

**Elis**

**Statutory Auditors' report  
on the financial statements**

**(For the year ended December 31, 2020)**

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

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

## **Statutory Auditors' report on the financial statements**

**For the year ended December 31, 2020**

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

### **Elis**

5 boulevard Louis Loucheur  
92210 Saint-Cloud

To the Shareholders,

### **Opinion**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Elis for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

### **Basis for opinion**

#### ***Audit framework***

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

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

#### ***Independence***

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014.

## **Justification of assessments – Key audit matters**

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

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

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

*Notes 3.1 "Financial assets", 4.2 "Financial assets", 4.3 "Impairment on non-current assets" and 4.4 "List of subsidiaries and other equity investments" to the financial statements*

#### **Description of risk**

Equity investments at December 31, 2020 represented €3,911 million, the largest balance sheet item. They are carried at cost and may be impaired based on their value in use. Related receivables stood at €773 million.

The Company's balance sheet at December 31, 2020 also included merger losses on financial assets for a net amount of €1,365 million, recorded within other financial assets.

As described in Note 3.1 to the financial statements, the value in use of equity investments is determined for a given investment on the basis of its contribution to consolidated net assets, profitability and future prospects. Merger losses on financial assets are grouped with the equity investments to which they were allocated for the purposes of impairment testing.

The economic climate within which the Group operates is changing, especially in light of the Covid-19 pandemic. Its subsidiaries may experience changes in their level of activity, which may in turn lead to a deterioration in their levels of operating income. Accordingly, and given their amounts in the Company's balance sheet, we deemed the measurement of equity investments, related receivables and merger losses on financial assets to be a key audit matter.

#### **How our audit addressed this risk**

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

- for valuations based on historical data: verifying that the equity and net debt amounts used were consistent with the financial statements of entities that have been audited or subject to analytical procedures, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data, we obtained the forecast future cash flows for the investments concerned and:
  - o assessed their consistency with the business plans drawn up by management,
  - o assessed their reasonableness in light of the economic and financial environments in which the investees operate, especially in light of the Covid-19 pandemic,
  - o assessed the reasonableness of the discount rates and long-term growth rates used, with the support of our asset valuation experts.

Lastly, we obtained assurance that Notes 3.1, 4.2, 4.3 and 4.4 to the financial statements provided appropriate disclosures.

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

### **Specific verifications**

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

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

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

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

### ***Report on corporate governance***

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

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

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

#### ***Other information***

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

#### ***Other verifications and information pursuant to legal and regulatory requirements***

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

Pursuant to paragraph III of Article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, to reporting periods beginning on or after January 1, 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format.

#### ***Appointment of the Statutory Auditors***

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

At December 31, 2020, Mazars and PricewaterhouseCoopers Audit were in the tenth and fourteenth consecutive year of their engagement, respectively, and the sixth year since the Company's securities were admitted to trading on a regulated market.

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

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

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

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

The financial statements were approved by the Management Board.

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

### *Objective and audit approach*

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

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

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

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

- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Report to the Audit Committee*

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

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

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 8, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Edouard Sattler

Isabelle Massa

## 6.3 ELIS PARENT COMPANY FINANCIAL STATEMENTS AFR

### 6.3.1 Balance sheet for the year ended December 31, 2020

#### Assets

<i>(In thousands of euros)</i>	Gross amount	Amort. Depr.	Net 12/31/2020	Net 12/31/2019
Subscribed capital uncalled				
<b>Intangible assets</b>				
Start-up costs				
Development costs				
Concessions, patents and other rights				
Business goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
<b>Property, plant and equipment</b>				
Land				
Buildings				
Fittings, machinery and equipment				
Other property, plant and equipment				
Assets in progress				
Advances and prepayments				
<b>Financial assets</b>				
Equity-accounted companies				
Other equity investments	3,912,073	1,156	3,910,917	3,910,983
Loans and advances to equity investees	772,689		772,689	795,425
Other investments	111		111	111
Loans				
Other financial assets	1,368,225		1,368,225	1,368,857
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,053,098</b>	<b>1,156</b>		<b>6,075,376</b>
<b>Inventories and work in progress</b>				
Raw materials and supplies				
Goods in progress				
Services in progress				
Finished and semi-finished goods				
Goods held for resale				
Advances and prepayments on orders				
<b>Receivables</b>				
Trade receivables	89		89	1,280
Other receivables	417,606		417,606	446,165
Subscribed capital called but not paid				
<b>Other</b>				
Marketable securities				
(Of which treasury shares):				



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Cash and cash equivalents	55,289		55,289	78,949
<b>Other accruals</b>				
Prepaid expenses	751		751	742
<b>TOTAL CURRENT ASSETS</b>	<b>473,735</b>			<b>527,136</b>
Deferred debt issuance costs				
Bond discounts				
Unrealized foreign currency translation losses	855		855	4,103
<b>GRAND TOTAL</b>	<b>6,527,688</b>	<b>1,156</b>	<b>6,526,532</b>	<b>6,606,615</b>

**Equity and liabilities**

<i>(In thousands of euros)</i>	Financial year 2020	Financial year 2019
Issued capital (o/w paid-up: 221,819)	221,819	221,298
Additional paid-in capital	2,575,640	2,646,411
Remeasurement adjustments (o/w for equity-accounted companies)		
Legal reserve	6,780	6,780
Regulatory or contractual reserves		
Regulated reserves (including translation reserve)		
Other reserves (including reserve for purchases of original works by living artists)		
Retained earnings (accumulated deficit)		74
<b>Net income (profit or loss) for the period</b>		<b>(70,324)</b>
Investment grants		
Regulated provisions	18,098	12,703
<b>TOTAL EQUITY</b>		<b>2,816,942</b>
Proceeds from issuance of equity securities		
Conditional advances		
<b>OTHER EQUITY</b>		
Provisions for risks	295	2,539
Provisions for expenses	186	146
<b>PROVISIONS</b>		<b>2,685</b>
<b>Financial liabilities</b>		
Convertible bonds	400,000	400,000
Other bonds	334,283	337,292
Bank loans		75,124
Sundry borrowings and financial debt (o/w equity loans)	2,990,441	2,962,596
Advances and deposits on orders in progress		
<b>Operating liabilities</b>		
Trade payables	4,236	3,866
Tax- and employee-related liabilities	1,747	2,846
<b>Sundry liabilities</b>		
Amounts due to suppliers of non-current assets		
Other liabilities	15,222	3,756
<b>Other accruals</b>		

Deferred income		
<b>TOTAL LIABILITIES</b>		<b>3,785,480</b>
Unrealized foreign currency translation gains	581	1,508
<b>GRAND TOTAL</b>	<b>6,526,532</b>	<b>6,606,615</b>

### 6.3.2 Income statement for the year ended December 31, 2020

(In thousands of euros)	Financial year 2020			Financial year 2019
	France	Exports	Total	
Sales of goods held for resale				
Sales of goods				
Sales of services	1,005		1,005	1,005
<b>Net revenue</b>	<b>1,005</b>			<b>1,005</b>
Increase in finished goods and work in process inventories				
Capitalized production costs				
Operating grants				
Reversal of impairment losses, provisions and depreciation/amortization, invoiced expenses				
Other income				
<b>Recurring operating income</b>				<b>1,005</b>
Purchases of goods held for resale (including customs duties)				
Change in inventories (goods held for resale)				
Purchases of raw materials and supplies			3	5
Change in inventories (raw materials and supplies)				
Other purchases and external expenses			17,923	26,768
Taxes and duties			489	456
Wages and salaries			2,395	3,578
Payroll taxes			894	1,890
Depreciation, amortization, impairment and provisions:				
Non-current assets: depreciation and amortization expense				
Non-current assets: impairment losses				
Current assets: impairment losses				
Increase in provisions			19	15
Other expenses			374	523
<b>Operating expenses</b>				<b>33,235</b>
<b>OPERATING INCOME (LOSS)</b>				<b>(32,230)</b>
<b>Joint operations</b>				
Profit transferred in or loss transferred out				
Loss transferred in or profit transferred out				
<b>Financial income</b>				<b>46,939</b>
Financial income from equity investments				
Income from other securities and long-term loans and receivables				
Other interest income			22,194	24,292
Reinvoiced expenses and reversals of provisions			2,546	5,160
Foreign currency translation gains			28,731	17,487
Net gain on disposals of marketable securities				
<b>Financial expenses</b>				<b>114,828</b>
Amortization and provisions on financial assets			294	2,537

Interest expense			57,141	98,584
Foreign currency translation losses			31,054	13,707
Net expense on disposals of marketable securities			16	
<b>NET FINANCIAL INCOME (LOSS)</b>				<b>(67,889)</b>
<b>NET RECURRING INCOME (LOSS) BEFORE TAX</b>				<b>(100,119)</b>
<b>Non-recurring income</b>				<b>245</b>
Non-recurring income from operations				32
Non-recurring income from capital transactions			149	213
Reinvoiced expenses and reversals of provisions				
<b>Non-recurring expenses</b>				<b>6,576</b>
Non-recurring expenses on operations			1,332	349
Non-recurring expenses on capital transactions			781	549
Non-recurring depreciation, amortization and provisions			5,414	5,678
<b>NET NON-RECURRING INCOME (LOSS)</b>				<b>(6,331)</b>
Employee profit-sharing				
Income tax expense			(20,708)	(36,128)
<b>Total income</b>				<b>48,187</b>
<b>Total expenses</b>				<b>118,511</b>
<b>PROFIT OR LOSS</b>			<b>(42,796)</b>	<b>(70,324)</b>

### 6.3.3 Appendix


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

### 1.1 The Company's business

Business activity of holding companies.

### 1.2 Significant events of the year

The financial statements below cover the 12-month period from January 1, 2020 to December 31, 2020 and show a loss of €42,796,000.

In Europe, the Covid-19 pandemic, which began in the first quarter of 2020 and has continued into 2021, and the various lockdown measures or restrictions imposed on individuals and companies, are having a significant impact on the Company's subsidiaries and direct investments. Depending on which business sector they operate in, some customers of subsidiaries and direct investments have seen their activities temporarily suspended or otherwise severely affected, while other customers have received a significant boost from the pandemic. The Hospitality segment, for example, has recorded a sharp downturn in business. Conversely, the Industry segment is proving more resilient, particularly in the pharmaceutical and food sectors. For customers in the Healthcare segment, business has also remained buoyant. The Company has been putting measures in place since March 2020 to protect its cash position and that of the Elis Group.

It remains uncertain how much future changes in the pandemic will affect demand from businesses and customers. The appropriateness of the going concern principle of accounting depends on the continued availability of borrowings. The Company also has very good liquidity and has no major debt maturity before 2023. Elis has liquidity available to it in the form of (i) two revolving lines of credit with an undrawn amount of €900 million and (ii) €55.3 million in cash as at December 31, 2020. To better absorb the fallout from the crisis, the Company requested and obtained a waiver for its bank covenant tests on December 31, 2020 and June 30, 2021. Therefore, according to the Group's forecasts, the Company reasonably expects to have adequate resources to continue trading for at least the next 12 months. It has concluded that the preparation of the financial statements on a going concern basis is still appropriate.

The Company also reviewed the impacts the Covid-19 on the recognition and measurement of assets, liabilities, income and expenses in the financial statements for the year just ended. The main impact has been to the impairment tests on financial assets as described in Note 3.1.

Additional costs directly related to the event itself and which would not have been incurred or recorded if the event had not taken place, are the fees linked the waiver of its banking covenant as mentioned in net non-recurring income detailed in Note 6.6.

Lastly, Elis also arranged the early repayment of some borrowings outside the Group (see Note 5.5) during the financial year.

## NOTE 2 EVENTS AFTER THE REPORTING PERIOD

### Adaptation of the 2018 and 2019 performance share plans

In view of the exceptional impact of the health crisis, the Supervisory Board, at its meeting on March 8, 2021, on the advice of the Appointments, Compensation and Governance Committee, decided, in accordance with the applicable compensation policy approved by shareholders at the general shareholders' meeting of May 18, 2018 (for the 2018 plan) and the general shareholders' meeting of May 23, 2019 (for the 2019 plan), to adjust the performance criteria applicable to the 2018 and 2019 plans for the Executive Committee (including members of the Management Board) as follows:

› For the class A shares allocated under the 2018 plan and the shares allocated under the 2019 plan, adjustment of the performance criteria on the basis of new projections established by the Board, taking into account the impact of the health crisis (in terms of the volume of customer activity and fluctuations in the main exchange rates) on the Group's theoretical trajectory and

› For the class B shares allocated under the 2018 plan, adjustment of the second performance criterion (EBIT margin Germany), considering that the target would have been achieved without the health crisis. The third criterion (operational synergies) had already been approved and disclosed; conversely, the first criterion (EBIT margin UK) is not deemed to have been met.

As a result of this adjustment, the number of vested shares acquired by members of the Executive Committee (including members of the Management Board) under the 2018 performance share plan is expected to represent 50% of the number of class A shares and 66% of the number of class B shares initially allocated.

The fulfilment of the performance criteria attached to the 2019 performance share plan will be assessed in 2022, in view of the Group's performance during the year ending December 31, 2021.

It should be noted that these adjustments were made for all 500 managers concerned.

## NOTE 3 ACCOUNTING POLICIES

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

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

### Changes in accounting policies

None

### Changes in estimates or application conditions

Impairment of equity investments: see paragraph 3.1 on the measurement of equity investments in times of economic uncertainty.

The main accounting policies applied are as follows:

## 3.1 Non-current assets

### Financial assets

#### Equity investments and related receivables

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

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

As the multiple valuation technique has been difficult to implement due to the Covid-19 crisis, as at 12/31/2020, the Company opted for the discounted cash flow method of valuation, as calculated under IFRS for the Elis Group's consolidated financial statements. 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.

Receivables from investments are recognized at face value. An impairment loss is recorded when the recoverable amount is less than the carrying amount.

### **Other financial assets**

#### **Merger losses on financial assets**

"Merger losses on financial assets" of €1,365,291,000 corresponds to the merger loss generated during the transfer of Novalis' assets and liabilities to Elis on July 9, 2015. This merger loss has been fully allocated to equity investments. The merger loss is tested for impairment on an annual basis. As it is not possible to determine the current value of the merger loss taken individually, it is grouped together with M.A.J. equity investments for the purposes of the impairment test. An impairment loss is recognized whenever the cumulated present value of the merger loss and equity securities is less than their carrying amount as at the reporting date.

#### **Liquidity agreement**

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

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

## **3.2 Receivables and liabilities**

Receivables are recognized at face value.

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

## **3.3 Marketable securities**

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

## **3.4 Transactions in foreign currencies**

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

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

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

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

## **3.5 Regulated provisions**

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

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

## **3.6 Employee benefit liabilities**

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

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

## 3.7 Financial instruments and hedges

### Hedging instruments

Hedge accounting principles must be applied whenever a hedging relationship is identified and documented by management. The impacts of the financial instruments used by Elis SA to hedge and manage its interest rate risks are recognized in the income statement symmetrically with those of the hedged item: thus, in 2019, the expense of interest rate swaps was recognized at the same time as the interest on the hedged loans and classified under the item "Interest expense."

### Isolated open positions

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

## NOTE 4 NOTES TO THE BALANCE SHEET – ASSETS

### 4.1 Property, plant and equipment and intangible assets

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

### 4.2 Financial assets

#### Movements for the year

<i>(In thousands of euros)</i>	Gross amount at 12/31/2019	Acquisitions and reclassifications/contributions	Disposals and reclassifications	Gross amount at 12/31/2020	Impairment loss	Net amount at 12/31/2020
Equity-accounted companies						
Other equity investments	4,707,573	16,355	39,166	4,684,762	1,156	4,683,606
Other investments	111			111		111
Loans and other financial assets	1,368,857	11,603	12,235	1,368,225		1,368,225
<b>TOTAL</b>	<b>6,076,541</b>	<b>27,958</b>	<b>51,401</b>	<b>6,053,098</b>	<b>1,156</b>	<b>6,051,942</b>

As at December 31, 2020, treasury shares amounted to 205,723 shares representing €2,934,000.

### 4.3 Impairment of non-current assets

<i>(In thousands of euros)</i>	As at 12/31/2019	Additions/contributions	Reversals	As at 12/31/2020
Impairment loss – intangible assets				
Impairment loss – PP&E				
Impairment loss – equity-accounted companies				
Impairment loss – equity investments	1,165		9	1,156
Impairment loss – financial assets				
<b>TOTAL</b>	<b>1,165</b>		<b>9</b>	<b>1,156</b>

#### 4.4 List of subsidiaries and other equity investments

(In thousands of euros unless otherwise stated)	Share capital	Equity, excluding share capital and retained earnings	Percent ownership (%)	Carrying amount of shares held		Loans and advances granted by the Company	Deposits and endorsements given by the Company	2020 revenue	Net income (loss) for the financial year ended 12/31/2020	Dividends received by the Company during the financial year ended 12/31/2020
				Gross	Net					
<b>A. Detailed information about equity investments whose carrying amount exceeds 1% of the Company's share capital</b>										
1. Subsidiaries – ownership of more than 50%										
M.A.J. SA – Pantin (93) – 775 733 835	142,515	461,458	100.0	1,091,055	1,091,055	835,809	0	554,189	56,561	0
Société de Participations Commerciales et Industrielles SARL – Saint-Cloud (92) – 409 900 149	28,685	117	100.0	28,682	28,682	0	0	0	533	0
Berendsen Ltd, a public limited company incorporated under the laws of England and Wales, registered with Companies House under number 01480047, Intec 3 Wade Road, Basingstoke RG24 8NE, United Kingdom	£313,346,000	£392,127,000	100.0	2,790,876	2,790,876	317,547	5,730	0	(£1,743,000)	0
2. Equity investment – ownership of between 10% and 50%										
<b>B. General information about other subsidiaries and investments</b>										
1. Subsidiaries (not included in section A above)										
a. French subsidiaries (total)										
b. Foreign subsidiaries (total)										
2. Investments (not included in section A above)										
a. In French companies (total)										
b. In foreign companies (total)										
<b>TOTAL EQUITY INVESTMENTS ON BALANCE SHEET</b>				<b>3,912,073</b>	<b>3,910,917</b>					

#### 4.5 Transactions with related parties

The major 2020 transactions with related parties not made under arm's length conditions are as follows:

Name of related party	Description of transaction	Amount in thousands of euros (receivable or income)	Amount in thousands of euros (liability or expense)
M.A.J. SA	Loan agreement – ex-Novalis		
	› Principal amount	87,753	
	› Interest	2,767	
	Loan agreement – USPP		
	› Principal amount	335,670	

	› Interest	9,214	
	Loan agreement – OCEANE		
	› Principal amount	50,000	
	› Interest	600	
M.A.J. SA	Current account agreement		
	› Advance granted to M.A.J.	362,387	
	› Interest paid by M.A.J.	4,645	
Elis Services SAS	Service agreement		
	› Services invoiced by Elis Services to Elis		6,786
	› Services invoiced by Elis to Elis Services	1,005	
Berendsen Ltd	Loan agreement		
	› Principal amount	297,702	
	› Interest	3,775	

#### 4.6 Summary of maturities of receivables

<i>(In thousands of euros)</i>	Gross amount	Due within one year	Due in more than one year
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,140,914</b>	<b>4,529</b>	<b>2,136,385</b>
Loans and advances to equity investees	772,689	1,565	771,124
Loans			
Other financial assets	1,368,225	2,964	1,365,261
<b>TOTAL CURRENT ASSETS</b>	<b>418,445</b>	<b>418,445</b>	
Customers	89	89	
Impaired trade			
Employee			
Social security			
Prepaid taxes and misc. duties	1,287	1,287	
Group and associates	411,792	411,792	
Sundry receivables	4,526	4,526	
Prepaid expenses	751	751	
<b>TOTAL</b>	<b>2,559,359</b>	<b>422,974</b>	<b>2,136,385</b>
Loans granted during the year			
Repayments received during the year	22,825		
Loans and advances granted to associates (individuals)			

#### 4.7 Trade receivables

<i>(In thousands of euros)</i>	Gross amount	Impairment loss	Net 12/31/2020	Net 12/31/2019
Trade receivables	89		89	1,280
Other receivables	417,597		417,597	446,165
Subscribed capital called but not paid				
<b>TOTAL</b>	<b>417,686</b>		<b>417,686</b>	<b>447,445</b>



## 4.8 Impairment loss on receivables

None.

## 4.9 Receivables represented by commercial paper

None.

## 4.10 Accrued income

The accrued income included in the following balance sheet items amounted to €1,565,000.

<i>(In thousands of euros)</i>	As at 12/31/2020	As at 12/31/2019
Interest accrued on loans and receivables due from equity investees	1,565	1,476
Accrued trade receivables		281
<b>TOTAL</b>	<b>1,565</b>	<b>1,757</b>

## 4.11 Other accruals

### Prepaid expenses

Prepaid expenses totaled €751,000.

<i>(In thousands of euros)</i>	As at 12/31/2020	As at 12/31/2019
Operating expenses	205	181
Financial expenses	546	561
Non-recurring expenses	0	0
<b>TOTAL</b>	<b>751</b>	<b>742</b>

## NOTE 5 NOTES TO THE BALANCE SHEET – EQUITY AND LIABILITIES

### 5.1 Total equity

Share capital was divided into 221,819,430 fully paid-up common shares with a par value of €1.00 each.

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

- › on March 24, 2020, a capital increase through the capitalization of €249,000 from additional paid-in capital generated by issuing 249,300 new shares with a par value of €1.00 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the combined general shareholders' meeting on May 27, 2016, as decided by the Management Board on March 24, 2020;
- › on April 6, 2020, a capital increase through the capitalization of €247,000 from additional paid-in capital generated by issuing 246,884 new shares with a par value of €1.00 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the combined general shareholders' meeting on May 27, 2016, as decided by the Management Board on April 6, 2020;
- › on August 31, 2020, a capital increase through the capitalization of €13,000 from additional paid-in capital generated by issuing 13,245 new shares with a par value of €1.00 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the combined general shareholders' meeting on June 30, 2020, as decided by the Management Board on August 31, 2020;
- › on December 20, 2020, a capital increase through the capitalization of €12,000 from additional paid-in capital generated by issuing 12,204 new shares with a par value of €1.00 each as part of the final allocation of performance shares to the Group's corporate officers and employees in accordance with the terms of the combined general shareholders' meeting on June 30, 2020, as decided by the Management Board on December 18, 2020.



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> members of the Management Board and the Executive Committee	03/24/2020 <sup>(c)</sup>	04/06/2021 <sup>(c)</sup>	-	-	05/02/2022 <sup>(c)</sup>	-	07/09/2023 <sup>(c)</sup>	
> other beneficiaries	03/24/2019 <sup>(c)</sup>	04/06/2020 <sup>(c)</sup>	08/31/2020 <sup>(c)</sup>	12/20/2020 <sup>(c)</sup>	05/02/2021 <sup>(c)</sup>	08/01/2021 <sup>(c)</sup>	07/09/2022 <sup>(c)</sup>	12/28/2022 <sup>(c)</sup>
<b>End of share lock-up period</b>								
> members of the Management Committee and the Executive Committee	03/24/2020 <sup>(d)</sup>	04/06/2021 <sup>(d)</sup>	-	-	05/02/2022 <sup>(d)</sup>	-	07/09/2023 <sup>(d)</sup>	
> other beneficiaries	03/24/2019 <sup>(d)</sup>	04/06/2020 <sup>(d)</sup>	08/31/2020 <sup>(d)</sup>	12/20/2020 <sup>(d)</sup>	05/02/2021 <sup>(d)</sup>	08/01/2021 <sup>(d)</sup>	07/09/2022 <sup>(d)</sup>	12/28/2022 <sup>(d)</sup>
<b>Rights vested in 2020</b>	<b>249,300<sup>(e)</sup></b>	<b>245,777<sup>(f)</sup></b>	<b>13,359<sup>(f)</sup></b>	<b>13,197<sup>(f)</sup></b>	<b>0<sup>(g)</sup></b>	<b>0<sup>(g)</sup></b>	<b>0<sup>(g)</sup></b>	<b>0<sup>(g)</sup></b>
Number of rights lapsed or forfeited as at 12/31/2020	-	365,912	16,391	15,407	139,251	2,732	34,532	-
Number of rights outstanding as at 12/31/2020	-	459,685	-	-	1,337,307	7,286	2,067,230	19,350
> of which members of the Executive Committee	-	459,685 <sup>(h)</sup>	-	-	391,839	-	581,029	
> of which corporate officers	-	206,490	-	-	194,300	-	276,244	
- Xavier Martiré	-	117,995	-	-	116,580	-	165,746	
- Louis Guyot	-	49,164	-	-	45,337	-	64,457	
- Matthieu Lecharny	-	39,331	-	-	32,383	-	46,041	
Number of working beneficiaries as at 12/31/2020	175	378	31	23	459	2	520	23
> of which members of the Executive Committee	8	10	0	0	10	-	11	0
> of which corporate officers	3 <sup>(b)</sup>	3 <sup>(b)</sup>	0	0	3 <sup>(b)</sup>	-	3 <sup>(b)</sup>	0

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

(b) Xavier Martiré, Louis Guyot and Matthieu Lecharny

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

(d) There is no lock-up period under this plan so the shares will be available and may be freely transferred by the beneficiaries at the end of the vesting period, subject to statutory blackout periods and the provisions of the French Code of Conduct for Trading and Market Activities. In addition, throughout their terms of office, each member of the Management Board is required to hold a number of shares in registered form set by the Supervisory Board in accordance with the compensation policy for corporate officers detailed in the Supervisory Board's report on corporate governance, provided in chapter 2 of this 2020 universal registration document.

(e) At its meeting on March 3, 2020, the Supervisory Board reviewed the performance associated with the vesting of the performance shares granted to the members of the Executive Committee in 2017 and for which the vesting period expired in 2020. The Supervisory Board noted that all performance conditions had been met, such that 100% of the shares granted in 2017 were vested. These performance targets were linked to internal absolute criteria relating to revenue and EBIT set on the basis of the business plan, itself in line with market expectations, and to an external criterion linked to the Elis share price relative to a benchmark index. The shares vested on March 24, 2020.

(f) At its meeting on March 3, 2020, the Supervisory Board reviewed the performance associated with the vesting of the performance shares granted to employees (excluding the Executive Committee) in 2018 and for which the vesting period expired in 2020. The Supervisory Board noted that two performance conditions had been met, such that 50% of the shares granted in 2018 to employees (excluding the Executive Committee) were vested. These performance targets were linked to internal absolute criteria relating to

revenue and EBIT and to a criterion linked to the Elis share price relative to a benchmark index.

(g) The vesting of shares is contingent on the achievement of performance targets measured over a two-year period for all beneficiaries, except for the members of the Executive Committee, whose performance is measured over a three-year period. Unless waived by the Management Board, the vesting of shares is also contingent on uninterrupted, continuous service with the Group for the duration of the vesting period. The performance targets associated with the vesting of the shares were defined in reference to internal absolute criteria linked to consolidated revenue and consolidated EBIT set on the basis of the business plan, itself in line with market expectations, and to the performance of the Elis share price relative to a benchmark index. The number of vested shares will depend on the number of targets achieved, with the understanding that the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest. For plans implemented in 2019 and 2020, 34% of the shares will vest if just one of those performance conditions is met, 67% if two of the conditions are met, and 100% if all three conditions are met. No shares will vest if none of the performance conditions is met.

(h) For the 2018 plan for members of the Executive Committee, the performance conditions attaching to performance shares are also subject to the successful integration of Berendsen: synergies achieved and EBIT margin in the UK and Germany. The number of vested shares will depend on the number of targets achieved, with the understanding that the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest.

### 5.3 Parent Company

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

### 5.4 Provisions

Breakdown by type:

#### Provisions for risks

(In thousands of euros)	As at 12/31/2019	Additions	Reversals	As at 12/31/2020
Provisions for litigation				
Provisions for warranties given to customers				
Provisions for losses on futures markets	2,537	294	2,537	294
Provisions for fines and penalties	0			0
Provisions for unrealized foreign currency translation losses	0			0
Provisions for post-employment benefits	146	39		185
<b>TOTAL</b>	<b>2,683</b>	<b>333</b>	<b>2,537</b>	<b>479</b>

### 5.5 Summary of maturities of liabilities

(In thousands of euros)	Gross amount at 12/31/2020	Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds	400,000		400,000	
Other bonds	334,283	1,686		332,597
Bank loans:				
› initially within one year				
› initially more than one year				
Sundry borrowings and financial debt	2,701,309	351,309	1,650,000	700,000
Trade payables	4,235	4,235		
Employee	1,098	1,098		
Social security and similar	475	475		
Government and other public authorities:				
Income tax expense				

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Value added tax				
Guaranteed bonds				
Other taxes	174	174		
Amounts due to suppliers of non-current assets				
Group and associates	296,144	296,144		
Other liabilities				
Securities borrowed or received as collateral				
Deferred income				
<b>TOTAL</b>	<b>3,737,718</b>	<b>655,121</b>	<b>2,050,000</b>	<b>1,032,597</b>
Loans taken during the year	864,500			
Loans repaid during the year	1,004,400			

As at December 31, 2020, liabilities mainly include:

### Capital markets

#### Commercial paper

On the short-term capital market, Elis has an unrated commercial paper program (NEU CP), approved by Banque de France, in the amount of €600 million (maximum). In addition to other financing, this program provides the Group with access to disintermediated short-term resources at favorable market conditions. As at December 31, 2020, outstandings under this program totaled €317.5 million, versus €382.4 million as at December 31, 2019, a decrease of €64.9 million, due to the positive cash flow generated by the Group in 2020.

#### Convertible bonds (OCÉANES)

On October 6, 2017, Elis issued bonds convertible into and/or exchangeable for new or existing Elis shares (*obligations à option de conversion et/ou d'échange en actions nouvelles or existantes*, or "OCÉANES") with a maturity date of October 6, 2023. The nominal amount of the issue totals €400 million and is represented by 12,558,869 bonds with a par value of €31.85. The bonds are non-interest bearing (zero coupon). The funds raised from this issue were used to repay the bridge loan set up in connection with the Berendsen acquisition and extend the maturity of the Group's debt.

#### EMTN (Euro Medium Term Notes)

On the long-term capital markets, Elis has an EMTN program, renewed and approved by the AMF on April 29, 2020, in the amount of €4 billion, under which Elis has carried out the following bond issues:

› on February 15, 2018, a dual-tranche bond issue comprising a €650 million tranche with a maturity of 5 years and a coupon of 1.875%, and a €350 million tranche with a maturity of 8 years and a coupon of 2.875%. These funds, totaling €1 billion, were used to refinance the bridge loan set up for the acquisition of Berendsen.

› On April 11, 2019, a bond issue in the amount of €500 million with a maturity of five years and a coupon of 1.75%. The proceeds from this issue have been allocated in full to refinance the high-yield bonds maturing in 2022;

› on October 3, 2019, a dual-tranche bond issue for €850 million comprising (i) a €500 million tranche with a maturity of 5.5 years (maturing April 2025) and an annual coupon of 1%, and (ii) a €350 million tranche with a maturity of 8.5 years (maturing April 2028) and an annual coupon of 1.625%. These bonds were used to fully refinance the tranches drawn from the two syndicated bank credit facilities taken out in 2017.

### Bank loans and private placement

#### USPP private placement

In April 2019, the Group also took out a USPP loan with two tranches: one tranche in euros in the amount of €300 million maturing in 10 years with an interest rate of 2.70% and another tranche in US dollars in the amount of US\$40 million maturing in 10 years with an interest rate of 4.99%. The tranche in dollars was converted to euros using a 10-year cross-currency swap with a synthetic coupon rate in euros of 2.69%. The proceeds of this issue were mainly used to redeem the €800 million high-yield bonds maturing in 2022.

#### Senior Credit Facilities Agreement – Term Loan

On January 17, 2017, Elis entered into a senior syndicated credit facilities agreement for an amount of €1,150 million maturing in five years, consisting of three tranches: a €450 million term loan, a €200 million CAPEX line and a €500 million revolving credit facility. During 2019, the €450 million term loan and the drawn-down €200 million CAPEX line tranche were fully repaid and canceled.

As at December 31, 2020, the revolving credit tranche was still active but undrawn. This tranche, with an initial maturity on January 17, 2022, was extended by one year in December 2020, extending the maturity to January 17, 2023. Elis also has an option for an additional six-month extension of this new maturity date. Subject to the approval of its lending banks, the Company may exercise this option in the fourth quarter of 2021.

### Syndicated credit facility – Term loan

On November 7, 2017, Elis entered into a second syndicated credit facilities agreement with two tranches: a €200 million term loan maturing in November 2022 and a €400 million revolving credit line initially maturing in November 2022. During 2019, the €200 million term loan was fully repaid and canceled.

As at December 31, 2020, the revolving credit tranche, with its maturity extended to November 2023, was still active but undrawn.

### Schuldschein

Elis raised €75 million on November 23, 2017 through a multi-tranche private placement under German law, the so-called “Schuldschein” note. This transaction enabled the Group to diversify its funding sources. The funds were raised via several tranches at fixed and variable rates, respectively representing 46% and 54% of the total amount, maturing in three to seven years.

The *Schuldschein* financing line was repaid early and in full in 2020.

Through these two syndicated credit facilities agreements, the Group has, as at December 31, 2020, undrawn confirmed credit facilities totaling €900 million, thus ensuring the necessary liquidity for the Group for its commercial paper program in the event the commercial paper market closes.

## 5.6 Forward financial instruments and hedges

### Interest rate risk management

As at December 31, 2020, all of Elis's long-term debt had fixed interest rates.

### Currency risk management

#### Transactional and financial currency risk

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

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

As at December 31, 2020, the fair value recorded in the balance sheet under “Cash and cash equivalents” totaled €620,000.

#### Currency risk linked to USPP financing denominated in US dollars

In 2019, Elis contracted a cross-currency swap to exchange the currency and fixed interest rate paid on its US\$40 million USPP debt over the term of the loan for a fixed rate. The fair value as at December 31, 2020 was negative €1,518,000.

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

## 5.7 Trade payables

<i>(In thousands of euros)</i>	As at 12/31/2020	As at 12/31/2019
Group suppliers	296	1,762
Suppliers	(9)	231
Suppliers of non-current assets		
Invoices not received	3,114	737
Invoices not received – Group		278
Bank fees	826	857
<b>CARRYING AMOUNT</b>	<b>4,227</b>	<b>3,865</b>

## 5.8 Accrued expenses

The amounts of accrued expenses included in the following balance sheet items were as follows:

<i>(In thousands of euros)</i>	As at 12/31/2020	As at 12/31/2019
<b>Operating liabilities</b>		
Trade payables	3,940	1,872
Tax- and employee-related liabilities	1,476	2,682
<b>Financial liabilities</b>		

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Interest accrued on sundry borrowings and financial debt	35,495	30,254
<b>TOTAL</b>	<b>40,911</b>	<b>34,808</b>

## 5.9 Other accruals

### Deferred income

None.

## 5.10 Translation differences

	Foreign currency translation losses				Foreign currency translation gains
	Total	Offset by foreign exchange risk hedge or overall foreign exchange position	Provisions for risks	Net	Total
Trade receivables	0	0	0	0	88
Financial current accounts	854,651	560,518	294,133	0	580,906
Suppliers	0	0	0	0	334
<b>TOTAL</b>	<b>854,651</b>	<b>560,518</b>	<b>294,133</b>	<b>0</b>	<b>581,328</b>

## NOTE 6 NOTES TO THE INCOME STATEMENT

### 6.1 Breakdown of revenue

2020 revenue by business segment and region breaks down as follows:

<i>(In thousands of euros)</i>	Financial year 2020			Financial year 2019
	France	EEC + rest of the world	Total	Total
Sales of goods held for resale				
Sales of finished goods				
Sales of services	1,005		1,005	1,005
<b>REVENUE</b>	<b>1,005</b>		<b>1,005</b>	<b>1,005</b>
<b>PERCENTAGE</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>	

### 6.2 Re invoiced expenses

<i>(In thousands of euros)</i>	As at 12/31/2020	As at 12/31/2019
Employee expenses		
Other expenses		
<b>TOTAL</b>	<b>0</b>	<b>0</b>

### 6.3 Average number of employees

The average number of employees during 2020 breaks down as follows:

	Financial year 2020	
	Headcount	Number of secondees
Managers	2	
Other employees		
<b>TOTAL</b>	<b>2</b>	<b>0</b>

## 6.4 Compensation of management bodies

Total compensation paid to members of the Supervisory Board in 2019: €338,000 compared to €393,000 last year

Management Board - compensation paid during the financial year €3,362,000 compared to €3,264,000 last year

## 6.5 Net financial income (loss)

The net financial expense for the year amounted to €35,034,000 and breaks down as follows:

<i>(In thousands of euros)</i>	Financial year 2020	Financial year 2019
<b>FINANCIAL INCOME</b>		<b>46,939</b>
Financial income from equity investments		
Income from other securities and long-term loans and receivables		
Other interest income	22,194	24,292
Reinvoiced expenses and reversals of provisions	2,546	5,160
Foreign currency translation gains	28,731	17,487
Net gain on disposals of marketable securities		
<b>FINANCIAL EXPENSES</b>		<b>114,828</b>
Amortization and provisions on financial assets	294	2,537
Interest expense	57,141	98,584
Foreign currency translation losses	31,054	13,707
Net expense on disposals of marketable securities	16	
<b>NET FINANCIAL INCOME (LOSS)</b>	<b>(35,034)</b>	<b>(67,889)</b>

## 6.6 Net non-recurring income (loss)

<i>(In thousands of euros)</i>	Financial year 2020	Financial year 2019
<b>NON-RECURRING INCOME</b>		<b>245</b>
Non-recurring income from operations		32
Non-recurring income from capital transactions	149	213
Reinvoiced expenses and reversals of provisions		
<b>NON-RECURRING EXPENSES</b>		<b>6,576</b>
Non-recurring expenses on operations	1,332	349
Non-recurring expenses on capital transactions	781	549
Non-recurring depreciation, amortization and provisions	5,414	5,678
<b>NET NON-RECURRING INCOME (LOSS)</b>	<b>(7,378)</b>	<b>(6,331)</b>

The net non-recurring loss for the year amounted to €7,378,000 and breaks down as follows:

- › non-recurring expenses on management transactions corresponds to expenses related to the waiver of its bank covenant;
- › non-recurring income and expenses on capital transactions corresponds to the unrealized and realized gains and losses on treasury shares held under the liquidity agreement using the first-in-first-out (FIFO) method;
- › non-recurring depreciation, amortization and provisions corresponds to the five-year amortization of the acquisition costs for the Berendsen shares.

## 6.7 Income tax expense

Since March 1, 2008, the Company has elected to determine French income taxes on a consolidated basis in accordance with Article 223 A et seq. of the French Tax Code together with the subsidiaries and sub-subsidiaries as at December 31, 2020 included in the following list: M.A.J., Les Lavandières, Régionale de Location et Services Textiles, Pierrette-TBA, Le Jacquard Français, Elis Services, Thimeau, Société de Participations Commerciales et Industrielles, Pro Services Environnement and Blanchisserie Blésoise.



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As the parent company of the consolidated group, Elis consolidates the taxable income of all the members of the group and pays the corresponding tax to the French Treasury. It receives from its subsidiaries the amount of tax that they would have borne in the absence of tax consolidation. As at December 31, 2020, Elis recorded in its financial statements a tax benefit amount of €20,708,000 (€36,336,000 as at December 31, 2019) corresponding to the difference between the amounts received from the subsidiaries and those actually paid.

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

<i>(In thousands of euros)</i>	Unused loss carryforwards (basis)	Tax rate	Deferred tax liabilities
Société de Participations Commerciales et Industrielles	2,941	26.5%	779
Le Jacquard Français	7,086	26.5%	1,878
Thimeau	2,277	26.5%	603
Blanchisserie Blésoise	1,169	26.5%	310
<b>TOTAL</b>	<b>13,473</b>	<b>26.5%</b>	<b>3,570</b>

#### Deferred tax

<i>Base (in thousands of euros)</i>	At the beginning of the financial year	Change in net income (loss) for the financial year	At the end of the financial year
<b>Accelerated amounts for tax relief</b>			
Regulated provisions: Accelerated depreciation and amortization	12,703	5,394	18,097
<b>Differences between accounting and tax bases of certain income and expense items</b>			
Provision for retirement benefits	146	39	185
Corporate social solidarity contribution	11	(4)	7
Other provisions for risks			
<b>TAX LOSS CARRYFORWARDS</b>	<b>851,849</b>	<b>27,542</b>	<b>879,391</b>
<b>TOTAL</b>	<b>864,709</b>	<b>32,971</b>	<b>897,680</b>
<i>Income tax expense (in thousands of euros)</i>	At the beginning of the financial year	Change in net income (loss) for the financial year	At the end of the financial year
<b>Accelerated amounts for tax relief</b>			
Regulated provisions: Accelerated depreciation and amortization	(4,068)	(1,074)	(5,142)
<b>Differences between accounting and tax bases of certain income and expense items</b>			
Provision for retirement benefits	47	6	53
Corporate social solidarity contribution	4	(2)	2
Other provisions for risks			
<b>TAX LOSS CARRYFORWARDS</b>	<b>272,762</b>	<b>(22,927)</b>	<b>249,835</b>
<b>TOTAL</b>	<b>268,745</b>	<b>(23,997)</b>	<b>244,748</b>

## NOTE 7 FINANCIAL AND OFF-BALANCE SHEET COMMITMENTS

### 7.1 Commitments given

<i>(In thousands of euros)</i>	Total	Less than 1 year	1 to 5 years	More than 5 years
Related to cash and cash equivalents				
Related to financing				
Endorsements, sureties and guarantees on behalf of subsidiaries	10,760			10,760
Related to leases				
Related to services rendered				
Other				
	<b>10,760</b>	<b>0</b>	<b>0</b>	<b>10,760</b>

### 7.2 Commitments received

<i>(In thousands of euros)</i>	Total	Less than 1 year	1 to 5 years	More than 5 years
Related to operations/property/international expansion				
Related to financing	385,670			385,670
Guaranteed receivables				
	<b>385,670</b>			<b>385,670</b>

### 7.3 Derivative-related commitments

See Note 5.6.