Press release

March 9, 2022

Very good 2021 performance

Growth acceleration and strong earnings improvement expected in 2022

Acquisition of a leading player in Mexico

Strong improvement of our operational and financial metrics in 2021

- Revenue of €3,048.3m (+8.6% of which +7.4% organic)
- EBITDA margin up +70bps to 34.5% of revenue
- EBIT margin up +240bps to 12.7% of revenue
- Headline net income up +60.4% to €222.7m
- Headline net income per share up +56.4% at €0.97 (on a fully diluted basis)
- Free cash flow (after lease payments) of €228.1m
- Net debt down €135.4m in 2021 and financial leverage ratio at 3.0x as of December 31, 2021

Sharp recovery in 2021 activity in all our verticals and geographies

- 2021 activity in Healthcare, Industry and Trade & Services was c. +5% above the 2019 level
- Demand driven by (i) evolving needs for hygiene, traceability, and responsible products & services, (ii) churn rate improvement thanks to the good quality of service maintained during the crisis and (iii) our strong commercial dynamism
- Gradual recovery of Hospitality throughout the year, improving to c. -15% in December compared to the 2019 level

Improvement of our profitability KPIs, record free cash flow and strong reduction of indebtedness, enabling the resumption of a dividend

- Further productivity gains in our plants and the savings made in H2 2020 significantly and sustainably decreased Elis' cost base, contributing to improve 2021 EBITDA
- Record free cash flow despite the increase in linen capex in a context of activity pickup, resulting in a €135.4m decrease in Group net debt in 2021
- Resumption of a dividend distribution of €0.37 per share for the 2021 financial year proposed at the May 19, 2022 AGM, with option of payment in Elis shares

2021 was very productive in terms of ESG, which is increasingly integrated across the company; progress towards Elis' 2025 objectives

- Elis signed its first €900m sustainability-linked revolving credit facility
- Elis' EcoVadis Gold certification was renewed for the 5th consecutive year, placing Elis within the top 5% responsible companies out of a total of nearly 75,000 and the Group's commitment to fighting climate change was recognized with a CDP score of B as Elis was assessed for the first time
- The performance of European plants with regard to water and thermal energy consumption per kg of linen delivered nearly returned to their 2019 levels: acceleration in the transition of our fleet towards alternative vehicles
- Renewed climate engagement, through several initiatives (COP26, Ambition4Climate, French Business Climate Pledge) and commitment to set climate objectives in accordance with the Paris Agreement by the end of 2022

Acceleration in development in Latin America: acquisition of a leading Mexican player

- Elis enters a 4th country in Latin America; Mexico is a very fragmented market with little outsourcing and strong growth potential
- Acquisition of a century-old player, a leader in the Mexican market with 2021 revenue of c. €74m, EBITDA margin of 38% and EBIT margin of 18%
- Acquisition price corresponding to a 2021 EBITDA multiple of 5.6x and a 2021 EBIT multiple of 12.0x for 100% of the shares
- c. 4% accretive impact on headline net income per share on a 12-month proforma basis

Elis SA
Head office: 5 Boulevard Louis Loucheur, 92210 Saint-Cloud – France – Phone: +33 (0) 1 75 49 94 00
http://www.elis.com
Joint-stock corporation governed by an Executive Board and a Supervisory Board
Registered capital of 224,076,007 euros – RCS: 499 668 440 Nanterre

2022 outlook

- Organic revenue growth expected between +13% and +15%, driven by Elis' improved growth profile (new needs of our clients), the pick-up in Hospitality and pricing dynamics
- Elis has no presence in Ukraine and only limited presence in Russia (revenue of c. €20m)
- In a context of very strong energy price inflation, 2022 EBITDA margin is expected to be at around 33.5%, assuming that gas prices for 2022 (North gas exchange point) will stabilize for the remainder of the year at the average price recorded between January 1, 2022 and March 8, 2022 i.e. €100/MWh (to put things into perspective, historical price never exceeded the monthly average of €30/MWh between January 2010 and July 2021). Should gas prices remain significantly above €100/MWh in H1 2022, we would act on our pricing as early as this summer, with an additional +1% increase passed on to our customers for every €30 tranche above €100 per MWh
- This EBITDA margin decrease expected in 2022 should be reversed in 2023, either mechanically if the gas price goes down, or through the price increases we will implement from H2 2022 onwards
- 2022 EBIT should be at c. €500m, with a limited increase in D&A
- 2022 headline net income per share should increase by c. 40% at c. €1.35
- 2022 free cash flow (after lease payments) expected at c. €200m as a result of the impact of the strong pick-up in activity on working capital requirement and the increase in linen capex due to inflation, whose first effects were felt in H2 2021
- Financial leverage ratio expected at 2.6x as of December 31, 2022 compared to 3.0x as of December 31, 2021

Saint-Cloud, March 9, 2022 – Elis, an international multi-service provider, offering textile, hygiene and facility services solutions, which is present in Europe and Latin America, today announces its 2021 full-year financial results. The accounts have been approved by the Management Board and examined by the Supervisory Board on March 8, 2022. They have been audited and the auditors issued a report without any qualification.

Commenting on the announcement, **Xavier Martiré, CEO of Elis**, said:

"In 2021, Elis again demonstrated the strength of its business model as activity steadily recovered after 2020 was marked by the beginning of the pandemic and a global economic slowdown.

All Group financial KPIs showed strong improvement in 2021, and Elis emerges from the crisis unquestionably reinforced. Our clients' new needs for more hygiene, more traceability, a more secure supply chain as well as for responsible products and services, significantly improve Elis' growth profile. Furthermore, the continued optimization of industrial processes, as well as the sustainable efforts made on the cost base, especially in H2 2020, allowed to generate lasting profitability gains in 2021. This good operational performance contributed to an acceleration in the Group's deleveraging with record free cash flow at 228 million euros in 2021 and a financial leverage ratio at 3.0x as of December 31, 2021. After being suspended for two years, we are pleased to propose the resumption of a dividend distribution of €0.37 per share at the next AGM; this is line with the amounts paid prior to the pandemic and an option of payment in Elis shares will be available.

In 2021, the Group returned to pre-crisis levels in terms of environmental efficiency and achieved progress on most of its extra-financial objectives. For example, 73% of Group linen was reused or recycled and the intensity of CO2 emissions decreased by -19% compared to 2010. Aware of the environmental challenges with regard to climate change, Elis wants to define emission reduction targets that are in line with the Paris Agreement, to contribute keeping the increase in temperature below 1.5C° compared to preindustrial levels. Therefore, at the end of 2022, the Group will present climate objectives that are aligned with the methodology of the Science Based Target initiative.

We are also announcing today the acquisition of a leading player in the Mexican market. Elis thus enters its 4th country in Latin America, a region that is one of the Group's growth engines. In Mexico, Elis becomes a leader in a strongly growing market, where competition is particularly fragmented. The acquired group operates a high-quality asset base and is the only player with nationwide coverage. It essentially serves clients in Healthcare and posts very good profitability. The acquisition multiples are very attractive, and this operation should generate a c. 4% accretive impact on headline net income per share and will contribute to strengthen Elis's growth profile.

In 2022, the very strong increase in energy costs recorded since the second half of 2021 will temporarily impact our EBITDA margin for the year, but our other financial KPIs i.e. organic growth, EBIT and EPS, should show strong improvement. Elis has no presence in Ukraine and only limited presence in Russia, but we shall continue to pay great attention to developments in this geopolitical crisis.

The great resilience shown by Elis since the beginning of the crisis, its operational know-how and its strengthened organic growth profile are major assets which will enable the company to assert its leadership in all the countries in which it is present."

I. 2021 annual results

2021 revenue

In millions of euros	2021			2020			Var.		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
France	420.7	533.1	953.8	412.5	455.3	867.8	+2.0%	+17.1%	+9.9%
Central Europe	344.3	390.9	735.3	343.3	360.8	704.2	+0.3%	+8.3%	+4.4%
Scandinavia & East. Eur.	236.1	262.7	498.9	233.3	240.7	474.0	+1.2%	+9.1%	+5.2%
UK & Ireland	155.3	208.9	364.2	143.8	161.3	305.1	+8.0%	+29.5%	+19.4%
Southern Europe	95.1	140.8	235.9	97.2	101.1	198.2	-2.1%	+39.3%	+19.0%
Latin America	112.4	121.8	234.1	108.7	104.7	213.4	+3.3%	+16.3%	+9.7%
Others	11.6	14.5	26.1	12.9	30.6	43.5	-10.2%	-52.7%	-40.1%
Total	**1,375.5**	**1,672.7**	**3,048.3**	**1,351.7**	**1,454.5**	**2,806.3**	**+1.8%**	**+15.0%**	**+8.6%**

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

2021 organic revenue growth

	H1 organic growth	H2 organic growth	2021 organic growth
France	+1.9%	+17.1%	+9.9%
Central Europe	-1.9%	+6.8%	+2.5%
Scandinavia & East. Eur.	-1.3%	+7.4%	+3.1%
UK & Ireland	+3.7%	+20.8%	+12.8%
Southern Europe	-2.1%	+39.3%	+19.0%
Latin America	+16.3%	+11.9%	+14.1%
Others	-10.5%	-53.9%	-41.0%
Total	**+1.3%**	**+13.0%**	**+7.4%**

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

As announced on January 31, 2022, there was a strong rebound in 2021 activity across all our business lines and all our geographies. In 2021, Elis recorded revenue increase of +8.6%, of which 7.4% on an organic basis.

In **France,** revenue was up +9.9% (entirely organic). Activity in Healthcare, Industry and Trade & Services was driven by good commercial dynamism in Workwear and by an increasing need for hygiene-related products and services. A rebound in Hospitality has been noted since May. Tourism activity was good during the summer holidays and business in Hospitality has rebounded since the beginning of September. A slight slowdown was recorded in December with the outbreak of the Omicron variant.

In **Central Europe,** revenue was up +4.4% (+2.5% on an organic basis) with all countries in the region delivering positive organic numbers. Commercial momentum was very good in Workwear: Poland, Germany, the Czech Republic and Belux delivered very good growth, driven by the activity of clients operating in food processing and pharmaceuticals. In Germany, activity was good with care homes, but normalized with hospitals in H2 after a particularly strong H1.

In **Scandinavia & Eastern Europe**, revenue was up +5.2% (+3.1% on an organic basis). The fact that the greater share of our clients operates in the Industry and Trade & Services segments enabled the region to be quite resilient since the beginning of the crisis. The recovery was therefore less marked compared to regions that suffered more in 2020. Commercial momentum remained strong in Workwear in the Baltic States and Russia; both these regions posted double-digit organic revenue growth in 2021.

In the **UK & Ireland,** revenue was up +19.4% (+12.8% on an organic basis). Elis continued to gain market share in Healthcare on the back of contract wins. In 2021, Industry and Trade & Services were down c. -15% compared to pre-crisis levels, still impacted by their exposure to fast-food clients and collective catering clients. Finally, we noted a rebound in Hospitality, driven by dynamic domestic tourism and by the partial resumption of international travel.

In **Southern Europe,** revenue was up +19.0% (entirely organic). Activity in Hospitality (which represented more than 60% of total revenue in 2019) showed a strong rebound. The summer season was notably good in Spain. In Workwear, activity was still well-oriented on the back of good commercial dynamism and increased outsourcing, due to growing client needs for more traceability and hygiene amid the pandemic.

In **Latin America,** 2021 revenue was up +9.7% (+14.1% on an organic basis). The Group successfully developed new offers to meet new client requirements (especially in public/private healthcare and in food processing), leading to short-term contract wins (waterproof overgowns for revenue of c. €6m in 2021) or permanent contracts (healthcare garments, increase in linen rotation, development of outsourcing…). Furthermore, Brazil's strong inflation since the second half of 2021 led us to significantly increase our prices at year-end.

The strong decrease in "**Others**" revenue results from the return to normal activity of Kennedy, a subsidiary based in the UK that manufactures hygiene devices. In 2020, Kennedy revenue was strongly up, as a result of higher demand for hygiene products (soap and gel dispensers, hand drying devices, etc).

EBITDA

In millions of euros		2021 reported			2020 restated[1]			Var. 21/20	
	H1	H2	Total	H1	H2	Total	H1	H2	Total
France	153.2	220.5	373.7	145.0	184.9	329.9	+5.6%	+19.3%	+13.3%
As of % of revenue	*36.3%*	*41.2%*	*39.1%*	*35.1%*	*40.5%*	*38.0%*	*+120bps*	*+70bps*	*+110bps*
Central Europe	111.2	129.4	240.5	110.8	120.3	231.0	+0.3%	+7.6%	+4.1%
As of % of revenue	*32.1%*	*33.0%*	*32.6%*	*32.1%*	*33.2%*	*32.7%*	=	*-20bps*	*-10bps*
Scandinavia & East. Eur.	92.1	99.8	191.9	91.4	93.0	184.4	+0.8%	+7.3%	+4.1%
As of % of revenue	*39.0%*	*38.0%*	*38.5%*	*39.2%*	*38.6%*	*38.9%*	*-20bps*	*-60bps*	*-40bps*
UK & Ireland	46.7	65.3	112.1	36.8	51.9	88.7	+26.9%	+25.9%	+26.3%
As of % of revenue	*30.1%*	*31.3%*	*30.8%*	*25.6%*	*32.1%*	*29.0%*	*+450bps*	*-90bps*	*+170bps*
Southern Europe	24.2	43.5	67.7	22.4	23.3	45.7	+8.0%	+86.5%	+48.0%
As of % of revenue	*25.4%*	*30.9%*	*28.7%*	*23.0%*	*23.1%*	*23.0%*	*+240bps*	*+780bps*	*+560bps*
Latin America	37.6	40.2	77.8	38.0	34.2	72.1	-1.0%	+17.6%	+7.8%
As of % of revenue	*33.5%*	*33.0%*	*33.2%*	*34.9%*	*32.6%*	*33.8%*	*-150bps*	*+40bps*	*-60bps*
Others	(6.3)	(5.3)	(11.6)	(4.5)	0.2	(4.3)	-41.5%	-3407.5%	-169.3%
Total	**458.7**	**593.4**	**1 052.1**	**439.9**	**507.7**	**947.6**	**+4.3%**	**+16.9%**	**+11.0%**
As of % of revenue	*33.3%*	*35.5%*	*34.5%*	*32.5%*	*34.9%*	*33.8%*	*+80bps*	*+60bps*	*+70bps*

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.
Margin rates and percentage change calculations are based on actual figures.
« Others » includes Manufacturing Entities and Holdings.

In 2021, Group EBITDA reached €1,052.1m. EBITDA margin increased by +70bps to 34.5% of revenue.

In **France**, after a very resilient year in 2020 (margin remained stable despite the crisis), 2021 EBITDA margin was up +110bps at 39.1%. The significant activity pick-up in 2021 and the very significant cost adjustment measures implemented in the country in 2020, both at plant and HQ level, resulted in strong operating leverage.

In **Central Europe**, EBITDA margin was virtually stable compared to 2020 at 32.6% and was +100bps above pre-crisis level.

In **Scandinavia & Eastern Europe**, EBITDA margin was down -40bps at 38,5%, with a negative mix effect in a context of recovery of Hospitality activity. Nevertheless, margin remained very high and was close to its 2019 level.

In the **UK & Ireland**, EBITDA margin was up +170bps compared to 2020 at 30,8%. This margin level illustrates the success of our plan to improve the former Berendsen operations in the UK, despite the pandemic and high inflation.

In **Southern Europe**, EBITDA margin was up +560bps compared to 2020, at 28.7%. Margin is almost back at pre-crisis level even though Hospitality is still below its 2019 level. Continued activity recovery towards normative levels should contribute to further improve margin level.

In **Latin America**, EBITDA margin was down -60bps compared to 2020, at 33.2%, but was +300bps above 2019 level. Some of the temporary, very profitable contracts (waterproof overgowns for revenue of c. €6m in 2021) that were signed at the beginning of the pandemic with especially high margin rates came to an end and were converted into long-term contracts with normative margins, leading to a slight profitability decrease in 2021.

From EBITDA to net income

In millions of euros	2021 reported	2020 restated[1]	Var.
EBITDA	**1,052.1**	**947.6**	**+11.0%**
As a % of revenue	*34.5%*	*33.8%*	*+70bps*
D&A	(663.7)	(656.1)	
EBIT	**388.3**	**291.5**	**+33.2%**
As a % of revenue	*12.7%*	*10.4%*	*+240bps*
Current operating income	**358.8**	**276.4**	**+240bps**
Amortization of intangible assets recognized in a business combination	(81.0)	(93.9)	
Non-current operating income and expenses	(16.1)	(64.5)	
Operating income	**261.7**	**118.0**	**+121.7%**
Net financial result	(90.5)	(88.4)	
Income tax	(56.6)	(27.0)	
Income from continuing operations	114.6	2.7	**x43**
Net income	**114.6**	**2.7**	**x43**
Headline net income[2]	**222.7**	**138.8**	**+60.4%**

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.
[2]: A reconciliation is provided in the "Net income to headline net income" section of this release.
Percentage change calculations are based on actual figures.

EBIT

As a percentage of revenue, EBIT was up +240bps in 2021, due to the significant decrease in linen capex in 2020, implying relative stability of D&A for 2021 and 2022.

Operating income

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

- Expenses related to free-share plans correspond to the requirements of the IFRS 2 accounting standard. They showed a +€14.4m increase in 2021.
- The amortization of intangible assets recognized in a business combination is mainly related to the goodwill allocation of Berendsen. The -€12.9m decrease in 2021 is mainly due to end of the amortization schedule of the Berendsen trademark, following the rebranding.
- Non-current operating expenses. The high amount in 2020 was mainly made up of restructuring costs relating to savings plans and site shutdowns and of additional costs directly tied to the pandemic.

Net financial result

In 2021, net financial expense was 90.5m€. It slightly increased compared to 2020 due to accelerated amortization of costs linked to the refinancing carried out during the year.

Net income

Net income was €114.6m in 2021, compared to €2.7m in 2020.

Net income to headline net income

In millions of euros	2021 reported	2020 restated[1]
Net income	**114.6**	**2.7**
Amortization of intangible assets recognized in a business combination[2]	65.3	74.3
IFRS 2 expense[2]	25.9	13.4
Accelerated amortization of loans issuing costs[2]	2.1	0.1
Refinancing costs[2]	3.3	-
Non-current operating income and expenses including:	11.5	48.2
Litigation provisions[2]	*(0.2)*	*0.6*
Exceptional expense relating to the sanitary crisis[2]	-	*16.5*
Restructuring costs[2]	*4.8*	*25.2*
Acquisition-related costs[2]	*3.7*	*4.6*
Other[2]	*3.1*	*1.4*
Headline net income	**222.7**	**138.8**
Attributable to:		
- owners of the parent	222.6	138.8
- non-controlling interests	0.1	(0.0)
Headline net income per share (in euros):		
- basic, attributable to owners of the parent	1.00	0.63
- diluted, attributable to owners of the parent	0.97	0.62

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.
[2]: Net of tax effect.

Headline net income was €222.7m in 2021, up +60.4% compared to 2020 and headline net income per share was up +56.4% at €0.97 (on a fully diluted basis).

Cash flow statement

In millions of euros	2021 reported	2020 restated[1]
EBITDA	**1,052.1**	**947.6**
Non-recurring items and changes in provisions	(14.1)	(55.2)
Acquisition and disposal expenses	(1.6)	(4.2)
Other	(1.6)	(1.4)
Cash flow before finance costs and tax	**1,034.7**	**886.8**
Net capex	(569.5)	(493.7)
Change in working capital requirement	10.1	26.6
Net interest paid	(74.6)	(64.1)
Tax paid	(83.2)	(65.8)
Lease liabilities payments - principal	(89.4)	(73.4)
Free cash flow (after lease liabilities payments)	**228.1**	**216.3**
Acquisitions of subsidiaries, net of cash acquired	(86.9)	(87.6)
Changes arising from obtaining or losing control of subsidiaries or other entities	(8.9)	(4.3)
Other cash flows related to financing activities	6.8	(4.8)
Proceeds from disposal of subsidiaries, net of cash transferred	0.0	0.5
Dividends and distributions paid	-	-
Equity increase & treasury shares	17.7	(1.3)
Other	(21.4)	(27.6)
Net debt variance	**135.4**	**91.2**
Net financial debt	**3,145.6**	**3,281.0**

[1]: A reconciliation is provided in the "Restated income statement for prior financial years" section of this release.

Net capex

In 2021, the Group's net capex represented 18.7% of revenue. The strong pick-up in activity in 2021, as well as our commercial successes and significant contract wins in Workwear, led to a sharp increase in linen capex after the decrease recorded in 2020. We also noted significant inflation in H2, driven by the increase in cotton prices and transportation costs. This should continue in 2022.

Change in working capital requirement

In 2021, despite the negative impact from the activity increase on trade receivables, change in working capital was positive at c. +€10m: a high amount of government subsidies was owed to the Group at the end of 2020, and we recorded excellent cash collection ratios (average payment time reached a record low of 51 days as of December 31, 2021 compared to 55 days as of December 31, 2020).

Free cash flow

In 2021, free cash flow (after lease liabilities payments) reached €228.1m, up +€11.9m yoy (+5.5%).

Net financial debt

The Group's net financial debt as of December 31, 2021 stood at €3,145.6m compared to €3,202.6m as of June 30, 2021 and €3,281.0m as of December 31, 2020. The financial leverage ratio was 3.0x as of December 31, 2021 (historical leverage ratio was 3.3x as of December 31, 2021, compared to 3.7x as of December 31, 2020).

In 2021, Elis continued to strengthen its debt profile with a new bond issuance of €200m maturating in 2028 as part of its EMTN program and the implementation of its first €900m sustainability-linked revolving credit facility, which has a term of five years plus two one-year extension options.

The financial strength of the group was recognized in 2021 by S&P, which upgraded Elis' financial rating to BB+ on October 27, 2021.

Payout for the 2021 financial year

At the next Annual General Meeting of shareholders on 19 May 2022, the Supervisory Board will recommend a dividend distribution of €0.37 per share for the 2021 financial year, with option of payment in Elis shares. This is line with the amounts paid before the pandemic. As a reminder, no distribution was made for the 2019 and 2020 financial years.

2022 outlook

Further activity pick-up, the success of Elis' new commercial offers and the new needs of our clients following the pandemic (increasing demand for hygiene products and increasing consumption of workwear) allow us to anticipate 2022 organic revenue growth of between +13% and +15%. This is based on a working assumption that H1 2022 activity in Hospitality, which continued to improve in January and February 2022, will be -20% below the 2019 level, and that further improvement will be seen in H2 2022.

Elis has no presence in Ukraine and only limited presence in Russia (revenue of c. €20m).

In a context of very strong energy price inflation, 2022 EBITDA margin is expected to be at around 33.5%, assuming that gas prices for 2022 (North gas exchange point) will stabilize for the remainder of the year at the average price recorded between January 1, 2022 and March 8, 2022 i.e. €100/MWh (to put things into perspective, historical price never exceeded the monthly average of €30/MWh between January 2010 and July 2021). Should gas prices remain significantly above €100/MWh in H1 2022, we would act on our pricing as early as this summer, with an additional +1% increase passed on to our customers for every €30 tranche above €100 per MWh.

2022 EBIT is expected at c. €500m, with a limited increase in 2022 D&A.

2022 headline net income per share should increase by c. 40% at c. €1.35.

2022 free cash flow (after lease payments) is expected at c. €200m as a result of the impact on working capital requirement of the strong pick-up in activity and the increase in linen capex due to inflation. This was already felt in H2 2021, with increase in cotton price and transportation costs.

Financial leverage ratio is expected at 2.6x as of December 31, 2022, compared to 3.0x as of December 31, 2021.

Medium-term outlook

In all our geographies, business in Healthcare, Industry and Trade & Services benefits from the success of our new commercial offers and from new client needs in Workwear and Hygiene & Well-Being (organic growth of +5% in 2021 on these 3 markets).

This dynamism is a direct consequence of the need generated by the sanitary crisis for more hygiene, more traceability, more responsible products and services, and for a more secure supply chain; this should be a long-lasting trend that will sustainably drive Elis' organic revenue growth.

Elis' post-crisis normative organic revenue growth (i.e., excluding post-Covid crisis Hospitality catch-up effect) should be above +3.5%.

The EBITDA margin decrease expected in 2022 should be reversed in 2023, either mechanically if the gas price goes down, or through the price increase we will implement from H2 2022 onwards.

II. <u>Acquisition of a leading player in the Mexican market</u>

Presentation of the acquired company

It is a century-old business and a leader in the Mexican market. It mainly provides flat linen and workwear to clients in the Healthcare market. It operates 11 production sites, 12 distribution centers and a manufacturing workshop. The company employs more than 2,600 employees. 2021 revenue was €74m with EBITDA margin of c. 38% and EBIT margin of c. 18%. The business delivers strong organic revenue growth, driven by the rapid development of the Mexican market. Annual organic revenue growth should be close to 10% in the coming years.

Acquisition rationale

- Further development in Latin America, a geography in which Elis posts strong organic growth
    - Elis is acquiring one of the main Mexican players and the only one with a nationwide network
    - Elis enters its 4th country in the region after Brazil, Colombia, and Chile
    - Elis has delivered average annual organic revenue growth of +9.4% in the zone since it first entered the region in 2014
    - Elis has an excellent track record in integrating assets in Latin America with c. 10 acquisitions since 2014
- The Mexican economy is solid and stable
    - Relatively low inflation (4% per year) and low unemployment (3.5%)
    - c. 4% annual GDP growth before the pandemic and 2022/2023 forecasts of 2.7% and 2.4% respectively
    - Strong organic growth potential as outsourcing is currently limited
    - External growth potential: additional bolt-on opportunities in a fragmented market

- Mexican economy strongly correlated with US activity

Attractive multiples

The total invested amount for the acquisition of 100% of the share capital corresponds to a multiple of 5.6x 2021 EBITDA and 12.0x 2021 EBIT. The highly experienced management team will remain to contribute to driving future growth; the transaction includes some potential earn-outs over the 2023-2025 period at lower multiples.

Closing of the acquisition

Completion of the acquisition remains subject to the approval of the Mexican competition authority. This acquisition is expected to close by end-July 2022.

III. Other information

The circular economy at the heart of Elis' business model

Elis offers its clients products that are maintained, repaired, reused, and reemployed to optimize their usage and lifespan. The Group therefore selects its textile products based on sustainability criteria, to ensure frequent washing, and also operates repair workshops. Elis' conviction is that the circular economy model, which notably aims at reducing consumption of natural resources by optimizing the lifespan of products, is a sustainable solution to address today's environmental challenges.

The services offered by Elis are a sustainable alternative to:

- Simple purchase or use of products: by mutualizing them between several users or clients, and by constantly looking at improving the industrial processes linked to their washing. As an example, the use of workwear operated by Elis leads to a 37% decrease of CO_2 emissions compared to workwear that is washed at home or in a standard laundry, and to a 48% decrease of water consumption. (Source: EY)
- Single use / disposable products: by offering reusable products, which are mostly maintained locally, hence supporting local employment and local economic development. As an example, the use of reusable surgical garments in care facilities leads to a decrease ranging from 31% to 62% of CO_2 emissions compared to disposable clothes. (Source: Cleaner Environmental Systems)

These alternatives to a linear consumption approach enable our clients to avoid CO_2 emissions and contribute to reduce their own emissions.

The Ellen MacArthur Foundation states that "circular economy is necessary to reach Net Zero" and that "nearly 10 billion tons of CO_2 (i.e., 20% of world emissions) could be reduced thanks to the transition of our current model towards a circular economy". (https://climate.ellenmacarthurfoundation.org)

Non-financial rating

In 2021, Elis maintained a "Gold medal" related to the EcoVadis questionnaire and improved its global performance (score of 72 compared to 70 in 2020). This medal places Elis within the top 5% of companies assessed by EcoVadis.

Furthermore, the Group was rated B by the CDP (Carbon Disclosure Project), a non-profit organization which performs independent assessments on the basis of information made available by companies on their strategy, risk & opportunity management, climate goals, annual climate performance, etc…

In addition, Elis scored higher with rating agency Gaïa (83 in 2021 vs 80 in 2020), and with MSCI (6.7 in 2021 vs 5.6 in 2020).

Our climate commitment

Elis has been working on reducing its energy consumption and CO_2 emissions for a long time. The Group has reduced its consumption of thermal energy per kg of linen delivered by -22% between 2010 and 2021 in its European laundries and has accelerated the transition of its vehicle fleet. Furthermore, the Group has reduced the intensity of CO_2 emissions per kg of linen delivered by -19% compared to 2010, which underscores the efforts put in place over many years.

Conscious of the environmental challenges with regard to climate change, Elis wants to commit to an approach to reduce its emissions that is in line with the Paris Agreement to contribute to keeping the increase in temperature below 1.5C° compared to preindustrial levels. The Group will thus present climate objectives that are aligned with the methodology of the Science Based Target initiative at end-2022. Once defined, these climate objectives will be submitted to shareholder approval in a "Say on climate" resolution. At the coming AGM on May 19, 2022, the Group will propose to its shareholders a non-binding advisory resolution in order to validate this approach.

Restated income statement for prior financial years

The table below presents the adjustments made retrospectively linked to business combinations (IFRS3) on the previously published income statement as of December 31, 2020.

In millions of euros	2020 reported	IFRS 3	2020 restated
Revenue	**2 806,3**	**-**	**2 806,3**
EBITDA	**947,5**	**0,1**	**947,6**
EBIT	**291,5**	**0,0**	**291,5**
Current operating income	**276,4**	**0,0**	**276,4**
Amortization of intangible assets recognized in a business combination	(93,0)	(0,9)	(93,9)
Non-current operating income and expenses	(64,1)	(0,4)	(64,5)
Operating income	**119,3**	**(1,3)**	**118,0**
Net financial result	(88,4)	0,0	(88,4)
Income tax	(27,1)	0,1	(27,0)
Income from continuing operations	**3,9**	**(1,2)**	**2,7**
Net income	**3,9**	**(1,2)**	**2,7**

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.
- EBITDA is defined as EBIT before depreciation and amortization net of the portion of subsidies transferred to income.
- EBITDA margin is defined as EBITDA divided by revenues.
- Free cash flow is defined as cash EBITDA minus non-cash-items, minus change in working capital, minus linen purchases and manufacturing capital expenditures, net of proceeds, minus tax paid, minus financial interest payments and minus lease liabilities payments.
- The financial leverage ratio is the leverage ratio calculated for the purpose of the financial covenant included in the new banking RCF agreement signed in November 2021: Leverage ratio is equal to Net financial debt / Pro forma EBITDA of acquisitions finalized during the last 12 months after synergies.
- The historical leverage ratio is the leverage ratio reported by the Group for previous FY and calculated for the former bank financings now repaid : Total net leverage is equal to (Net financial debt, less current accounts held for employee profit-sharing and accrued interest not yet due, plus unamortized debt issuance costs and finance lease liabilities as measured under IAS 17 had the standard had continued to apply) divided by (Pro forma EBITDA of acquisitions finalized during the last 12 months after synergies and excluding the impact of IFRS 16).

Geographical breakdown

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

Presentation of Elis' 2021 full-year results (in English)

Date:
Wednesday 9 March 2022 at 7:30am GMT (8:30am CET)

Speakers:
Xavier Martiré (CEO) and Louis Guyot (CFO)

Webcast link:
https://edge.media-server.com/mmc/p/psi7vh7z

Conference call dial in numbers:
From France: +33(0)1 70 70 07 81
From the UK: +44(0) 2071 928 338
From the US: +1 646 741 3167
Code: 8352998

Investor presentation:
An investor presentation will be available at 7:20am GMT (8:20am CET) at this address: https://fr.elis.com/fr/groupe/relations-investisseurs/information-reglementee

Forward looking statements

This document may contain information related to the Group's outlook. Such outlook is based on data, assumptions and estimates that the Group regarded as reasonable at the date of this press release. Those data and assumptions may change or be adjusted as a result of uncertainties relating particularly to the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware on the date of this press release. Moreover, the materialization of certain risks, especially those described in chapter 4 "Risk factors, risk control, insurance policy, and vigilance plan" of the Universal Registration Document for the financial year ended December 31, 2020, which is available on Elis's website (www.elis.com), may have an impact on the Group's activities, financial position, results or outlook and therefore lead to a difference between the actual figures and those given or implied by the outlook presented in this document. Elis undertakes no obligation to publicly update or revise the Group's outlook or any of the abovementioned data, assumptions, or estimates, except as required by applicable laws and regulations. Reaching the outlook also implies success of the Group's strategy. As a result, the Group makes no representation and gives no warranty regarding the attainment of any outlook set out above.

Next information

Q1 2022 revenue: May 10, 2022 (after market)

Contact

Nicolas Buron, Investor Relations Director - Phone: +33 1 75 49 98 30 - nicolas.buron@elis.com

Consolidated Financial Statements Excerpt

P&L

(in millions of euros)	31/12/2021	31/12/2020 restated
Revenue	3,048.3	2,806.3
Cost of linen, equipment and other consumables	(517.5)	(527.9)
Processing costs	(1,127.8)	(1,018.6)
Distribution costs	(470.9)	(424.8)
Gross margin	932.1	834.9
Selling, general and administrative expenses	(581.7)	(544.8)
Net impairment on trade and other receivables	8.4	(13.7)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	358.8	276.4
Amortization of intangible assets recognized in a business combination	(81.0)	(93.9)
Goodwill impairment	-	-
Other operating income and expenses	(16.1)	(64.5)
Operating income	261.7	118.0
Net financial income (expense)	(90.5)	(88.4)
Income (loss) before tax	171.1	29.7
Income tax expense	(56.6)	(27.0)
Income (loss) from continuing operations	114.6	2.7
Income from discontinued operation, net of tax	-	-
NET INCOME (LOSS)	**114.6**	**2.7**
Attributable to:		
- owners of the parent	114.5	2.7
- non-controlling interests	0.1	(0.0)
Earnings (loss) per share (EPS) (in euros):		
- basic, attributable to owners of the parent	€0.51	€0.01
- diluted, attributable to owners of the parent	€0.51	€0.01
Earnings (loss) per share (EPS) from continuing operations (in euros):		
- basic, attributable to owners of the parent	€0.51	€0.01
- diluted, attributable to owners of the parent	€0.51	€0.01

Balance Sheet

Assets

(in millions of euros)	31/12/2021	31/12/2020 restated
Goodwill	3,817.0	3,743.6
Intangible assets	750.1	806.4
Right-of-use assets	439.2	438.6
Property, plant and equipment	1,910.9	1,886.1
Other equity investments	0.1	0.2
Other non-current assets	64.7	64.4
Deferred tax assets	31.5	36.6
Employee benefit assets	51.8	34.1
TOTAL NON-CURRENT ASSETS	7,065.5	7,010.1
Inventories	138.8	137.3
Contract assets	38.1	27.6
Trade and other receivables	600.7	517.0
Current tax assets	17.1	13.6
Other assets	18.9	18.8
Cash and cash equivalents	160.0	137.6
Assets held for sale	0.4	0.4
TOTAL CURRENT ASSETS	974.0	852.3
TOTAL ASSETS	**8,039.5**	**7,862.4**

Liabilities

(in millions of euros)	31/12/2021	31/12/2020 restated
Share capital	224.1	221.8
Additional paid-in capital	2,531.6	2,575.6
Treasury share reserve	(1.6)	(11.2)
Other reserves	(322.6)	(366.1)
Retained earnings (accumulated deficit)	581.5	387.6
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,013.1**	**2,807.7**
NON-CONTROLLING INTERESTS	**0.7**	**0.6**
TOTAL EQUITY	3,013.8	2,808.3
Provisions	87.7	83.9
Employee benefit liabilities	105.9	108.9
Borrowings and financial debt	3,084.5	3,066.6
Deferred tax liabilities	282.9	302.3
Lease liabilities	367.0	368.3
Other non-current liabilities	33.1	20.9
TOTAL NON-CURRENT LIABILITIES	3,961.0	3,951.0
Current provisions	12.6	14.8
Current tax liabilities	28.2	25.5
Trade and other payables	262.9	221.3
Contract liabilities	74.9	62.7
Current lease liabilities	86.2	79.0
Other liabilities	378.7	347.7
Bank overdrafts and current borrowings	221.1	352.0
Liabilities directly associated with assets held for sale	-	-
TOTAL CURRENT LIABILITIES	1,064.6	1,103.1
TOTAL EQUITY AND LIABILITIES	**8,039.5**	**7,862.4**

Cash flow statement

(in millions of euros)	31/12/2021	31/12/2020 restated
Consolidated net income (loss)	**114.6**	**2.7**
Income tax expense	56.6	27.0
Net financial income (expense)	90.5	88.4
Share-based payments	24.4	12.9
Depreciation, amortization and provisions	745.6	752.0
Portion of grants transferred to income	(0.6)	(0.3)
Net gains and losses on disposal of property, plant and equipment and intangible assets	0.7	4.2
Other	2.9	(0.1)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**1,034.7**	**886.8**
Change in inventories	1.0	(13.0)
Change in trade and other receivables and contract assets	(76.8)	114.5
Change in other assets	2.8	2.4
Change in trade and other payables	35.3	(57.7)
Change in contract liabilities and other liabilities	45.5	(20.3)
Other changes	0.1	2.7
Employee benefits	2.3	(1.9)
Tax paid	(83.2)	(65.8)
NET CASH FROM OPERATING ACTIVITIES	**961.6**	**847.6**
Acquisition of intangible assets	(21.1)	(16.0)
Proceeds from disposal of intangible assets	-	0.1
Acquisition of property, plant and equipment	(552.8)	(483.2)
Proceeds from disposal of property, plant and equipment	3.8	5.3
Acquisition of subsidiaries, net of cash acquired	(86.9)	(87.6)
Proceeds from disposal of subsidiaries, net of cash transferred	0.0	0.5
Changes in loans and advances	1.0	(1.3)
Dividends earned	0.0	0.0
Investment grants	0.5	0.0
NET CASH FROM INVESTING ACTIVITIES	**(655.4)**	**(582.1)**
Capital increase	10.3	(0.0)
Treasury shares	7.3	(1.3)
Dividends and distributions paid		
- to owners of the parent	*(0.0)*	*0.0*
- to non-controlling interests	-	-
Change in borrowings (1)	(141.7)	(146.6)
- Proceeds from new borrowings	*776.1*	*868.6*
- Repayments of borrowings	*(917.8)*	*(1,015.2)*
Lease liability payments - principal	(89.4)	(73.4)
Net interest paid (including interest on lease liabilities)	(74.6)	(64.1)
Other cash flows related to financing activities	6.8	(4.8)
NET CASH FROM FINANCING ACTIVITIES	**(281.2)**	**(290.2)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**25.0**	**(24.8)**
Cash and cash equivalents at beginning of period	137.6	170.8
Effect of changes in foreign exchange rates on cash and cash equivalents	(2.7)	(8.4)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**159.9**	**137.6**

(1) Net change in credit lines

Non-financial 2021 KPIs

The Group is pursuing ESG-related actions and initiatives. The 2021 performance related to the 2025 commitments are as follows:

The pillars of our strategy	Our stakes Sources of risks and opportunities	Our commitments and objectives	2021 actual
Circularity and Exemplarity to reduce our impact on the Planet	Fight against and adapt to climate change	Reduce by 20% CO2 intensity in the operations between 2010 and 2025	- 19 %
	Reduce our energy consumption	Improve thermal energy efficiency in European laundries by 35% between 2010 and 2025	-22 %
	Reduce our energy consumption	Accelerate logistic fleet transition towards alternative vehicles	257 alternative vehicles (134 in 2020)
	Optimise our usage and limit our impact on eco-systems	Reduce by 50 % water consumption per kg au linen delivered between 2010 and 2025 in European laundries	-40% (Europe)
	Further develop circularity & Reduce and properly manage of our waste	Reuse or recycle 80% of our end-of-life textile by 2025	73%
	Eco-design our product and services	Offer at least one collection composed of sustainable materials for each product family	46%
Empower our employees and support their development	Protect our employees	Reduce by 50% our employee frequency rate between 2019 and 2025	-6,3 %
	Ensure non-discrimination and equal opportunity	Reach 40% women in executive or managerial roles by 2025 (42% by 2030)	34%
	Listen to and value our employee and ensure their well-being at work	Extend the Chevron program within the Group	300 chevrons (+30 % vs 2018)
Make a positive impact for the Society	Contribute to our local communities and support the causes that we value	Triple the Foundation impact by 2025	3rd graduates
	Work responsibly with third parties	95% of direct suppliers being assessed against CSR criteria during the past 3 years	93%

Furthermore, since 2018, the Group has reached 14% reduction of water used per kilogram of linen delivered (cf. the objectives set in the context of the RCF).