elis
Circular services at work

H1 2024 results

July 24, 2024

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SUMMARY

01 H1 2024 business highlights

Solid financial and operational performance in H1 2024

Solid results in all our geographies

- **H1 2024 revenue at €2,246.7m, up +6.9%** of which +5.5% on an organic basis
- **H1 2024 adjusted EBITDA at €774.3m, up +10.9%** Adjusted EBITDA margin up +120bps at 34.5%
- **H1 2024 adjusted EBIT at €343.6m, up +8.6%** Adjusted EBIT margin up +20bps at 15.3%
- **H1 2024 headline net income per share up +1.6% at €0.83** on a fully-diluted basis
- **H1 2024 free cash flow[1] at €55.5m, up c. +€39m yoy**
- **Financial leverage ratio at 2.06x** at June 30, 2024

Previously communicated H1 2023 numbers have been retrospectively restated from the impact of IFRS 3 (please see the Appendix)

[1] After lease payments

Continuous commercial momentum, further industrial and logistics optimization

- **Well-oriented commercial activity**, with new contract wins related to further outsourcing development and growing needs in hygiene, traceability of products and sustainable services
- **Customer retention rate back to its normalized level**, reflecting the quality of the Group's client relationships
- **Good pricing momentum** in all geographies
- **Further productivity gains across the board**: continuous roll out of Elis' best practices in all our countries, including our internally-developed logistics optimization software

Full-year organic growth and EBITDA margin objectives raised

+6.9% topline growth in H1 driven by good commercial momentum and sound pricing

Volumes

- **Strong commercial activity in Workwear with many new contracts signed**
  - Strong numbers in Central Europe and in Southern Europe, driven by the ongoing outsourcing trend
  - Progressive implementation of additional sales force in countries with significant growth potential
- **Churn rate back to its c. 6% normative level**
- **Subdued Hospitality activity in Q2**
  - Good performance in Southern Europe
  - France and the UK suffered from poor weather in May and June; general elections in both countries also had a negative impact on activity
  - Negative impact of Olympics preparations in Paris from significant construction work: some business events postponed from June to September
- The higher-than-usual volume losses from last year (in a context of strong pricing discipline) had a negative carry-forward effect in H1 2024

Pricing

- Good pricing dynamic in all our end-markets, driven by adjustments to offset cost-base inflation
- Price effect slightly above average cost-base inflation in H1 2024
- The carry-forward effect from 2023 mechanically leads to a slightly decreasing price effect quarter after quarter in 2024

M&A and FX

- +1.0% impact from M&A on H1 2024 revenue growth, essentially driven by the acquisition of Moderna (consolidated from March 1st, 2024): c. +€18m impact in H1
- Two small 2023 acquisitions in Pest Control also positively impacted growth in Southern Europe
- FX had a +0.4% effect on H1 2024 revenue, mostly driven by the evolution of the GBP and the MXN

Many commercial successes in the first half, driven by ongoing outsourcing and the roll-out of Elis' offer across our geographies

Strong momentum in workwear continues

- Acceleration in the outsourcing of workwear
- New market standards and regulations contribute to accelerating the transition
- Elis has recently reinforced its sales force in many countries, enabling many cross-selling opportunities with its existing clients

Roll-out of Elis' services offer to small clients

- Great opportunity going forward: Elis currently addresses small clients (e.g. Mom-and-Pop stores) in **c. 10 countries out of 30**
- Elis progressively addresses smaller clients as Group density increases in a country; initiatives already underway in the UK, Sweden, Denmark and Brazil

Development of the pest control and cleanroom businesses

- Elis leverages its many cross-selling opportunities: pest control and cleanroom continued to delivered **double-digit organic revenue growth in H1 2024**
- Demand for pest control and cleanroom businesses has been rising significantly over the past years, with an acceleration since the pandemic

Hospitality and Healthcare still offer growth potential

- We observe market consolidation of the nursing home markets in Europe, which leads to better quality standards including the switch to washing outsourcing
- The Hospitality market in Europe still offers pockets of growth: new hotels are being built and existing hotels are being upgraded and seek better linen service quality

Reinforcement of commercial structure in all geographies to further capture these opportunities
An additional cost of c. €20m is expected for full-year 2024

Churn is back to its normative c. 6% level

Churn rate increased slightly in 2023…

Over 2022-2023, Elis faced a strong inflationary environment that occasionally led to some volume losses

- The strong increase in minimum wages and in our (at that time) unhedged energy purchases led to strong cost-base inflation in 2022 and 2023
- Elis implemented pricing adjustments to pass through cost-base inflation to clients
- Although very successful, the Group's strict pricing discipline sometimes led to contract losses with a c. +1% impact on churn in 2023

… but is now back to its normative level

Elis has very good commercial relationships with its clients

- In 2024, Group pricing adjustments reflect softer inflation
- Customer satisfaction KPIs highlight the strong reliability of our services and the quality of our commercial relations
- The services proposed by Elis are essential for our customers, these services represent only a small cost for our customers and alternative solutions are very limited

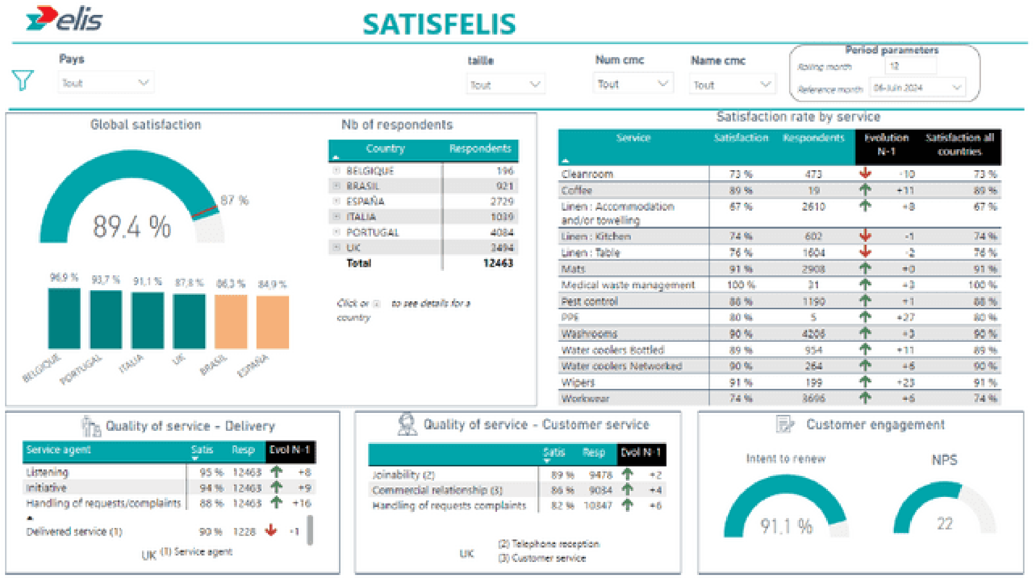
Improvement of our quality-of-service KPIs in the first half of 2024

Client satisfaction is up compared to H1 2013

- *Satisfelis* is a sophisticated internally developed tool that provides a set of useful information on overall client satisfaction, based on random client interviews
- Brazil and the UK show strong improvement yoy, along with France, Portugal, Spain

Other internal metrics related to service quality are also up yoy

- The average implementation period following the signature of a new contract is improving
- The overall accuracy of quantity of linen delivered (vs. what the client ordered) is also showing good progress



France: Further margin improvement driven by operational efficiencies and operating leverage

Good commercial developments despite external headwinds

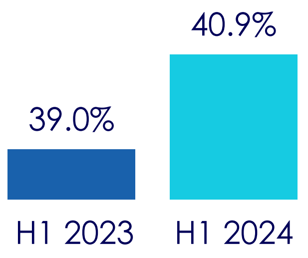
- Dynamism remains good in Workwear, notably in Industry and in Trade & Services
- Hospitality activity impacted in Q2 by (i) poor weather in May and June, (ii) Olympics preparations in Paris and (iii) the general elections

Profitability gains continue

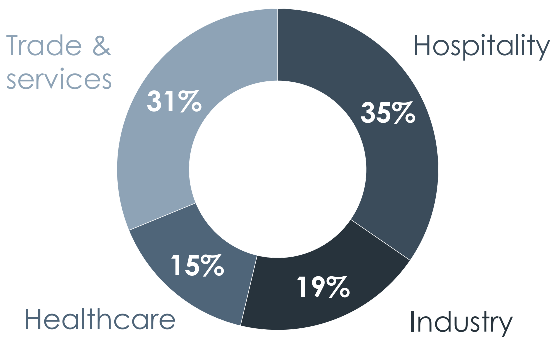
- Pricing adjustments implemented to offset inflation
- Further industrial optimization in our plants

Reported revenue up +3.6%
Organic revenue up +3.6%

EBITDA margin up +190 bps



Revenue breakdown by market



Potential political change in France should have no impact on the Group

The possible outcomes of a significant political shift in France are:

01

A material minimum wage increase
that would result in an increase of our labor costs

➔Leveraging its strong market positioning, Elis has a proven track-record of efficient pass-through to its clients of higher costs
➔Overall, a material increase in minimum wage should lead to a **+1%/+2% revenue increase in France** along with stable margin

02

An overall slowdown in the country's activity

➔Elis' well diversified customer base offers strong resilience in case of macro turbulence
➔In 2009, while France's GDP decreased **-2.6% yoy**, Elis' revenue grew **+0.5% yoy**
➔The potential impact of an overall slowdown in France should lead to a **-1%/-2% revenue decrease in the country**

➔ **We estimate that the overall impact of a political change in France is neutral for Elis**

Central Europe: Good organic and margin performance, notably in Germany

+7.7% organic revenue growth with new outsourcing and pricing driving performance

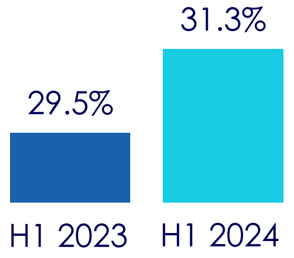
- Poland, Netherlands and Germany are well oriented on the back of good pricing dynamic and further development in Workwear (both standard and cleanroom)
- The acquisition of Moderna adds +3.6% to the region's growth in H1

Significant margin expansion in the region, driven by Germany

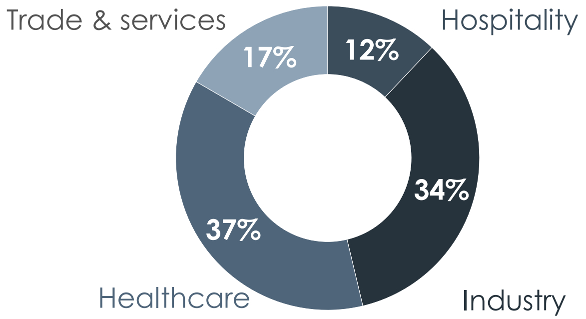
- The better energy purchasing conditions, as well as operational adjustments implemented in Germany (enhanced local and mid-management teams) led to a margin expansion of +350bps in H1 in the country

Reported revenue up +12.0%
Organic revenue up +7.7%

EBITDA margin up +180 bps



Revenue breakdown by market



Scandinavia & Eastern Europe: Sound growth and strong profitability

Good organic revenue growth in Sweden and Baltics; Denmark is more challenging

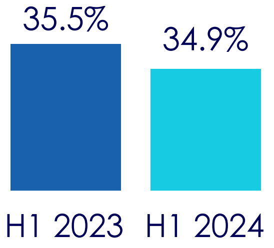
- Further outsourcing development drove solid performance in Sweden and in the Baltics
- Some volume losses in Denmark in a context of continuous pricing discipline

EBITDA margin remains high at c. 35%

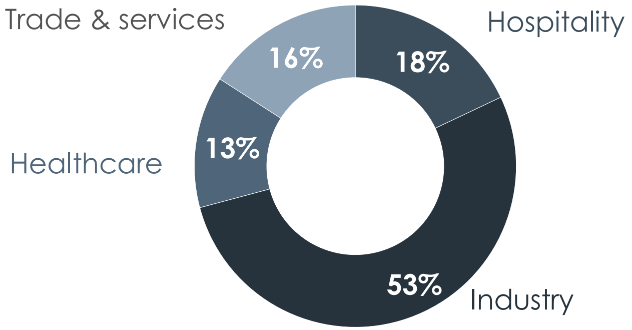
- Margin was stable in Denmark and slightly down in Sweden and Norway
- The high share of public clients generally makes pricing discussions more complex than usual

Reported revenue up +3.1%
Organic revenue up +4.2%

EBITDA margin down -50bps



Revenue breakdown by market



UK & Ireland: Good topline momentum and further productivity gains

+5.1% organic revenue growth driven by commercial dynamism and sound pricing

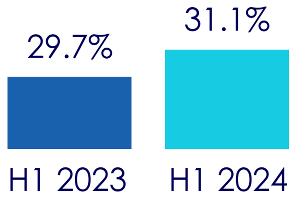
- The UK is well oriented with organic revenue growth of c. +6%
- Further commercial successes, notably in Healthcare and Workwear
- Subdued activity in Flat linen in Q2 due to poor weather in May and June
- Favorable pricing dynamic along with strong discipline
- Service quality KPIs continue to improve

Further significant EBITDA margin improvement

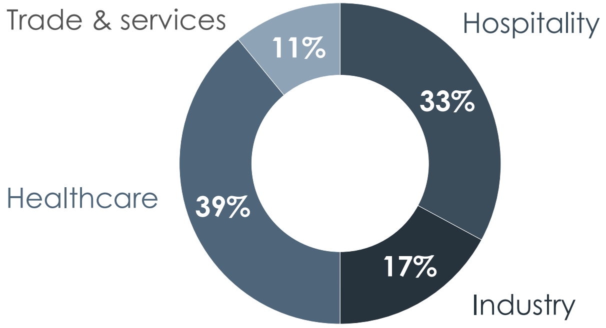
- c. +130bps margin improvement in the UK driven by continuous productivity improvement and better energy purchasing conditions

Reported revenue up +7.2%
Organic revenue up +5.1%

EBITDA margin up +130bps



Revenue breakdown by market



Latin America: Strong organic performance and EBITDA margin close to 35%

Good organic momentum across the region; Mexico posted another +10% performance in H1

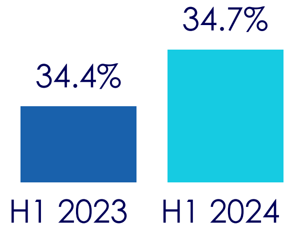
- Good commercial momentum, especially driven by Healthcare
- Inflation below 5% in the region results in price increases similar to Europe's

Margin in the region at 34.7%, with Mexico now above 42%

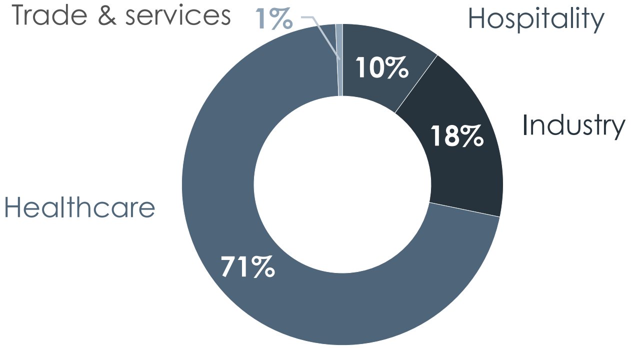
- Significant productivity improvement in H1 in Mexico and Colombia
- Broadly stable margin in Brazil

Reported revenue up +8.7%
Organic revenue up +7.5%

EBITDA margin up +20bps



Revenue breakdown by market



Southern Europe: Very strong margin improvement driven by productivity gains

+6.6% organic revenue growth in the region

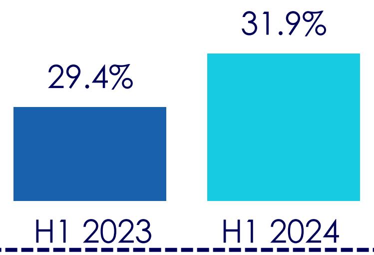
- Outsourcing trend continues with new contract wins in Workwear
- Solid activity in Hospitality in Portugal and Spain

+250bps margin improvement driven by good energy purchasing conditions

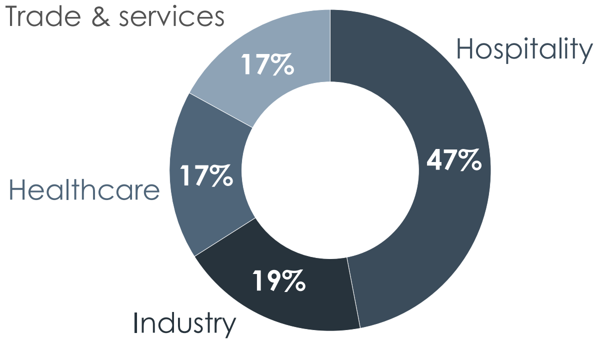
- Spain and Portugal benefited from better energy price conditions yoy, leading to c. +300bps margin improvement in both countries

Reported revenue up +8.7%
Organic revenue up +6.6%

EBITDA margin up +250bps



Revenue breakdown by market



Moderna acquisition significantly improves Elis' footprint in the Netherlands

Moderna is a Dutch player with c. €50m revenue, a diversified product mix and national coverage

- This acquisition complements Elis' existing network in the Netherlands, especially in the buoyant workwear market
- It also allows the Group to enter the flat linen market in the country
- Moderna's very modern plant becomes one of the Group's biggest

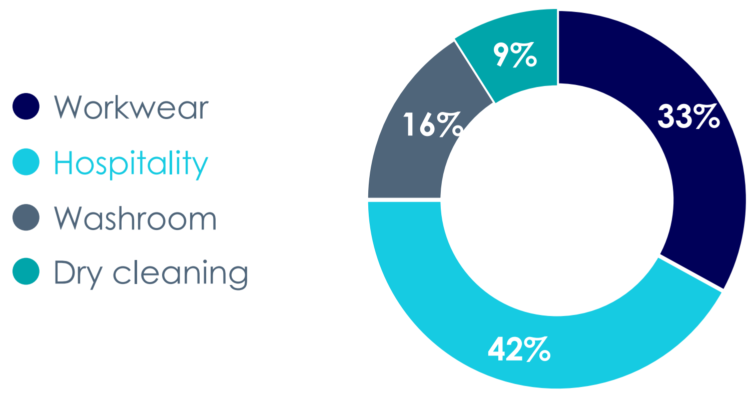
FY 2023 key financials

- Revenue of c. €48m
- c. 26% EBITDA margin
- c. 13% EBIT margin

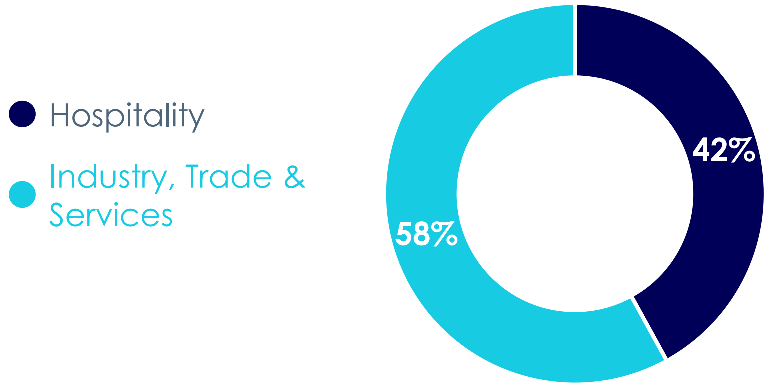
Good performance since integration

- Consolidated since March 1st
- Integration roadmap fully on track

Revenue breakdown by activity



Revenue breakdown by end-market



The capacity of Moderna's plant enables nationwide coverage

A great industrial asset

- 1 main plant in Hardenberg and 2 distribution centers located in Helmond and Zaandam enable national coverage
- c. 400 people in the Hardenberg plant
- Capacity of c. 250 tons of Flat Linen per week and 90,000 Workwear pieces per week
- Significant investments to improve operational efficiency were carried out in the 3 years preceding the acquisition

Elis enters the Malaysian Cleanroom market

Acquisition of Wonway, closed on July 1st 2024

- A 200-employee, family-owned business founded in 1984
- Clients are essentially international groups operating in semiconductors, medical devices and chemicals
- National coverage thanks to 3 specialized laundries located in the regions of Kuala Lumpur, Malacca and Penang

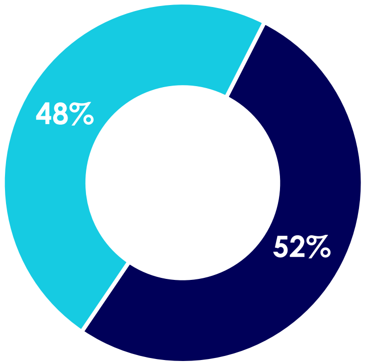
Key 2023 figures

- c. €6m revenue in 2023
- c. 15% EBIT margin

A profitable, growing business in a stable country

- Malaysia is France's 4th largest trading partner in Southeast Asia
- GDP per capita is at the same level of Mexico's (+4%/5% growth forecast in 2024)
- Economic activity is mainly driven by the production of electronic devices, notably semiconductors
- Asia Pacific is a key region for the global cleanroom garment market, estimated at c. $500m in 2022 with c. +4.1% CAGR growth until 2028

Revenue breakdown by activity



Textile activity
Textile manufacturing and selling

Laundry activity
Laundry services of which 50% is rental-maintenance activity

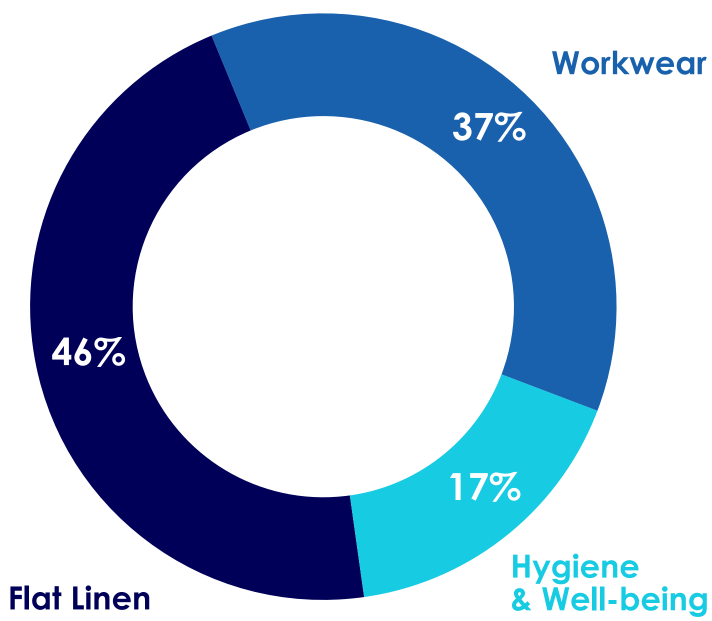
02

H1 2024 financial highlights

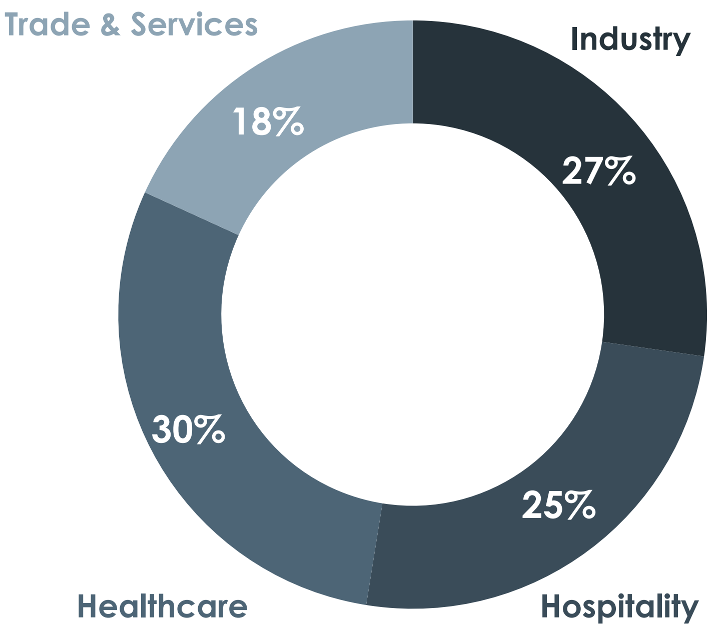
Elis offers a highly diversified and well-balanced profile

H1 2024 revenue breakdown

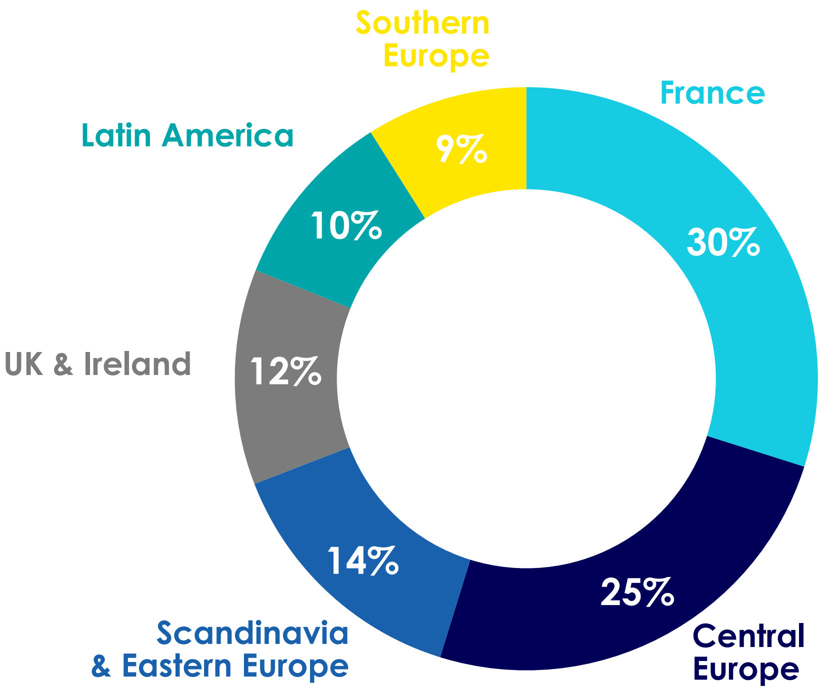
By activity



By market

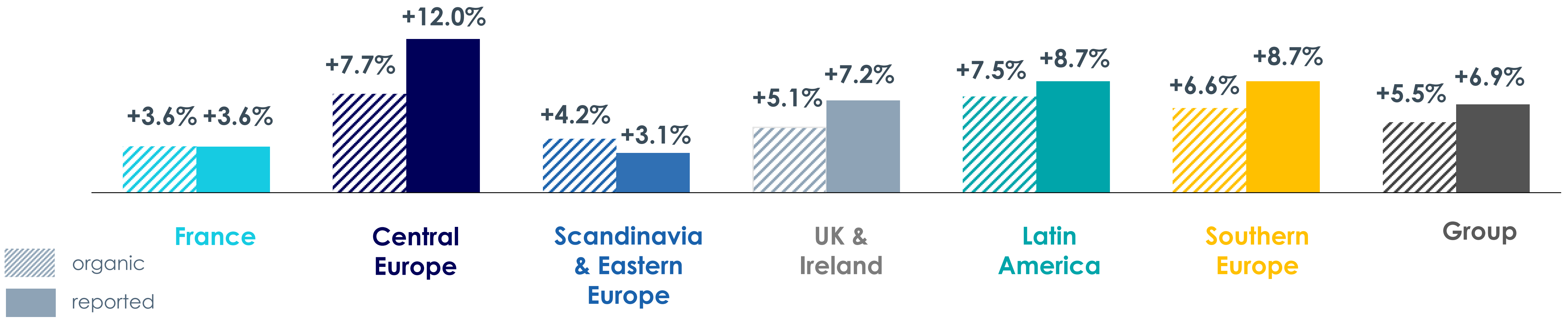


By geography

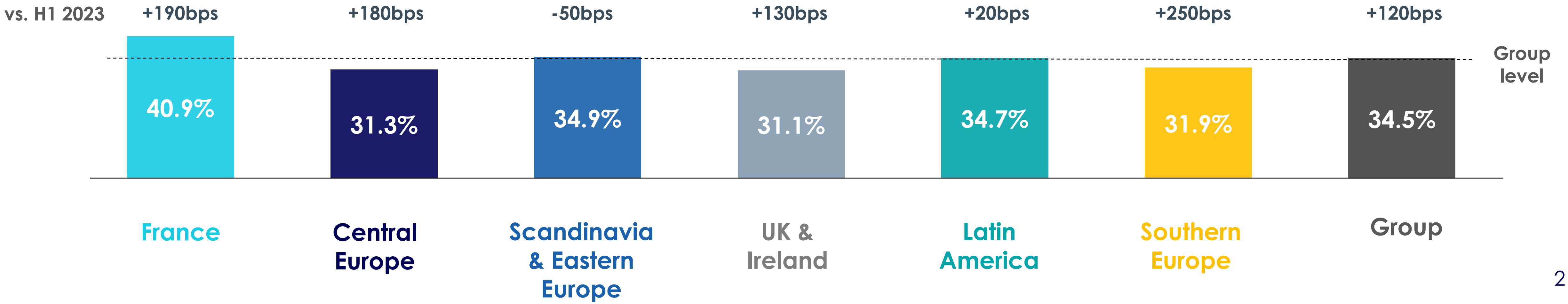


+6.9% revenue growth in H1, with EBITDA margin at 34.5%, up +120bps

H1 2024 organic revenue growth and reported revenue growth evolution by geography



H1 2024 EBITDA margin evolution by geography



+120bps EBITDA margin improvement; EBIT at 15.3% in H1 2024

(In €m)	H1 2024	H1 2023[1]	% change
Revenue	2,246.7	2,101.3	+6.9%
Adjusted EBITDA	774.3	698.1	+10.9%
As a % of revenue	34.5%	33.2%	+120bps
D&A	(430.6)	(381.7)	
Adjusted EBIT	343.6	316.4	+8.6%
As a % of revenue	15.3%	15.1%	+20bps
Miscellaneous financial items	(1.0)	(0.9)	
Non-current operating income and expenses	(40.8)	(21.5)	
IFRS 2 expense	(12.5)	(10.3)	
Amortization of intangible assets recognized in a business combination	(41.8)	(41.6)	
Operating income	247.6	242.2	+2.3%
Net financial result	(66.5)	(56.9)	
Tax	(62.0)	(46.6)	
Income from continuing operations	119.1	138.6	-14.1%
Net income	119.1	138.6	-14.1%

Percentage change calculations are based on actual figures.

[1] Previously communicated H1 2023 numbers have been retrospectively restated from the impact of IFRS 3 (please see Appendix)

- Normalization of D&A to sales at 19.2% (low 18.2% in H1 2023 reflecting lower linen capex during the pandemic)
- Mainly the reevaluation of the Mexican earn-out (c. €25m), whose updated forecast is above previous estimate
- Increase reflecting the higher interest cost of the new refinancings compared to previous ones
- Average tax rate is 26%, but c. €50m in H1 2024 items are non-deductible, leading to a higher ratio

  The H1 2023 basis was reduced due to the use of tax loss carryforwards in Spain and in the UK

H1 2023-2024 effects will be reversed in H2, leading to a significant increase of Net Income in FY 2024 vs. FY 2023

H1 2024 fully diluted headline net income per share up +1.6% at €0.83, in line with the full-year guidance of above €1.75 (c +4% yoy)

(In €m)	H1 2024	H1 2023[1]	% change
Net income	119.1	138.6	-14.1%
Amortization of intangible assets recognized in a business combination	41.8	41.3	
IFRS 2 expense	12.5	10.3	
Accretion expense resulting from the Mexican acquisition earn-out	7.8	5.1	
Non-current operating income and expenses	40.8	21.5	
Tax effect	(13.2)	(10.0)	
Headline net income	208.7	206.8	+0.9%
Non-controlling interests	(0.0)	(0.0)	
Headline net income attributable to owners of the parent (A)	208.7	206.8	+0.9%
Convertible related interests (B)	6.5	8.1	
Headline net income attributable to owners of the parent adjusted for the effect of dilution	215.3	215.0	
Share count - basic (C)	235.8	232.6	
Share count - fully diluted (D)	259.5	263.4	

(In €)	H1 2024	H1 2023[1]	% change
Headline net income per share = A / C	0.89	0.89	-0.4%
Fully diluted headline net income per share = (A-B) / D	0.83	0.82	+1.6%

Percentage change calculations are based on actual figures.
[1] Previously communicated H1 2023 numbers have been retrospectively restated from the impact of IFRS 3 (please see the Appendix)

H1 free cash flow up c. +€39m in the first half

(In €m)	H1 2024	H1 2023
Adjusted EBITDA	774.3	698.1
Adjustment of (gains) and losses on disposal of fixed assets and change in provisions	2.0	1.2
Monetary non-recurring items included in Operating income and expense	(11.5)	(6.7)
IFRS 2 expense (social contributions)	(1.7)	(1.8)
Other	(1.0)	(0.9)
Cash flow before finance costs and tax	762.1	689.9
Net capex	(430.5)	(414.1)
Change in working capital requirement	(77.5)	(85.9)
Net interest paid (including interest on lease liabilities)	(71.6)	(63.7)
Tax paid	(64.6)	(56.5)
Lease liabilities payments (principal)	(62.6)	(52.9)
Free cash flow	55.5	16.9
Acquisitions of subsidiaries, net of cash acquired	(134.0)	(61.5)
Other change arising from subsidiaries (gain or loss of control)	(18.8)	(1.8)
Other cash flows related to financing operations	3.8	(4.0)
Dividends paid	(101.3)	(61.7)
Equity increase, treasury shares	(2.1)	0.5
Other	(9.6)	2.2
Net financial debt variance	(206.5)	(109.5)
	June 30, 2024	Dec 31, 2023
Net financial debt	3,231.9	3,025.4

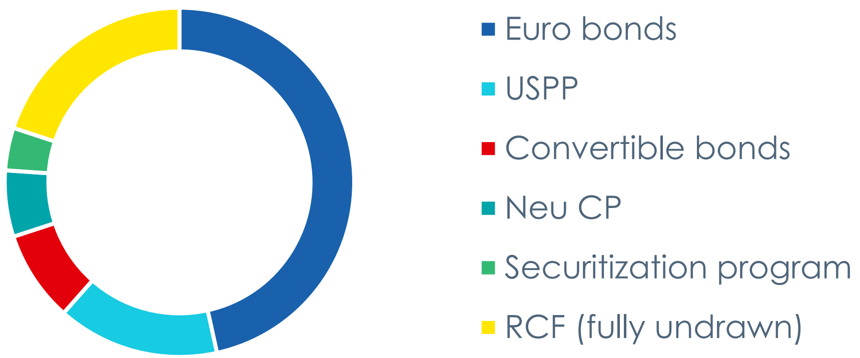
Capex to sales at 19.2% (vs. 19.7% in H1 2023), in line with our estimated ratio for the full-year

A reconciliation between Net financial result and Net interest paid is presented in the Appendix

Includes the acquisition of Moderna for c. €55m and the payment of the 2nd earn-out for the Mexican acquisition (c. €83m). A final earn-out will be paid in 2025.

A well-diversified debt profile and well-spread maturities

Well-diversified financing

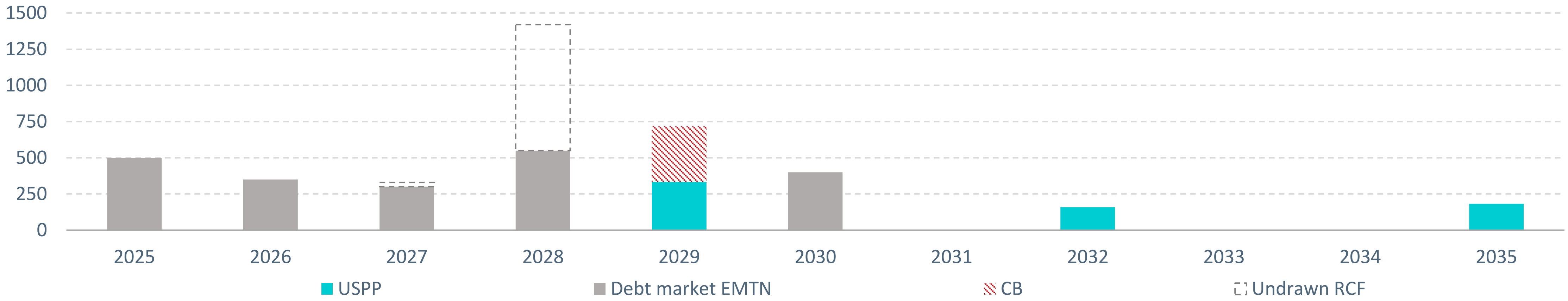


Debt highlights

- Successful issuance of a new €400m bond at 3.75% maturing in April 2030 (at the best possible market conditions seen over the first half)
- The Group still aims for a reduction of its financial debt
- Financial leverage of 2.06x as of June 30, 2024

S&P Global Ratings	Moody's
BBB-, stable	Ba1, positive

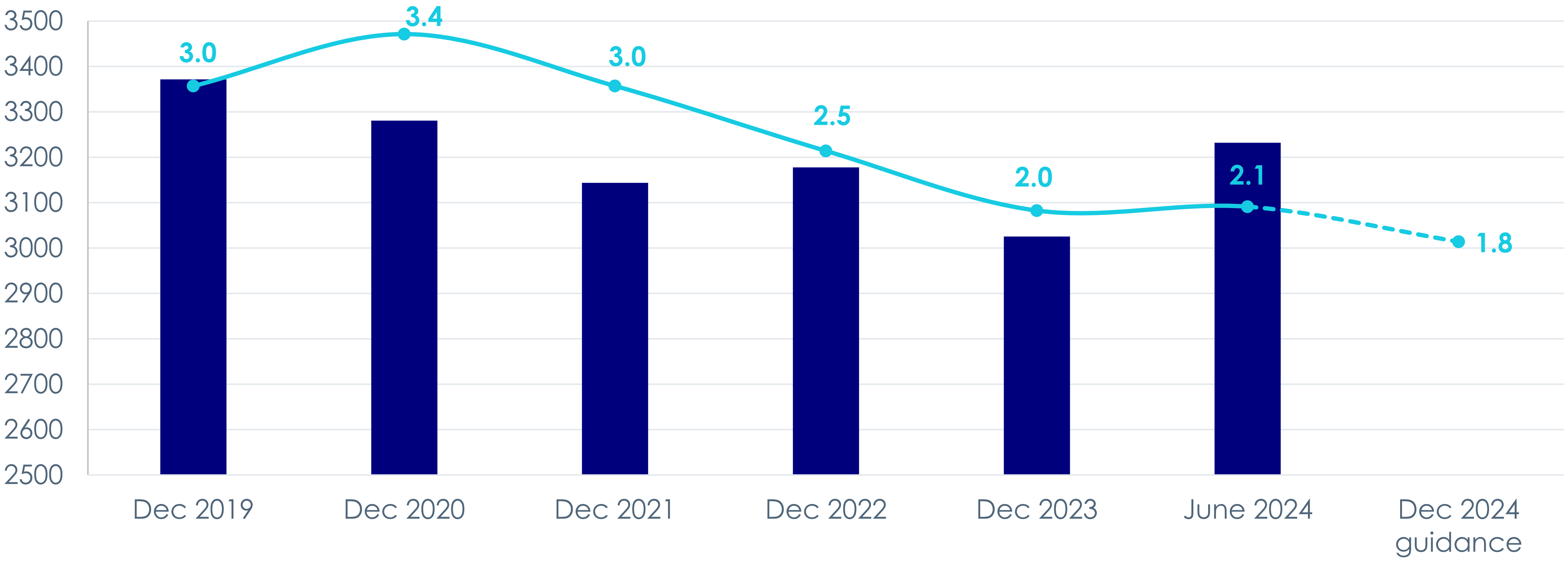
Extended long-term debt maturities (from 2025 to 2035)



- €1.3bn of available liquidity at June 30, 2024: €421m of cash and €900m of undrawn cash under the RCF

Deleveraging trajectory on track: Net financial leverage at 2.06x at June 30, 2024

Net debt and financial leverage ratio evolution between 2019 and 2023



- 2 significant cash-outs occurred late May: dividend payment and earn-out payment related to 2022 Mexican acquisition

H1 2024 key financial takeaways

01	02	03	04
Good top line dynamism, driven by commercial momentum and pricing adjustments: organic revenue up +5.5%	Adjusted EBITDA margin and adjusted EBIT margin up +120bps and +20bps respectively, reflecting productivity gains and favorable energy purchasing conditions	Headline net income up +0.9% at €209m; Headline net income per share up +1.6% at €0.83 on a fully diluted basis	Free cash flow at €55m, up c. +€39m yoy and in line with our full-year deleveraging trajectory

03 A responsible business

H1 2024 CSR highlights

New award for Elis

- Elis received the "Special Mention" award for its transformation strategy at the Sustainable Transformation Summit
- Elis also ranked among the Top 500 most sustainable companies in the world in 2024 by Time and Statista, underscoring the relevance of its business model, its engagement and performance. Elis is the 25th French Company listed and the 15th in its business sector

Acceleration in fleet transition

- Elis supported by ADEME for its alternative transition; about 75 new electric heavy trucks and 45 biofuel trucks expected by the end of the year
- Implementation of new tool to optimize routes and deliveries underway across the Group

Other highlights

- CSR is a key Elis value (as stated by 84% of Elis' employees in a recent survey)
- Many rewards for our Textile-to-Textile project: from Mines Paris, Cegos France plus a Gold trophy from the Sustainable Transformation Summit
- Deployment of our alternative ranges on Dispensers (Phoenix), Mats (Retech), and workwear (Zero Waste Apron and Motion)
- Integration of Climate criteria into the €900m sustainability-linked Revolving Credit Facility (on top of 2 previous CSR KPIs)
- Significant improvement in Health & Safety: Material progress on our frequency rate with more than 14% reduction (last12-months through end-May 2024)
- Thermal energy efficiency in European laundries still progressing with 1.5% improvement YTD
- Elis Foundation renewed for the next 5 years and recruitment of next promotion (2024/2025) ongoing

Improvement in many CSR ratings, rewarding Elis' initiatives

Moody's Analytics significantly improved Elis' rating from 50/100 to 61/100

Elis ranked A- by the CDP for its 3rd year of reporting; Elis within the Leadership category

75/100 score maintained. Gold level, positioning Elis among the top 5% of 100,000 assessed companies

ESG rating by MSCI improved from BBB to A, recognizing the Group's engagement

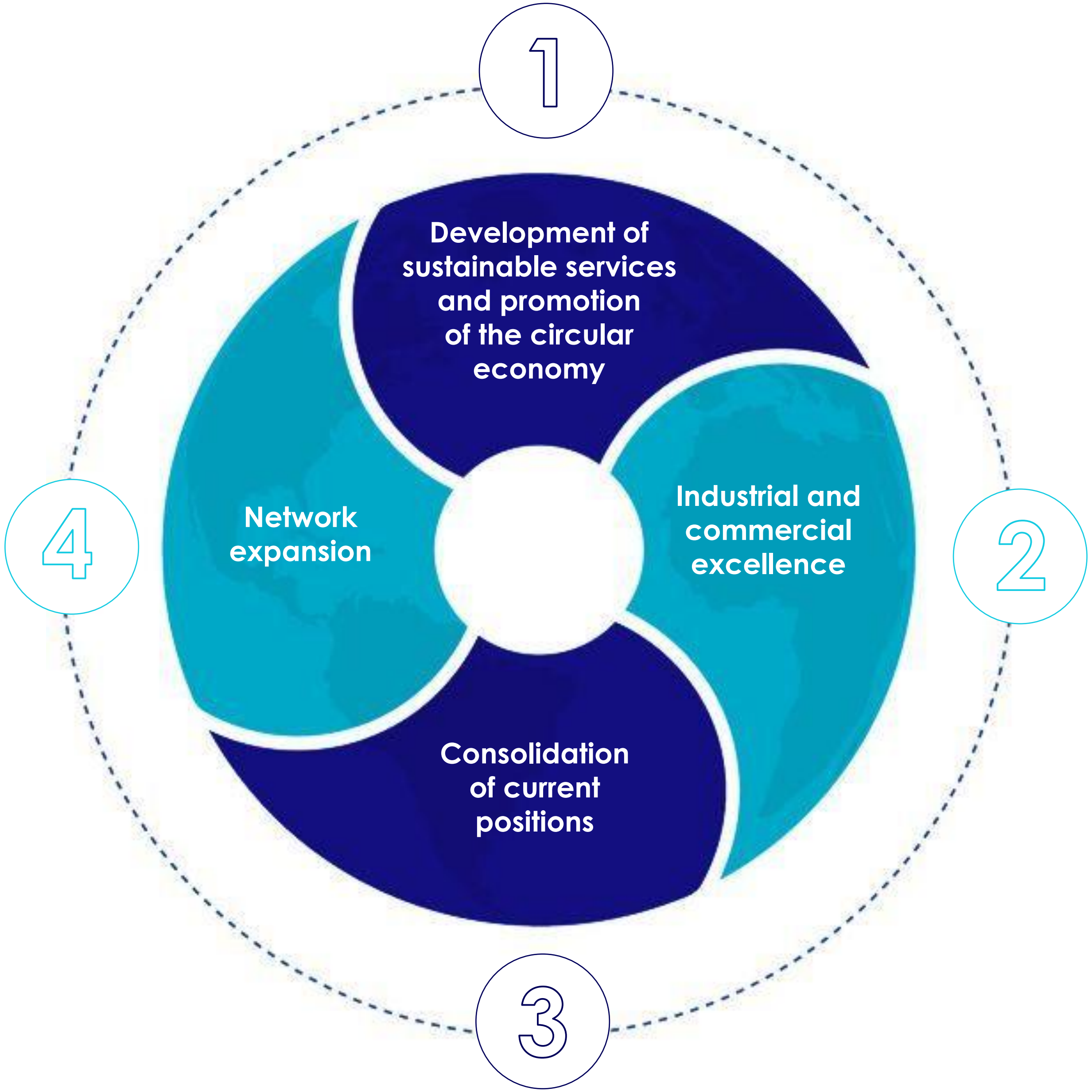
Ethifinance ESG rating (ex Gaia's rating) performance maintained at Gold level; grade up 2 pts at 75/100

Elis rated "low risk" by Sustainalytics

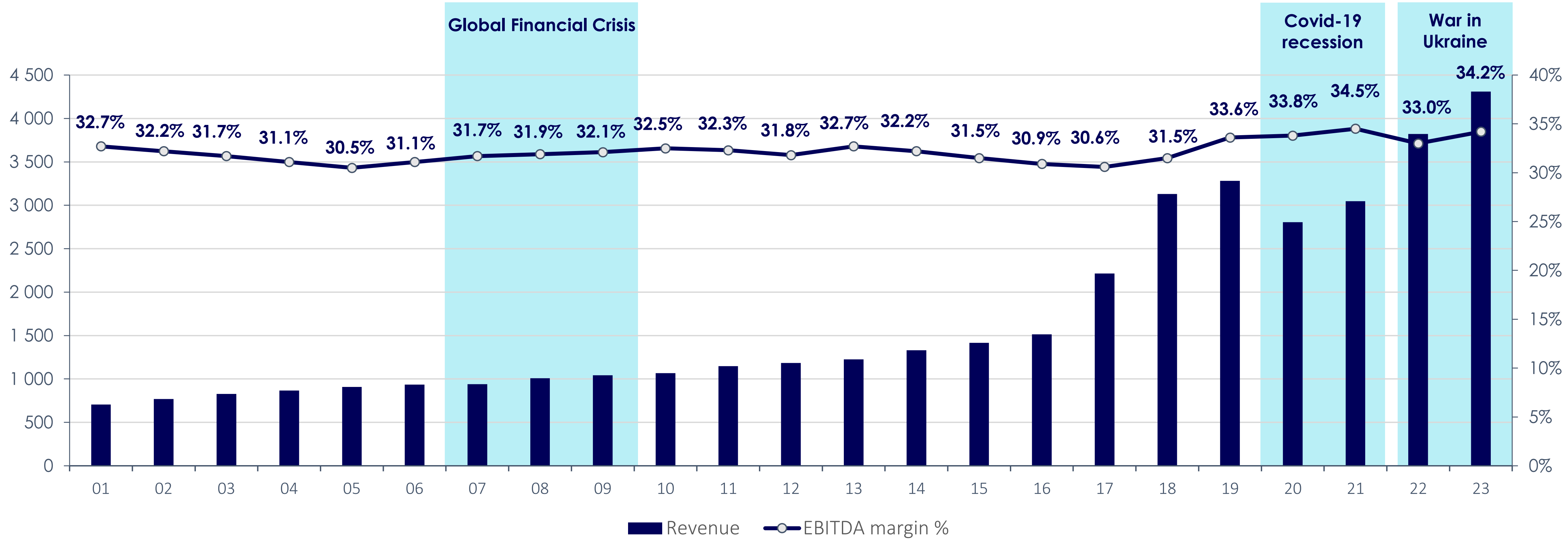
04

Upwards revision of 2024 outlook

Elis' strategy relies on 4 pillars



Proven business resilience over the years



- Post-pandemic, Elis' organic growth profile is reinforced in all non-Hospitality markets
- Over the last 20 years, EBITDA margin has evolved within a narrow range
- Elis' cash generation remained strong over the recent crisis; steady free cash flow growth is expected going forward

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

Full-year organic growth and EBITDA margin objectives raised

Organic revenue growth
now[1] expected
between 5.2% and 5.5%

- ✓ Driven by churn improvement and good commercial momentum in Workwear

[1] Previously expected at c. +5%

Adjusted EBITDA margin
now[2] expected
between 35.2% and 35.5%

- ✓ Top line dynamism, further productivity gains and hedging in place on energy purchases should generate additional margin expansion

[2] Previously expected close to 35%

Adjusted EBIT margin
still expected
stable yoy at c. 16%

Fully diluted headline net income per share still expected above €1.75

Free cash flow
still expected at c. €340m

Financial leverage ratio
still expected
down 0.2x yoy at year-end

05 Q&A

Appendix: Restatement of H1 2023 figures

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).

(in €m)	H1 2023 reported	IFRS 3	H1 2023 restated
Revenue	**2,101.3**	**-**	**2,101.3**
Adjusted EBITDA	**698.1**	**-**	**698.1**
D&A	(381.7)	-	(381.7)
Adjusted EBIT	**316.4**	**-**	**316.4**
Miscellaneous financial items	(0.9)	-	(0.9)
Non-current operating income and expenses	(21.5)	-	(21.5)
IFRS 2 expense	(10.3)	-	(10.3)
Amortization of intangible assets recognized in a business combination	(41.3)	(0.3)	(41.6)
Operating income	**242.4**	**(0.3)**	**242.2**
Net financial result	(56.9)	-	(56.9)
Tax	(46.7)	0.1	(46.6)
Income from continuing operations	**138.8**	**(0.2)**	**138.6**
Net income	**138.8**	**(0.2)**	**138.6**

Appendix:
Reconciliation between Net financial result and Net interest paid

(in €m)	P&L - Net financial result	(in €m)	Cash flow – Net interest paid
Financial debt interests (cash)	(70.0)	Financial debt interests (cash)	**(70.0)**
Leasing debt interests (cash)	(12.7)	Leasing debt interests (cash)	**(12.7)**
Investment interests received (cash)	12.6	Investment interests received (cash)	**12.6**
Recurring fees (cash)	(1.4)	Recurring fees (cash)	**(1.4)**
Adjustment accrued / non accrued interests	16.5		
Notional interests (OCEANE)	(4.5)		
Amortization of issuing costs	(2.5)		
Accretion expense for the earnout pertaining to the Mexican acquisition	(7.8)		
Other (including FX) & change in fair value of derivatives	3.4	Other items (cash)	**1.0**
P&L charge	**(66.5)**	**Cash outflow**	**(71.6)**

Appendix: Financial definitions

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

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

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