Half-year financial report

> June 30, 2020

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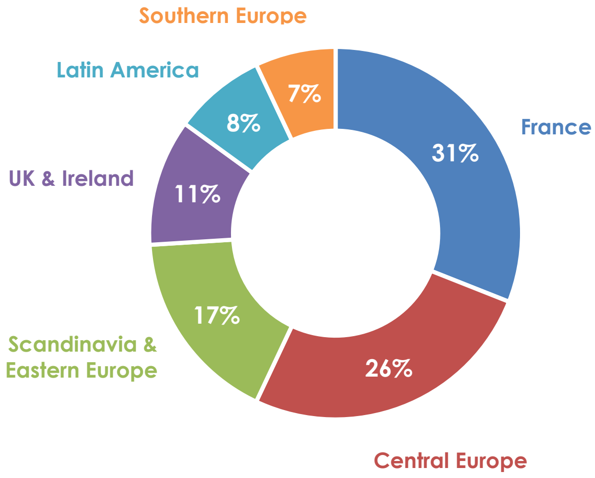
1

Management report for the first half of 2020

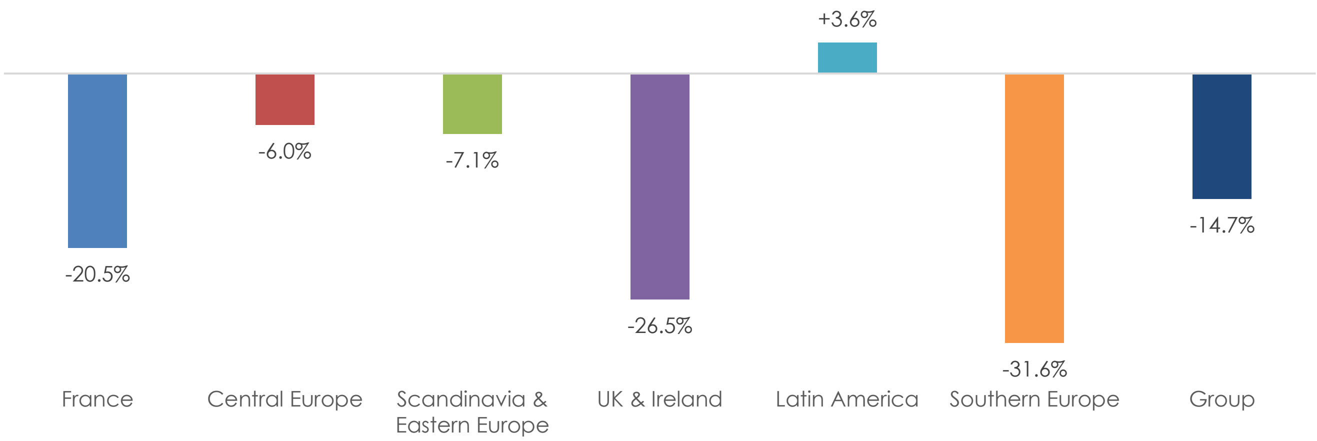
1.1 Group profile and financial highlights of the first half of 2020

With more than a century of expertise, Elis is a multi-service provider offering textile, hygiene and facility services solutions. With its unique know-how, together with the commitment of its 50,000 employees, the Group aims to be the go-to player and trusted partner of its 400,000 customers around the world.

Breakdown of H1 2020 revenue by geographical area



H1 2020 organic revenue growth evolution by geography



1.2 Highlights of the first half of 2020

H1 revenue impacted by the crisis; EBITDA margin up and positive free cash flow

- H1 revenue down -15.7% (-14.7% on an organic basis)
- Marked activity slowdown in Hospitality, less so in other end-markets
- EBITDA margin up +20bps at 32.5% of sales
- Adjusted net income down -51.2% at €49.7mn
- Free cash flow of €56.1mn (after lease payments), up +€75mn yoy

Implementation of drastic operational measures to respond to the crisis and prepare for the future

- Headcount adjustments in all country head offices and in all plants impacted by a decrease in activity, to optimize capacity and control costs
- Temporary shutdown or near-total stoppage of up to c. 100 plants during the lockdown period
- In-depth review of the operational organization in every country and implementation of sustainable cost-saving measures: Permanent shutdown of plants, reorganization of plants, reduction of central costs, review of the 2020/2021 industrial capex plan, including the cancellation of most projects to increase capacity
- Launch of numerous commercial initiatives to address new client needs

Active cash management and improvement of financial flexibility

- Waiver obtained for the bank covenant tests as of 30 June 2020, 31 December 2020 and 30 June 2021
- 1.1 billion euros of available liquidity and no major debt maturity before 2023
- Total net leverage ratio of 3.5x as of 30 June 2020, stable vs last year

2020 outlook

- Despite a marked increase of Hospitality in July, the persistent uncertainties regarding activity pickup as well as the very uncertain economic environment do not allow us to provide a revenue outlook for the year
- Thanks to the important efforts to decrease the cost base in H1 and the action plans that have been defined, the Group is facing the next 18 months with serenity
- In this context, 2020 EBITDA margin and free cash flow should be quite close to what the Group delivered in 2019

1.3 Business review and comments on the first half of 2020

Revenue

In millions of euros	2020			2019			Var.		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
France	236.9	175.7	412.5	246.9	272.0	518.9	-4.1%	-35.4%	-20.5%
Central Europe	180.1	163.2	343.3	177.3	180.6	357.9	+1.6%	-9.6%	-4.1%
Scandinavia & East. Europe	127.0	106.3	233.3	124.9	124.8	249.8	+1.7%	-14.9%	-6.6%
United Kingdom & Ireland	88.9	54.9	143.8	94.3	100.7	195.0	-5.7%	-45.5%	-26.3%
Southern Europe	60.5	36.6	97.2	64.3	77.8	142.0	-5.8%	-52.9%	-31.6%
Latin America	58.8	49.9	108.7	63.4	66.1	129.5	-7.2%	-24.5%	-16.0%
Others	6.9	6.0	12.9	5.7	5.0	10.6	+22.6%	+20.6%	+21.6%
Total	**759.2**	**592.6**	**1,351.7**	**776.7**	**827.0**	**1,603.7**	**-2.3%**	**-28.3%**	**-15.7%**

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

Organic revenue growth

	Q1 organic growth	Q2 organic growth	H1 organic growth
France	-4.1%	-35.4%	-20.5%
Central Europe	+0.6%	-12.4%	-6.0%
Scandinavia & Eastern Europe	-0.3%	-14.0%	-7.1%
United Kingdom & Ireland	-6.7%	-45.0%	-26.5%
Southern Europe	-5.8%	-52.9%	-31.6%
Latin America	+6.4%	+0.9%	+3.6%
Others	+21.8%	+21.6%	+21.7%
Total	**-1.8%**	**-26.7%**	**-14.7%**

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

EBITDA

In millions of euros	H1 2020	H1 2019	Var.
France	**145.0**	**188.6**	**-23.1%**
As a % of revenue	*35.1%*	*36.3%*	*-120bps*
Central Europe	**110.8**	**108.0**	**+2.6%**
As a % of revenue	*32.1%*	*30.0%*	*+210bps*
Scandinavia & East. Europe	**91.3**	**94.6**	**-3.5%**
As a % of revenue	*39.1%*	*37.9%*	*+130bps*
United Kingdom & Ireland	**36.8**	**54.9**	**-33.0%**
As a % of revenue	*25.6%*	*28.0%*	*-250bps*
Southern Europe	**22.4**	**38.9**	**-42.5%**
As a % of revenue	*23.0%*	*27.4%*	*-440bps*
Latin America	**38.0**	**38.3**	**-0.9%**
As a % of revenue	*34.9%*	*29.6%*	*+530bps*
Others	**(4.5)**	**(4.3)**	**n/a**
Total	**439.9**	**519.0**	**-15.3%**
As a % of revenue	32.5%	32.4%	+20bps

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

France

H1 2020 organic revenue was down -20.5%. After a very good start to the year (+5.8% organic growth in January and +3.5% in February), our activity strongly suffered from the Covid-19 sanitary crisis and from the lockdown measures taken in March, April and May. Hospitality, a segment that represented approximately one-third of the country's revenue in 2019, was particularly affected and activity almost came to a standstill in March and April. Industry, Trade & Services posted a more moderate decrease. Healthcare was slightly down in H1: The good commercial dynamism was offset by a drop in patients in hospitals to make room for Covid-19 patients, implying lower linen rotation.

Despite the strong revenue decrease, EBITDA margin decline was limited to -120bps at 35.1%. This reflects the very significant cost cutting measures implemented in the country, including the complete shutdown of c. 30 plants during the confinement period. Such a complex task necessarily leads to a slight lag between the revenue decrease and the cost base reduction.

Central Europe

H1 2020 organic revenue was down -6.0%. In a region with very limited exposure to Hospitality, the beginning of the year was good and industrial activities showed good resilience. Topline decrease was therefore limited following the implementation of confinement measures, with organic decrease of between -15% and -20% in April and May depending on the country. Germany was down -5% in H1, with a decrease of c. -16% in April. The Netherlands were up +7% in H1 with Q2 close to +5%. Poland was flat in H1. Switzerland and Belgium, countries with a greater exposure to Hospitality, posted a higher contraction.

EBITDA margin was up +210bps at 32.1%. This improvement is mostly attributable to Germany where very significant cost savings have been achieved, along with notable productivity gains in plants.

Scandinavia & Eastern Europe

H1 2020 organic revenue was down -7.1%. The fact that the greater portion of our clients operates in the Industry segment enabled to somewhat limit the decrease at c. -15% in April and c. -20% in May. Sweden, the largest contributor, posted a moderate -7% decrease in H1. Denmark registered a larger contraction (c. -11% in H1). Norway and Russia were up in H1. The Baltic countries were stable.

EBITDA margin was up +130bps at 39.1%. As in Central Europe, this increase was the consequence of the significant cost-cutting measures implemented by the Group, with a controlled revenue decrease. The Group also benefited from a slightly positive mix effect related to the slowdown of Hospitality, as this activity is slightly less profitable than the others in the region.

United Kingdom & Ireland

H1 2020 organic revenue was down -26.5%. After a slight increase in February, the situation deteriorated from March onwards with a drop of nearly -50% in April and May. Approximately one-third of revenue is in Hospitality, a segment that has virtually ground to a halt since the implementation of confinement measures in the second half of March. Industry and Trade & Services represent another third of total revenue and also decreased strongly. The Healthcare segment, accounting for the remaining third, was also down in H1, with a negative effect in March, April and May for the same reasons as in France (non-urgent medical care was postponed to make more room for Covid-19 patients).

EBITDA margin was down -250bps at 25.6%, resulting from the strong revenue decrease despite the significant cost base reduction from April onwards.

Southern Europe

H1 2020 organic revenue decreased by -31.6% with a marked slowdown that started in March (c. -29%) down to nearly -60% in April and May. The geography is highly exposed to the Hospitality segment (more than 60% of total revenue in 2019) and suffered from the near-total interruption of hotel activity (administrative closure of hotels in Spain until May).

EBITDA margin was down -440bps at 25.6%, resulting from the strong revenue decrease despite the significant efforts made to reduce the cost base.

Latin America

H1 2020 organic revenue was up +3.6%. The beginning of the year was very good with January and February at more than 9% growth. From March onwards, growth slowed down in Healthcare, with the same phenomenon we observed in France and the UK: Non-urgent medical care was postponed to make room for Covid-19 patients, implying lower activity in hospitals. April was therefore down c. -10% but activity rebounded in May and June, notably on the back of targeted commercial offers for hospitals.

EBITDA margin was up +530bps at 34.9%. This strong increase is attributable to the focus put on the cost base, and to the signing of very profitable, short-term contracts.

From EBITDA to net result

In millions of euros	H1 2020 reported	H1 2019 restated	Var.
EBITDA	**439.9**	**519.0**	**-15.3%**
As a % of revenue	*32.5%*	*32.4%*	*+20bps*
D&A	(329.6)	(313.6)	
EBIT	**110.3**	**205.5**	**-46.3%**
As a % of revenue	*8.2%*	*12.8%*	*-460bps*
Current operating income	**103.6**	**200.1**	**-48.2%**
Amortization of intangible assets recognized in a business combination	(46.0)	(42.5)	
Non-current operating income and expenses	(37.2)	0.3	
Operating income	**20.4**	**157.9**	**-87.1%**
Financial result	(45.5)	(73.4)	
Income tax	4.1	(24.6)	
Net result from continuing operations	**(21.0)**	**59.9**	**n/a**
Consolidated net result	**(21.0)**	**60.9**	**n/a**
Headline net result*	**49.7**	**101.7**	**-51.2%**

Percentage change calculations are based on actual figures.
*A reconciliation of net result and headline net result is provided in the section "From net result to headline net result" below.

EBIT

As a percentage of revenue, EBIT was down -460bps in the first half, as a consequence of the slight increase of D&A combined with a sharp revenue decline over the period. Depreciation of non-linen assets represented c. 40% of total D&A and was up c. 10% yoy, as a consequence of the finalization, in 2019, of the capex program dedicated to Berendsen. Linen deprecitaion (c. 60% of total) quickly reflect the evolution of activity and has been decreasing since June.

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;
- The amortization of intangible assets recognized in a business combination is partly related to the goodwill allocation of Berendsen. The amount is in line with last year;
- Non-current operating expenses are made up of c. €22mn of Covid-19 incremental costs (exceptional bonuses to reward the commitment of our employees, waiver fee, protection equipment, etc…) and restructuring costs for c. €12mn.

Financial result

The financial result was -€45.5mn compared to -€73.4mn last year. This lower financial charge is due to the lower cost of debt following the 2019 refinancing and to the high H1 2019 base, which notably included some exceptional costs related to this refinancing.

Net result

Net result was -€21.0mn in the first half, decreasing vs last year. This decrease reflects the drop in Current operating income, and the higher amount of non-current operating expenses.

From net result to headline net result

In millions of euros	H1 2020 reported	H1 2019 restated
Net result from continuing operations	**(21.0)**	**59.9**
Amortization of intangible assets recognized in a business combination (net of tax effect)	36.5	34.2
IFRS 2 expense (net of tax effect)	6.2	4.4
Accelerated amortization of loan issuing costs (net of tax effect)	0.1	1.3
Breakup costs (refinancing)	0.0	4.7
Non-current operating income and expenses	27.9	(2.9)
of which litigation provision allowance / (reversal) (net of tax effect)	*0.4*	*(10.8)*
of which Covid-19 incremental costs (net of tax effect)	*17.1*	*0.0*
of which restructuring costs (net of tax effect)	*8.5*	*5.4*
of which acquisitions-related costs (net of tax effect)	*1.6*	*2.2*
of which others (net of tax effect)	*0.4*	*0.3*
Headline net result	**49.7**	**101.7**

The headline net result was €49.7mn in the first half, down -51.2% compared to the first half of 2019.

Cash-flow statement

In millions of euros	H1 2020	H1 2019
EBITDA	**439.9**	**519.0**
Non-recurring items and provision variance	(32.4)	(8.1)
Acquisition and cession fees	(1.3)	(2.7)
Other	(0.7)	0.4
Cash flows before net finance costs and tax	**405.6**	**508.6**
Net capex	(232.7)	(329.5)
Change in working capital requirement	0.9	(53.2)
Net interest paid	(50.5)	(63.4)
Income tax paid	(34.0)	(46.5)
Free cash-flow	**89.2**	**16.0**
Lease liabilities payments – principal	(33.1)	(35.5)
Free cash-flow after lease liabilities payments	**56.1**	**(19.5)**
Acquisition of subsidiaries, net of cash acquired	(33.6)	(48.7)
Change arising from subsidiaries (gain or loss of control)	(3.2)	(8.1)
Other flows related to financing activities	(5.1)	(20.5)
Dividends paid	-	(81.3)
Other	(3.7)	6.4
Net debt variance	**10.5**	**(171.7)**
Net financial debt	**3,361.7**	**3,529.4**

Capex

In the first half, the Group's capital expenditures (excluding acquisitions of subsidiaries) represented 17.2% of revenue vs 20.1% in H1 2019. This reflects the finalization of the capex program dedicated to Berendsen (completed at the end of 2019) and lower linen investments in H1 in a context of lower client activity.

Change in operating working capital requirement

In the first half, the change in operating working capital requirement was stable, notably due to the strong focus on cash collection.

Net interest paid

In H1 2019, the Group's net interest paid are at -€50.5mn compared to -€63.4mn in H1 2019, reflecting the high base last year and a lower cost of debt following the 2019 refinancing.

Free cash-flow

Free cash-flow after lease liabilities payments reached €56.1mn, up more than +€75mn yoy. This improvement is due to the decrease in capex, to the positive effect from change in working capital requirement, to the lower net interest paid and tax paid.

Pay-out for the 2019 financial year

As announced on March 31st, there will be no pay-out in 2020 for the 2019 financial year in order to further strengthen the Group's liquidity in a context of global sanitary crisis.

Net financial debt

The Group's net financial debt at June 30, 2020 stood at €3,361.7mn compared to €3,372.1mn at December 31, 2019 and €3,529.4mn at June 30, 2019, i.e. a €168mn net debt decrease over the last 12 months.

Total Net Leverage Ratio was 3.5x as of June 30, 2020, stable compared to June 30, 2019.

1.4 Risk factors

Specific material risks that the Group could face during the second half of 2020 are those described in chapters 3 and 4 of the 2019 Universal Registration Document – in chapter 3, sections 3.2 "Employee-related risks" (pages 101 to 106) and 3.3 "Environmental risks" (pages 107 to 111), and in chapter 4, section 4.1 "Risk Factors" (pages 122 to 133).

The Company believes these risks could potentially have a material adverse impact on the Group and its business, financial position, results or ability to achieve its objectives, and procedures for managing those risks.

Other risks could also exist that the Group is currently unaware of or that are considered non-material as at the date of this half-year financial report. If those risks were to materialize, they could have a material adverse impact on the Group and its business, financial position, results, ability to achieve its objectives, or reputation.

The risk factors described in chapters 3 and 4 of the 2019 Universal Registration Document remain applicable as at the date of this report and have not undergone any significant changes, apart from the disputes mentioned in Note 7.2 to the condensed interim consolidated financial statements.

As discussed in section 4.1.1 "Strategic risks" of the Universal Registration Document, the Group is subject to risks related to the disruptions caused by the Covid-19 pandemic.

The Group confirms that this risk, the procedures for managing it and its criticality level are as described in the 2019 Universal Registration Document. However, the following should be noted regarding the description of the risk.

- The sharp decline in business recorded by the Group in the first half of 2020 as a result of the Covid-19 outbreak is described in section 1.3 "Analysis of the first half of 2020" in this document.
- The Group remains exposed to new government protection measures, especially lockdown measures or closures of certain establishments or businesses, which would further impact its business. However, as at the date of this half-year report, the Group is unable to quantify the extent of that impact.
- The Group faces an increased risk of losing customers and revenue due to business failures in the coming months, caused primarily by the economic crisis expected to ensue in connection with the Covid-19 outbreak. In addition, customers may ask for a reduction in the services they receive in order to deal with a decline in their own business levels or with cyclical or more structural economic difficulties.
- The impact of the Covid-19 public health crisis on the regular goodwill measurement led the Group to conduct impairment tests at June 30, 2020, as described in Note 6.2 "Impairment tests as at June 30, 2020" to the condensed interim consolidated financial statements in section 2 of this report.

With regard to the measures implemented to manage the risks related to the disruptions triggered by the Covid-19 outbreak, the following should be noted.

- At the height of the crisis, the Group closed some one hundred plants in order to manage the temporary drop in business. As at the date of this report, around twenty plants remain closed.
- The type of cost reduction measures introduced by the Group are described in section 1.3 "Analysis of the first half of 2020" in this half-year report.
- In terms of liquidity, as at the date of this report the Group has €900 million in undrawn revolving credit facility lines and approximately €150 million in available cash on the balance sheet.
- The ratios of the financial covenant applicable at December 31, 2020 and June 30, 2021 under the bank financing and private placement agreements (USPP and Schuldschein) were increased by waiver to 4.75x for December 31, 2020 and 4.50x for June 30, 2021. Note that the financial covenant applicable at June 30, 2020 had been increased by waiver to 5.00x.

1.5 Transactions with related parties

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

1.6 Changes in corporate governance

Elis's general shareholders' meeting on June 30, 2020 approved the appointment of two new members to the Supervisory Board, Fabrice Barthélemy and Amy Flikerski, each for a four-year term, i.e., until the close of the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023.

Fabrice Barthélemy, a French citizen, is chairman of the management board at Tarkett. Amy Flikerski, a Canadian citizen, is a portfolio manager at the Canada Pension Plan Investment Board (CPP Investments). At the end of this general shareholders' meeting, the Supervisory Board comprised nine members, six of them independent and five of them women. This change in the Supervisory Board's composition reflects the body's ongoing goal to become more international and appoint members with diverse profiles.

As at June 30, 2020, Elis's Supervisory Board, the Supervisory Board's special committees, and the Elis Management Board were composed of the following members:

Supervisory Board:

Name or corporate name	Role		Expiration of term of office
Thierry Morin	Chairman	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Joy Verlé	Vice-chair		General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020
Magali Chessé	Member		General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Philippe Delleur	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Florence Noblot	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020
Antoine Burel	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2021
Fabrice Barthélemy	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2023
Amy Flikerski	Member		General shareholders' meeting called to approve the financial statements for the year ending December 31, 2023
Anne-Laure Commault	Member	■	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020

■ *Independent member.*

Audit Committee:

Full name	Role	Expiration of term of office
Antoine Burel	Chairman	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2021
Thierry Morin	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Magali Chessé	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022

Appointments and Compensation Committee:

Full name	Role	Expiration of term of office
Florence Noblot	Chair	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020
Thierry Morin	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2022
Joy Verlé	Member	General shareholders' meeting called to approve the financial statements for the year ending December 31, 2020

Management Board:

Full name	Role	Expiration of term of office
Xavier Martiré	Chairman of the Management Board	September 5, 2022
Louis Guyot	Member of the Management Board	September 5, 2022
Matthieu Lecharny	Member of the Management Board	September 5, 2022

1.7 Information about share capital

1.7.1 SHARE CAPITAL AND SHAREHOLDING STRUCTURE

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

Based on statutory disclosures establishing an interest of more than 5% of share capital or voting rights, and disclosures by parties related to the Group, the share capital or voting rights structure as at June 30, 2020 was as follows:

Shareholders	June 30, 2020					
	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Crédit Agricole, SA[a] o/w	13,991,745	27,983,407	27,983,407	6.31	10.82	10.83
› Predica	13,991,662	27,933,324	27,933,324	6.31	10.80	10.81
Canada Pension Plan Investment Board	27,328,509	48,838,682	48,838,682	12.32	18.88	18.90
Free float, o/w	180,253,026	181,597,363	181,597,363	81.27	70.21	70.27
› Ameriprise Financial, Inc[b]	12,671,657	12,671,657	12,671,657	5.71	4.90	4.90
› FMR LLC[c]	11,185,103	11,185,103	11,185,103	5.04	4.32	4.33
› Executives and employees[d]	2,894,356	3,519,294	3,519,294	1.30	1.36	1.36
› Treasury stock[e]	220,701	220,701	-	0.10	0.09	0.00
TOTAL	**221,793,981**	**258,640,153**	**258,419,452**	**100**	**100**	**100**

(a) Based on the breach of shareholding threshold disclosure dated April 24, 2020.
(b) Based on the breach of shareholding threshold disclosure dated January 28, 2020.
(c) Based on the breach of shareholding threshold disclosure dated June 11, 2020.
(d) O/w 490,593 shares held by employees through the "Elis for All" investment fund (FCPE), 1,801,727 shares held in respect of settlements of performance share plans implemented by the Company for which the vesting period has expired, and 393,532 shares held by the Berendsen Employee Benefit Trust.
(e) O/w 216,750 are held under the liquidity agreement. These shares have no voting rights.

To the Company's knowledge, at June 30, 2020, no shareholder other than those mentioned above directly or indirectly held 5% or more of the Company's share capital and voting rights.

1.7.2 SHAREHOLDING DISCLOSURE THRESHOLDS

Since January 1, 2020, the following breaches of shareholding threshold disclosures have been filed with the AMF:

Shareholder	Date of disclosure	AMF declaration no.	Breach of threshold
FIL Limited	June 11, 2020	220C1874	Exceeded the threshold of 5% of the share capital.
Ameriprise Financial, Inc.	January 28, 2020	220C0379	Dropped below the threshold of 5% of the voting rights.

1.7.3 POTENTIAL SHARES

As at June 30, 2020, the volume of potentially dilutive instruments outstanding was 13,124,018 shares in respect of bonds convertible into and/or exchangeable for new or existing shares (OCÉANEs) – unchanged from December 31, 2019 – and 1,897,356 shares in respect of performance shares currently being vested. The overall potentially dilutive effect of these instruments stood at around 6.77% of the share capital as at June 30, 2020.

1.7.4 SHAREHOLDER AGREEMENT AND OTHER AGREEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

No new shareholder agreement or other agreement has been entered into since the start of the financial year beginning January 1, 2020 and no changes have been made to the shareholder agreement and other agreements described in the 2019 Universal Registration Document that remain in effect as at the date of this half-year report.

1.8 Events after the reporting period

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

2

Condensed interim consolidated financial statements

2.1 Interim consolidated income statement

(In millions of euros) *(Unaudited)*	Notes	06/30/2020	06/30/2019 restated*
REVENUE	3.1/3.3	1,351.7	1,603.7
Cost of linen, equipment and other consumables		(260.6)	(258.4)
Processing costs		(507.5)	(611.2)
Distribution costs		(230.4)	(264.7)
Gross margin		353.3	469.4
Selling, general and administrative expenses		(242.3)	(267.9)
Value adjustments for losses on trade and other receivables		(7.4)	(1.3)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	3.2	103.6	200.1
Amortization of intangible assets recognized in a business combination	4.1	(46.0)	(42.5)
Goodwill impairment	6.2	-	-
Other operating income and expenses	4.2	(37.2)	0.3
OPERATING INCOME		20.4	157.9
NET FINANCIAL INCOME	8.1	(45.5)	(73.4)
Income (loss) before tax		(25.1)	84.5
Income tax expense	9	4.1	(24.6)
Share of income of equity-accounted companies		-	-
Income from continuing operations		(21.0)	59.9
Income from discontinued operations, net of tax	2.5	-	1.0
NET INCOME (LOSS)		(21.0)	60.9
Attributable to:			
- owners of the parent		(20.9)	61.1
- non-controlling interests		(0.1)	(0.2)
Earnings (loss) per share (EPS) (in euros):			
- basic, attributable to owners of the parent	10.3	€(0.09)	€0.28
- diluted, attributable to owners of the parent	10.3	€(0.09)	€0.27
Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	10.3	€(0.09)	€0.27
- diluted, attributable to owners of the parent	10.3	€(0.09)	€0.27

**See Note 1.6.*

2.2 Interim consolidated statement of comprehensive income

(In millions of euros)	Notes	06/30/2020	06/30/2019 restated*
(Unaudited)			
NET INCOME (LOSS)		(21.0)	60.9
Gains (losses) on change in fair value of hedging instruments		2.3	(4.5)
Cash flow hedge reserve reclassified to income		0.2	4.2
Total change in cash flow hedge reserve, before taxes		**2.5**	**(0.3)**
Related tax		(0.8)	0.1
Net change in the cost of hedging, before tax		**2.8**	**(0.3)**
Related tax		(0.7)	0.1
Effects of changes in foreign exchange rates – net translation differences		**(201.0)**	**(4.3)**
Other comprehensive income (loss) which may be subsequently reclassified to net income		(197.2)	(4.7)
Actuarial gains (losses) on defined benefit plans, before tax		**0.2**	**5.1**
Related tax		(0.0)	(0.3)
Other comprehensive income (loss) which may not be subsequently reclassified to income		**0.2**	**4.8**
OTHER COMPREHENSIVE INCOME		**(197.0)**	**0.1**
TOTAL COMPREHENSIVE INCOME (LOSS)		**(217.9)**	**61.0**
Attributable to:			
- owners of the parent		(217.9)	61.2
- non-controlling interests		(0.1)	(0.2)

**See Note 1.6.*

2.3 Interim consolidated statement of financial position – Assets

(In millions of euros) *(Unaudited)*	Notes	06/30/2020	12/31/2019 restated*
Goodwill	6.1	3,716.7	3,801.3
Intangible assets		805.8	866.7
Right-of-use assets	11	405.8	411.4
Property, plant and equipment	6.3	1,890.5	1,993.0
Equity-accounted companies		-	-
Other equity investments		0.2	0.2
Other non-current assets		65.9	69.0
Deferred tax assets		31.3	24.4
Employee benefit assets		29.4	32.1
TOTAL NON-CURRENT ASSETS		6,945.5	7,198.1
Inventories		147.3	124.8
Contract assets		24.3	36.2
Trade and other receivables		562.7	632.6
Current tax assets		25.3	11.8
Other assets		21.3	21.1
Cash and cash equivalents	8.3	172.1	172.3
Assets held for sale		0.7	0.7
TOTAL CURRENT ASSETS		953.8	999.3
TOTAL ASSETS		**7,899.3**	**8,197.4**

**See Note 1.6.*

2.4 Interim consolidated statement of financial position – Equity and liabilities

(In millions of euros) *(Unaudited)*	Notes	06/30/2020	12/31/2019 restated*
Share capital	10.1	221.8	221.3
Additional paid-in capital	10.1/10.2	2,575.7	2,646.4
Treasury share reserve		(11.6)	(10.1)
Other reserves		6.8	6.8
Retained earnings (accumulated deficit)		346.2	290.5
Other components of equity		(396.1)	(198.9)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**2,742.8**	**2,956.0**
NON-CONTROLLING INTERESTS	**2.3**	**0.6**	**0.8**
TOTAL EQUITY		2,743.4	2,956.8
Provisions	7.1	77.5	83.3
Employee benefit liabilities		119.7	119.1
Borrowings and financial debt	8.2/8.4	3,100.2	3,116.3
Deferred tax liabilities		302.7	316.7
Lease liabilities	11	337.2	342.5
Other non-current liabilities		10.3	12.1
TOTAL NON-CURRENT LIABILITIES		3,947.4	3,990.0
Current provisions	7.1	18.1	17.0
Current tax liabilities		24.5	23.7
Trade and other payables		239.5	288.6
Contract liabilities		76.8	71.5
Current lease liabilities	11	71.7	63.6
Other liabilities		344.1	358.1
Bank overdrafts and current borrowings	8.3/8.4	433.6	428.1
Liabilities directly associated with assets held for sale		-	-
TOTAL CURRENT LIABILITIES		1,208.5	1,250.5
TOTAL EQUITY AND LIABILITIES		**7,899.3**	**8,197.4**

**See Note 1.6.*

2.5 Consolidated statement of cash flows

(In millions of euros) *(Unaudited)*	Notes	06/30/2020	06/30/2019 restated*
Consolidated net income (loss)		**(21.0)**	**60.9**
Income tax expense	2.5/9	(4.1)	24.8
Net financial income (loss)	2.5/8.1	45.5	73.5
Share-based payments		6.4	4.6
Depreciation, amortization and provisions	4.1	378.6	343.0
Portion of grants transferred to income	4.1	(0.2)	(0.2)
Net gains and losses on disposal of property, plant and equipment and intangible assets		0.3	2.0
Other		(0.0)	(0.0)
CASH FLOWS BEFORE FINANCE COSTS AND TAX		**405.6**	**508.6**
Change in inventories		(25.8)	(14.7)
Change in trade and other receivables and contract assets		72.2	(41.5)
Change in other assets		(0.2)	3.5
Change in trade and other payables		(50.7)	(9.2)
Change in contract liabilities and other liabilities		2.9	11.1
Other changes		2.3	(2.3)
Employee benefits		0.2	(0.0)
Tax paid		(34.0)	(46.5)
NET CASH FROM OPERATING ACTIVITIES		**372.4**	**408.8**
Acquisition of intangible assets		(6.5)	(11.0)
Proceeds from sale of intangible assets		0.1	-
Acquisition of property, plant and equipment		(229.1)	(320.8)
Proceeds from sale of property, plant and equipment		2.9	2.3
Acquisition of subsidiaries, net of cash acquired	2.1	(33.6)	(48.7)
Proceeds from disposal of subsidiaries, net of cash transferred		0.0	(0.0)
Changes in loans and advances		(0.2)	0.4
Dividends from equity-accounted companies		0.0	0.0
Investment grants		0.0	0.0
NET CASH FROM INVESTING ACTIVITIES		**(266.5)**	**(377.7)**
Capital increase		(0.0)	0.0
Treasury shares		(1.5)	0.0
Dividends and distributions paid			
- to owners of the parent		-	(81.3)
- to non-controlling interests		-	-
Change in borrowings (1)	8.2	(5.3)	102.3
- *Proceeds from new borrowings*	8.2	605.2	1,292.1
- *Repayment of borrowings*	8.2	(610.5)	(1,189.8)
Lease liability payments – principal	11	(33.1)	(35.5)
Net interest paid (including interest on lease liabilities)		(50.5)	(63.4)
Other cash flows related to financing activities		(5.1)	(20.5)
NET CASH FROM FINANCING ACTIVITIES		**(95.6)**	**(98.3)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**10.4**	**(67.2)**
Cash and cash equivalents at beginning of period		170.8	179.1
Effect of changes in foreign exchange rates on cash and cash equivalents		(9.3)	0.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**171.9**	**112.2**

(1) Net change in credit lines.

**See Note 1.6.*

2.6 Interim consolidated statement of changes in equity as at June 30, 2020

(In millions of euros) *(Unaudited)*	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves	Retained earnings (accumulated deficit)	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2019 (restated*)		**221.3**	**2,646.4**	**(10.1)**	**6.8**	**290.4**	**(1.6)**	**0.6**	**(235.7)**	**37.8**	**2,956.0**	**0.8**	**2,956.8**
Cash increase in share capital		-	-	-	-	(0.0)	-	-	-	-	(0.0)	-	(0.0)
Amounts paid to shareholders	10.2	-	-	-	-	-	-	-	-	-	-	-	-
Issue of convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	-	-	6.4	-	-	-	-	6.4	-	6.4
Changes in treasury shares		-	-	(1.5)	-	-	-	-	-	-	(1.5)	-	(1.5)
Acquisition of NCI without a change in control		-	-	-	-	(0.2)	-	-	-	-	(0.2)	(0.2)	(0.3)
Disposal of subsidiary – NCI												-	-
Other changes	10.1	0.5	(70.7)	-	-	70.2	0.0	-	-	-	(0.0)	-	(0.0)
Net income (loss) for the period		-	-	-	-	(20.9)	-	-	-	-	(20.9)	(0.1)	(21.0)
Gains (losses) recognized directly in equity		-	-	-	-	0.2	1.7	2.1	(201.0)	-	(197.0)	-	(197.0)
Total comprehensive income (loss)		-	-	-	-	(20.7)	1.7	2.1	(201.0)	-	(217.9)	(0.1)	(217.9)
Balance as at June 30, 2020		**221.8**	**2,575.7**	**(11.6)**	**6.8**	**346.2**	**0.1**	**2.7**	**(436.7)**	**37.8**	**2,742.8**	**0.6**	**2,743.4**

(396.1)

**See Note 1.6.*

2.7 Interim consolidated statement of changes in equity as at June 30, 2019

(In millions of euros) *(Unaudited)*	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Other reserves	Retained earnings (accumulated deficit)	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2018		**219.9**	**2,943.9**	**(11.4)**	**0.7**	**(77.7)**	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
First-time adoption of IFRS 16						-					-		-
First-time adoption of IFRIC 23						-					-		-
Adjusted balance as at January 1, 2019		**219.9**	**2,943.9**	**(11.4)**	**0.7**	**(77.7)**	**(5.6)**	**0.3**	**(241.3)**	**37.8**	**2,866.8**	**1.4**	**2,868.2**
Cash increase in share capital		-	-	-	-	0.0	-	-	-	-	0.0	-	0.0
Amounts paid to shareholders		-	(81.4)	-	-	0.2	-	-	-	-	(81.3)	-	(81.3)
Issue of convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	-	-	4.5	-	-	-	-	4.5	-	4.5
Changes in treasury shares		-	-	0.0	-	-	-	-	-	-	0.0	-	0.0
Acquisition of NCI without a change in control		-	-	-	-	3.1	-	-	(2.5)	-	0.6	(0.5)	0.1
Acquisition of subsidiary – NCI												(0.0)	(0.0)
Other changes		0.8	(216.1)	-	-	215.5	-	-	-	-	0.2	-	0.2
Net income (loss) for the period		-	-	-	-	61.1	-	-	-	-	61.1	(0.2)	60.9
Gains (losses) recognized directly in equity		-	-	-	-	4.8	(0.2)	(0.2)	(4.3)	-	0.1	0.0	0.1
Total comprehensive income (loss)		-	-	-	-	65.9	(0.2)	(0.2)	(4.3)	-	61.2	(0.2)	61.0
Balance as at June 30, 2019 (restated)		**220.7**	**2,646.4**	**(11.4)**	**0.7**	**211.5**	**(5.8)**	**0.1**	**(248.1)**	**37.8**	**2,852.1**	**0.7**	**2,852.8**

(215.9)

2.8 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, Trade and Services sectors. Elis is a joint-stock corporation governed by a Management Board and a Supervisory Board, listed on the Euronext market in Paris. Its registered office is located at 5, boulevard Louis-Loucheur, 92210 Saint-Cloud, France.

The condensed interim consolidated financial statements were approved by the Management Board on July 29, 2020 and were reviewed by the Audit Committee on July 28, 2020 and Elis's Supervisory Board on July 29, 2020. They have also been subject to a limited review by the Statutory Auditors.

NOTE 1 Accounting methods and policies

1.1 Basis of preparation

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

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

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

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

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

1.2 Accounting standards applied

Elis's condensed interim consolidated financial statements for the period from January 1 to June 30, 2020 have been prepared in accordance with IAS 34 "Interim Financial Reporting," the IFRS (International Financial Reporting Standards) standard as adopted by the European Union. As they are condensed financial statements, they do not include all the information required by IFRS for a complete set of financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2019.

The condensed interim consolidated financial statements have been prepared in accordance with the international standards issued by the IASB, which include IFRS and International Accounting Standards (IAS), interpretations issued by the former International Financial Committee (IFRIC), currently known as the IFRS Interpretations Committee, and by the former Standing Interpretations Committee (SIC), as adopted by the European Union and applicable as at the reporting date.

The financial statements comprise:

- the consolidated income statement and the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the statement of cash flows;
- the statement of changes in equity;
- the notes to the consolidated financial statements.

The amounts are shown with comparative figures from the consolidated financial statements as at December 31, 2019 and with the condensed interim consolidated financial statements as at June 30, 2019.

1.3 Impact of new standards

The accounting policies used are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2019, except for standards, amendments and interpretations whose application is mandatory as at January 1, 2020.

The other amendments that are mandatory as from January 1, 2020 have no material impact on the Group.

1.4 Critical accounting estimates and judgments

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

In preparing these condensed interim consolidated financial statements, the judgments and significant estimates made by management in applying the Group's accounting policies were the same as those made for the annual consolidated financial statements as at December 31, 2019, with the exception of:

- the estimate made for the recognition of the interim tax expense, as described in Note 9 "Income tax expense;"
- the French business tax (CVAE) and the ownership interest taken into account in the results of the Group's French entities, which are provisioned at 50% of the estimated annual expense;
- the retirement benefit liabilities which were not remeasured using actuarial methods for the purposes of the condensed interim consolidated financial statements. The retirement benefit expense for the period corresponds to 50% of the estimated expense for full-year 2020, based on data used at December 31, 2019, extrapolated for any significant changes in assumptions (change in discount rates).

1.5 Seasonal revenues

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

The impacts of the coronavirus crisis are non-linear, and no conclusions can be drawn about the potential effects on the whole year based on what happened in the first six months.

Consequently, the interim results for the period from January 1 to June 30, 2020 are not necessarily representative of the results for full-year 2020.

1.6 Restatements of prior years' financial information

The following tables present the adjustments related to previous business combinations compared to the income statement as at June 30, 2019 included in the condensed interim consolidated financial statements and the previously published financial statements as at December 31, 2019.

• IFRS 3 "Business Combinations"

IFRS 3 requires previously published comparative periods to be retrospectively restated for business combinations (recognition of the final fair value of the assets acquired and the liabilities and contingent liabilities assumed when this fair value was provisionally determined at the previous balance sheet date).

The main adjustments compared to previously published consolidated financial statements concern:

- the H1 2019 income statement. Initial accounting for certain business combinations had not been completed by July 2019. In particular, valuations of some customer relationships were not finalized until the second half of 2019;

- balance sheet at December 31, 2019. As mentioned in Note 2.4 "Changes in the scope of consolidation" to the 2019 consolidated financial statements, because of the recent acquisitions, the initial accounting for business combinations acquired over the last 12 months had not been completed and the fair value amounts were therefore provisional.

1.6.1 INTERIM CONSOLIDATED INCOME STATEMENT

(In millions of euros)	06/30/2019 published	IFRS 3	06/30/2019 restated
(Unaudited)			
REVENUE	1,603.7	-	1,603.7
Cost of linen, equipment and other consumables	(258.4)	(0.0)	(258.4)
Processing costs	(611.2)	-	(611.2)
Distribution costs	(264.7)	-	(264.7)
Gross margin	469.4	(0.0)	469.4
Selling, general and administrative expenses	(267.9)	-	(267.9)
Value adjustments for losses on trade and other receivables	(1.3)	-	(1.3)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	200.1	(0.0)	200.1
Amortization of intangible assets recognized in a business combination	(42.1)	(0.4)	(42.5)
Goodwill impairment	-	-	-
Other operating income and expenses	0.3	-	0.3
OPERATING INCOME	158.3	(0.4)	157.9
NET FINANCIAL INCOME	(73.4)	-	(73.4)
Income (loss) before tax	84.9	(0.4)	84.5
Income tax expense	(24.7)	0.1	(24.6)
Share of income of equity-accounted companies	-		-
Income from continuing operations	60.3	(0.3)	59.9
Income from discontinued operations, net of tax	1.0	-	1.0
NET INCOME (LOSS)	61.3	(0.3)	60.9
Attributable to:			
- owners of the parent	61.5	(0.3)	61.1
- non-controlling interests	(0.2)	-	(0.2)
Earnings (loss) per share (EPS) (in euros):			
- basic, attributable to owners of the parent	€0.28		€0.28
- diluted, attributable to owners of the parent	€0.28		€0.27
Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	€0.27		€0.27
- diluted, attributable to owners of the parent	€0.27		€0.27

1.6.2 INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	06/30/2019 published	IFRS 3	06/30/2019 restated
(Unaudited)			
NET INCOME (LOSS)	61.3	(0.3)	60.9
Gains (losses) on change in fair value of hedging instruments	(4.5)		(4.5)
Cash flow hedge reserve reclassified to income	4.2		4.2
Total change in cash flow hedge reserve, before taxes	**(0.3)**	**-**	**(0.3)**
Related tax	0.1		0.1
Net change in the cost of hedging, before tax	**(0.3)**		**(0.3)**
Related tax	0.1		0.1
Effects of changes in foreign exchange rates – net translation differences	**(4.3)**	**-**	**(4.3)**
Other comprehensive income (loss) which may be subsequently reclassified to net income	**(4.7)**	**-**	**(4.7)**
Actuarial gains (losses) on defined benefit plans, before tax	**5.1**		**5.1**
Related tax	(0.3)		(0.3)
Other comprehensive income (loss) which may not be subsequently reclassified to income	**4.8**	**-**	**4.8**
OTHER COMPREHENSIVE INCOME	**0.1**	**-**	**0.1**
TOTAL COMPREHENSIVE INCOME (LOSS)	61.4	(0.3)	61.0
Attributable to:			
- owners of the parent	61.6	(0.3)	61.2
- non-controlling interests	(0.2)	-	(0.2)

1.6.3 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In millions of euros) *(Unaudited)*	12/31/2019 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	12/31/2019 restated
Goodwill	3,801.3	(0.0)	-	(0.0)	3,801.3
Intangible assets	866.7	-	-	-	866.7
Right-of-use assets	411.4	-	-	-	411.4
Property, plant and equipment	1,993.6	(0.6)	-	-	1,993.0
Equity-accounted companies	-	-	-	-	-
Other equity investments	0.2	-	-	-	0.2
Other non-current assets	69.0	-	-	-	69.0
Deferred tax assets	24.4	-	-	-	24.4
Employee benefit assets	32.1	-	-	-	32.1
TOTAL NON-CURRENT ASSETS	7,198.7	(0.6)	-	(0.0)	7,198.1
Inventories	125.1	(0.3)	-	-	124.8
Contract assets	36.2	-	-	-	36.2
Trade and other receivables	632.9	(0.3)	-	-	632.6
Current tax assets	11.8	(0.0)	-	-	11.8
Other assets	21.1	-	-	-	21.1
Cash and cash equivalents	172.3	(0.0)	-	-	172.3
Assets held for sale	0.7	-	-	-	0.7
TOTAL CURRENT ASSETS	999.9	(0.6)	-	-	999.3
TOTAL ASSETS	**8,198.6**	**(1.2)**	**-**	**(0.0)**	**8,197.4**

1.6.4 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In millions of euros)	12/31/2019	IFRS 3	IFRS 3	IFRS 3	12/31/2019
(Unaudited)	published	appropriation as at the acquisition date	change between the acquisition date and the balance sheet date	translation differences	restated
Share capital	221.3	-	-	-	221.3
Additional paid-in capital	2,646.4	-	-	-	2,646.4
Treasury share reserve	(10.1)	-	-	-	(10.1)
Other reserves	6.8	-	-	-	6.8
Retained earnings (accumulated deficit)	290.3	0.1	-	-	290.5
Other components of equity	(198.9)	-	-	0.0	(198.9)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,955.8**	**0.1**	**-**	**0.0**	**2,956.0**
NON-CONTROLLING INTERESTS	**0.8**	**-**	**-**	**-**	**0.8**
TOTAL EQUITY	2,956.7	0.1	-	0.0	2,956.8
Provisions	83.3	-	-	-	83.3
Employee benefit liabilities	119.1	-	-	-	119.1
Borrowings and financial debt	3,116.3	-	-	-	3,116.3
Deferred tax liabilities	316.7	-	-	-	316.7
Lease liabilities	342.5	-	-	-	342.5
Other non-current liabilities	11.3	0.9	-	(0.0)	12.1
TOTAL NON-CURRENT LIABILITIES	3,989.2	0.9	-	(0.0)	3,990.0
Current provisions	17.0	-	-	-	17.0
Current tax liabilities	23.7	(0.0)	-	-	23.7
Trade and other payables	290.2	(1.6)	-	-	288.6
Contract liabilities	71.5	-	-	-	71.5
Current lease liabilities	63.6	-	-	-	63.6
Other liabilities	358.8	(0.6)	-	0.0	358.1
Bank overdrafts and current borrowings	428.1	-	-	-	428.1
Liabilities directly associated with assets held for sale	-	-	-	-	-
TOTAL CURRENT LIABILITIES	1,252.8	(2.2)	-	0.0	1,250.5
TOTAL EQUITY AND LIABILITIES	**8,198.6**	**(1.2)**	**-**	**(0.0)**	**8,197.4**

1.6.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	06/30/2019 published	IFRS 3	06/30/2019 restated
Consolidated net income (loss)	**61.3**	**(0.3)**	**60.9**
Income tax expense	24.9	(0.1)	24.8
Net financial income (loss)	73.5	-	73.5
Share-based payments	4.6		4.6
Depreciation, amortization and provisions	342.6	0.4	343.0
Portion of grants transferred to income	(0.2)		(0.2)
Net gains and losses on disposal of property, plant and equipment and intangible assets	2.0		2.0
Other	(0.0)		(0.0)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**508.6**	**-**	**508.6**
Change in inventories	(14.7)		(14.7)
Change in trade and other receivables and contract assets	(41.5)		(41.5)
Change in other assets	3.5		3.5
Change in trade and other payables	(9.2)	-	(9.2)
Change in contract liabilities and other liabilities	11.1		11.1
Other changes	(2.3)		(2.3)
Employee benefits	(0.0)		(0.0)
Tax paid	(46.5)		(46.5)
NET CASH FROM OPERATING ACTIVITIES	**408.8**	**-**	**408.8**
Acquisition of intangible assets	(11.0)		(11.0)
Proceeds from sale of intangible assets	-		-
Acquisition of property, plant and equipment	(320.8)	-	(320.8)
Proceeds from sale of property, plant and equipment	2.3		2.3
Acquisition of subsidiaries, net of cash acquired	(48.7)		(48.7)
Proceeds from disposal of subsidiaries, net of cash transferred	(0.0)		(0.0)
Changes in loans and advances	0.4		0.4
Dividends from equity-accounted companies	0.0		0.0
Investment grants	0.0		0.0
NET CASH FROM INVESTING ACTIVITIES	**(377.7)**	**-**	**(377.7)**
Capital increase	0.0		0.0
Treasury shares	0.0		0.0
Dividends and distributions paid			
- to owners of the parent	(81.3)		(81.3)
- to non-controlling interests	-		-
Change in borrowings (1)	102.3		102.3
- *Proceeds from new borrowings*	1,292.1		*1,292.1*
- *Repayment of borrowings*	(1,189.8)		*(1,189.8)*
Lease liability payments – principal	(35.5)		(35.5)
Net interest paid (including interest on lease liabilities)	(63.4)		(63.4)
Other cash flows related to financing activities	(20.5)		(20.5)
NET CASH FROM FINANCING ACTIVITIES	**(98.3)**	**-**	**(98.3)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(67.2)**	**-**	**(67.2)**
Cash and cash equivalents at beginning of period	179.1		179.1
Effect of changes in foreign exchange rates on cash and cash equivalents	0.3	-	0.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**112.2**	**-**	**112.2**

(1) Net change in credit lines.

NOTE 2 Changes in the scope of consolidation and key highlights

2.1 Acquisitions completed during the first half of 2020

The Group acquired the following business combinations during the period:

In Germany and Luxembourg:

On March 31, 2020, the Group closed its acquisition of a 100% interest in German group Haber. Haber is a family-owned business that operates two plants in Western Germany and whose business, in Germany and Luxembourg, is dedicated to flat linen and workwear rental, laundry and maintenance for customers mainly in the health sector. It also offers laundry services for the personal clothing of nursing home residents. The group generated revenue of around €20 million in 2019. Haber has almost 400 employees.

In Spain:

On February 27, 2020 Indusal Centro acquired its subcontractor 2MB Servitec, located in Villares de la Reina (province of Salamanca). The company posted revenue of €1 million and has 25 employees.

In France:

On May 29, 2020, Elis Pest Control closed its acquisition of a 100% interest in Cap Services. Cap Services is a French pest control company with around 10 employees and approximately €1 million in revenue, operating in the Île-de-France and Eure-et-Loir regions.

In Norway:

On March 31, 2020 Berendsen Tekstil Service AS closed its acquisition of the assets of Skovly, a company specializing in the rental and maintenance of mops and mats. Skovly, which operates in the Oslo and Stavanger regions, generated revenue of approximately €2.8 million in 2019 and has around 20 employees.

In the Czech Republic and Germany:

On January 31, 2020, the Group acquired 100% of Textile Washing Company in the Czech Republic. Textile Washing Company is a family-owned group located in Kralovice whose business is dedicated exclusively to the rental and maintenance of flat linen for customers mainly from the Hospitality sector. In 2019, it generated revenue of around €4.2 million. The TWC group has almost 60 employees.

In the United Kingdom:

On May 11, 2020 Elis closed the acquisition of a 100% interest in Central Laundry, a company with a plant in the Birmingham area. Its business focuses on the rental, laundry and maintenance of flat linen for customers in the healthcare sector. The company posted revenue of approximately €4.5 million in 2019 and has around 85 employees.

On June 10, 2020, the Group was informed that the UK's Competition and Markets Authority (CMA) had decided to open a merger control investigation into its acquisition of Central Laundry. As the investigation was being opened, the CMA issued an Initial Enforcement Order on June 10, 2020 aimed primarily at suspending the integration of Central Laundry into the Group pending a decision on the acquisition.

- **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	*of which France*	*of which Germany & Luxembourg*	*of which Brazil*	*of which Colombia*	*of which Spain*	*of which Norway*	*of which United Kingdom*	*of which Czech Republic*	*of which Sweden*
Balance sheet										
Intangible assets	2.2	0.0	0.1	-	-	-	2.1	-	-	-
Right-of-use assets	1.4	0.2	1.0	-	-	-	0.2	-	-	-
Property, plant and equipment	10.7	0.0	8.3	-	-	0.2	-	0.8	1.3	-
Other non-current assets	0.0	-	0.0	-	-	-	-	-	-	-
Deferred tax assets	(0.1)	-	-	-	-	-	-	(0.1)	-	-
Inventories	0.2	0.0	0.0	-	-	0.0	-	0.1	0.0	-
Trade and other receivables	9.2	0.3	7.8	-	-	0.1	-	0.8	0.2	-
Current tax assets	(0.1)	-	0.1	-	-	-	-	(0.1)	-	-
Other assets	0.1	0.0	0.0	-	-	-	-	0.0	0.0	-
Cash and cash equivalents	1.9	0.2	1.0	-	-	0.1	-	0.7	(0.0)	-
Borrowings and financial debt	(0.2)	(0.0)	(0.1)	-	-	(0.1)	-	-	(0.0)	-
Lease liabilities	(0.8)	(0.1)	(0.6)	-	-	(0.0)	(0.1)	-	-	-
Other non-current liabilities	(1.8)	-	-	-	-	(0.2)	-	-	(1.6)	-
Current tax liabilities	(0.0)	0.0	(0.0)	-	-	-	-	-	-	-
Trade and other payables	(6.6)	(0.0)	(6.1)	-	-	(0.1)	-	(0.2)	(0.1)	-
Contract liabilities	(0.2)	(0.2)	-	-	-	-	-	-	-	-
Current lease liabilities	(0.6)	(0.0)	(0.5)	-	-	(0.0)	(0.1)	-	-	-
Other liabilities	(2.1)	(0.1)	(1.3)	-	-	(0.1)	-	(0.6)	(0.1)	-
Bank overdrafts and current borrowings	(2.9)	(0.0)	(2.8)	-	-	(0.1)	-		-	-
Total identifiable assets and liabilities at fair value (a)	**10.4**	**0.3**	**7.1**	**-**	**-**	**(0.1)**	**2.1**	**1.5**	**(0.3)**	**-**
Goodwill	20.6	1.4	13.0	-	-	0.1	-	4.4	1.6	-
Purchase price	**31.0**	**1.7**	**20.0**	**-**	**-**	**0.0**	**2.1**	**5.9**	**1.3**	**-**
Acquisition-related transaction costs	1.0	0.0	0.4	-	0.1	-	-	0.3	0.2	-

(a) Provisional amount, see below.

As at June 30, 2020, 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 2020 have contributed €7.1 million to revenue, €1.5 million to EBITDA, €0.5 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.2 million to net income. If these acquisitions had taken place at the beginning of 2020, the additional revenue would have been €9.4 million, with additional EBITDA of €2.0 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €0.9 million, and additional net income of €0.8 million.

- ## Residual goodwill

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

- ## Cash flows from acquisitions

(In millions of euros)	06/30/2020	*of which France*	*of which Germany & Luxembourg*	*of which Brazil*	*of which Colombia*	*of which Spain*	*of which Norway*	*of which United Kingdom*	*of which Czech Republic*	*of which Sweden*
Net cash acquired	1.9	0.2	1.0	-	-	0.1	-	0.7	(0.0)	-
Amount paid	(35.5)	(1.5)	(20.0)	(0.4)	(2.9)	(0.2)	(2.1)	(5.9)	(1.3)	(1.3)
Net cash flow	**(33.6)**	**(1.3)**	**(19.1)**	**(0.4)**	**(2.9)**	**(0.1)**	**(2.1)**	**(5.2)**	**(1.3)**	**(1.3)**

2.2 Changes in the scope of consolidation

The following changes in the scope of consolidation occurred during the first half of 2020:

Entity name	Registered office	Primary business	% interest 06/30/2020	% interest 12/31/2019
France				
Blanchisserie Moderne, S.A.	Montlouis-sur-Loire	Textile & hygiene services	100	96
Cap Services, S.A.S.	Bonneuil sur Marne	Textile & hygiene services	100	-
Germany				
Gonser Textilpflege GmbH	Dußlingen	Textile & hygiene services	100	-
Haber Textile Dienste GmbH & Co. KG	Landstuhl	Textile & hygiene services	100	-
Haber Geschäftsführungsgesell-schaft mbH	Landstuhl	Other activity	100	-
Steamtech GmbH	Landstuhl	Textile & hygiene services	100	-
Spain				
2MB Servitec S.L.U.	Villares de la Reina (Sala-manca)	Textile & hygiene services	100	-
Luxembourg				
Rentex Vertriebs G.m.b.H.	Luxembourg	Textile & hygiene services	100	-
Czech Republic				
Textile Washing Company k.s.	Kralovice	Textile & hygiene services	100	-
Gonser Textilwashing spol s.r.o	Kralovice	Other activity	100	-
United Kingdom				
Lakeland Pennine Ltd	Basingstoke	Dormant	Dissolved	100
Laundrycraft Ltd	Basingstoke	Dormant	Dissolved	100
M Furnishing Group Ltd	Basingstoke	Dormant	Dissolved	100
Rocialle Ltd	Basingstoke	Dormant	Dissolved	100
Spring Grove Services Ltd	Basingstoke	Dormant	Dissolved	100
Sunlight Services Ltd	Basingstoke	Dormant	Dissolved	100
Sunlight Workwear Services Ltd	Basingstoke	Dormant	Dissolved	100
Central Laundry Ltd	Burton-On-Trent	Textile & hygiene services	100	-
Switzerland				
Wäscheria Textil Service AG	Ilanz	Textile & hygiene services	Merger	100

2.3 Disclosures on acquisition of non-controlling interests

In early March 2020, the Group acquired the balance of the shares that it did not already hold in Blanchisserie Moderne.

2.4 Impact of the Covid-19 pandemic

When preparing the appended disclosures on the effects of the Covid-19 event on the income statement, the company adopted the targeted approach recommended by the French Accounting Standards Authority (ANC) on May 18, 2020.

1. The company reviewed the consequences of the Covid-19 event on the recognition and measurement of assets, liabilities, income and expenses in the financial statements for the periods closed after January 1, 2020. The main consequence relates to the impairment tests on intangible assets as described in Note 6.2 "Impairment tests as at June 30, 2020."

2. The main impacts on the income statement are:

a. a decrease in services sales, with Covid-19 accounting for most of the change from 2019, along with the currency effect;

b. a drop in earnings (especially EBITDA as presented in Note 3.2 "Earnings") despite the operational measures quickly introduced to deal with the exceptional situation (temporary closure or near-total shutdown of some one hundred plants in order to optimize production capacities and limit costs, adjustment of headcount at the central level and at all Group plants impacted by a drop in business, reduction in the compensation of members of the Management Board, Executive Committee and Management Committees of all Group countries) and public support measures in the Group's various countries (such as compensation for short-time working);

c. additional costs directly related to the event which would not have been incurred or recognized if the event had not taken place (such as costs for protecting and safeguarding Group entities and their employees and partners totaling €4.0 million, one-time bonuses for staff who worked during lockdown totaling €3.6 million, fees for renegotiating banking covenant tests, etc.), additional compensation not covered by government measures for €11.3 million and restructuring costs. These costs are presented in Note 4.2 "Other operating income and expenses."

2.5 Non-current assets held for sale and discontinued operations

In the second half of 2019, the Group completed the sale of the Clinical Solutions business in the United Kingdom. The business has been classified under "Discontinued operations."

The business's results for the first half of 2019 were as follows:

(In millions of euros)	06/30/2020	06/30/2019
Revenue	-	34.7
Expenses	-	(33.4)
Income (loss) from discontinued operations before tax	-	1.2
Income tax expense	-	(0.2)
Net income (loss)	-	1.0

The consolidated statement of cash flows presents the cash flows from both continuing and discontinued operations for 2019. The cash flows included in the consolidated statement of cash flows for discontinued operations are:

(In millions of euros)	06/30/2020	06/30/2019
Net cash from operating activities	-	4.6
Net cash from financing activities	-	(0.9)
Net cash from investing activities	-	(0.1)
Net cash flows for the period	**-**	**3.5**

2.6 Financing

Elis requested and obtained waivers for its banking covenant tests at June 30, 2020, December 31, 2020 and June 30, 2021. These waivers apply to (i) the two revolving lines of credit underwritten by a pool of French and European relationship banks and (ii) the USPP-type private placement underwritten by a pool of American investors led by Barings. The Schuldschein financing line, for an initial amount of €75 million, was also granted a covenant waiver for a portion of that sum (€50 million). As a result, the residual €25 million was repaid early during the first half of 2020.

The banking covenant's standard 3.75x ratio will therefore not be reapplied until after December 31, 2021. That waiver comes with a reduced commission of around €1.3 million, further demonstrating the excellent relationship the Group has with its lenders.

These banking covenant waivers therefore allow the Group to further improve its financial flexibility as business starts to pick up again.

NOTE 3 Segment information

The definition of segments and the rules for assessing the performance of each segment at June 30, 2020 are the same as those used to prepare the annual financial statements.

3.1 Revenue

06/30/2020

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
External customers	412.5	143.8	343.3	233.3	97.2	108.7	12.9	**1,351.7**
Inter-segment	0.6	0.2	1.8	0.1	0.1	-	(2.9)	-
Segment revenue	**413.2**	**144.0**	**345.1**	**233.4**	**97.3**	**108.7**	**10.0**	**1,351.7**
	30.5%	10.6%	25.4%	17.3%	7.2%	8.0%	1.0%	

06/30/2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
External customers	518.9	195.0	357.9	249.8	142.0	129.5	10.6	**1,603.7**
Inter-segment	0.8	0.8	1.8	0.1	0.2	-	(3.7)	-
Segment revenue	**519.7**	**195.9**	**359.7**	**249.8**	**142.2**	**129.5**	**6.9**	**1,603.7**
	32.4%	12.2%	22.3%	15.6%	8.9%	8.1%	0.7%	

3.2 Income (loss)

06/30/2020

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**43.9**	**(12.9)**	**33.0**	**42.5**	**(11.3)**	**19.4**	**(11.1)**	**103.6**
Miscellaneous financial items	*0.3*	*0.1*	*0.1*	*0.0*	*0.1*	*0.0*	*0.1*	0.6
Expenses related to share-based payments	*0.3*	-	-	-	-	-	*5.8*	6.1
EBIT	**44.5**	**(12.8)**	**33.0**	**42.6**	**(11.2)**	**19.4**	**(5.2)**	**110.3**
Depreciation and amortization, net of the portion of grants transferred to the income statement	*100.5*	*49.6*	*77.8*	*48.8*	*33.6*	*18.5*	*0.7*	329.6
EBITDA	**145.0**	**36.8**	**110.8**	**91.3**	**22.4**	**38.0**	**(4.5)**	**439.9**
	35.1%	*25.6%*	*32.1%*	*39.1%*	*23.0%*	*34.9%*		*32.5%*

06/30/2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	**91.6**	**7.2**	**32.6**	**50.8**	**7.3**	**18.6**	**(7.9)**	**200.1**
Miscellaneous financial items	*0.3*	*0.2*	*0.1*	*0.0*	*0.1*	*0.0*	*0.3*	1.0
Expenses related to share-based payments	*1.6*	-	*0.0*	-	-	-	*2.8*	4.4
EBIT	**93.5**	**7.3**	**32.7**	**50.8**	**7.4**	**18.7**	**(4.9)**	**205.5**
Depreciation and amortization, net of the portion of grants transferred to the income statement	*95.1*	*47.6*	*75.4*	*43.8*	*31.5*	*19.7*	*0.5*	313.6
EBITDA	**188.6**	**54.9**	**108.0**	**94.6**	**38.9**	**38.3**	**(4.3)**	**519.0**
	36.3%	*28.0%*	*30.0%*	*37.9%*	*27.4%*	*29.6%*		*32.4%*

- ## Non-IFRS indicators

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

EBITDA is defined as EBIT before depreciation and amortization, net of the portion of grants transferred to income.

3.3 Disaggregation of revenue

06/30/2020

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	Total
Flat linen	118.2	84.8	120.7	34.9	52.8	78.7	-	**490.1**
Workwear	171.5	46.5	186.1	94.0	27.6	22.4	-	**548.2**
Hygiene and well-being	134.8	7.7	28.9	88.4	16.7	0.0	0.2	**276.8**
Other	(12.0)	4.8	7.6	15.9	0.1	7.6	12.7	**36.7**
Revenue by service	**412.5**	**143.8**	**343.3**	**233.3**	**97.2**	**108.7**	**12.9**	**1,351.7**
Hospitality	87.9	23.1	30.7	20.7	30.8	4.9	-	**198.2**
Industry	94.6	31.9	136.4	139.5	19.9	25.7	-	**448.0**
Healthcare	86.0	65.6	131.6	29.4	21.5	77.7	-	**411.8**
Trade and Services	156.1	23.2	44.6	43.6	25.0	0.4	-	**292.9**
Other	(12.0)	0.0	(0.0)	(0.0)	0.0	0.0	12.9	**0.9**
Revenue by customer segment	**412.5**	**143.8**	**343.3**	**233.3**	**97.2**	**108.7**	**12.9**	**1,351.7**
Services (supplied over a given period)	411.4	137.8	335.6	219.0	97.0	107.8	0.7	**1,309.5**
Sales of goods (supplied on a specific date)	1.1	5.9	7.7	14.3	0.1	0.9	12.2	**42.2**
Revenue	**412.5**	**143.8**	**343.3**	**233.3**	**97.2**	**108.7**	**12.9**	**1,351.7**

06/30/2019

(In millions of euros)	France	United Kingdom & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	Total
Flat linen	210.2	126.3	156.2	50.6	100.2	102.7	-	**746.1**
Workwear	180.7	55.6	169.6	96.1	24.8	25.9	-	**552.7**
Hygiene and well-being	145.6	8.5	26.3	84.4	17.4	0.0	0.4	**282.5**
Other	(17.5)	4.7	5.9	18.6	(0.4)	0.9	10.2	**22.4**
Revenue by service	**518.9**	**195.0**	**357.9**	**249.8**	**142.0**	**129.5**	**10.6**	**1,603.7**
Hospitality	169.8	60.4	63.3	37.7	81.6	9.2	-	**422.1**
Industry	94.6	58.1	128.0	140.5	17.5	30.0	-	**468.6**
Healthcare	86.5	70.4	121.1	28.6	19.9	90.1	-	**416.5**
Trade and Services	185.2	6.1	45.6	43.0	23.0	0.2	-	**303.0**
Other	(17.1)	(0.0)	(0.0)	0.0	0.0	0.0	10.6	**(6.5)**
Revenue by customer segment	**518.9**	**195.0**	**357.9**	**249.8**	**142.0**	**129.5**	**10.6**	**1,603.7**
Services (supplied over a given period)	518.0	189.1	350.8	233.4	141.8	128.4	1.3	**1,562.8**
Sales of goods (supplied on a specific date)	0.9	5.9	7.1	16.4	0.3	1.0	9.3	**40.9**
Revenue	**518.9**	**195.0**	**357.9**	**249.8**	**142.0**	**129.5**	**10.6**	**1,603.7**

NOTE 4 Other operating data

4.1 Depreciation, amortization, provisions and other costs by type

(In millions of euros)	06/30/2020	06/30/2019
Depreciation and amortization (net of the portion of grants transferred to income)		
- included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination		
Textile rental, laundry and maintenance items	(198.5)	(195.2)
Other leased items	(13.9)	(13.5)
Other property, plant and equipment and intangible assets	(76.8)	(73.6)
Right-of-use assets	(40.5)	(31.4)
Portion of grants transferred to income	0.2	0.2
- included in Other operating income and expenses	0.0	0.0
- amortization of intangible assets recognized in a business combination	(46.0)	(42.5)
- included in Income from discontinued operations	-	-
Total depreciation and amortization (net of the portion of grants transferred to the income statement)	**(375.5)**	**(356.1)**
Additions to or reversals of provisions		
- included in Operating income before other income and expense and amortization of intangible assets recognized in a business combination	0.2	0.9
- included in Other operating income and expenses	(3.1)	12.3
Total additions to or reversals of provisions	**(2.9)**	**13.2**

4.2 Other operating income and expenses

(In millions of euros)	06/30/2020	06/30/2019
Costs related to acquisitions and earnout adjustments	(2.2)	(2.8)
Restructuring costs	(11.7)	(7.3)
Additional costs directly related to Covid-19	(22.1)	-
Uncapitalizable costs for change in IT systems	(0.0)	(0.2)
Litigation	(0.6)	10.9
Expenses relating to site disposal	(0.2)	-
Environmental rehabilitation costs	(0.1)	0.1
Other	(0.3)	(0.4)
Other operating income and expenses	**(37.2)**	**0.3**

Restructuring costs in 2020 correspond mainly to an allocation to provisions in France (see Note 7 “Provisions and contingent liabilities”).

NOTE 5 Employee benefits expense

5.1 Share-based payments – Free performance share grants

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

The performance share plans under which shares were still in the process of vesting at December 31, 2019 are described in Note 5.4 "Share-based payments" to the consolidated financial statements at December 31, 2019 included in the 2019 Universal Registration Document. As at June 30, 2020, the number of rights outstanding under these plans was 459,685 shares for the plan implemented on April 6, 2018, 13,614 shares for the plan implemented on August 31, 2018, 27,650 shares for the plan implemented on December 20, 2018, 1,389,121 shares for the plan implemented on May 2, 2019, and 7,286 shares for the plan implemented on August 1, 2019.

Expenses related to share-based payments amounted to €6.1 million during the first half of 2020 (versus €4.4 million during the first half of 2019).

5.2 Executive compensation (related party disclosures)

As at June 30, 2020, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. Total compensation (paid or payable) of the main executives is as follows:

(In millions of euros)	06/30/2020	06/30/2019
Number of people	11	11
Employee benefits	(4.5)	(6.8)
Post-employment benefits	-	-
Termination benefits	-	-
Expenses related to share-based payments (IFRS 2)	(1.2)	(3.0)

NOTE 6 Property, plant and equipment and intangible assets

6.1 Goodwill

(In millions of euros)	06/30/2020
Gross value	3,867.7
Accumulated impairment	(66.4)
Net carrying amount as at December 31, 2019	**3,801.3**
Increase related to business combinations	20.6
Disposals	-
Translation adjustments	(105.8)
Other changes	(0.0)
Changes in gross carrying amount	**(85.2)**
Impairment	-
Translation adjustments	0.6
Other changes	0.0
Changes in impairment	**0.6**
Net carrying amount as at June 30, 2020	**3,716.7**
Gross value	3,782.5
Accumulated impairment	(65.8)

6.2 Impairment tests as at June 30, 2020

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

Both the external sources (economic context, drop in share prices) and internal sources (significant drop in profitability or inability of several cash generating units (CGUs) to meet budget) led the Group to conduct an impairment test as at June 30, 2020 based on the new business plan presented to the Supervisory Board on June 30, 2020. The methodology adopted as at June 30, 2020 was that of future cash flows, the multiples approach being difficult to implement in the current context.

• Calculating future cash flows

The main assumption used in the latest business plan for future cash flows is a return to the Group's 2019 business and earnings levels by end-2022/early 2023 following a cautious recovery with no further general lockdown, but taking into account the upcoming economic crisis.

• Determining the WACC

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

Country	France	Germany	Brazil	Denmark	Spain	United Kingdom	Netherlands	Sweden
Risk-free rate	0.6%	0.2%	8.4%	0.3%	1.3%	1.3%	0.4%	0.5%
Credit spread	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Cost of debt (before tax)	**1.7%**	**1.3%**	**9.5%**	**1.4%**	**2.4%**	**2.3%**	**1.5%**	**1.6%**
Tax rate	25.8%	30.0%	34.0%	22.0%	25.0%	17.0%	21.7%	20.6%
Cost of debt (net of tax)	**1.2%**	**0.9%**	**6.3%**	**1.1%**	**1.8%**	**1.9%**	**1.1%**	**1.2%**
Risk premiums	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Levered beta	**0.99**	**0.98**	**0.98**	**0.99**	**0.99**	**1.00**	**0.99**	**0.99**
Cost of equity	**7.0%**	**6.7%**	**14.8%**	**6.8%**	**7.8%**	**7.8%**	**6.9%**	**7.0%**
Gearing	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%
WACC 2020	**6.3%**	**6.0%**	**13.8%**	**6.1%**	**7.0%**	**7.1%**	**6.2%**	**6.3%**
WACC 2019	*6.1%*	*5.8%*	*13.0%*	*6.0%*	*6.9%*	*6.9%*	*6.0%*	*6.1%*
Pre-tax discount rate 2020 (approximation)	**8.5%**	**8.5%**	**20.9%**	**7.9%**	**9.4%**	**8.5%**	**7.9%**	**7.9%**
Pre-tax discount rate 2019 (approximation)	*8.3%*	*8.2%*	*19.8%*	*7.6%*	*9.2%*	*8.3%*	*7.6%*	*7.7%*

Based on these impairment tests, management concluded that there was no impairment at June 30, 2020.

- ## Sensitivity of tests related to goodwill

The most significant sensitivities of the impairment tests are as follows (difference between the carrying amount and the recoverable amount of the CGU):

France		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.8%	654	965	1,369
	6.3%	375	**618**	925
	6.8%	148	343	582

Germany		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.5%	273	361	478
	6.0%	182	**248**	332
	6.5%	110	160	223

Brazil		Perpetual growth rate		
(In millions of euros)		**3.0%**	**3.5%**	**4.0%**
WACC	13.3%	13	25	37
	13.8%	(7)	**3**	14
	14.3%	(25)	(17)	(7)

Denmark		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.6%	114	207	329
	6.1%	36	**108**	199
	6.6%	(27)	30	101

Spain		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	6.5%	37	65	99
	7.0%	4	**26**	53
	7.5%	(24)	(6)	15

United Kingdom		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	6.6%	12	44	83
	7.1%	(24)	**1**	32
	7.6%	(54)	(33)	(9)

Netherlands		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.7%	196	282	395
	6.2%	123	**190**	275
	6.7%	64	117	183

Sweden		Perpetual growth rate		
(In millions of euros)		**1.5%**	**2.0%**	**2.5%**
WACC	5.8%	93	199	338
	6.3%	2	**85**	190
	6.8%	(71)	(5)	78

6.3 Property, plant and equipment

During the six months ended June 30, 2020, the Group acquired property, plant and equipment in the amount of €233.5 million (€325.1 million as at June 30, 2019).

The changes which occurred during the period are presented as follows:

(In millions of euros)	Land and buildings	Vehicles	Plant & equipment	Rental, laundry and maintenance items	**Total**
Gross value	849.7	143.4	1,569.3	1,954.0	4,516.5
Accumulated depreciation and impairment	(264.3)	(109.3)	(945.2)	(1,204.7)	(2,523.5)
Net carrying amount as at December 31, 2019	**585.4**	**34.2**	**624.1**	**749.3**	**1,993.0**
Investments	9.6	0.7	44.4	178.7	233.5
Acquisitions through business combinations	4.0	0.5	2.1	4.1	10.7
Retirements and disposals	(0.3)	(1.8)	(0.3)	(1.8)	(4.2)
Depreciation for the year	(14.2)	(5.2)	(47.9)	(212.4)	(279.7)
Translation adjustments	(17.2)	(0.5)	(25.9)	(18.4)	(62.1)
Impairment	-	-	0.0	-	0.0
Other movements	1.5	0.3	0.3	(2.8)	(0.8)
Gross value	841.8	138.3	1,556.0	1,832.7	4,368.9
Accumulated depreciation and impairment	(273.0)	(110.2)	(959.1)	(1,136.1)	(2,478.4)
Net carrying amount as at June 30, 2020	**568.8**	**28.1**	**596.9**	**696.7**	**1,890.5**

NOTE 7 Provisions and contingent liabilities

7.1 Provisions

(In millions of euros)	Compliance	Litigation	Other	Total
As at December 31, 2019	70.8	7.8	21.7	**100.2**
Increases/additions for the year	-	1.5	5.3	6.8
Increase related to business combinations	-	-	-	-
Decreases/reversals of used and unused provisions	(0.5)	(1.1)	(2.3)	(3.8)
Translation differences	(2.5)	(1.2)	(3.8)	(7.6)
Other	0.1	0.0	(0.1)	0.0
As at June 30, 2020	67.8	6.9	20.8	**95.6**
				-
Current portion	0.0	3.7	14.4	**18.1**
Non-current portion	67.8	3.2	6.4	**77.5**
France	*16.9*	*2.5*	*5.6*	*25.0*
United Kingdom & Ireland	*11.7*	*-*	*0.0*	*11.7*
Scandinavia & Eastern Europe	*27.2*	*-*	*1.5*	*28.7*
Latin America	*4.1*	*3.9*	*11.6*	*19.6*
Other segments	*7.9*	*0.5*	*2.1*	*10.6*

The main movement during the period was a €5.2 million allocation to provisions in France following the announcement by head office of a Job Protection Plan.

7.2 Contingent liabilities

The Elis Group has contingent liabilities relating to legal or arbitration 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 and Prolav, relating to alleged bribery of civil servants between 2003 and 2011 regarding contracts in the state of Rio de Janeiro. The Public Prosecutor rejected the arguments put forward by Atmosfera and ruled to continue the action.

As at June 30, 2020, 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. 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

Proceedings initiated by Atmosfera before the Labor Court against Brazil's Ministry of Work and Employment.

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. This first-instance decision was appealed by the administration, resulting in a new proceeding. This proceeding was still underway as at June 30, 2020, and there is no specific time frame known for this case. If the Ministry of Labor's decision is upheld on the aforementioned appeal, Atmosfera will be put on the blacklist for a period of two years.

Should this happen, and even if it were not mandatory, ministries, federal agencies and public bodies could terminate service agreements with Atmosfera at the next renewal date. Furthermore, some private companies may have internal regulations that prohibit them from working with blacklisted suppliers, even if this is not stated in the contracts. Regulations in the states of São Paulo, Rio de Janeiro and Bahia require removal of the state tax number (*Inscrição Estadual*) of any blacklisted companies, and the regulations in the states of São Paulo and Bahia require this to be done for a period of ten years (the state of Rio de Janeiro does not provide a time frame). The loss of Atmosfera's state tax number could make it necessary to use external service providers for transportation relating to Atmosfera's rental and laundry business. If Atmosfera were blacklisted, it is possible that Atmosfera's image and that of the rest of the Group could be tarnished by negative publicity, especially in the Brazilian press. It is nevertheless possible that more Brazilian customers may decide to terminate their contracts with Atmosfera, even though the company has opened its in-house production workshop and launched a major advertising campaign targeting its customers.

Administrative proceedings initiated by the CADE

In February 2016, Prolav was sentenced by the Brazilian competition authority (CADE) to pay a fine of R$2.5 million (approximately €0.6 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 €0.7 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 the reporting date, Prolav was awaiting the implementation of the enforcement phase of the sanction.

Proceedings against NJ Lavanderia

Proceedings initiated by Brazil's Federal District public prosecutor

In the public civil action brought in 2014 by the Federal District's public prosecutor against NJ Lavanderia Industrial e Hospitalar Ltda ("NJ Lavanderia"), a subsidiary of Lavebras, and the government of the Federal District (GDF) related to a public contract signed between NJ Lavanderia and the GDF (contract no. 184/2014) for the provision by NJ Lavanderia of industrial laundry services to public health establishments in the Federal District (Brasilia), a decision was rendered in July 2020 on the appeal lodged following the decision on the merits rendered in August 2018. The July 2020 decision upheld the decision by the trial judge under which the judge annulled contract no. 184/2014. As in August 2018, NJ Lavanderia was not ordered to return the amounts received under the annulled contract (which has already been performed in full) and no evidence was found of wrongdoing on the part of NJ Lavanderia or its representatives in connection with the tender procedure for contract no. 184/2014. An appeal before the High Court of Justice could be lodged by one of the parties to the proceeding; however, NJ Lavanderia has no intention of appealing the decision.

Other proceedings are also ongoing against NJ Lavanderia as part of a public civil action initiated in 2014 by Federal District's public prosecutor for alleged breach of the public tender process under Brazil's law on public procurement at the time the public-service contract described above was entered into. The closing briefs have been submitted for these proceedings and a decision on the merits is expected in the coming months.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of these proceedings in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantee. No provision has been set aside by Lavebras or NJ Lavanderia in relation to these proceedings.

Proceedings before Brazil's Federal Court of Accounts

NJ Lavanderia is also party to administrative proceedings initiated in March 2014 by the Democratas political party against the Health Secretariat of Brazil's Federal District government, alleging that NJ Lavanderia continued to provide services under two public-service contracts (one being the contract involved in the proceedings initiated by Brazil's Federal District public prosecutor described above) entered into as emergency agreements, beyond their respective terms. The Federal Court of Accounts ruled on February 12, 2019 that it had found irregularities in the delivery of these services and indicated that the Health Secretariat of Brazil's Federal District government should, according to the results of the public civil action described above, initiate specific administrative proceedings to review said irregularities and, if applicable, impose a penalty.

Should the decision in connection with the above proceedings go against NJ Lavanderia, the possible penalties could include the re-payment of profits derived from the contracts in question, as well as fines and a ban on participating in public tenders and entering into public contracts.

To date, the Company has no information allowing it to estimate the contingent liability incurred by NJ Lavanderia as a result of this proceeding in the event of an unfavorable outcome, its impact on the Group's financial condition, its business, reputation or earnings, or the amount of the compensatory assets to be received under the liability guarantees. No provision has been set aside by Lavebras or NJ Lavanderia in relation to this proceeding.

With regard to proceedings initiated in 2016 by the Federal District public prosecutor's office attached to the Federal District Court of Accounts against the Health Secretariat of Brazil's Federal District government, alleging that NJ Lavanderia offered its services at excessive prices, these were closed in May 2020 after the Federal District Court of Accounts stated that the price of the services provided by NJ Lavanderia had not been excessive.

Proceedings against Lavebras

The Group was informed of the existence of an anti-corruption investigation initiated by the Brazilian Federal Police, which may have identified potential violations of two Brazilian statutes, the Brazilian Clean Companies Act and the Administrative Improbity Act, that may involve Lavatec Lavanderia Técnica Ltda. ("Lavatec"), a former subsidiary that merged with Lavebras in 2014.

As at June 30, 2020, 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. At the end of June 2020, the amount of the dispute was approximately R$341 million, or around €55 million (including all penalties but excluding the potential effect of future 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 this trial decision will undermine its assessment of the case. Lavebras still believes that it has strong arguments to contest the Brazilian tax authorities' position. The Group therefore considers that the risk of Lavebras being held jointly and severally liable with ICN for payment of the tax penalty is limited. No provision has been set aside by Atmosfera or Lavebras in relation to these proceedings.

In the event that Lavebras is notified and, as a result of the investigation by the Brazilian Federal Police, held liable for the offenses, it could be subject to various penalties, including (i) a ban on receiving incentives, subsidies, grants, donations or loans from public entities or financial institutions for a period of up to five years, (ii) a fine of up to three times the amounts unjustly collected, (iii) a ban on entering into agreements with public entities for a period of up to ten years, and (iv) an obligation to fully compensate the government for all damage actually suffered. In addition, Lavebras could also be subject to an administrative fine of between 0.1% and 20% of the gross revenue excluding tax in the financial year preceding the filing of the administrative proceedings. As a consequence of Lavatec's merger into Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated on the basis of Lavebras's gross revenue instead of Lavatec's, which Lavebras will contest on the basis that Lavebras's 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 the Lavatec assets transferred to Lavebras in connection with the merger.

Since no notification has been received, no provision has been set aside by Atmosfera or Lavebras in relation to these proceedings.

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

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

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

As a consequence, the Group (as well as some of its competitors) are facing the four investigations or proceedings described below. Other investigations or proceedings by other Brazilian authorities might occur as a result of the transmission of the results of the audit referred to above to those authorities.

› The CGA has initiated an administrative proceeding based on the Brazilian Clean Company Act (law no. 12.846/2013) for which the Group has presented its defense in November 2019 together with a description of its compliance program in Brazil (it being understood that the other parties have to present their defenses before the CGA can move on). In the coming months, the CGA should decide to either close the proceedings, impose sanctions against one or more parties, or postpone the timeline for the proceedings to continue its investigations.

› The public prosecutor's office of the state of São Paulo has filed a civil inquiry on the basis of the Administrative Improbity Act (law no. 8429/1992) at the end of which it may decide to file a public civil action against any of the Company's subsidiaries. The Group has submitted its defense and is awaiting a decision from the public prosecutor's office in the coming months on whether it will launch a public civil action.

› The public prosecutor's office of the city of Paulínia (state of São Paulo) has filed a civil inquiry on the basis of the Administrative Improbity Act at the end of which it may decide to file a public civil action against Lavebras. The Group has submitted its defense and is awaiting a decision from the public prosecutor's office on whether it will file a public civil action.

› The Group has been informed that, in connection with the aforementioned CGA administrative proceeding, the São Paulo state police have initiated a criminal inquiry against the corporate officers of the Group's subsidiaries in Brazil. The Group has presented the same arguments as those presented to the CGA; the police are continuing their inquiry.

The civil inquiry that the public prosecutor's office of the city of Santos (state of São Paulo) intended to open on the basis of the Administrative Improbity Act against Atmosfera and Lavebras in relation to the Guilherme Àlvaro Hospital was finally closed by decision of the public prosecutor on February 27, 2020.

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 companies subject to the penalty (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 at an early stage, such that no provision has been recognized in the financial statements for the half-year ended June 30, 2020. The Company considers that it has strong arguments in connection with these various investigations and proceedings, which also concern other players in the sector.

Proceeding in Minas Gerais

Atmosfera is facing a dispute with one of its former customers in the state of Minas Gerais, Imprensa Oficial (with which it stopped doing business in September 2015). As a result of overbilling in the amount of R$25,000 (approximately €5,000) over the term of the contract (five years), on June 14, 2019, Imprensa Oficial published its decision to impose various penalties on Atmosfera consisting of (i) the repayment of the overbilled amounts, (ii) a fine of R$12,000 (approximately €3,000), and (iii) a ban on participating in public tenders in the state of Minas Gerais for a period of 12 months with retroactive effect to April 23, 2019.

Meanwhile, although it immediately paid the above amounts, Atmosfera lodged an administrative appeal against the decision to ban it from participating in public tenders, which Atmosfera considers to be in violation of the constitutional principle of proportionality of penalties imposed by public entities.

Atmosfera lost this administrative appeal in June 2019 and immediately challenged the decision before the Belo Horizonte courts, seeking its annulment on the grounds that it violated the above-mentioned principle of proportionality. At the same time, Atmosfera obtained an emergency injunction suspending the ban on participating in public tenders pending a decision on the merits. On December 6, 2019, the judge in charge of the case finally and surprisingly dismissed Atmosfera's action for annulment.

Atmosfera immediately filed (i) an appeal before the Superior Court of Minas Gerais, which should rule on it during the second half of 2020, and (ii) an emergency injunction to suspend the ban on participating in public tenders pending a final decision on the merits.

In early January 2020, Atmosfera was informed that the emergency injunction had been rejected and, as a result, the ban on participating in public tenders was in force for a duration of nine months and 13 days as from December 18, 2019, i.e., until October 1, 2020.

Although it considers this penalty to be disproportionate and believes there is a good chance of obtaining a favorable decision from the Superior Federal Court, Atmosfera believes that it is unlikely that the Minas Gerais Superior Court will issue its decision before the end of the ban period, which will probably run for its entire duration.

The ban on participating in public tenders has no effect on existing public contracts (with the exception, however, of (i) renewals of existing contracts, which Atmosfera's public customers may consider inappropriate on a case-by-case basis, and (ii) contracts under which the existence of such a ban may constitute a valid cause for termination).

As it stands, as regards public establishments associated with the state of Minas Gerais, this ban applies only to Atmosfera (excluding its subsidiaries, in particular Lavebras). However, the Group cannot rule out the possibility that this ban may be extended to other Brazilian states (at the federal, state or municipal level) or at the federal or municipal level in the state of Minas Gerais. Such an extension could, however, only take place on a case-by-case basis, pursuant to a specific request filed by an interested party.

Based on the above, and taking into account the scope of the ban on participating in public tenders, the Group believes that the ban should have a limited effect on the Group's financial performance in Brazil.

Proceeding related to Lavebras's 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 plant operated by Lavebras in Teresina. Pursuant to this public civil action, the public prosecutor's office is asking the judge in charge of the case 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. The duration and scope (the public entities concerned) of such a ban would be determined by the judge, with the understanding that (i) it may be up to five years and (ii) the public prosecutor's office has not issued any recommendation to that effect.

This public action follows the difficulties faced by Lavebras in its discussions with the Environment Secretariat (SEMAM) to renew its operating permits and licenses for the Teresina laundry. Although the plant has been running since 2005 with all the required permits and licenses, Lavebras encountered a number of difficulties in 2019 in renewing these permits and licenses and had to take legal action in order to be able to operate its plant.

In this public civil action, the public prosecutor's office alleges that Lavebras has caused water pollution through illegal wastewater discharges and intends to obtain compensation for the alleged damage caused.

Lavebras's main defense is the fact that the Teresina plant has always operated in compliance with the permits and authorizations it holds, including for the treatment and discharge of wastewater.

The Group believes that it has strong arguments to defend itself in this case. No provision has been recorded in connection with this proceeding in the financial statements for the half-year ended June 30, 2020.

In addition, the Group has been informed that a criminal inquiry has been initiated against the Lavebras corporate officers in connection with this proceeding.

- ## In France

Inquiry by DIRECCTE

The Group was informed of an inquiry by the French competition authorities following a complaint relating to some of the Group's pricing practices, which was filed in 2014 by a self-catering cottage, a customer of the Group, with the Pays de la Loire regional department for companies, competition, consumption, labor and employment (DIRECCTE). The Group cannot rule out the investigation being extended to practices other than pricing practices.

No provision is being recognized since at this stage it is difficult to assess whether this risk will materialize and what might be the consequences, especially financial, for the Group.

- ## TAX AUDITS

The Group is subject to tax audits in various countries. When the Group considers, with its advisors, that it has a sufficiently strong case, no provision is recorded.

NOTE 8 Financing and financial instruments

8.1 Net financial income (loss)

(In millions of euros)	06/30/2020	06/30/2019
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(38.5)	(59.8)
Interest expense on lease liabilities	(4.9)	(4.6)
Total interest expense	**(43.4)**	**(64.4)**
Gains (losses) on interest rate derivatives measured at fair value through profit or loss	-	(9.6)
Interest income using the effective interest rate method	0.2	0.6
Foreign currency translation gains (losses)	(1.4)	0.1
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	(0.0)	0.2
Interest expense on provisions and retirement benefits	(0.7)	(0.3)
Other	(0.1)	0.1
Net financial income (loss)	**(45.5)**	**(73.4)**

The changes were mainly due to:

- a lower interest expense than in the first half of 2019 due to the refinancing in 2019 of bank debt and high-yield bonds at more favorable interest rates. In addition, the repayment of the high-yield bonds on April 30, 2019 incurred early termination fees and an accelerated amortization of bond issuance costs;
- changes in the fair value of the zero-floor interest rate swaps that have been disqualified from hedge accounting and whose value was negatively impacted by the decrease in forward rates as at June 30, 2019. These interest rate swaps, historically backed by bank debt, were terminated upon full repayment of the bank debt in October 2019.

8.2 Gross debt

As at June 30, 2020, consolidated debt mainly comprised the following:

(In millions of euros)	06/30/2020	Fixed	Variable hedged	Variable unhedged	Debt maturity
EMTN (Euro Medium Term Notes)	**2,362.9**	2,362.9			2023, 2024, 2025, 2026 and 2028
Convertible bonds	**369.2**	369.2			2023
USPP	**337.4**	337.4			2029
Revolving/bilateral short term	**0.7**			0.7	
Schuldschein	**50.2**	19.7		30.6	2020 to 2024
Commercial paper	**405.5**	405.5			less than 12 months
Unamortized debt issuance costs	**(21.4)**	(16.7)		(4.7)	
Loan from employee profit-sharing fund	**19.0**	19.0			
Other	**10.0**	9.6	0.2	0.2	
Overdrafts	**0.3**			0.3	
Total borrowings and financial debt	**3,533.8**	**3,506.5**	**0.2**	**27.1**	

Breakdown of financial debt by currency

	06/30/2020	12/31/2019
EUR	3,497.5	3,507.7
USD	35.7	35.6
GBP	0.0	0.1
BRL	0.1	0.1
SEK	0.1	-
CLP	0.4	0.9
COP	-	0.0
Borrowings and financial debt	**3,533.8**	**3,544.4**

The Elis Group has several sources of financing: short- and medium-term financing on capital markets, bank loans, and private placement, as described in Note 8.3 “Gross debt” to the consolidated financial statements for the period ended December 31, 2019.

- ### Capital markets

On the short-term capital market, Elis has an unrated commercial paper program, approved by Banque de France, in the amount of €600 million. As at June 30, 2020, outstandings under this program totaled €405.5 million, versus €382.4 million as at December 31, 2019, an increase of €23.1 million.

- ### Bank loans and private placement

As at June 30, 2020, the two revolving lines of credit totaling €900 million were undrawn.

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

(In millions of euros)	12/31/2019	Changes in financing cash flows	Changes arising from obtaining or losing control of subsidiaries or other entities	Effect of changes in foreign exchange rates	Changes in bank overdrafts	Other changes	**06/30/2020**
Euro Medium Term Notes	2,350.0	-	-	-	-	-	2,350.0
Convertible bonds	364.6	-	-	-	-	4.5	369.2
USPP	335.6	(0.0)	-	-	-	0.1	335.7
Revolving/bilateral short term	-	-	-	-	-	-	-
Schuldschein	75.0	(25.0)	-	-	-	-	50.0
Commercial paper	382.4	23.1	-	-	-	-	405.5
Other loans	7.2	(0.7)	3.2	(0.1)	(0.0)	0.0	9.6
Overdrafts	1.5	-	-	(0.0)	(1.2)	(0.0)	0.3
Loan from employee profit-sharing fund	21.2	(2.4)	-	-			18.8
Loans	487.4	(5.0)	3.2	(0.1)	(1.2)	0.0	484.2
Accrued interest	31.1			-	(0.0)	(15.0)	16.1
Unamortized debt issuance costs	(24.3)	(0.3)	-	-	-	3.3	(21.4)
Borrowings and financial debt	**3,544.4**	**(5.3)**	**3.2**	**(0.1)**	**(1.2)**	**(7.1)**	**3,533.8**
Reconciliation to cash flow statement							
- Proceeds from new borrowings		605.2					
- Repayment of borrowings		(610.5)					
Change in borrowings		**(5.3)**					

8.3 Cash and cash equivalents

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

(In millions of euros)	**06/30/2020**	12/31/2019
Demand deposits	170.1	171.4
Term deposits and marketable securities	2.0	0.9
Cash and cash equivalents (assets)	**172.1**	**172.3**
Overdrafts	(0.3)	(1.5)
Cash and cash equivalents, net	**171.9**	**170.8**

In Latin America, where exchange control restrictions may exist, cash and cash equivalents totaled €31.1 million as at June 30, 2020, compared with €26.6 million at December 31, 2019.

8.4 Net debt

(In millions of euros)	06/30/2020	12/31/2019
EMTN	2,350.0	2,350.0
Convertible bonds	369.2	364.6
USPP	335.7	335.6
Revolving/bilateral short term	-	-
Schuldschein	50.0	75.0
Commercial paper	405.5	382.4
Other loans	9.6	7.2
Overdrafts	0.3	1.5
Loan from employee profit-sharing fund	18.8	21.2
Loans	484.2	487.4
Accrued interest	16.1	31.1
Unamortized debt issuance costs	(21.4)	(24.3)
Borrowings and financial debt	**3,533.8**	**3,544.4**
Of which maturing in less than one year	433.6	428.1
Of which maturing in more than one year	3,100.2	3,116.3
Cash and cash equivalents (assets)	**172.1**	**172.3**
Net debt	**3,361.7**	**3,372.1**

8.5 Financial assets and liabilities

(In millions of euros)	06/30/2020		Breakdown by category of financial instrument			
	Carrying amount	Fair value	Mandatory at fair value through profit or loss	Fair value – hedging instruments by OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.2	0.2	0.2			
Other non-current assets	65.9	65.9	27.5	3.1	35.2	
Contract assets	24.3	24.3			24.3	
Trade and other receivables	562.7	562.7			562.7	
Other current assets	21.3	21.3	0.7	0.9	19.8	
Cash and cash equivalents	172.1	172.1			172.1	
Financial assets	**846.6**	**846.6**	**28.4**	**4.0**	**814.2**	**-**
Borrowings and financial debt	3,100.2	3,019.8				3,100.2
Other non-current liabilities	10.3	10.3	9.6	0.1		0.7
Trade and other payables	239.5	239.5				239.5
Contract liabilities	76.8	76.8				76.8
Other current liabilities	344.1	344.1	3.7	0.1		340.3
Bank overdrafts and current borrowings	433.6	440.2				433.6
Financial liabilities (excluding lease liabilities)	**4,204.6**	**4,130.7**	**13.3**	**0.2**	**-**	**4,191.1**

(In millions of euros)	12/31/2019		Breakdown by category of financial instrument			
	Carrying amount	Fair value	Mandatory at fair value through profit or loss	Fair value – hedging instruments by OCI	Financial assets at amortized cost	Debt at amortized cost
Other equity investments	0.2	0.2	0.2			
Other non-current assets	69.0	69.0	31.7	0.3	37.1	
Contract assets	36.2	36.2			36.2	
Trade and other receivables	632.6	632.6			632.6	
Other current assets	21.1	21.1	0.3	(0.0)	20.7	
Cash and cash equivalents	172.3	172.3			172.3	
Financial assets	**931.3**	**931.3**	**32.2**	**0.3**	**898.8**	**-**
Borrowings and financial debt	3,116.3	3,205.4				3,116.3
Other non-current liabilities	12.1	12.1	11.2	0.1		0.9
Trade and other payables	288.6	288.6				288.6
Contract liabilities	71.5	71.5				71.5
Other current liabilities	358.1	358.1	5.3	1.9		350.9
Bank overdrafts and current borrowings	428.1	434.5				428.1
Financial liabilities	**4,274.8**	**4,370.3**	**16.5**	**2.0**	**-**	**4,256.3**

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

	06/30/2020	Fair value hierarchy		
(In millions of euros)	Fair value	Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Non-current derivatives – assets (cross-currency swaps)	3.1		3.1	
Current derivatives – assets (currency forwards)	1.5		1.5	
Offsetting assets	27.5			27.5
Assets measured at fair value	**32.4**	**-**	**4.7**	**27.7**
Non-current derivatives – liabilities (interest rate swaps)	0.1		0.1	
Current derivatives – liabilities (currency forwards)	1.0		1.0	
Debt related to acquisitions	12.4			12.4
Liabilities measured at fair value	**13.5**	**-**	**1.1**	**12.4**
EMTN (Euro Medium Term Notes)	2,242.0	2,242.0		
USPP	360.1		360.1	
Convertible bonds – debt component	372.1		372.1	
Liabilities for which fair value is disclosed in the Notes	**2,974.3**	**2,242.0**	**732.2**	**-**

	12/31/2019	Fair value hierarchy		
(In millions of euros)	Fair value	Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Non-current derivatives – assets (cross-currency swaps)	0.3		0.3	
Current derivatives – assets (currency forwards)	0.3		0.3	
Offsetting assets	31.7			31.7
Assets measured at fair value	**32.5**	**-**	**0.6**	**31.9**
Non-current derivatives – liabilities (interest rate swaps)	0.1		0.1	
Current derivatives – liabilities (currency forwards)	2.4		2.4	
Debt related to acquisitions	16.0			16.0
Liabilities measured at fair value	**18.4**	**-**	**2.5**	**16.0**
EMTN (Euro Medium Term Notes)	2,431.9	2,431.9		
USPP	347.6		347.6	
Convertible bonds – debt component	372.1		372.1	
Liabilities for which fair value is disclosed in the Notes	**3,151.6**	**2,431.9**	**719.7**	**-**

NOTE 9 Income tax expense

The Group recognizes income tax expense for interim periods based on its best estimate of the weighted average annual tax rate expected to apply to total annual earnings. This rate is calculated by tax entity.

NOTE 10 Shareholders' equity and earnings per share

10.1 Changes in share capital

Number of shares as at December 31, 2019	**221,297,797**
Number of shares as at June 30, 2020	**221,793,981**
Number of authorized shares	221,793,981
Number of shares issued and fully paid up	221,793,981
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares*	614,233
Shares reserved for issue under options and sales agreements	-

**Of which 393,532 shares held by the Berendsen Employee Benefit Trust*

Following the vesting of the free performance shares, the share capital was increased on March 24, 2020 and April 6, 2020 by a nominal amount of €0.2 million and €0.2 million respectively through the capitalization of those same amounts in "Additional paid-in capital."

Furthermore, the general shareholders' meeting of June 30, 2020 decided to clear the accumulated deficit of the parent company by charging €70.2 million to "Additional paid-in capital."

10.2 Dividends and distributions paid and proposed

As announced on March 31, 2020, in the context of the coronavirus the Management Board decided, after approval by the Supervisory Board, to withdraw the proposed payment of €0.39 per share for 2019 from the resolutions to be adopted by the general shareholders' meeting of June 30, 2020.

10.3 Earnings per share

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

(In millions of euros)	**06/30/2020**	06/30/2019 restated
Net income or loss attributable to owners of the parent		
- Continuing operations	(20.9)	60.1
- Discontinued operations	-	1.0
Net income or loss attributable to owners of the parent	**(20.9)**	61.1
Weighted average number of shares	221,240,926	220,133,364
Effect of conversion of convertible bonds	13,124,018	13,124,018
Effect of contingently issuable shares	55,162	206,919
Weighted average number of shares used for diluted EPS	234,420,105	233,464,301

NOTE 11 Right-of-use assets and lease liabilities

(In millions of euros)	Right-of-use assets: Land and buildings	Vehicles	Plant & equipment	Total	Lease liabilities
As at December 31, 2019	**318.2**	**78.8**	**14.3**	**411.4**	**406.1**
Increase related to business combinations	0.2	0.5	0.8	**1.4**	**1.4**
New rights of use	3.5	40.3	0.4	**44.2**	**44.2**
Remeasuring of rights of use	1.9	(1.9)	0.0	**(0.0)**	**0.0**
Depreciation & amortization/impairment	(19.7)	(18.5)	(2.3)	**(40.6)**	**-**
Principal payments				**-**	**(33.1)**
Translation differences	(7.1)	(1.6)	(0.1)	**(8.8)**	**(8.8)**
Other movements	(0.5)	(1.1)	(0.2)	**(1.8)**	**(1.0)**
As at June 30, 2020	**296.3**	**96.4**	**13.0**	**405.8**	**408.9**

As at June 30, 2020, the Group had recognized lease expenses relating to:

- short-term lease agreements in the amount of €7.4 million (versus €9.7 million at June 30, 2019);
- leases of low-value assets in the amount of €0.8 million (versus €0.6 million at June 30, 2019; and
- variable lease payments in the amount of €0.5 million (versus €0.6 million at June 30, 2019).

NOTE 12 Off-balance sheet commitments

(In millions of euros)	06/30/2020	12/31/2019
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	4.0	5.7
Pledges, endorsements and guarantees given		
Warranties	11.0	11.7
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	18.7	20.7
Warranties	139.4	179.8

Commitments to acquire equity

On July 25, 2018, the Group signed an agreement to acquire 100% of Kings Laundry Ltd in Ireland. The Kings Laundry acquisition was approved by the Irish Competition and Consumer Protection Commission (CCPC) after a detailed review (phase II). For the approval to be finalized, the CCPC required that Elis put required legal provisions in place. Those provisions related to the sale of a number of contracts in the healthcare sector worth approximately €0.8 million. Elis complied with said provisions and the transaction was finalized in early July (see below).

NOTE 13 Events after the reporting period

- On July 7, 2020, the Group closed its acquisition of a 100% interest in Kings Laundry Ltd in Ireland. Kings Laundry has two plants in Cork and Dublin specialized in flat linen, primarily for customers in the hospitality sector. In 2019, Kings Laundry generated revenue of nearly €35 million. This acquisition, which complements Elis's existing network, will generate synergies and expand the Group's portfolio of customers.
- On July 9, 2020, the Management Board decided to grant 2,101,762 performance shares. As at the date these condensed interim consolidated financial statements were prepared, the process for the shareholders to approve this share grant was ongoing and the number of shares actually granted will be finalized once the process has been completed. This award benefited slightly more than 500 Group executives and senior managers (including the members of the Management Board). The shares awarded under the 2020 plan vest at the end of a two-year vesting period for all employees, except for the members of the Executive Committee (including the members of the Management Board), for whom the shares vest at the end of a three-year vesting period. The vesting of the shares is subject to a condition of continuous service and to the achievement of performance targets. The performance targets are defined in reference to three criteria linked to consolidated revenue, consolidated EBIT and the performance of the Company's share price relative to a reference index, in this case, the STOXX Europe 600 index. The final number of shares vested at the end of the vesting period will be determined over a two-year performance period for all beneficiaries except for members of the Executive Committee (including members of the Management Board), whose performance is measured over three consecutive years. The number of fully vested shares will thus depend on the number of targets achieved for each share class with the understanding that the achievement of the performance criteria is binary, such that if a criterion is not achieved, the portion of rights linked to that target is not due and the corresponding shares do not vest. On that basis, 34% of performance shares will vest if one criterion is achieved, 67% of performance shares will vest if two criteria are achieved, and 100% of performance shares will vest if all three criteria are achieved. There is no lock-up period under this plan, but all Management Board members are required to hold their shares until such time as they step down from their duties, according to the terms described in the Supervisory Board's report on corporate governance in chapter 2 of the 2019 Universal Registration Document.

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Statutory Auditors' report on the half-year financial information

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

Mazars
61, rue Henri Regnault
92400 Courbevoie

Statutory Auditors' review report on the half-year financial information

ELIS
Condensed interim consolidated financial statements
For the six months ended June 30, 2020

To the Shareholders,

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

- the review of the accompanying condensed interim consolidated financial statements of Elis for the six months ended June 30, 2020;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Management Board and were reviewed by the Management Board on July 29, 2020 based on the information available at that date and in the evolving context of the Covid-19 pandemic. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to the note 2.4 "Impact of the Covid-19 pandemic " and the note 4.2 "Other operating income and expenses " to the condensed interim consolidated financial statements, which describes the Covid-19 pandemic related impact on the consolidated income statement.

II – Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements prepared under the responsibility of the Management Board on July 29, 2020 and subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, July 29, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit — Mazars

Edouard Sattler — Isabelle Massa

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Certification by the person responsible

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

"I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and present fairly the assets, liabilities, financial position and results of the Company and all the companies included in the scope of consolidation, and that the half-year management report on page 3 presents fairly the significant events that occurred during the first six months of the financial year beginning January 1, 2020, their impact on the financial statements, the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the financial year. "

Saint-Cloud, July 30, 2020

Chairman of the Management Board,

Xavier Martiré

We empower your day

www.elis.com

Elis

French joint-stock corporation (*société anonyme*) with a Management Board and Supervisory Board, with share capital of €221,793,981

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