash flows associated with a highly likely transaction arising from exchange rate changes.

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

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

Derivatives used in cash flow hedges

Only the change in fair value of the spot element (effective part) of currency forward contracts is designated as a hedging instrument in cash flow hedging relationships. This is recognized in other comprehensive income.

The Group recognizes the forward components of forward contracts separately in other comprehensive income and accumulates them in the cost of hedging reserve in a separate component of equity until their reclassification in income or loss or in the initial cost of the non-financial asset acquired.

The cumulative gain or loss reported in equity is reclassified to the income statement when the hedged item affects profit or loss.

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

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

Cash flow hedges

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

	Maturity			
As at 12/31/2023	1-6 months	6-12 months	More than one year	**Total**
CURRENCY RISK				
Forward USD purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	44.5	35.8		80.3
Average EUR/USD forward rate	1.08	1.09		-
Forward USD purchases (highly probable forecast purchases)				
Nominal *(in millions of euros)*	11.3	14.1		25.4
Average GBP/USD forward rate	1.22	1.23		-
Cross-currency swap – USPP				
Nominal *(in millions of euros)*			35.7	35.7
Fixed rate until 2029			2.69%	-
Nominal *(in millions of euros)*			158.6	158.6
Fixed rate until 2032			2.98%	-
Nominal *(in millions of euros)*			183.4	183.4
Fixed rate until 2035			5.21%	-

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

The amounts relating to the hedged items are as follows:

As at 12/31/2023	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly probable forecast purchases	(1.3)	(3.3)	0.0
Interest rate risk			
Variable-rate instruments	0.0	(0.0)	0.0

As at 12/31/2022	Change in the value of the hedged item used to recognize the ineffective portion of the hedge	Cash flow hedge reserve before tax	Cash flow hedge reserve (hedge accounting no longer applied)
Currency risk			
Highly probable forecast purchases	7.9	(4.9)	0.0
Interest rate risk			
Variable-rate instruments	0.0	(0.0)	0.0

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

(In millions of euros)	As at 12/31/2023				12/31/2023				
	Nominal	Carrying value – Assets	Carrying value – Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedging costs recognized in other comprehensive income	Amount reclassified from the hedge reserve to the income statement	Hedging costs reclassified to the income statement	Income statement item
Currency risk									
Forward currency purchases	105.8	0.2	3.1	"Other current assets and liabilities," see Note 4.8	1.3	(0.4)	0.3	(0.1)	"Net financial income" Foreign currency translation gains (losses)
Cross-currency swap – USPP	377.7	1.9	17.1	"Other non-current assets and liabilities," see Note 8.7	-	(21.5)	-	(9.2)	"Net financial income" Foreign currency translation gains (losses)

(In millions of euros)	As at 12/31/2022 restated*				12/31/2022				
	Nominal	Carrying value – Assets	Carrying value – Liabilities	Line item in the statement of financial position which includes the hedging instrument	Change in the fair value of the hedging instrument recognized in other comprehensive income	Hedging costs recognized in other comprehensive income	Amount reclassified from the hedge reserve to the income statement	Hedging costs reclassified to the income statement	Income statement item
Currency risk									
Forward currency purchases	119.2	1.0	5.1	"Other current assets and liabilities," see Note 4.8	(7.9)	0.7	0.0	0.0	"Net financial income" Foreign currency translation gains (losses)
Cross-currency swap – USPP	194.3	15.6	0.0	"Other non-current assets and liabilities," see Note 8.7	-	6.7	-	7.7	"Net financial income" Foreign currency translation gains (losses)

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

(In millions of euros)	Cost of hedging reserve	**Cash flow hedge reserve**
Cash flow hedges		
BALANCE AS AT JANUARY 1, 2022	**1.3**	**2.2**
Change in fair value resulting from foreign exchange rate risk hedging	7.4	(7.9)
Change in fair value resulting from interest rate risk hedging	-	0.0
Amounts reclassified to the income statement	0.0	0.0
Related tax	(1.9)	2.0
BALANCE AS AT DECEMBER 31, 2022	**6.8**	**(3.6)**
Change in fair value resulting from foreign exchange rate risk hedging	(21.9)	1.3
Change in fair value resulting from interest rate risk hedging	0.0	0.0
Amounts reclassified to the income statement	(0.1)	0.3
Related tax	5.7	(0.4)
BALANCE AS AT DECEMBER 31, 2023	**(9.5)**	**(2.4)**

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

(In millions of euros)	12/31/2023	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		
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	35.7	35.0

NOTE 9 INCOME TAX EXPENSE

Accounting policies

Current tax

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

Deferred tax

Deferred taxes are recognized on the basis of temporary differences between the book value of assets and liabilities and their tax bases. The following items do not give rise to the recognition of a deferred tax:

- taxable temporary differences generated by the initial recognition of goodwill;
- temporary differences related to the initial recognition of an asset or a liability in a transaction that is not a business combination and which, when it occurs, does not affect either the accounting profit or the taxable profit or loss, and does not give rise, at the time of the transaction, to a taxable temporary difference and to a deductible temporary difference of an equal amount;
- temporary differences related to equity investments in subsidiaries, associate companies and partnerships, to the extent to which the Group is capable of monitoring the date of the reversal of the temporary differences and it is likely that they will not be reversed in the foreseeable future.

Deferred tax assets are recognized as deductible temporary differences and unused tax credits and tax losses only to the extent that it is likely that the Group will have future taxable profits on which they can be charged. Taxable future profits are measured in relation to the reversal of taxable temporary differences.

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

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

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

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

The table below shows a breakdown of income tax expense and details the reconciliation between the actual income tax expense and the theoretical income tax expense calculated based on the tax rate applicable to the parent:

(In millions of euros)	**2023**	2022 restated*
Consolidated net income (loss)	262.4	202.6
Current taxes	120.5	92.6
Deferred taxes	(10.1)	(12.9)
INCOME (LOSS) BEFORE TAX	**372.9**	**282.3**
Theoretical tax rate	25.83%	25.83%
THEORETICAL TAX EXPENSE	**96.3**	**72.9**
ACTUAL TAX EXPENSE	**110.4**	**79.7**
Effect of tax not based on net income (CVAE in France, IRAP in Italy)	4.6	6.8
DIFFERENCE	**(9.5)**	**(0.0)**
Breakdown of difference		
Differences in tax rate	(0.0)	8.8
Permanent differences (including non-deductible IFRS 2 expenses)	(12.2)	(12.3)
Utilization of previously unrecognized tax losses/(Unrecognized tax loss carryforwards)/Tax credits	14.8	12.5
Goodwill impairment	(0.0)	(15.1)
Adjustments and accretion of non-deductible earnouts**	(15.8)	0.5
Other differences (deductible CVAE, etc.)	3.6	5.7

(*) See Note 1.4.

(**) See Note 4.6.

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

(In millions of euros)	12/31/2022 net restated**	Increase related to business combinations	Income (loss)	Recognized directly in other comprehensive income	Translation differences & other	12/31/2023 net
Goodwill (tax-deductible amort.)	(4.1)	0.0	0.6	0.0	(0.2)	(3.6)
Intangible assets	(135.1)	(1.5)	15.5	0.0	(1.4)	(122.5)
Property, plant and equipment	(145.9)	0.0	(15.8)	0.0	(0.4)	(162.1)
Other assets	(15.2)	0.0	(1.4)	0.0	0.2	(16.4)
Derivative instruments – assets	(4.5)	0.0	0.4	3.2	0.0	(0.9)
Right-of-use assets*	(76.2)	(0.0)	(17.4)	0.0	(6.7)	(100.3)
Provisions	18.5	0.0	4.5	0.0	0.2	23.2
Net employee benefit liabilities	6.5	0.0	1.3	6.2	0.1	14.1
Borrowings and financial debt	(17.6)	0.0	4.0	0.0	0.0	(13.6)
Derivative instruments – liabilities	1.9	0.0	2.0	2.1	0.0	5.9
Lease liabilities*	79.4	0.0	17.0	0.0	6.9	103.3
Other current liabilities	(3.7)	0.1	5.5	0.0	0.1	1.8
Other	(5.5)	(0.1)	(7.2)	(0.2)	(0.1)	(13.0)
Recognized tax losses	35.6	0.1	1.1	0.0	0.6	37.4
NET DEFERRED TAX ASSETS (LIABILITIES)	**(265.9)**	**(1.5)**	**10.1**	**11.3**	**(0.7)**	**(246.7)**
Deferred tax assets	**43.0**					**46.9**
DEFERRED TAX LIABILITIES	**(308.9)**					**(293.6)**

(*) See Note 1.2.
(**) See Note 1.4.

- deferred tax assets are recognized for tax loss carryforwards when it is probable that they can be offset against future taxable profit and in the absence of a history of recent losses;
- as at December 31, 2023, the Group had tax losses of €32.7 million (base) for which no deferred tax assets had been recognized (€115.6 million at December 31, 2022). The majority of these tax losses, which are almost all related to foreign subsidiaries, have no expiration date.

Global minimum tax rate

Accounting policies

The Group applies the exception regarding the recognition of deferred tax assets and liabilities related to income tax arising from the Pillar 2 rules.

On December 15, 2022, the Council of the European Union unanimously adopted the directive to implement the "minimum tax" component of the OECD's international tax reform, commonly referred to as "Pillar 2," paving the way for the adoption of the 15% global minimum tax across the EU. Although largely in line with the OECD model rules, the directive includes some adaptations, such as the implementation of a domestic Income Inclusion Rule (IIR). These rules, which are incorporated into the tax systems of the 27 Member States, are applicable, without exception, to tax years beginning on or after December 31, 2023.

The Group has undertaken a plan to identify the impacts and organize the processes that will enable it to comply with the applicable obligations. At this stage of the plan, the Group is expecting to have to pay a very small top-up tax. Taking into account the simplification measures, Ireland would be the main country affected for the Group, with an effective tax rate of below 15%.

For 2023, the average effective tax rate (calculated in accordance with paragraph 86 of IAS 12), according to tax jurisdiction, is as follows:

(In millions of euros)	Income (loss) before tax 2023	Tax recognized 2023	Average effective tax rate
France	94.2	47.1	50.0%
European Union (excluding France)	177.7	35.6	20.0%
of which Ireland	*10.1*	*1.3*	*13.0%*
Non-cooperative jurisdictions for tax purposes (European Union list)	0.2	0.6	321.4%
Excluding the European Union	100.7	27.2	27.0%
TOTAL	**372.9**	**110.4**	**29.6%**

The effective tax rate in France during the 2023 financial year was heavily impacted by non-deductible earnout adjustments.

NOTE 10 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

10.1 Share capital and reserves

Capital management

The Group's capital management objectives are:

- to manage net earnings per share and the number of shares in particular;
- to manage shareholder return by means of the dividend policy;
- to manage financial leverage[1], taking into account the risk premium that the markets associate with the debt. The financial leverage is 2.0x as at December 31, 2023 (2.5x as at December 31, 2022).

Liquidity agreement

On March 1, 2021, the Company entered into a liquidity agreement with Exane BNP Paribas relating to ordinary Elis shares (ISIN code FR0012435121), in accordance with AMF Decision No. 2018-01 governing the establishment of liquidity agreements on equity securities under accepted market practices. From July 1, 2021, the liquidity agreement was amended to comply with the AMF Decision No. 2021-01. The trading platform on which transactions under this liquidity agreement are carried out is Euronext Paris. To implement this agreement, the following resources were allocated to the liquidity account: 185,022 securities and €0.5 million in cash.

At the end of 2023, Elis put an end to this liquidity agreement and the termination took effect on December 31, 2023.

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 DECEMBER 31, 2023	**234,000,047**
Number of authorized shares	234,000,047
Number of shares issued and fully paid up	234,000,047
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares	63,655
Shares reserved for issue under options and sales agreements	-

In 2023:

- following the vesting of the free performance shares, the share capital was increased on March 10, July 10, and August 30, 2023 by an aggregate nominal amount of €1.1 million, respectively, through the capitalization of those same amounts in "Additional paid-in capital";
- moreover, the general shareholders' meeting of May 25, 2023, as confirmed by the Management Board on June 22, 2023, decided to allocate the profit for the 2022 financial year (plus retained earnings) of €110.4 million as follows:
  - €61.7 million to the payment of a cash dividend of €0.41 per share (following the stock dividend payment mentioned below),
  - the balance to retained earnings;
- share capital and additional paid-in capital increased to €2.0 million and €30.8 million respectively through the creation of 2,002,768 new Elis shares following payment of the stock dividend (see below). In addition, €0.3 million was deducted from additional paid-in capital to bring the Company's legal reserve to one-tenth of the new share capital;
- as part of a new subscription to the Group savings plan, the following transactions were carried out on November 7, 2023: (i) the share capital was increased by €0.7 million and additional paid-in capital by €7.5 million (ii) a provision for the costs related to the capital increases (net of the corresponding tax savings) was then charged to additional paid-in capital, (iii) lastly, the balance of €0.1 million was allocated to the legal reserve, by deduction from the "Additional paid-in capital" item.

In 2022:

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

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

10.2 Dividends and distributions paid and proposed

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

It was decided at the annual general shareholders' meeting on May 25, 2023, to distribute a dividend for the 2022 financial year of €0.41 per share, with the option of payment in Elis shares. The dividend was paid in cash and stock on June 22, 2023. 34.72% of rights were exercised in favor of payment of a stock dividend, i.e. the issuance 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.

The next annual general shareholders' meeting will be asked to approve the payout of €0.43 per share, or €100.6 million, based on the number of existing shares as at December 31, 2023 (excluding treasury shares).

10.3 Earnings per share

Accounting policies

Basic earnings per share

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

Diluted earnings per share

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

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

(In millions of euros)	2023	2022 restated*
Net income or loss attributable to owners of the parent		
› Continuing operations	262.5	202.6
› Discontinued operations	0.0	0.0
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**262.5**	**202.6**
Interest expense related to convertible bonds (net of tax)	15.6	9.6
NET INCOME OR LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT, ADJUSTED FOR DILUTION	**278.1**	**212.2**
Weighted average number of shares	233,122,085	231,333,841
Effect of conversion of convertible notes	27,751,078	18,102,469
Effect of contingently issuable shares	2,676,412	1,330,259
Weighted average number of shares used for diluted EPS	263,549,576	250,766,569
Earnings (loss) per share (EPS) *(in euros)*:		
› basic, attributable to owners of the parent	€1.13	€0.88
› diluted, attributable to owners of the parent	€1.06	€0.85
Earnings (loss) per share (EPS) from continuing operations *(in euros)*:		
› basic, attributable to owners of the parent	€1.13	€0.88
› diluted, attributable to owners of the parent	€1.06	€0.85

(*) See Note 1.4.

The weighted average numbers of shares take into account the withdrawal of 99,574 treasury shares in 2023 (119,789 treasury shares in 2022).

NOTE 11 RELATED PARTY DISCLOSURES

Except for compensation paid to executives and the retirement plan as shown in Note 5.5 "Executive compensation (related party transactions)," no other transactions were carried out with related parties in 2023 or 2022.

11.1 Subsidiaries and consolidated companies

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

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
Elis SA	Saint-Cloud	Parent company	100	100
FRANCE				
M.A.J. SA	Pantin	Textile & hygiene services	100	100
Les Lavandières SAS	Avrillé	Textile & hygiene services	100	100
Régionale de Location et Services Textiles SAS	Marcq-en-Barœul	Textile & hygiene services	100	100
Pierrette - T.B.A. SA	Malzeville	Textile & hygiene services	100	100
Le Jacquard Français SARL	Gérardmer	Manufacturing entity	100	100
Elis Services SAS	Saint-Cloud	Other	100	100
Thimeau SAS	Meaux	Textile & hygiene services	100	100
Pro Services Environnement SAS	Rochetoirin	Textile & hygiene services	100	100
AD3 SAS	Dardilly	Textile & hygiene services	100	100
SCI Les Gailletrous	La Chaussée-Saint-Victor	Other	100	100
SCI du Château de Janville	Saint-Cloud	Other	100	100
GIE Eurocall Partners	Villeurbanne	Other	100	100
SCI Maine Beauséjour	Limoges	Other	100	100
SCI La Forge	Bondoufle	Other	100	100
Société de Participations Commerciales et Industrielles SARL	Saint-Cloud	Other	100	100
SCI des 2 Sapins	Grenoble	Other	100	100
SHF Holding SA	Saint-Cloud	Other	100	100
SHF SAS	Saint-Cloud	Textile & hygiene services	100	100
Elis Prévention Nuisibles SAS	Savigny-sur-Orge	Textile & hygiene services	100	100
Blanchisserie Blésoise SAS	La Chaussée-Saint-Victor	Textile & hygiene services	100	100
SOS Termites SAS	La Teste-de-Buch	Textile & hygiene services	100	-
3D - Désinfection, Dératisation, Désinsectisation SAS	Voiron	Textile & hygiene services	100	-
Alpes 3D SAS	Saint-Martin-le-Vinoux	Textile & hygiene services	100	-
Savoie Anti-Nuisibles SAS	Aix-les-Bains	Textile & hygiene services	100	-
Haute-Savoie Anti-Nuisibles SAS	Annemasse	Textile & hygiene services	100	-
Ain Anti-Nuisibles SAS	Château-Gaillard	Textile & hygiene services	100	-
Bio Pest Services SAS	Bully	Textile & hygiene services	100	-
Anchain Trade Services SAS	Flers-en-Escrebieux	Textile & hygiene services	Dissolved	100

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
GERMANY				
Elis Holding [a]	Rehburg-Loccum	Other	100	100
Elis Textil-Service GmbH [a]	Mörlenbach	Textile & hygiene services	100	100
Elis Ibbenbüren GmbH [a]	Ibbenbüren	Textile & hygiene services	100	100
Elis Immobilien GmbH & Co KG	Ibbenbüren	Other	100	100
Elis Freiburg GmbH & Co KG	Freiburg im Breisgau	Textile & hygiene services	100	100
Wolfsperger Verwaltungs GmbH	Freiburg im Breisgau	Other	100	100
Elis Potsdam GmbH [a]	Potsdam	Textile & hygiene services	100	100
Elis München GmbH [a]	Munich	Textile & hygiene services	100	100
Elis Südwest GmbH [a]	Simmern	Textile & hygiene services	100	100
Elis Wismar GmbH [a]	Wismar	Textile & hygiene services	100	100
Elis Stralsund GmbH	Stralsund	Textile & hygiene services	100	100
Elis Mannheim GmbH [a]	Mannheim	Textile & hygiene services	100	100
Elis Servicegesellschaft Rhein-Neckar mbH [a]	Mannheim	Other	100	100
Elis Ost GmbH	Schönebeck (Elbe)	Textile & hygiene services	100	100
Elis Beteiligungs GmbH [a]	Hamburg	Other	100	100
Elis GmbH [a]	Hamburg	Textile & hygiene services	100	100
Elis Glückstadt GmbH	Hamburg	Other	100	100
Elis Nordost GmbH [a]	Fürstenwalde	Textile & hygiene services	100	100
Elis Schleswig GmbH [a]	Schleswig	Textile & hygiene services	100	100
Elis West GmbH [a]	Hagen	Textile & hygiene services	100	100
Elis Group Services GmbH [a]	Hamburg	Other	100	100
Elis Textilmanagement GmbH [a]	Hamburg	Textile & hygiene services	100	100
Decontam GmbH [a]	Bad Windsheim	Textile & hygiene services	100	100
Jentex GmbH	Jena	Textile & hygiene services	49	49
TSL Textil-Service und Logistik GmbH	Fürstenwalde	Dormant	100	100
Elis Sulz GmbH [a]	Sulz am Neckar	Textile & hygiene services	100	100
Elis Eckental GmbH [a]	Eckental	Textile & hygiene services	100	100
Curantex Verwaltungs GmbH	Erkelenz	Other	100	100
Elis Erkelenz GmbH & Co KG	Erkelenz	Textile & hygiene services	100	100
Elis Landstuhl GmbH & Co KG	Landstuhl	Textile & hygiene services	100	100
Haber Geschäftsführungsgesellschaft mbH	Landstuhl	Other	100	100
Steamtech GmbH	Landstuhl	Other	100	100
Elis Mitte GmbH & Co KG	Alsfeld	Textile & hygiene services	100	100
Jöckel Beteiligungs GmbH	Alsfeld	Other	100	100
Jöckel Grundstücksverwaltungs GmbH & Co KG	Alsfeld	Other	100	100
Niessing Miettextil Gmbh & Co KG	Schwarzenbek	Textile & hygiene services	100	100
Verwaltung Niessing GmbH	Schwarzenbek	Other	100	100
Servicetex GmbH	Villingen-Schwenningen	Textile & hygiene services	100	-
Miettex Service Süd GmbH	Hamburg	Textile & hygiene services	Merger	-
PTS Pinneberger Textil-Service GmbH	Glückstadt	Dormant	-	Dissolved
ANDORRA				
Auxiliar Hotelera Arly	Sant Julià de Lòria	Textile & hygiene services	100	100
Arly les Valls	Andorra la Vella	Dormant	In liquidation	In liquidation
AUSTRIA				
Elis Austria GmbH	Hard	Textile & hygiene services	100	100
BELGIUM				
Elis Belgium	Anderlecht	Textile & hygiene services	100	100
Blanchisserie Basse Meuse	Herstal	Textile & hygiene services	100	100
Ardenne & Meuse Logistic	Herstal	Other	100	100
Scaldis St-Martin	Péruwelz	Textile & hygiene services	100	100
Manoha	Péruwelz	Other	100	100
Facility Management Consulting	Péruwelz	Dormant	-	Dissolved

(a) Company making use of the exemption clause provided for in the German Code of Commerce (HGB) § 264 (3) or 264b.

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
BRAZIL				
Atmosfera Gestão e Higienização de Têxteis SA	Jundiaí	Textile & hygiene services	100	100
L'Acqua Lavanderias Ltda	Ponta Grossa	Textile & hygiene services	100	100
Teclav Tecnologia e Lavagem Industrial Ltda	Eusébio	Textile & hygiene services	100	100
Martins e Lococo Lavanderia Ltda	Caieiras	Textile & hygiene services	100	100
Megalav Lavanderia Hospitalar Ltda	Serra	Textile & hygiene services	100	100
Uniforme Lavanderia e Locação Ltda	Camaçari	Textile & hygiene services	100	100
Prontlav Lavanderia Ltda	Fortaleza	Textile & hygiene services	100	100
Toalhão Locação e Higienização de Enxoval Ltda	Fortaleza	Textile & hygiene services	100	100
NJ Lavanderia Industrial e Hospitalar Ltda ME	Brasilia	Textile & hygiene services	100	100
Prolav Servicos Tecnicos Ltda	Rio Bonito, Rio de Janeiro	Textile & hygiene services	100	100
Global Service Lavanderia Ltda ME	Goiana	Textile & hygiene services	100	100
LVB Holding Ltda	Videira	Other	100	100
Lavebras Gestão de Têxteis SA	Videira	Textile & hygiene services	100	100
Atmosfera Gestão e Higienização de Uniformes Ltda	São José dos Pinhais	Textile & hygiene services	100	100
Totalqualy Higienização Textil Ltda	São Bernardo do Campo	Textile & hygiene services	100	100
BR Laundry Industria, Comercio e Serviços Ltda	Anápolis	Textile & hygiene services	100	100
Clinilaves Lavanderia Industrial Eirelli	Araquari	Textile & hygiene services	100	100
Lavanderia ASPH Ltda	Boa Esperança do Sul	Textile & hygiene services	100	100
MAB Indústria e Comércio Eireli	Araquari	Other	100	100
Nortelav Lavanderia Industrial Ltda	Belém	Textile & hygiene services	100	100
Lavanderia Alba Ltda	Cuiabá	Textile & hygiene services	100	100
Sinop Higienização Têxtil Hospitalar Ltda	Sinop	Textile & hygiene services	100	100
Alba Service Lavanderia Ltda	Cuiabá	Textile & hygiene services	100	100-
Center Lav Serviço de Lavanderia Ltda	Palmas	Textile & hygiene services	Merger	-
MPW Lavanderia, Comércio e Serviços Ltda	Piracicaba	Textile & hygiene services	-	Merger
CHILE				
Elis Chile SpA	Santiago (Santiago)	Other	100	100
Albia SA	Santiago (Santiago)	Textile & hygiene services	100	100
Servicios Hospitalarios SA	Recoleta (Santiago)	Textile & hygiene services	100	100
Comercial Elis Chile SpA	Mostazal (San Francisco de Mostazal)	Textile & hygiene services	100	100
Golden Clean SA	Cerrillos (Santiago)	Textile & hygiene services	100	100
Clean Master SpA	Antofagasta (Antofagasta)	Textile & hygiene services	100	100
CYPRUS				
Coliday Holdings Ltd	Larnaca	Other	100	100
Skewen Investments Ltd	Larnaca	Other	100	100
COLOMBIA				
Elis Colombia SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Centro de Lavado y Aseo CLA SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Lavanser SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Lavanderia Industrial Metropolitana SAS	Bogotá, D.C.	Textile & hygiene services	100	100
Elis Caribe SAS	Turbaco	Textile & hygiene services	100	100
Lavaozono SAS	Itagüí	Textile & hygiene services	100	100
DENMARK				
Elis Danmark A/S	Søborg	Textile & hygiene services	100	100
A-vask A/S	Søborg	Textile & hygiene services	100	100
Berendsen A/S	Søborg	Other	100	100
Chrisal Skadedyrsservice A/S	Løgumkloster	Textile & hygiene services	Merger	100
Jysk Linnedservice A/S	Varde	Textile & hygiene services	-	Merger
Centralvaskeriet A/S	Søborg	Textile & hygiene services	-	Merger
Absolut Skadedyrsservice A/S	Søborg	Textile & hygiene services	-	Merger

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
SPAIN				
Elis Manomatic SA	Sant Cugat del Vallès (Barcelona)	Textile & hygiene services	100	100
Lavalia cee	La Nucia (Alicante)	Dormant	100	100
Servicios de Lavandería Industrial de Castilla la Mancha SA	Yeles (Toledo)	Textile & hygiene services	100	100
Goiz Ikuztegia SL	Zumárraga (Guipúzcoa)	Textile & hygiene services	100	100
Indusal Navarra SA-Ilunion Navarra SLU UTE 2020	Marcilla (Navarra)	Textile & hygiene services	83	83
Casbu SL	Igualada (Barcelona)	Textile & hygiene services	50	50
Eliteq Sanidad Ambiental SL	Godella (Valencia)	Textile & hygiene services	100	100
Compañía de Tratamientos Levante, S.L.	Gandía (Valencia)	Textile & hygiene services	100	-
Logralimp SL	Aldaia (Valencia)	Textile & hygiene services	-	Merger
Lavanderia Lizarra SL	Leaburu (Guipúzcoa)	Textile & hygiene services	-	Merger
Goiz Ikuztegia SL-Gureak Oiartzun SL UTE	Zumarraga (Guipúzcoa)	Textile & hygiene services	-	Dissolved
Indusal Navarra SA-Ilunion Navarra SL UTE	Marcilla (Navarra)	Textile & hygiene services	-	Dissolved
ESTONIA				
Elis Textile Service AS	Tartu maakond	Textile & hygiene services	100	100
Svarmil AS	Kiviõli	Other	100	100
FINLAND				
Elis Textile Service Oy	Tuusula	Textile & hygiene services	100	100
HUNGARY				
Elis Hungary Kft	Miskolc	Textile & hygiene services	100	100
IRELAND				
Elis Textile Services Ltd	Dublin	Textile & hygiene services	100	100
Elis Textiles Ltd	Dublin	Textile & hygiene services	100	100
Elis Pest Control Ltd	Dublin	Textile & hygiene services	100	100
Berendsen Ireland Holdings Ltd	Dublin	Other	100	100
Steri-tex Ltd	Dublin	Dormant	100	100
Berendsen Finance Ireland (DKK) Ltd	Dublin	Dormant	-	Dissolved
Berendsen Finance Ireland (Euro) Ltd	Dublin	Dormant	-	Dissolved
Berendsen Finance Ireland (PLN) Ltd	Dublin	Dormant	-	Dissolved
ITALY				
Elis Italia SpA	San Giuliano Milanese	Textile & hygiene services	100	100
Gruppo Indaco Srl	Milan	Textile & hygiene services	100	-
Sistema ambiente Srl	Parma	Textile & hygiene services	Merger	-
LATVIA				
Elis Tekstila Serviss AS	Riga	Textile & hygiene services	100	100
LITHUANIA				
Elis Textile Service UAB	Vilnius	Textile & hygiene services	100	100
LUXEMBOURG				
Elis Luxembourg SA	Bascharage	Textile & hygiene services	100	100
Rentex Vertriebs GmbH	Luxembourg	Textile & hygiene services	100	100

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
MEXICO				
Lavartex SAPI de CV	Ciudad de México	Other	100	100
Empresas HTX SA de CV	Ciudad de México	Other	100	100
Bristol Holding SAPI de CV	Ciudad de México	Other	100	100
Grupo Codeli SA de CV	Ciudad de México	Other	100	100
Adoos SA de CV	Ciudad de México	Other	100	100
Higiénica Textil SA de CV	Ciudad de México	Textile & hygiene services	100	100
Lavasan SA de CV	Ciudad de México	Other	100	100
Grupo Empresarial Bousi SA de CV	Naucalpan de Juárez	Other	100	100
Renta de Blancos SA de CV	Ciudad de México	Other	100	100
Servicios y Suministro a Lavanderias SA de CV	Ciudad de México	Other	100	100
Manteles SA de CV	Ciudad de México	Textile & hygiene services	100	100
Lavanderia La Europea SA de CV	Ciudad de México	Textile & hygiene services	100	100
Lavandería de Hospitales y Sanatorios SA de CV	Naucalpan de Juárez	Textile & hygiene services	100	100
Higiene Textil Del Noreste SA de CV	Ciudad Victoria	Textile & hygiene services	100	100
Servisan SA de CV	Ciudad de México	Textile & hygiene services	100	100
Servicios Estrella Azul de Occidente SA de CV	San Pedro Tlaquepaque	Textile & hygiene services	100	100
Mas limpio SA de CV	Guadalajara	Textile & hygiene services	100	100
NORWAY				
Elis Norge AS	Oslo	Textile & hygiene services	100	100
NETHERLANDS				
Elis Nederland BV	Arnhem	Textile & hygiene services	100	100
Elis Pest Control Nederland BV	Arnhem	Textile & hygiene services	100	100
Elis Netherlands Holding BV	Arnhem	Other	100	100
Arvo Protect BV	Nieuw-Vennep	Textile & hygiene services	100	100
Hexapoda Ongediertebestrijding BV	Velserbroek	Textile & hygiene services	100	100
POLAND				
Elis Textile Service Sp. z.o.o.	Żukowo	Textile & hygiene services	100	100
Elis Supply Chain Centre Sp z.o.o.	Rumia	Other	100	100
PORTUGAL				
Sociedade Portuguesa de Aluguer e Serviço de Têxteis SA	Samora Correira	Textile & hygiene services	100	100
SPAST II Lda	Samora Correira	Textile & hygiene services	100	100
Garment Finishing and Distribution European Services SA	Samora Correira	Other	100	100
Lavandarias Monica SA	Ponte GMR	Textile & hygiene services	100	-
CZECH REPUBLIC				
Elis Textil Servis sro	Brno	Textile & hygiene services	100	100
Pevi sro	Lanškroun	Textile & hygiene services	100	-
Terrana sro	Lanškroun	Other	100	-

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
UNITED KINGDOM				
Elis UK Ltd	Basingstoke	Textile & hygiene services	100	100
Berendsen Ltd	Basingstoke	Other	100	100
Berendsen Finance Ltd	Basingstoke	Other	100	100
Berendsen Nominees Ltd	Basingstoke	Other	100	100
Spring Grove Services Group Ltd	Basingstoke	Other	100	100
Kennedy Hygiene Products Ltd	Uckfield	Manufacturing entity	100	100
Kennedy Exports Ltd	Uckfield	Other	100	100
Elis NI Ltd	Belfast	Textile & hygiene services	100	100
Northern Pest Control Ltd	Belfast	Dormant	100	100
Berendsen Supply Chain (Northern Ireland) Ltd	Belfast	Dormant	100	100
Independent Workwear Solutions Ltd	Basingstoke	Dormant	100	100
Pure Washrooms Ltd	Basingstoke	Dormant	100	100
Pure Washrooms (Coventry) Ltd	Basingstoke	Dormant	100	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	Dissolved	100
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. Helens Laundry Ltd	Basingstoke	Dormant	Dissolved	Currently being dissolved
RUSSIA				
OOO Berendsen	Moscow	Textile & hygiene services	100	100
OOO Комбинат бытового обслуживания "НОВОСТЬ" (Combine of Consumer Services Novost)	Moscow	Textile & hygiene services	100	100
OOO МатСервис (MatService)	Moscow	Textile & hygiene services	100	100
OOO Вига-65 (Viga-65)	Moscow	Textile & hygiene services	100	100
OOO Рентекс-Сервис (Rentex-Service)	Moscow	Textile & hygiene services	100	100
OOO Дионикс (Dionix)	Moscow	Dormant	100	100
OOO Маки-сервис (Maki-Service)	Moscow	Textile & hygiene services	Merger	100
OOO Ковер-Сервис (Kover-Service)	Novossibirsk	Textile & hygiene services	Merger	100
OOO Холл-Сервис (Holl-Service)	Moscow	Textile & hygiene services	Merger	100
OOO ГЕО групп (GEO Group)	Moscow	Textile & hygiene services	Merger	100
SLOVAKIA				
Elis Textile Care SK sro	Trenčín	Textile & hygiene services	100	100
SWEDEN				
Elis Textil Service AB	Malmö	Textile & hygiene services	100	100
Elis Holding AB	Malmö	Other	100	100
Elis Design & Supply Chain Centre AB	Gothenburg	Other	100	100
Nyköping Pilen 6 AB	Malmö	Dormant	100	100
Herr Entrématta AB	Vällingby	Textile & hygiene services	Merger	-

Entity name	Registered office	Primary business	% equity 12/31/2023	% equity 12/31/2022
SWITZERLAND				
Elis (Suisse) AG	Bern	Textile & hygiene services	100	100
Elis Cleanroom (Suisse) SA	Brügg	Textile & hygiene services	100	100
Hygienis SA	Carouge	Textile & hygiene services	100	100
Picsou Management AG	Bern	Other	100	100
Wäscherei Mariano AG	Schlieren	Textile & hygiene services	100	100
Decontam Schweiz GmbH	Zürich	Textile & hygiene services	100	100
AS Désinfection SA	Lonay	Textile & hygiene services	Merger	100

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

Liquidity agreement

On January 2, 2024, for an initial period ending on December 31, 2024 and then renewable by tacit agreement annually for one year, Elis entered into a liquidity agreement with Oddo BHF (Natixis group) relating to ordinary Elis shares (ISIN code FR0012435121), in accordance with AMF Decision No. 2021-01 of June 22, 2021 governing the establishment of liquidity agreements on equity securities under accepted market practices. The trading platform on which transactions under this liquidity agreement will be carried out is Euronext Paris.

To implement this agreement, 63,192 securities and €2.6 million in cash were allocated to the liquidity account.

NOTE 13 STATUTORY AUDITORS' FEES

	Mazars				PricewaterhouseCoopers Audit			
	Amount (excl tax)		%		Amount (excl tax)		%	
(In millions of euros)	2023	2022	2023	2022	2023	2022	2023	2022
Independent audit	0.6	0.6	93%	84%	0.3	0.3	75%	75%
Services other than an independent audit	0.0	0.1	7%	16%	0.1	0.1	25%	25%
› required by law[(a)(b)]	0.0	0.0	0%	1%	0.0	0.0	1%	1%
› other[(c)(d)]	0.0	0.1	6%	15%	0.1	0.1	24%	23%
TOTAL	**0.6**	**0.7**	**100%**	**100%**	**0.4**	**0.4**	**100%**	**100%**

(a) In 2023, services other than an independent audit required by law concerned, for the two Statutory Auditors, the publication of additional reports for a capital increase reserved for employees.

(b) In 2023, the other services carried out by Mazars and PricewaterhouseCoopers Audit involved issuing comfort letters and, for PricewaterhouseCoopers Audit, verifying the consolidated non-financial performance statement and various declarations relating to non-financial disclosures.

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

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

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

2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2023)

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

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Elis for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for opinion

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

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

Measurement of the recoverable amount of goodwill

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

Description of risk

At December 31, 2023, goodwill totaled a net amount of €3,988 million, representing the largest item on the consolidated statement of financial position. Goodwill corresponds to the difference at the acquisition date between the acquisition price paid and the fair value of the assets acquired and liabilities assumed. Goodwill is allocated to the cash-generating units (CGUs) of the activities into which the various entities acquired have been incorporated.

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

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

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

Our response

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

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

- that all of the components of the carrying amount of the CGUs tested were taken into account and are consistent with the EBITDA and EBIT projections integrated in the business plans to determine the recoverable amount;
- the reasonableness of the EBITDA and EBIT projections for the CGUs in light of the CGUs' economic and financial environments and, by assessing the reasons for the differences between projected and actual historical performances, the reliability of the process by which the estimates were calculated;
- the consistency of these EBITDA and EBIT projections with management's most recent estimates as validated by the Management Board and approved by the Supervisory Board on December 14, 2023 regarding the years 2024 to 2026;
- the reasonableness of the discount rates and the long-term growth rates used to calculate discounted future cash flows, with the support of our asset valuation experts;
- the sensitivity analyses of the impairment tests conducted by management to a change in the perpetual growth rate and the discount rates.

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

Specific verifications

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

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

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

Other verifications and information pursuant to legal and regulatory requirements

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

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

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

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

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

Appointment of the Statutory Auditors

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

At December 31, 2023, Mazars and PricewaterhouseCoopers Audit were in the thirteenth and seventeenth consecutive year of their engagement, respectively, and the ninth year for each statutory auditors since the Company's securities were admitted to trading on a regulated market, respectively.

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

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

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

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

The consolidated financial statements were approved by the Management Board.

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

Objective and audit approach

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

As specified in article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

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

They also:

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

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 6, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit
Bardadi Benzeghadi

Mazars
Francisco Sanchez

3 ELIS PARENT COMPANY FINANCIAL STATEMENTS

3.1 Balance sheet for the year ended December 31, 2023

Assets

(In millions of euros)	Gross	Amort. Deprec.	Net 12/31/2023	Net 12/31/2022
Subscribed capital uncalled	0.0	0.0	0.0	0.0
Start-up costs	0.0	0.0	0.0	0.0
Development costs	0.0	0.0	0.0	0.0
Concessions, patents and other rights	0.0	0.0	0.0	0.0
Business goodwill	0.0	0.0	0.0	0.0
Other intangible assets	0.0	0.0	0.0	0.0
Advances on intangible assets	0.0	0.0	0.0	0.0
Total intangible assets	**0.0**	**0.0**	**0.0**	**0.0**
Land	0.0	0.0	0.0	0.0
Buildings	0.0	0.0	0.0	0.0
Technical facilities, equipment	0.0	0.0	0.0	0.0
Other property, plant and equipment	0.0	0.0	0.0	0.0
Assets in progress	0.0	0.0	0.0	0.0
Advances and prepayments	0.0	0.0	0.0	0.0
Total property, plant and equipment	**0.0**	**0.0**	**0.0**	**0.0**
Equity-accounted companies	0.0	0.0	0.0	0.0
Other equity investments	4,177.9	(1.1)	4,176.9	4,109.0
Loans and advances to equity investees	756.0	0.0	756.0	572.7
Other investments	0.0	0.0	0.0	0.0
Loans	0.0	0.0	0.0	0.0
Other financial assets	1,740.2	0.0	1,740.2	1,367.0
Total financial assets	**6,674.2**	**(1.1)**	**6,673.1**	**6,048.7**
TOTAL NON-CURRENT ASSETS	**6,674.2**	**(1.1)**	**6,673.1**	**6,048.7**
Raw materials and supplies	0.0	0.0	0.0	0.0
Goods in progress	0.0	0.0	0.0	0.0
Services in progress	0.0	0.0	0.0	0.0
Finished and semi-finished goods	0.0	0.0	0.0	0.0
Goods held for resale	0.0	0.0	0.0	0.0
Total stocks	**0.0**	**0.0**	**0.0**	**0.0**
Advances and prepayments on orders	0.0	0.0	0.0	0.0
Trade receivables	0.6	0.0	0.6	5.6
Other receivables	44.2	0.0	44.2	375.5
Subscribed capital called but not paid	0.0	0.0	0.0	0.0
Total receivables	**44.8**	**0.0**	**44.8**	**381.1**
Marketable securities	0.0	0.0	0.0	0.0
Cash and cash equivalents	130.8	0.0	130.8	140.0
Total cash and cash equivalents	**130.8**	**0.0**	**130.8**	**140.0**
Prepaid expenses	2.1	0.0	2.1	1.0
TOTAL CURRENT ASSETS	**177.7**	**0.0**	**177.7**	**522.1**
Deferred debt issuance costs	0.0	0.0	0.0	0.0
Bond discounts	0.0	0.0	0.0	0.0
Unrealized foreign currency translation losses	8.2	0.0	8.2	11.4
GRAND TOTAL	**6,860.0**	**(1.1)**	**6,859.0**	**6,582.1**

Equity and liabilities

(In millions of euros)	12/31/2023	12/31/2022
Issued capital	234.0	230.1
Additional paid-in capital	2,477.7	2,440.9
Revaluation differences	0.0	0.0
Legal reserve	23.4	23.0
Regulatory or contractual reserves	0.0	0.0
Regulated reserves	0.0	0.0
Other reserves	0.0	0.0
Total reserves	**23.4**	**23.0**
Retained earnings	15.6	0.0
Net income (profit or loss) for the period	177.7	110.4
Investment grants	0.0	0.0
Regulated provisions	27.1	27.1
TOTAL EQUITY	**2,955.5**	**2,831.6**
Proceeds from issuance of equity securities	0.0	0.0
Conditional advances	0.0	0.0
TOTAL OTHER EQUITY	**0.0**	**0.0**
Provisions for risks	1.2	4.6
Provisions for expenses	1.4	1.1
Total provisions for risks and expenses	**2.7**	**5.7**
Convertible bonds	382.4	582.4
Other bonds	681.9	503.7
Bank loans	0.0	0.4
Sundry borrowings and financial debt	2,803.5	2,633.7
Total financial debts	**3,867.8**	**3,720.1**
Advances and deposits on orders in progress	0.0	0.0
Trade payables	7.5	6.3
Tax- and employee-related liabilities	4.5	9.6
Amounts due to suppliers of non-current assets	0.0	0.0
Other liabilities	11.9	5.4
Total operating liabilities	23.9	21.2
Deferred income	0.0	0.0
TOTAL DEBTS	**3,891.7**	**3,741.4**
Unrealized foreign currency translation gains	9.2	3.5
GRAND TOTAL	**6,859.0**	**6,582.1**

3.2 Income statement for the year ended December 31, 2023

(In millions of euros)	Financial year 2023	Financial year 2022
Sales of goods held for resale	0.0	0.0
Sales of goods	0.0	0.0
Sales of services	1.2	1.1
Net revenue	**1.2**	**1.1**
Increase in finished goods and work in process inventories	0.0	0.0
Capitalized production costs	0.0	0.0
Operating grants	0.0	0.0
Reinvoiced expenses and reversals of amortization, depreciation and provisions	1.6	0.9
Other income	0.0	0.0
Total operating income	**2.8**	**2.0**
Purchases of goods held for resale (including customs duties)	0.0	0.0
Change in inventories (goods held for resale)	0.0	0.0
Purchases of raw materials and other supplies (including customs fees)	(0.0)	(0.0)
Change in inventories (raw materials and supplies)	0.0	0.0
Other purchases and external expenses	(18.9)	(26.3)
Taxes and duties	(1.2)	(0.8)
Wages and salaries	(4.7)	(4.1)
Payroll taxes	(3.8)	(2.3)
Depreciation and amortization expense on fixed assets	0.0	0.0
Impairment losses on fixed assets	0.0	0.0
Impairment losses on current assets	0.0	0.0
Operating provisions	(1.2)	(2.0)
Other expenses	(0.9)	(0.7)
Total operating expenses	**(30.8)**	**(36.1)**
OPERATING INCOME (LOSS)	**(28.0)**	**(34.1)**
Financial income from equity investments	232.4	165.2
Income from other securities and long-term loans and receivables	0.0	0.7
Other interest income	49.2	32.2
Reinvoiced expenses and reversals of provisions	4.6	0.2
Foreign currency translation gains	49.8	85.3
Net gain on disposals of marketable securities	0.0	0.0
Total financial income	**336.0**	**283.6**
Amortization and provisions on financial assets	(1.2)	(4.6)
Interest expense	(94.1)	(70.8)
Foreign currency translation losses	(51.6)	(77.2)
Net expense on disposals of marketable securities	0.0	0.0
Total financial expenses	**(146.9)**	**(152.6)**
NET FINANCIAL INCOME (LOSS)	**189.1**	**131.0**
NET RECURRING INCOME (LOSS) BEFORE TAX	**161.1**	**96.9**
Non-recurring income from operations	0.0	0.0
Non-recurring income from capital transactions	0.9	0.7
Reinvoiced expenses and reversals of provisions	0.0	1.0
Total non-recurring income	**0.9**	**1.7**
Non-recurring expenses on operations	(0.7)	(0.0)
Non-recurring expenses on capital transactions	(0.7)	(1.0)
Non-recurring depreciation, amortization and provisions	(0.7)	(3.7)
Total non-recurring expenses	**(2.1)**	**(4.7)**
NET NON-RECURRING INCOME (LOSS)	**(1.2)**	**(2.9)**
Employee profit-sharing	0.0	0.0
Income tax expense	17.8	16.4
PROFIT (OR LOSS)	**177.7**	**110.4**

3.3 Appendix

INDEX FOR THE NOTES

NOTE 1 THE COMPANY'S BUSINESS AND SIGNIFICANT EVENTS OF THE YEAR

1.1 The Company's business

Business activity of holding companies.

1.2 Significant events of the year

The financial statements below cover the 12-month financial year from January 1, 2023, to December 31, 2023, and show a profit of €177.7 million.

They are presented in millions of euros unless stated otherwise.

The Company fully subscribed the capital increase of its subsidiary S.P.C.I. SARL on November 24, 2023 for a total of €67.9 million.

The Company carried out the following refinancing transactions during the financial year (see also Note 4.5 "Summary of maturities of liabilities" for more details):

- On July 20, 2023, Elis took out new USPP financing for US$200.0 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 €183.4 million by Elis, which will pay a final 5.21% coupon in euros.
- On June 12, 2023, the Group entered into a program with some of its French subsidiaries for the sale of their trade receivables, in the form of securitization for a duration of three years, with Elis acting as the lead company.
- On October 6, 2023, Elis repaid the bearers the balance of the 2023 OCÉANE convertible bond upon maturity, for a total of €200.0 million.

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

During the financial year, the Company also received a dividend of €122.4 million from its UK subsidiary Berendsen Ltd. and a dividend from its French subsidiary M.A.J. SA of €110.0 million.

NOTE 2 ACCOUNTING POLICIES

Generally accepted accounting principles have been applied, including the principles of conservatism, going concern, consistency, and time period assumption and matching, in accordance with the general rules governing the preparation and presentation of annual financial statements defined by the French General Chart of Accounts (ANC Regulation 2014-03).

The basic method used to measure the items recognized in the financial statements is the historical cost method.

Changes in accounting policies

None.

Changes in estimates or application conditions

Elis's commitments in terms of long-term retirement benefits paid to employees were revalued to take into account the ratification on April 14, 2023 of Law no. 2023-270, the 2023 social security financing adjustment law, which will gradually increase the legal retirement age in France from 62 to 64. This reform has had no significant impact on the Company's accounts.

The main accounting policies applied are as follows:

2.1 Capital goods

Financial assets

Equity investments and related receivables

The gross amount of equity investments consists of the purchase cost, including incidental expenses, since the first application of Opinion 2007-C issued on June 15, 2007 by the Urgent Issues Committee of the French National Accounting Board (CNC). Prior to that Opinion, transfer taxes, fees and commissions, and legal costs were recognized in expenses for the financial year. These costs are then amortized over an accelerated period of five years.

At the end of the financial year, an impairment loss is recorded when the value in use is less than the carrying amount. The value in use of a given investment is determined according to its contribution to consolidated net assets, its profitability, and its future outlook. When the carrying amount of an investment is greater than its contribution to consolidated net assets, the carrying amount of the investment is compared to the recoverable amount, usually based on multiples of economic indicators (EBITDA and EBIT) less the net debt for the investment concerned.

As the multiple valuation technique has been difficult to implement since the pandemic, as at December 31, 2023, the Company opted for the discounted cash flow method of valuation, as implemented for the Elis Group's consolidated financial statements.

When equity investments and their related receivables have a lower recoverable amount than their carrying amount, the equity investments are impaired before the related receivables.

Other financial assets

Merger losses on financial assets

"Merger losses on financial assets" of €1,365.3 million corresponds to the merger loss generated during the transfer of Novalis' assets and liabilities to Elis on July 9, 2015. This merger loss has been fully allocated to M.A.J. equity investments. The merger loss is tested for impairment on an annual basis. As it is not possible to determine the current value of the merger loss taken individually, it is grouped together with M.A.J. equity investments for the purposes of the impairment test. An impairment loss is recognized whenever the cumulated present value of the merger loss and equity securities is less than their carrying amount as at the reporting date.

Liquidity agreement

The transactions related to the Company's liquidity agreement with an investment services provider are recognized in accordance with the CNC Urgent Issues Committee Opinion 98-D and with Bulletin 137 issued in March 2005 by the French Institute of Statutory Auditors (CNCC):

- treasury shares are recognized in "Other financial assets – treasury shares." An impairment loss is recorded if the average share price in the last month of the financial year is less than the purchase price. The first-in-first-out (FIFO) method is used to determine gains and losses on disposals;
- cash paid to the intermediary and not yet used is recognized under "Other financial assets – other long-term receivables."

2.2 Receivables and liabilities

Receivables are recognized at face value.

An impairment loss is recorded when the recoverable amount is less than the carrying amount.

2.3 Marketable securities

Marketable securities are carried in the balance sheet at their purchase price. If their expected trading value at the end of the financial year is less than their purchase price, an impairment loss is recorded for the difference.

2.4 Transactions in foreign currencies

Income and expenses denominated in foreign currencies are recorded at their transaction-date equivalent amount.

Where applicable, liabilities, receivables, and cash and cash equivalents denominated in foreign currencies are converted and recognized in the balance sheet using the closing exchange rate.

Resulting differences are posted to the balance sheet under "Foreign currency translation gains" and "Foreign currency translation losses."

The amount of unrealized foreign currency translation losses not offset by foreign exchange risk hedge gives rise to a proportional provision recorded under "Provisions for risks."

2.5 Regulated provisions

Regulated provisions are detailed in the provisions statement and are reported under "Equity" on the balance sheet. They are tax items corresponding to the provision for accelerated depreciation and amortization calculated according to French tax regulations, in particular the accelerated amortization of transaction costs related to purchases of securities.

The additions to or reversals of accumulated accelerated depreciation and amortization are recognized in net non-recurring income.

2.6 Employee benefit liabilities

Provisions for employee retirement benefits are calculated and recognized in accordance with Method 2 of Recommendation 2013-02 issued on November 7, 2013 by the French Accounting Standards Authority (ANC). Changes in retirement benefit obligations resulting from changes in actuarial assumptions or retirement plans occurring during the year are recorded directly in net non-recurring income: the provisions recognized at the reporting date are thus equal to the actuarial obligation determined in accordance with IAS 19 (revised).

Additional provisions are recorded for long-service award obligations, calculated in accordance with the Company's internal procedures on the basis of statistical and discounting assumptions. Changes in these provisions during the financial year are collectively recorded directly in income.

A new supplementary retirement plan for members of the Executive Committee, including members of the Management Board, was introduced by the Company's general shareholders' meeting on May 20, 2021. It falls within the scope of Article L. 137-11-2 of the French Social Security Code and results in:

- the calculation of a new commitment, which will be updated at each financial year-end;
- the payment to an insurer sometime in April (after each year-end), of a fraction of between 80% and 100% of the commitment. Each payment will be subject to employer contributions at a rate of 29.7%.

2.7 Financial instruments and hedges

Hedging instruments

Hedge accounting principles must be applied whenever a hedging relationship is identified and documented by management. The effects of the financial instruments used by Elis SA to hedge and manage its interest rate risks are recognized in the income statement with a corresponding entry for those of the hedged item.

Isolated open positions

Isolated open positions are all the transactions that do not qualify as hedges. Gains and losses on terminated contracts are recognized in the income statement. Unrealized losses are recorded in the balance sheet and a provision is recorded.

NOTE 3 NOTES TO THE BALANCE SHEET – ASSETS

3.1 Property, plant and equipment and intangible assets

The Company does not hold any property, plant and equipment or intangible assets.

3.2 Financial assets

(In millions of euros)	Gross value at start of financial year	Acquisitions and contributions	Item-to-item transfers	Disposals	Gross value at end of financial year
Equity-accounted companies	0.0	0.0	0.0	0.0	0.0
Other equity investments	4,682.7	267.5	(67.9)	84.2	4,934.0
Other investments	0.0	0.0	0.0	0.0	0.0
Loans and other financial assets	1,367.0	3,037.7	0.0	2,664.5	1,740.2
TOTAL	**6,049.8**	**3,305.2**	**(67.9)**	**2,748.7**	**6,674.2**

As at December 31, 2023, loans and other financial assets consisted of:

- merger losses on financial assets of €1,365.3 million (unchanged compared with December 31, 2022);
- treasury shares representing 63,755 shares, i.e. €1.2 million (compared with €1.7 million as at December 31, 2022), held under the liquidity agreement signed with Exane BNP Paribas;
- fixed-term deposits of €370.0 million with several French banking institutions, for terms of three months or less: the Company does not expect to release the funds early and aims to obtain maximum profitability;
- deposit pursuant to the new liquidity agreement signed with Oddo BHF (Natixis group): €3.7 million.

3.3 Impairment of non-current assets

(In millions of euros)	Start of financial year	Additions	Reversals	End of financial year
Provisions on securities accounted for at equity	0.0	0.0	0.0	0.0
Provisions on equity investments	1.1	0.0	0.0	1.1
Provisions on other financial assets	0.0	0.0	0.0	0.0
TOTAL	**1.1**	**0.0**	**0.0**	**1.1**

3.4 List of subsidiaries and other equity investments

(In millions of euros unless otherwise stated)	Share capital	Equity, excluding share capital and retained earnings	Percent ownership *(%)*	Carrying amount of shares held Gross	Carrying amount of shares held Net	Loans and advances granted and not repaid	Deposits and endorsements given by the Company	Revenue excluding tax for the last financial year	Income (loss) for the last full financial year	Dividends collected by the company during the financial year
A. DETAILED INFORMATION										
SUBSIDIARIES (+50% OF SHARE CAPITAL HELD BY THE COMPANY)										
M.A.J. SA – Pantin (93) – 775 733 835	142.5	838.3	100.0	1,091.0	1,091.0	569.3	135.8	842.7	214.4	110.0
Société de Participations Commerciales et Industrielles SARL – Saint-Cloud (92) – 409 900 149	294.5	(52.8)	100.0	294.5	294.5	0.6	0.0	0.0	(8.1)	0.0
Berendsen Ltd - Basingstoke, United Kingdom RG24 8NA - 01480047 (Companies House)	£313.3 million	£690 million	100.0	2,790.9	2,790.9	2.5	10.7	0.0	£86.4 million	£106.3 million
EQUITY INVESTMENTS (10% TO 50% OF SHARE CAPITAL)										
B. GENERAL INFORMATION ABOUT OTHER SUBSIDIARIES AND EQUITY INVESTMENTS NOT COVERED UNDER A.										
French subsidiaries (total)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign subsidiaries (total)	0.0	0.0	0.0	1.5	1.5	0.0	0.0	0.0	0.0	0.0
Equity investments in French companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity investments in foreign companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL				**4,082.9**	**4,082.9**					

3.5 Transactions with related parties

The major 2023 transactions with related parties not made under arm's length conditions are as follows:

Name of related party	Nature of the relationship	Nature of the flows recognized in the financial statements	Transaction value *(In millions of euros)*
Predica, a shareholder of Elis until October 2023	Signature on December 29, 2021 of a renewable one-year insurance contract for the supplementary retirement plan benefiting members of the Executive Committee, including members of the Management Board, in accordance with the new article L.137-11-2 of the French Social Security Code (introduced by the Pacte law).	Provision for pensions and retirement benefits	1.2
		Accrued expenses – supplementary retirement contract	0.3
		Premium paid	1.6

3.6 Summary of maturities of receivables

(In millions of euros)	Gross amount	Due within one year	Due in more than one year
Loans and advances to equity investees	756.0	3.4	752.6
Loans	0.0	0.0	0.0
Other financial assets	1,740.2	374.9	1,365.3
Total receivables related to fixed assets	**2,496.2**	**378.3**	**2,117.9**
Doubtful or litigious clients	0.0	0.0	0.0
Other client receivables	0.6	0.6	0.0
Receivables representing loaned securities	0.0	0.0	0.0
Employee	0.0	0.0	0.0
Social security and similar	0.0	0.0	0.0
Government and other public authorities	1.9	1.9	0.0
Group and associates	42.3	42.3	0.0
Sundry receivables	0.0	0.0	0.0
Total receivables related to current assets	**44.8**	**44.8**	**0.0**
Prepaid expenses	2.1	2.1	0.0
TOTAL RECEIVABLES	**2,543.1**	**425.2**	**2,117.9**
Loans granted during the year	3,248.9		
Repayments received during the year	2,692.0		
Loans and advances granted to employees	0.0		

3.7 Accrued income

(In millions of euros)	**As at 12/31/2023**
Loans and advances to equity investees	3.4
Other financial assets	0.0
Trade receivables	0.0
Employee	0.0
Social security and similar	0.0
Government and other public authorities	0.0
Other receivables	0.0
Cash and cash equivalents	0.9
TOTAL	**4.4**

3.8 Other accruals

Prepaid expenses

(In millions of euros)	Operating	Financial	Non-recurring
Leases	0.0	0.0	0.0
Maintenance	0.0	0.0	0.0
Insurance premiums	0.2	0.0	0.0
Other external services	0.2	0.0	0.0
Commercial paper	1.7	0.0	0.0
TOTAL	**2.1**	**0.0**	**0.0**

NOTE 4 NOTES TO THE BALANCE SHEET – EQUITY AND LIABILITIES

4.1 Total equity

Share capital was divided into 234,000,047 fully paid-up common shares with a par value of €1.00 each.

The following transactions were carried out on the Company's share capital during the financial year:

- Following the vesting of the free performance shares, the share capital was increased on March 10, 2023, July 10, 2023 and August 30, 2023 by an aggregate nominal amount of €1.1 million through the capitalization of those same amounts in "Additional paid-in capital".
- Moreover, the general shareholders' meeting of May 25, 2023, as 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 payment of a cash dividend of €0.41 per share (following the stock dividend payment mentioned below),
  - the balance to retained earnings;
- Share capital and additional paid-in capital increased to €2.0 million and €30.8 million respectively through the creation of 2,002,768 new Elis shares following payment of the stock dividend (see below). In addition, €0.3 million was deducted from additional paid-in capital to bring the Company's legal reserve to one-tenth of the new share capital;
- As part of a new subscription to the "Elis for All" Group savings plan, the following transactions were carried out on November 7, 2023: (i) the share capital was increased by €0.7 million and additional paid-in capital by €7.5 million (ii) a provision for the costs related to the capital increases (net of the corresponding tax savings) was then charged to additional paid-in capital, (iii) lastly, the balance of €0.1 million was allocated to the legal reserve, by deduction from the "Additional paid-in capital" item.

Changes in equity during the financial year are as follows:

(In millions of euros)	Total equity
AS AT 12/31/2022	**2,831.6**
Dividends paid	(61.7)
Net income (loss) for the financial year	177.7
Elis for All	7.9
Capital increase expenses	(0.0)
AS AT 12/31/2023	**2,955.5**

4.2 Description of bonus share award plans

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

Free performance share grants	2021 – Plan no. 14	2022 – Plan no. 16	2022 – Plan no. 17	2022 – Plan no. 18	2023 – Plan no. 19	2023 – Plan no. 20
Date of shareholders' meeting	06/30/2020	06/30/2020	06/30/2020	06/30/2020	05/25/2023	05/25/2023
Date of Supervisory Board meeting	03/08/2021	03/08/2022	03/08/2022	03/08/2022	03/07/2023 and 05/10/2023	03/07/2023 and 05/10/2023
Date of decision of the Management Board	03/10/2021	04/15/2022	05/20/2022	10/24/2022	06/16/2023	12/22/2023
Number of rights originally granted	**1,417,198**	**1,085,873**	**500,500**	**309,574**	**1,251,994**	**6,559**
› of which members of the Executive Committee	448,472	0	500,500	0	412,448	0
› of which corporate officers:	213,220	0	240,128	0	197,827	0
– Xavier Martiré	127,932	0	144,334	0	118,908	0
– Louis Guyot	49,751	0	55,880	0	46,036	0
– Matthieu Lecharny	35,537	0	39,914	0	32,883	0
Number of beneficiaries	**526**	**522**	**11**	**222**	**513**	**4**
› of which members of the Executive Committee	11	0	11	0	11	0
› of which corporate officers	3[a]	0	3[a]	0	3[a]	0
Grant date	03/10/2021	04/15/2022	05/20/2022	10/24/2022	06/16/2023	12/22/2023
Vesting date						
› members of the Management Board and the Executive Committee	03/10/2024[b]		05/20/2025[b]		06/16/2026[b]	
› other beneficiaries	03/10/2023[b]	04/15/2024[b]		10/24/2024[b]	06/16/2025[b]	12/22/2025[b]
End of share lock-up period						
› members of the Management Board and the Executive Committee	03/10/2024[c]		05/20/2025[c]		06/16/2026[c]	
› other beneficiaries	03/10/2023[c]	04/15/2024[c]		10/24/2024[c]	06/16/2025[c]	12/22/2025[c]
Rights vested as at 12/31/2023	**576,867[d][e]**	**1,517[e][f]**	**0[f]**	**0[f]**	**0[f]**	**0[f]**
Number of rights lapsed or forfeited as at 12/31/2023	416,735	100,716	0	13,643	10,129	0
Number of rights outstanding as at 12/31/2023	**423,596**	**983,640**	**500,500**	**295,931**	**1,241,865**	**6,559**
› of which members of the Executive Committee	423,596		500,500		412,448	
› of which corporate officers:	213,220		240,128		197,827	
– Xavier Martiré	127,932		144,334		118,908	
– Louis Guyot	49,751		55,880		46,036	
– Matthieu Lecharny	35,537		39,914		32,883	
Number of working beneficiaries as at 12/31/2023	**434**	**462**	**11**	**210**	**504**	**4**
› of which members of the Executive Committee	10	0	11	0	11	0
› of which corporate officers:	3[a]	0	3[a]	0	3[a]	0

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

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

(c) *There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the Stock Market Code of Ethics regarding the prevention of market abuse. In addition, throughout their terms of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance, provided in chapter 2 of this 2023 Universal Registration Document.*

(d) *In addition to what is stated under point (b), the performance conditions associated with the vesting of the shares under plan no. 14, implemented in 2021, were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT, determined on the basis of the business plan, itself in line with market expectations, and to the performance of the Elis share price relative to a benchmark index. The number of vested shares will depend on the number of targets achieved, with the understanding that the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. For plan no. 14 for the Executive Committee (including members of the Management Board) to be delivered in 2024, 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.*

(e) *The amount takes into account the number of shares delivered in advance to an employee on disability benefits for plans no. 14 and no. 16 (100% of the shares granted were delivered in February 2023, in accordance with the rules of the plan).*

(f) *In addition to what is stated under point (b), based on the plans implemented in 2022, the performance conditions associated with the vesting of the shares were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT, determined on the basis of the business plan, itself in line with market expectations, a CSR criterion and the performance of the Elis share price relative to a benchmark index. Furthermore, three thresholds have been defined to determine the achievement of the economic and CSR performance criteria at the end of the vesting period: a trigger threshold (lower limit), a target threshold and an outperformance threshold (upper limit). Regarding the stock market criterion, two thresholds have been defined (target and outperformance threshold). The performance measurement will be assessed on a straight-line basis between each limit. The number of shares to be delivered at the end of the vesting period will be determined in two stages: (i) a calculation depending on the attainment by each of the criteria of the threshold thus defined, the performance measurement being assessed on a straight-line basis between each limit and (ii) the application of a second limit to take account of the attainment or otherwise of the target thresholds. For the plans implemented in 2022 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. For the stock market criterion, only the last two thresholds will apply. The second limit defined below will also apply: (i) if all four target thresholds have been achieved (or surpassed), the number of vested shares may not exceed 120% of the shares granted; (ii) 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, (iii) if only two target thresholds have been achieved (or surpassed), irrespective of the deviation of the other two criteria from their respective target threshold, the number of vested shares may not exceed 80% of the shares granted; (iv) if only one target threshold has been achieved (or surpassed), irrespective of the deviation of the other three criteria from their respective target threshold, the number of vested shares may not exceed 70% of the shares granted; (v) if no target threshold has been achieved, the number of vested shares may not exceed 60% of the shares granted.*

4.3 Parent company

Name and headquarters of the company that prepared the consolidated financial statements for the largest group	ELIS SA, Saint-Cloud (92210), SIRET 499668440 00039
Name and headquarters of the company that prepared the consolidated financial statements for the smallest group	ELIS SA, Saint-Cloud (92210), SIRET 499668440 00039
Place where copies of these consolidated financial statements may be obtained	5, boulevard Louis Loucheur, 92210 Saint-Cloud, France

4.4 Provisions

Breakdown by type:

(In millions of euros)	Start of financial year	Additions	Reversals	**End of financial year**
Provisions for litigation	0.0	0.0	0.0	0.0
Provisions for guarantees	0.0	0.0	0.0	0.0
Provisions for losses on futures markets	0.0	0.0	0.0	0.0
Provisions for fines and penalties	0.0	0.0	0.0	0.0
Provisions for unrealized foreign currency translation losses	4.6	1.2	4.6	1.2
Provisions for pensions	1.1	2.0	1.7	1.4
Provisions for taxes	0.0	0.0	0.0	0.0
Provisions for renewal of fixed assets	0.0	0.0	0.0	0.0
Provisions for major maintenance	0.0	0.0	0.0	0.0
Provisions for social and fiscal charges on holiday pay accrual	0.0	0.0	0.0	0.0
Other provisions for risks and expenses	0.0	0.0	0.0	0.0
TOTAL	**5.7**	**3.2**	**6.2**	**2.7**

4.5 Summary of maturities of liabilities

(In millions of euros)	Gross amount	Due within one year	Greater than 1 year but less than 5 years	Greater than 5 years
Convertible bonds	382.4	2.4	380.0	0.0
Other bonds	681.9	4.1	0.0	677.8
Borrowings from credit institutions with an initial maturity of less than 1 year	0.0	0.0	0.0	0.0
Borrowings from credit institutions with an initial maturity of more than 1 year	0.0	0.0	0.0	0.0
Sundry borrowings and financial debt	2,803.5	1,103.5	850.0	850.0
Trade payables	7.5	7.5	0.0	0.0
Employee	3.1	3.1	0.0	0.0
Social security and similar	1.0	1.0	0.0	0.0
Government and other public authorities	0.4	0.4	0.0	0.0
Amounts due to suppliers of non-current assets	0.0	0.0	0.0	0.0
Group and associates	6.0	6.0	0.0	0.0
Other liabilities	5.9	5.9	0.0	0.0
Borrowed securities	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0
TOTAL DEBTS	**3,891.7**	**1,133.8**	**1,230.0**	**1,527.8**
Loans taken during the year	1,021.6			
Loans repaid during the year	985.0			

As at December 31, 2023, liabilities mainly include:

Convertible bonds

Convertible bonds (OCÉANEs)

On September 15, 2022, Elis issued bonds convertible into and/or exchangeable for new and/or existing Elis shares maturing on September 22, 2029 ("2029 OCÉANEs"). The nominal amount of the issue totals €380.0 million, represented by 3,800 bonds with a par value of €100,000.00 each. The bonds bear interest at an annual rate of 2.25% and include a redemption option for bondholders on September 22, 2027.

Other bonds

USPP private placements

In April 2019, the Group took out a USPP loan with two tranches: one tranche in euros in the amount of €300.0 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US$40.0 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a cross-currency swap for a total of €35.7 million with a synthetic coupon rate in euros of 2.69%.

On June 1, 2022, Elis also took out new USPP financing for US$175.0 million. The new notes issued have a 10-year maturity (June 2032) and offer investors a 4.32% coupon in US dollars. These were entirely converted into euros via cross-currency swaps for a total amount of €158.6 million. Elis will pay a final, euro-denominated coupon of 3%.

On July 20, 2023, Elis also 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 fully converted into euros for a total amount of €183.4 million by Elis, which will pay a final 5.21% coupon in euros.

Sundry borrowings and financial debt

EMTN (Euro Medium Term Notes)

On the long-term capital markets, Elis has a €4.0 billion EMTN program, renewed and approved by the AMF on May 11, 2022, under which it has carried out several bond issues, of which the following are still circulating at December 31, 2022:

- on February 15, 2018, a €350.0 million bond issue with a maturity of 8 years (February 2026) and a coupon of 2.875%;
- on April 11, 2019, a bond issue in the amount of €500.0 million with a 5-year maturity and a coupon of 1.75%;
- on October 3, 2019, a dual-tranche bond issue for €850 million comprising (i) a €500.0 million tranche with a maturity of 5.5 years (maturing April 2025) and an annual coupon of 1%, and (ii) a €350.0 million tranche with a maturity of 8.5 years (maturing April 2028) and an annual coupon of 1.625%;
- on September 23, 2021, a fully fungible €200.0 million bond issue forming a single line with the existing bonds maturing in April 2028 issued on October 3, 2019 for an initial amount of €350 million with an annual coupon of 1.625%;
- on May 17, 2022, a €300.0 million bond issue with a maturity of 5 years and an annual coupon of 4.125%.

Medium-term negotiable notes (NEU MTN)

In addition to its commercial paper program, since June 2021 Elis has also had a program of unrated medium-term negotiable notes (NEU MTN), approved by the Banque de France, for a maximum amount of €200.0 million. This program enables the Group to raise medium-term financing resources at favorable market conditions with maturities between the commercial papers and the bonds issued as part of the EMTN program (between 18 months and 3 years). As at December 31, 2023, outstandings under this program had been repaid.

Commercial paper (NEU CP)

On the short-term capital market, Elis has an unrated commercial paper program (NEU CP), approved by Banque de France, for a maximum amount of €600.0 million. In addition to other financing, this program provides the Group with access to disintermediated short-term resources at favorable market conditions. As at December 31, 2023, outstandings under this program totaled €252.0 million.

Syndicated revolving credit facility

On November 9, 2021, Elis signed a €900.0 million syndicated revolving credit facility with a group of 13 customer-driven retail banks, undrawn as at December 31, 2023. This five-year credit facility (expiring November 2026) is accompanied by two one-year extension options ("5+1+1" years). Elis exercised the first extension option in 2022. This was unanimously accepted by the banks, extending the facility until November 2027. The second extension option was requested by Elis during the 2023 financial year and accepted by all banks except one, extending the facility to November 2028 for a total of €870.0 million.

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

- water consumption, which the Group is committed to reducing by 30% per kg of linen delivered over the period from 2018 to 2030 for its laundries in Europe;
- gender balance, with a commitment to increase the proportion of women in managerial roles to 42% by 2030 (34% in 2020);
- a reduction in Scope 1 and 2 CO_2eq emissions, with a commitment to reduce them by 47.5% in absolute terms between 2019 and 2030;
- a reduction of 28% between 2019 and 2030 in Scope 3 CO_2eq emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, employee commuting, and end-of-life treatment of products.

Through this syndicated credit facility agreement, the Group has, as at December 31, 2023, an undrawn confirmed credit facility of €900.0 million, thus ensuring the necessary liquidity for the Group for its commercial paper program in the event the commercial paper market closes.

4.6 Forward financial instruments and hedges

Interest rate risk management

As at December 31, 2023, all of Elis's long-term debt had fixed interest rates. The Group's securitization program (for a maximum of €200 million) is the only significant line of variable-rate finance (see Note 8.3 "Gross debt").

Currency risk management

Transactional and financial currency risk

To hedge its transactional and financial currency risks, Elis uses derivatives consisting of:

- Forward purchases/sales of currencies not qualifying as hedges (isolated open positions) to hedge its subsidiaries' transactional exposures;
- Foreign currency swaps to hedge foreign exchange risk on its intra-group current accounts in foreign currencies.

As at December 31, 2023, the fair value recorded in the balance sheet was €6.1 million under "Cash and cash equivalents" and €5.9 million under "Other liabilities".

Currency risk linked to USPP financing denominated in US dollars

In 2019, Elis contracted a cross-currency swap to exchange the currency and fixed interest rate paid on its US$40 million 2029 USPP debt over the term of the loan for a fixed rate. The fair value as at December 31, 2023 was €1.9 million.

In 2022, Elis contracted three cross-currency swaps to exchange the currency and fixed interest rate paid on its US$175 million 2032 USPP debt over the term of the loan for a fixed rate. The fair value of these three swaps as at December 31, 2023 was €1.5 million.

In 2023, Elis contracted six cross-currency swaps to exchange the currency and fixed interest rate paid on its US$200 million 2035 USPP debt over the term of the loan for a fixed rate. The fair value of these three swaps as at December 31, 2023 was €15.6 million.

These instruments, designated as a hedge, are not recorded in the balance sheet as prescribed by ANC Regulation 2015-05 (except for accrued interest).

4.7 Accrued expenses

(In millions of euros)	As at 12/31/2023
Convertible bonds	8.7
Other bonds	0.0
Bank loans	33.0
Sundry borrowings and financial debt	0.0
Advances and deposits on orders in progress	0.0
Trade payables	3.2
Tax- and employee-related liabilities	4.4
Amounts due to suppliers of non-current assets	0.0
Other liabilities	0.0
TOTAL	**49.4**

4.8 Deferred income

None.

4.9 Translation differences

	Foreign currency translation losses					Foreign currency translation gains		
(In millions of euros)	Total	Differences offset by foreign exchange risk hedging	Valuation differences	Provisions for risks	Net	Differences offset by foreign exchange risk hedging	Valuation differences	Total
Trade receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.5	0.5		0.0	0.0	(2.6)	0.0	(2.6)
Financial current accounts	7.6	0.5	5.9	1.2	0.0	(0.5)	(6.1)	(6.6)
Suppliers	0.0	0.0	0.0	0.0	0.0		0.0	0.0
TOTAL	**8.2**	**1.1**	**5.9**	**1.2**	**0.0**	**(3.0)**	**(6.1)**	**(9.2)**

NOTE 5 NOTES TO THE INCOME STATEMENT

5.1 Breakdown of revenue

(In millions of euros)	As at 12/31/2023	As at 12/31/2022	Change
Distribution by business sector			
Sales of goods held for resale	0.0	0.0	0.0%
Sales of goods	0.0	0.0	0.0%
Sales of services	1.2	1.1	12.0%
Distribution by geographic market			
Net revenue – France	1.2	1.1	12.0%
Net revenue – Export	0.0	0.0	0.0%
TOTAL	**1.2**	**1.1**	

5.2 Reinvoiced expenses

None.

5.3 Average number of employees

	12/31/2023	12/31/2022
Managers	2	2
TOTAL	**2**	**2**

5.4 Compensation paid to management bodies

Members of the Supervisory Board

Total compensation paid to members of the Supervisory Board during the financial year due in respect of 2022: €0.3 million compared with €0.4 million during the previous financial year.

Management Board

Total compensation paid to members of the Management Board during the financial year: €4.1 million compared with €3.8 million during the previous financial year.

5.5 Net non-recurring income (loss)

(In millions of euros)	As at 12/31/2023
Non-recurring income from capital transactions	0.9
TOTAL NON-RECURRING INCOME	**0.9**
Non-recurring restructuring expenses	(0.7)
Non-recurring expenses on capital transactions	(0.7)
Non-recurring pension provisions	(0.7)
TOTAL NON-RECURRING EXPENSES	**(2.1)**
TOTAL	**(1.2)**

The non-recurring net loss for the financial year amounted to -€1.2 million and breaks down as follows:

- non-recurring income and expenses on capital transactions corresponds to the unrealized and realized gains and losses on treasury shares held under the liquidity agreement using the first-in-first-out (FIFO) method;
- expenses related to shareholder restructuring;
- actuarial losses related to pension provisions.

5.6 Income tax expense

Since March 1, 2008, the Company has elected to determine French income taxes on a consolidated basis in accordance with Article 223 A et seq. of the French Tax Code together with the subsidiaries and sub-subsidiaries as at December 31, 2022 included in the following list: M.A.J., Les Lavandières, Régionale de location et services textiles, Pierrette-TBA, Le Jacquard Français, Elis Services, Thimeau, Société de Participations Commerciales et Industrielles, Pro Services Environnement and Blanchisserie Blésoise.

As the parent company of the consolidated group, Elis consolidates the taxable income of all the members of the Group and pays the corresponding tax to the French Treasury. It receives from its subsidiaries the amount of tax that they would have borne in the absence of tax consolidation. As a result, Elis recorded in its financial statements an income tax amount corresponding to the difference between the amounts received from the subsidiaries and those actually paid.

Elis applies the tax payable method and therefore does not recognize the amounts that it would have had to pay back to loss-making subsidiaries when they return to profit in future years. The tax loss carryforwards applied for certain members of the tax consolidation group and Elis's related deferred tax liabilities are detailed below:

(In millions of euros)	Unused loss carryforwards (basis)	Tax rate	Deferred tax liabilities
Société de Participations Commerciales et Industrielles	8.2	25%	2.0
Le Jacquard Français	8.3	25%	2.1
Blanchisserie Blésoise	6.0	25%	1.5
TOTAL	**22.5**		**5.6**

5.7 Distribution of total tax on profit

(In millions of euros)	Income (loss) before tax	Income tax expense
Income from ordinary operations	161.1	4.4
Net non-recurring income (loss)	(1.2)	0.0
Effect of tax consolidation	0.0	13.4
Corporate income tax on previous results		0.0
Tax losses allocated		0.0
TOTAL	**159.8**	**17.8**

5.8 Deferred taxes

(In millions of euros)	**12/31/2023**	12/31/2022
Basis for increase in future tax liability	0.0	0.0
Regulated provisions	(27.1)	(27.1)
Investment grants	0.0	0.0
Long-term capital gains benefiting from deferred taxation	0.0	0.0
Total basis for increase in future tax liability	**(27.1)**	**(27.1)**
TOTAL FUTURE TAX LIABILITY*	**(7.0)**	**(7.0)**
Basis for reduction in future tax liability	0.0	0.0
Provision for site restoration	0.0	0.0
Provision for restructuring	0.0	0.0
Provisions for pensions	(1.4)	(1.1)
Similar obligations	0.0	0.0
Employee profit-sharing	0.0	0.0
Corporate social solidarity contribution	(0.0)	(0.0)
Provisions on trade receivables	0.0	0.0
Tax loss carryforwards	927.2	930.9
Total basis for reduction of future tax liability	**925.7**	**929.7**
TOTAL FUTURE TAX ASSETS*	**239.1**	**240.2**
NET POSITION	**232.1**	**233.2**
(*) Tax rate:	*25.00%*	*25.00%*
› *Of which normal corporate income tax rate:*	*25.00%*	*25.00%*
› *Social contribution in addition to tax:*	*0.83%*	*0.83%*

NOTE 6 FINANCIAL AND OFF-BALANCE SHEET COMMITMENTS

6.1 Commitments given

(In millions of euros)	Total	< 1 year	1 to 5 years	> 5 years
Related to financing	0.0	0.0	0.0	0.0
Related to equity investments	0.0	0.0	0.0	0.0
Endorsements, sureties and guarantees on behalf of subsidiaries	221.7	0.0	0.0	221.7
Related to supplier services rendered	0.0	0.0	0.0	0.0
Related to real estate	0.0	0.0	0.0	0.0
TOTAL COMMITMENTS GIVEN	**221.7**	**0.0**	**0.0**	**221.7**

6.2 Commitments received

(In millions of euros)	Total	< 1 year	1 to 5 years	> 5 years
Related to financing	727.6	0.0	0.0	727.6
Related to equity investments	0.0	0.0	0.0	0.0
Related to real estate	0.0	0.0	0.0	0.0
Other secured debt	0.0	0.0	0.0	0.0
TOTAL COMMITMENTS RECEIVED	**727.6**	**0.0**	**0.0**	**727.6**

6.3 Derivative-related commitments

See Note 4.6.

NOTE 7 EVENTS AFTER THE REPORTING PERIOD

Liquidity agreement

On January 2, 2024, for an initial period ending on December 31, 2024 and then renewable by tacit agreement annually for one year, Elis entered into a liquidity agreement with Oddo BHF (Natixis group) relating to ordinary Elis shares (ISIN code FR0012435121), in accordance with AMF Decision No. 2021-01 of June 22, 2021 governing the establishment of liquidity agreements on equity securities under accepted market practices. The trading platform on which transactions under this liquidity agreement will be carried out is Euronext Paris.

To implement this agreement, 63,192 securities and €2.6 million in cash were allocated to the liquidity account.

4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended December 31, 2023)

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

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Elis for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for opinion

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors, for the period from January 1, 2023 to the date of our report, and in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

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

Measurement of equity investments, related receivables and merger losses on financial assets

Notes 2.1 "Non-current assets", 3.2 "Financial assets", 3.3 "Impairment of non-current assets" and 3.4 "List of subsidiaries and other equity investments" to the financial statements

Description of risk

Equity investments at December 31, 2023 represented a net amount of €4,177 million, the largest balance sheet item. They are carried at cost and may be impaired based on their value in use. Related receivables stood at €756 million.

The Company's balance sheet at December 31, 2023 also included merger losses on financial assets for a net amount of €1,365 million, recorded within other financial assets and subject to an annual impairment test.

As described in Note 2.1 to the financial statements, the value in use of equity investments is determined for a given investment on the basis of its contribution to consolidated net assets, profitability and future prospects. Merger losses on financial assets are grouped with the equity investments to which they were allocated for the purposes of impairment testing carried out by management at year-end.

Given the economic environment in which the Group operates, the subsidiaries may experience fluctuations in their business activity, resulting in a deterioration in financial performance. Accordingly, and given their amounts in the Company's balance sheet, we deemed the measurement of equity investments, related receivables and merger losses on financial assets to be a key audit matter.

How our audit addressed this risk

To assess the reasonableness of the estimated value in use of the equity investments and merger losses on financial assets, our work consisted mainly in verifying that the estimated values determined by management were based on appropriate justification of the measurement method and calculation assumptions used. In particular:

- for valuations based on historical data: verifying that the equity and net debt amounts used were consistent with the financial statements of entities that have been audited or subject to analytical procedures, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data, we obtained the forecast future cash flows for the investments concerned and:
  - assessed their consistency with the business plans drawn up by management,
  - assessed their reasonableness in light of the economic and financial environments in which the investees operate,
  - assessed the reasonableness of the discount rates and long-term growth rates used, with the support of our asset valuation experts.

Lastly, we obtained assurance that Notes 2.1, 3.2, 3.3 and 3.4 to the financial statements provided appropriate disclosures.

Our work also consisted in assessing the recoverability of receivables from equity investments.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Board's management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

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

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

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

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

Appointment of the Statutory Auditors

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

At December 31, 2023, Mazars and PricewaterhouseCoopers Audit were in the thirteenth and seventeenth consecutive year of their engagement, respectively, and the ninth year for each statutory auditors since the Company's securities were admitted to trading on a regulated market.

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

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

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

The financial statements were approved by the Management Board.

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

Objective and audit approach

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

As specified in article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

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

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

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 6, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit
Bardadi Benzeghadi

Mazars
Francisco Sanchez

Circular services at work

elis.com

French corporation (Société Anonyme) governed by a Management Board and a Supervisory Board with a share capital of €234,000,047
Registered office: 5, boulevard Louis Loucheur – 92210 Saint-Cloud – France – Trade and Companies Register (R.C.S.) no. 499 668 440 Nanterre