Half-Year Financial Report

June 30, 2021

CONTENTS

This is a translation into English of the Half-Year Financial Report of the Company issued in French and it is available on the website of the Issuer.

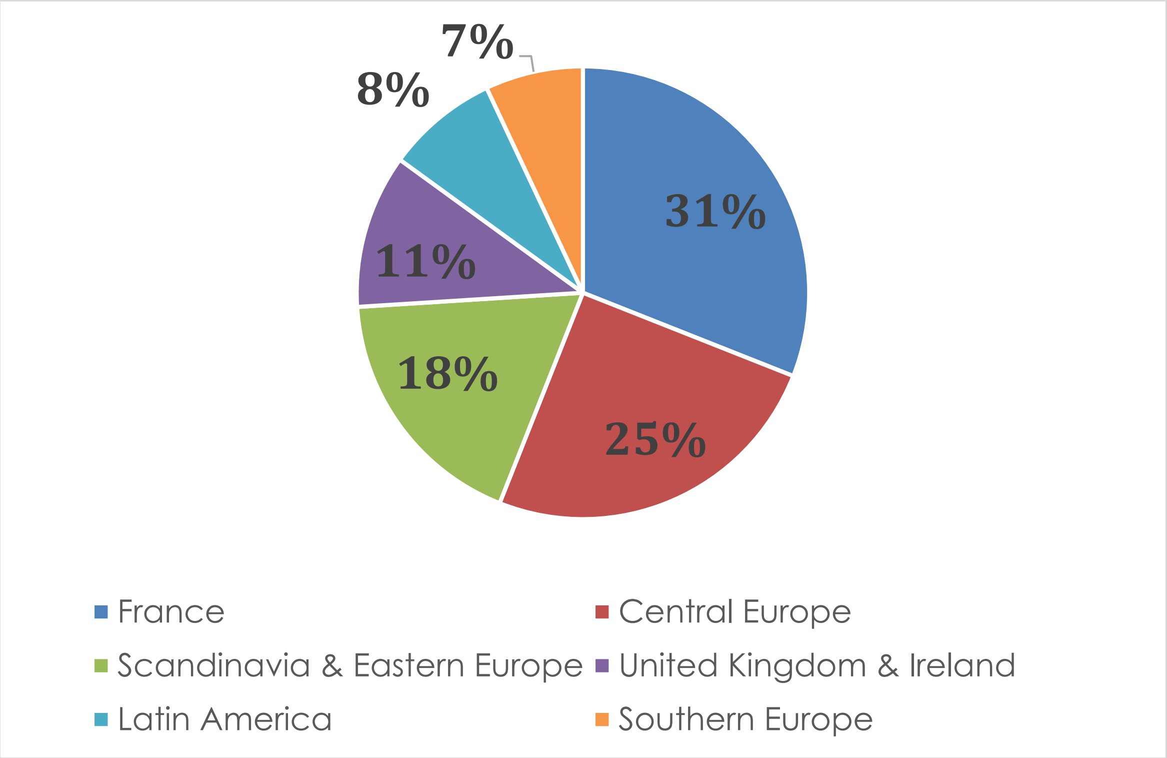
1

Management report for the first half of 2021

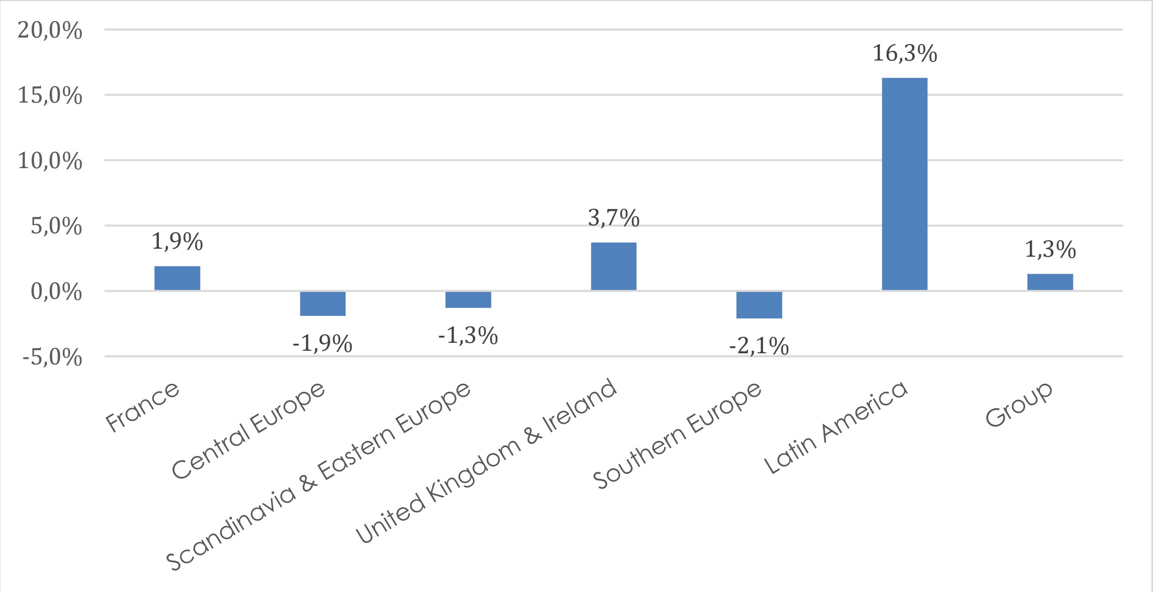
1.1 Group profile and financial highlights of the first half of 2021

With more than a century of expertise, Elis is a multi-service provider offering textile, hygiene and well-being rental, laundry and maintenance solutions. With its unique know-how, together with the commitment of its 45,000 employees, the Group aims to be the go-to player and trusted partner of its 400,000 customers around the world.

Geographical breakdown of revenue for the first half of 2021



Organic changes in revenue by geographical area for the first half of 2021



1.2 Highlights of the first half of 2021

Organic growth for the first half exceeded expectations with major improvements in all financial indicators

- Revenue of €1,375.5m (+1.8% vs H1 2020)
- Organic revenue growth of +19.4% in Q2 and +1.3% in H1
- EBITDA margin up +80bps at 33.3%
- EBIT margin up +140bps at 9.5%
- Headline net result up +36.2% at €67.1m
- Free cash flow (after lease payments) of €90.7m (+61.5% vs H1 2020)
- Net debt down €78.4m in H1 2021

Organic growth profile structurally strengthened in Healthcare, Industry and Trade & Services

- In all our geographies, business in these 3 end-markets benefited from the success of our new commercial offers and from the new needs of our clients in Workwear and Hygiene & Well-Being
- Churn rate improvement in all countries, especially in the UK
- Revenue in these 3 end-markets was up c. +5% on an organic basis
- As of June 30, 2021, in Hospitality, the lifting of lockdown measures and the partial rebound of travel helped return to a level c. -30% below the pre-crisis situation

Margin improvement driven by strong operating leverage

- Savings made in H2 2020 significantly and durably decreased Elis' cost base
- Great Group discipline on pricing
- Good industrial performance and further productivity gains in plants

Outlook updated

- Full-year revenue up between +5% and +6% on an organic basis
- 2021 EBITDA margin should be at c. 34.5%
- Free cash flow after lease payments should be between €200m and €230m
- Net debt / EBITDA ratio should be at 3.3x as of December 31, 2021 and below 3.0x as of December 31, 2022

1.3 Business review and comments on the first half of 2021

Revenue

Reported revenue

In millions of euros	2021			2020			Var.		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
France	200.4	220.2	420.7	236.9	175.7	412.5	-15.4%	+25.4%	+2.0%
Central Europe	169.2	175.2	344.3	180.1	163.2	343.3	-6.1%	+7.3%	+0.3%
Scandinavia & East. Eur.	117.2	118.9	236.1	127.0	106.3	233.3	-7.7%	+11.9%	+1.2%
UK & Ireland	70.3	85.0	155.3	88.9	54.9	143.8	-21.0%	+55.0%	+8.0%
Southern Europe	42.6	52.5	95.1	60.5	36.6	97.2	-29.6%	+43.3%	-2.1%
Latin America	53.0	59.4	112.4	58.8	49.9	108.7	-10.0%	+19.0%	+3.3%
Others	5.5	6.1	11.6	6.9	6.0	12.9	-20.2%	+1.3%	-10.2%
Total	**658.2**	**717.3**	**1375.5**	**759.2**	**592.6**	**1351.7**	**-13.3%**	**+21.1%**	**+1.8%**

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

In millions of euros	H1 2021	H1 2020	Organic growth	External growth	Currency effect	Reported growth
France	420.7	412.5	+1.9%	+0.1%	-	+2.0%
Central Europe	344.3	343.3	-1.9%	+2.7%	-0.5%	+0.3%
Scandinavia & East. Eur.	236.1	233.3	-1.3%	-	+2.5%	+1.2%
UK & Ireland	155.3	143.8	+3.7%	+3.7%	+0.6%	+8.0%
Southern Europe	95.1	97.2	-2.1%	-	-	-2.1%
Latin America	112.4	108.7	+16.3%	+3.5%	-16.5%	+3.3%
Others	11.6	12.9	-10.5%		+0.3%	-10.2%
Total	**1375.5**	**1351.7**	**+1.3%**	**+1.4%**	**-1.0%**	**+1.8%**

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

Organic revenue growth

	Q1 2021	Q2 2021	H1 2021
France	-15.4%	+25.2%	+1.9%
Central Europe	-9.1%	+6.0%	-1.9%
Scandinavia & Eastern Europe	-9.5%	+8.5%	-1.3%
UK & Ireland	-22.2%	+45.8%	+3.7%
Southern Europe	-29.6%	+43.3%	-2.1%
Latin America	+12.1%	+21.2	+16.3%
Others	-19.5%	-0.0%	-10.5%
Total	**-12.8%**	**+19.4%**	**+1.3%**

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

Monthly organic revenue growth

	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
France	-22.8%	-20.3%	+0.5%	+35.9%	+29.7%	+14.7%
Central Europe	-17.8%	-10.5%	+2.7%	+8.8%	+5.8%	+3.8%
Scandinavia & East. Eur.	-16.6%	-11.1%	+0.8%	+10.1%	+8.6%	+6.9%
UK & Ireland	-27.9%	-25.8%	-10.7%	+37.9%	+43.4%	+55.5%
Southern Europe	-36.9%	-39.2%	-6.5%	+44.3%	+48.8%	+38.1%
Latin America	+7.2%	+6.9%	+24.0%	+33.6%	+18.7%	+13.6%
Others	+16.0%	-10.9%	-44.7%	+4.8%	-40.5%	+58.3%
Total	**-19.7%**	**-16.4%**	**+0.4%**	**+23.4%**	**+19.7%**	**+15.8%**

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

EBITDA

In millions of euros	H1 2021	H1 2020	Var. H1 2021 / H1 2020
France	**153.2**	**145.0**	**+5.6%**
As of % of revenue	*36.3%*	*35.1%*	*+120bps*
Central Europe	**111.2**	**110.8**	**+0.3%**
As of % of revenue	*32.1%*	*32.1%*	*=*
Scandinavia & Eastern Europe	**92.1**	**91.4**	**+0.8%**
As of % of revenue	*39.0%*	*39.2%*	*-20bps*
UK & Ireland	**46.7**	**36.8**	**+26.9%**
As of % of revenue	*30.1%*	*25.6%*	*+450bps*
Southern Europe	**24.2**	**22.4**	**+8.0%**
As of % of revenue	*25.4%*	*23.0%*	*+240bps*
Latin America	**37.6**	**38.0**	**-1.0%**
As of % of revenue	*33.5%*	*34.9%*	*-150bps*
Others	**(6.3)**	**(4.5)**	**+41.5%**
Total	**458.7**	**439.9**	**+4.3%**
As of % of revenue	*33.3%*	*32.5%*	*+80bps*

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

Group EBITDA margin is up +80bps in H1 at 33.3%.

France

H1 2021 revenue was up +2.0% (+1.9% on an organic basis). Activity in Healthcare, Industry and Trade & Services were driven by good commercial dynamism in Workwear (food processing and healthcare clients) and by an increasing need for hygiene related products and services. Activity in Hospitality has significantly rebounded since the lifting of lockdown measures in Europe in mid-May. This led to much stronger organic revenue growth in Q2 than in Q1 (+25.0% vs -15.4%)

H1 2021 EBITDA margin was up+120bps at 36.3%, which offsets the significant decrease recorded in H1 2020. This reflects the significant cost reduction measures implemented in the country in 2020, both at plant and HQ level.

Central Europe

H1 2021 revenue was slightly up by +0.3% (-1.9% on an organic basis) with a sharp improvement in Q2 (+6.0% on an organic basis vs -9.1% in Q1). Industry showed good resilience, with new contract wins in Workwear. Thus, despite strict lockdown measures in Q1, Poland, Czech Republic, and Belux delivered positive revenue growth in the first half, driven by good commercial momentum with clients operating in food processing, energy services and pharma. H1 organic revenue growth was slightly down in Germany, in the Netherlands and in Switzerland despite sequential improvement in Q2.

EBITDA margin was stable vs H1 2020 at 32.1%

Scandinavia & Eastern Europe

H1 2021 revenue was up +1.2% (-1.3% on an organic basis). The fact that the greater share of our clients operates in the Industry segment enabled the region to be quite resilient since the beginning of the crisis. Sweden and Denmark, the region's largest contributors, recorded organic revenue declines of -4% and -2% respectively in H1, due to Hospitality. However, Norway, Finland, the Baltic States and Russia all delivered positive organic growth in H1, with commercial momentum remaining intact in Workwear.

EBITDA margin was almost stable vs H1 2020, only slightly down -20bps at 39.0%.

UK & Ireland

H1 2021 revenue was up +8.0% (+3.7% on an organic basis). Hospitality, which normally represents around one-third of the region's revenue, significantly rebounded in Q2, driven by very strong domestic tourism since May. In Q2, activity in Hospitality was down c. -40% vs the pre-crisis level, to be compared to -70% in Q1. Industry and Trade & Services, which represent another third of total revenue, were down c. -10% compared to pre-crisis levels, but the churn rate is now in line with Group average i.e. c. 5%. Finally, Healthcare is back to pre-crisis levels and Elis continues to gain market share on the back of contract wins.

EBITDA margin was strongly up by +450bps compared to H1 2020 at 30.1%. Reaching this level demonstrates the success of our plan to improve the former Berendsen operations in the UK.

Southern Europe

H1 2021 revenue was down -2.1% (entirely organic). Activity in Hospitality (which represented more than 60% of total revenue in 2019) significantly rebounded in Q2 (+43.3% on an organic basis) and drove revenue improvement in the region. In Workwear, activity was still well-oriented on the back of good commercial dynamism and the acceleration of development of outsourcing, because of the increasing client needs for more traceability and hygiene due to the crisis.

EBITDA margin was up +240bps compared to H1 2020 at 25.4%. This increase only partially offsets the 2020 margin loss in a context of sharp volume decline. Further activity improvement towards normative levels should contribute to a return to higher margin.

Latin America

H1 2021 organic revenue was up +16.3% in the region but the unfavorable currency effect resulted in reported revenue growing by a lower +3.3%. End-markets in which Elis operates (public and private healthcare, food processing) were well-oriented. Furthermore, the Group developed new offers to meet new client requirements, leading to short-term contract wins (waterproof overgowns) or permanent contracts (healthcare garments, increase in linen rotation, outsourcing).

EBITDA margin was down -150bps compared to H1 2020, at 33.5%. This is due to a difficult comparable base as the high number of one-off overgowns sales in H1 2020 had a significant impact on margin.

From EBITDA to net income

In millions of euros	H1 2021 reported	H1 2020 restated[1]	Var.
EBITDA	**458.7**	**439.9**	**+4.3%**
As of % of revenue	*33.3%*	*32.5%*	*+80bps*
D&A	(327.6)	(329.6)	
EBIT	**131.1**	**110.3**	**+18.8%**
As of % of revenue	*9.5%*	*8.2%*	*+140bps*
Current operating income	**114.7**	**103.6**	**+10.7%**
Amortization of intangible assets recognized in a business combination	(39.7)	(46.5)	
Other operating income and expenses	(3.9)	(37.2)	
Operating income	**71.1**	**19.9**	**+257.6%**
Net financial income (loss)	(42.0)	(45.6)	
Income tax expense	(12.1)	4.3	
Income from continuing operations	**17.1**	**(21.4)**	**n/a**
Net income	**17.1**	**(21.4)**	**n/a**
Headline net income[2]	**67.1**	**49.3**	**+36.2%**

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

EBIT

As a percentage of revenue, EBIT was up +140bps in H1 2021, due to the significant decrease in linen capex in 2020, implying relative stability of D&A for 2021 & 2022.

Operating income

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

- Expenses related to free-share plans correspond to the requirements of the IFRS 2 accounting standard. They showed a +€9.6m increase in H1 2020.
- The amortization of intangible assets recognized in a business combination is partly related to the goodwill allocation of Berendsen. The €(6.8)m decrease in H1 2021 is mainly due to end of the amortization schedule of the Berendsen trademark, following the rebranding.
- Other operating income and expenses. The high amount in H1 2020 was mainly made up of restructuring costs relating to saving plans and site shutdowns and of additional costs directly tied to the sanitary crisis.

Net financial result

In H1 2021, net financial expense was €42.0m. It slightly decreased compared to H1 2020.

Net income

Net Income was €17.1m in H1 2020 compared to €(21.4)m in H1 2020.

Net income to headline net income

In millions of euros	H1 2021 reported	H1 2020 restated[1]
Net income	**17.1**	**(21.4)**
Amortization of intangible assets recognized in a business combination[2]	31.9	36.5
IFRS 2 expense[2]	15.2	6.2
Accelerated amortization of debt issuance costs[2]	-	0.1
Refinancing costs[2]	-	0.0
Non-current operating income and expenses including:	2.9	27.9
Litigation provisions[2]	*0.1*	*0.4*
Exceptional expense relating to the sanitary crisis[2]	*-*	*17.1*
Restructuring costs[2]	*2.7*	*8.5*
Acquisition-related costs[2]	*0.5*	*1.6*
Other[2]	*(0.3)*	*0.4*
Headline net income	**67.1**	**49.3**

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

Headline net income was €67.1m in H1 2021, up +36.2% compared to H1 2020.

Cash-flow statement

In millions of euros	H1 2021	H1 2020
EBITDA	**458.7**	**439.9**
Non-recurring items and provision variance	(7.4)	(32.4)
Acquisition and cession fees	(0.5)	(1.3)
Others	(0.7)	(0.6)
Cash flows before net finance costs and tax	**450.0**	**405.6**
Net capex	(255.7)	(232.7)
Change in operating working capital requirement	34.1	0.9
Net interest paid (including interest on lease liabilities)	(54.9)	(50.6)
Tax paid	(37.7)	(34.0)
Lease liabilities payments - principal	(45.1)	(33.1)
Free cash-flow	**90.7**	**56.1**
Acquisitions of subsidiaries, net of cash acquired	(42.3)	(33.6)
Changes arising from obtaining or losing control of subsidiaries or other entities	(3.6)	(3.2)
Other cash flows related to financing activities	3.4	(5.1)
Proceeds from disposal of subsidiaries, net of cash transferred	0.0	0.0
Dividends and distributions paid	-	-
Equity increase & treasury shares	17.5	(1.5)
Others	(12.7)	(2.2)
Net debt variance	**78.4**	**10.5**
Net financial debt	**3202.6**	**3361.7**

Capex

In H1 2021, the Group's Net capex represented 18.6% of revenue. This ratio is in line with the usual seasonality pattern, where investments are higher in H1 than in H2 notably due to the preparation of the summer season. H1 capex are c. €25m higher yoy, notably as a result of our commercial successes and significant contract wins in Workwear.

Change in operating working capital requirement

In H1 2021, the change in operating working capital requirement was c. +€34m, reflecting the strong and continuous focus on cash collection and inventory management.

Free cash-flow

In H1 2021, free cash flow (after lease liabilities payments) reached €90.7m, up +€34.5m (+61.5%) compared to H1 2020.

Net financial debt

The Group's net financial debt at June 30, 2021 stood at €3,202.6m compared to €3,361.7m at June 30, 2020 and €3,281.0m at December 31, 2020. The leverage Ratio was 3.6x at June 30, 2021, lower than the Group's initial covenant of 3.75x. As a reminder, Elis obtained in 2020 a waiver regarding its June 30, 2020, December 31, 2020, and June 30, 2021 bank covenant tests. The renegotiated covenants are 5.0x, 4.75x and 4.5x respectively.

Pay-out for the 2020 financial year

As announced on March 9, 2021, there will be no payout in 2021 for the 2020 financial year.

Updated 2021 outlook

The success of Elis' new commercial offers and changing client needs as a consequence of the sanitary crisis (increase in demand for hygiene products and higher consumption of workwear) enable us to anticipate organic revenue growth for the full year in a range of +5% to +6% (vs c. +3% as previously communicated), with the working assumption that activity in Hospitality will be c. -25% below its 2019 level during the summer season and c. -30% until the end of the year.

2021 EBITDA margin should be at c. 34.5% on the back of operating leverage generated by the savings achieved in H2 2020 and the Group's operational excellence in 2021.

Free cash flow (after lease payments) should be between €200m and €230m, the main variable being the change in working capital (impact of year-end activity on trade receivables).

The Net debt / EBITDA ratio should be at 3.3x as of December 31, 2021 and below 3.0x as of December 31, 2022.

1.4 Risk factors

The main risks and uncertainties that the Group could face during the second half of 2021 are those described in chapters 3 and 4 of the 2020 Universal Registration Document – in chapter 3, sections 3.2 "Employee-related risks" (pages 105 to 111) and 3.3 "Environmental risks" (pages 112 to 118), and in chapter 4, section 4.1 "Risk factors" (pages 130 to 141). These risk factors 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. The Company believes these risks could have a material adverse impact on the Group and its business, financial position, results or ability to achieve its objectives.

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 May 20, 2021 approved the reappointment of Supervisory Board members Florence Noblot, Joy Verlé and Anne-Laure Commault, each for a four-year term, i.e., until the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2024.

As at June 30, 2021, the composition of Elis's Supervisory Board, Supervisory Board committees and the Management Board was the same as described in the Universal Registration Document for the financial year ended December 31, 2020.

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, 2021 was as follows:

Shareholders	06/30/2021					
	Number of shares	Theoretical voting rights	Exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Canada Pension Plan Investment Board	27328509	54,653,018	54,653,018	12.20	20.41	20.42
Predica	13992162	27934324	27934324	6.24	10.43	10.44
Free float, o/w	182630094	185,106,011	185,106,011	81.51	69.12	69.15
› Ameriprise Financial, Inc.[(a)]	10,870,475	10,870,475	10,870,475	4.85	4.06	4.06
› FMR LLC[(b)]	11,220,641	11,220,641	11,220,641	5.01	4.19	4.19
› Executives and employees[(c)]	4,193,586	5,088,870	5,088,570	1.87	1.90	1.90
› Treasury shares[(d)]	118604	118604	-	0.05	0.04	0.00
TOTAL	**224,069,369**	**267811957**	**267,693,353**	**100**	**100**	**100**

(a) Based on the breach of shareholding threshold disclosure dated March 1, 2021.
(b) Based on the breach of shareholding threshold disclosure dated March 19, 2021.
(c) O/w 1,370,637 shares held by employees through the "Elis for All" investment fund (FCPE), and 2,384,594 shares held in respect of settlements of performance share plans implemented by the Company for which the vesting period has expired.
(d) O/w 118,604 are held under the liquidity agreement. These shares have no voting rights.

To the Company's knowledge, as at June 30, 2021, 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, 2021, 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	March 19, 2021	221C0606	Exceeded the threshold of 5% of the share capital.
Ameriprise Financial, Inc.	March 1, 2021	221C0448	Dropped below the threshold of 5% of the voting rights.

1.7.3 POTENTIAL SHARES

As at June 30, 2021, 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, 2020 – and 3,876,659 shares in respect of performance shares currently being vested. The overall potentially dilutive effect of these instruments stood at around 7.59% of the share capital as at June 30, 2021.

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)	Notes	06/30/2021	06/30/2020 restated*
Revenue	3.1/3.3	1375.5	1351.7
Cost of linen, equipment and other consumables		(253.3)	(260.6)
Processing costs		(508.6)	(507.5)
Distribution costs		(216.0)	(230.4)
Gross margin		397.6	353.2
Selling, general and administrative expenses		(284.4)	(242.3)
Net impairment on trade and other receivables		1.5	(7.4)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	3.2	114.7	103.6
Amortization of intangible assets recognized in a business combination	4.1	(39.7)	(46.5)
Goodwill impairment	6.2	-	-
Other operating income and expenses	4.2	(3.9)	(37.2)
Operating income		71.1	19.9
Net financial income (loss)	8.1	(42.0)	(45.6)
Income (loss) before tax		29.2	(25.7)
Income tax expense	9	(12.1)	4.3
Income from continuing operations		17.1	(21.4)
Income from discontinued operation, net of tax		-	-
NET INCOME (LOSS)		**17.1**	**(21.4)**
Attributable to:			
- owners of the parent		17.0	(21.3)
- non-controlling interests		0.1	(0.1)
Earnings (loss) per share (EPS) (in euros):			
- basic, attributable to owners of the parent	10.3	€0.08	€(0.10)
- diluted, attributable to owners of the parent	10.3	€0.08	€(0.10)
Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	10.3	€0.08	€(0.10)
- diluted, attributable to owners of the parent	10.3	€0.08	€(0.10)

**See Note 1.6.*

2.2 Interim consolidated statement of comprehensive income

(in millions of euros)	Notes	06/30/2021	06/30/2020 restated*
NET INCOME (LOSS)		17.1	(21.4)
Gains (losses) on cash flow hedges, before tax		2.6	2.3
Cash flow hedge reserve reclassified to income		-	0.2
Total change in cash flow hedge reserve, before taxes		**2.6**	**2.5**
Related tax		(0.7)	(0.8)
Net change in the cost of hedging, before tax		**(0.2)**	**2.8**
Related tax		0.1	(0.7)
Effects of changes in foreign exchange rates – net translation differences		**50.9**	**(201.0)**
Other comprehensive income (loss) which may be subsequently reclassified to net income		52.6	(197.2)
Actuarial gains (losses) on defined benefit plans, before tax		**18.4**	**0.2**
Related tax		(5.7)	(0.0)
Other comprehensive income (loss) which may not be subsequently reclassified to income		12.7	0.2
Other comprehensive income		**65.3**	**(197.0)**
TOTAL COMPREHENSIVE INCOME (LOSS)		**82.4**	**(218.3)**
Attributable to:			
- owners of the parent		82.3	(218.3)
- non-controlling interests		0.1	(0.1)

**See Note 1.6.*

2.3 Interim consolidated statement of financial position – Assets

(in millions of euros) *(Unaudited)*	Notes	06/30/2021	12/31/2020 restated*
Goodwill	6.1	3800.8	3752.4
Intangible assets		768.6	799.5
Right-of-use assets	11	434.6	438.6
Property, plant and equipment	6.3	1884.4	1883.7
Other equity investments		0.2	0.2
Other non-current assets		65.6	64.4
Deferred tax assets		35.9	36.6
Employee benefit assets		48.9	34.1
TOTAL NON-CURRENT ASSETS		7039.1	7009.6
Inventories		136.0	137.3
Contract assets		37.3	27.6
Trade and other receivables		549.6	517.0
Current tax assets		22.0	13.6
Other assets		17.3	18.8
Cash and cash equivalents	8.3	152.4	137.6
Assets held for sale		0.4	0.4
TOTAL CURRENT ASSETS		914.8	852.3
TOTAL ASSETS		**7953.9**	**7861.9**

**See Note 1.6.*

2.4 Interim consolidated statement of financial position – Equity and liabilities

(in millions of euros) *(Unaudited)*	Notes	06/30/2021	12/31/2020 restated*
Share capital	10.1	224.1	221.8
Additional paid-in capital	10.1/10.2	2531.7	2575.6
Treasury share reserve		(1.5)	(11.2)
Other reserves		(304.3)	(366.2)
Retained earnings (accumulated deficit)		470.2	386.1
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**2920.1**	**2806.2**
NON-CONTROLLING INTERESTS		**0.7**	**0.6**
TOTAL EQUITY		2920.8	2806.8
Provisions	7.1	84.0	83.8
Employee benefit liabilities		107.4	111.0
Borrowings and financial debt	8.2/8.4	3071.1	3066.6
Deferred tax liabilities		296.8	301.7
Lease liabilities	11	361.4	368.3
Other non-current liabilities		25.5	20.9
TOTAL NON-CURRENT LIABILITIES		3946.4	3952.3
Current provisions	7.1	13.1	14.5
Current tax liabilities		17.9	25.5
Trade and other payables		252.3	221.3
Contract liabilities		65.0	62.7
Current lease liabilities	11	81.2	79.0
Other liabilities		373.3	347.7
Bank overdrafts and current borrowings	8.3/8.4	283.9	352.0
Liabilities directly associated with assets held for sale		-	-
TOTAL CURRENT LIABILITIES		1086.7	1102.7
TOTAL EQUITY AND LIABILITIES		**7953.9**	**7861.9**

**See Note 1.6.*

2.5 Consolidated statement of cash flows

(in millions of euros) *(Unaudited)*	Notes	06/30/2021	06/30/2020 restated*
Consolidated net income (loss)		**17.1**	**(21.4)**
Income tax expense	9	12.1	(4.3)
Net financial income (loss)	8.1	42.0	45.6
Share-based payments		14.1	6.4
Depreciation, amortization and provisions	4.1	364.4	379.2
Portion of grants transferred to income	4.1	(0.1)	(0.2)
Net gains and losses on disposal of property, plant and equipment and intangible assets		0.5	0.3
Others		(0.0)	(0.0)
CASH FLOWS BEFORE FINANCE COSTS AND TAX		**450.0**	**405.6**
Change in inventories		4.1	(25.8)
Change in trade and other receivables and contract assets		(31.7)	72.2
Change in other assets		1.0	(0.2)
Change in trade and other payables		24.0	(50.7)
Change in contract liabilities and other liabilities		34.1	2.9
Other changes		0.8	2.3
Employee benefits		1.7	0.2
Tax paid		(37.7)	(34.0)
NET CASH FROM OPERATING ACTIVITIES		**446.4**	**372.5**
Acquisition of intangible assets		(8.9)	(6.5)
Proceeds from disposal of intangible assets		(0.0)	0.1
Acquisition of property, plant and equipment		(250.0)	(229.1)
Proceeds from disposal of property, plant and equipment		3.3	2.9
Acquisition of subsidiaries, net of cash acquired	2.1	(42.3)	(33.6)
Proceeds from disposal of subsidiaries, net of cash transferred		0.0	0.0
Changes in loans and advances		(1.6)	(0.2)
Dividends earned		0.0	0.0
Investment grants		0.2	0.0
NET CASH FROM INVESTING ACTIVITIES		**(299.4)**	**(266.5)**
Capital increase		10.3	(0.0)
Treasury shares		7.2	(1.5)
Dividends and distributions paid			
- to owners of the parent		0.0	-
- to non-controlling interests		-	-
Change in borrowings (1)	8.2	(55.7)	(5.3)
- Proceeds from new borrowings	8.2	262.2	605.2
- Repayments of borrowings	8.2	(318.0)	(610.5)
Lease liability payments - principal	11	(45.1)	(33.1)
Net interest paid (including interest on lease liabilities)		(54.9)	(50.6)
Other cash flows related to financing activities		3.4	(5.1)
NET CASH FROM FINANCING ACTIVITIES		**(134.8)**	**(95.6)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**12.2**	**10.4**
Cash and cash equivalents at beginning of period		137.6	170.8
Effect of changes in foreign exchange rates on cash and cash equivalents		2.6	(9.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**152.4**	**171.9**

(1) Net change in credit lines

**See Note 1.6.*

2.6 Interim consolidated statement of changes in equity as at June 30, 2021

(in millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	Legal reserve	Retained earnings (accumulated deficit)	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2020 (restated*)		**221.8**	**2575.6**	**(11.2)**	**(2.1)**	**1.2**	**(409.8)**	**37.8**	**6.8**	**386.1**	**2806.2**	**0.6**	**2806.8**
Cash increase in share capital	10.1	1.1	9.3	-	-	-	-	-	-	0.0	10.3	-	10.3
Amounts paid to shareholders	10.2	-	-	-	-	-	-	-	-	0.0	0.0	-	0.0
Issue of convertible notes		-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-	-	-	14.1	14.1	-	14.1
Changes in treasury shares		-	-	7.2	-	-	-	-	-	-	7.2	-	7.2
Acquisition of NCI without a change in control		-	-	-	-	-	-	-	-	0.0	0.0	-	0.0
Acquisition of subsidiary – NCI												(0.0)	(0.0)
Other changes	10.1	1.2	(53.2)	2.5	0.0	-	-	-	9.3	40.3	(0.0)	-	(0.0)
Net income (loss) for the period		-	-	-	-	-	-	-	-	17.0	17.0	0.1	17.1
Other comprehensive income		-	-	-	1.8	(0.2)	50.9	-	-	12.7	65.3	(0.0)	65.3
Total comprehensive income (loss)		-	-	-	1.8	(0.2)	50.9	-	-	29.7	82.3	0.1	82.4
Balance as at June 30, 2021		**224.1**	**2531.7**	**(1.5)**	**(0.3)**	**1.0**	**(358.9)**	**37.8**	**16.0**	**470.2**	**2920.1**	**0.7**	**2920.8**

**See Note 1.6.*

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

(in millions of euros)	Notes	Share capital	Additional paid-in capital	Treasury share reserve	Cash flow hedge reserve	Cost of hedging reserve	Translation reserve	Equity component of convertible bonds	Legal reserve	Retained earnings (accumulated deficit)	**Owners of the parent**	Non-controlling interests	**Total equity**
Balance as at December 31, 2019		**221.3**	**2646.4**	**(10.1)**	**(1.6)**	**0.6**	**(235.8)**	**37.8**	**6.8**	**290.3**	**2955.7**	**0.8**	**2956.6**
Cash increase in share capital		-	-	-	-	-	-	-	-	(0.0)	(0.0)	-	(0.0)
Amounts paid to shareholders		-	-	-	-	-	-	-	-	-	-	-	-
Issue of convertible notes		-	-	-	-	-	-	-	-	-	-	-	-
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		0.5	(70.7)	-	0.0	-	-	-	-	70.2	(0.0)	-	(0.0)
Net income (loss) for the period		-	-	-	-	-	-	-	-	(21.3)	(21.3)	(0.1)	(21.4)
Other comprehensive income		-	-	-	1.7	2.1	(201.0)	-	-	0.2	(197.0)	-	(197.0)
Total comprehensive income (loss)		-	-	-	1.7	2.1	(201.0)	-	-	(21.1)	(218.3)	(0.1)	(218.3)
Balance as at June 30, 2020 (restated)		**221.8**	**2575.7**	**(11.6)**	**0.1**	**2.7**	**(436.8)**	**37.8**	**6.8**	**345.7**	**2742.2**	**0.6**	**2742.8**

2.8 Notes to the consolidated financial statements

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

The condensed interim consolidated financial statements were approved by the Management Board and reviewed by the Audit Committee and Supervisory Board on July 28, 2021. 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, 2021 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 annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2020.

The amounts are shown with comparative figures from the consolidated financial statements as at December 31, 2020 and with the condensed interim consolidated financial statements as at June 30, 2020.

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, 2020, except for standards, amendments and interpretations whose application is mandatory as at January 1, 2021.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Interest Rate Benchmark Reform – Phase 2," and IFRS 4, "Temporary exemption from applying IFRS 9," mandatory as at January 1, 2021, 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, 2020, 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 employee profit-sharing 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 2021, based on data used at December 31, 2020, 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 sites. 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, 2021 are not necessarily representative of the results for full-year 2021.

1.6 Restated income statement for prior financial years

The following tables present the adjustments related to previous business combinations compared to the income statement as at June 30, 2020 included in the condensed interim consolidated financial statements and the previously published financial statements as at December 31, 2020.

• 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 2020 income statement. Initial accounting for several business combinations had not been completed by July 2020. In particular, valuations of some customer relationships were not finalized until the second half of 2020. These valuations were performed using the excess earnings method.
- The balance sheet for the year ended December 31, 2020. As mentioned in Note 2.4 "Changes in the scope of consolidation" to the 2020 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. The restatements are primarily related to the allocation of Kings Laundry goodwill in Ireland, mainly to customer relationships, using the methods usually applied by the Group after consulting with an expert.

1.6.1 INTERIM CONSOLIDATED INCOME STATEMENT

(in millions of euros)	06/30/2020 published	IFRS 3	06/30/2020 restated
Revenue	1351.7	-	1351.7
Cost of linen, equipment and other consumables	(260.6)	-	(260.6)
Processing costs	(507.5)	(0.0)	(507.5)
Distribution costs	(230.4)	-	(230.4)
Gross margin	353.3	(0.0)	353.2
Selling, general and administrative expenses	(242.3)	-	(242.3)
Net impairment on trade and other receivables	(7.4)	-	(7.4)
Operating income before other income and expenses and amortization of intangible assets recognized in a business combination	103.6	(0.0)	103.6
Amortization of intangible assets recognized in a business combination	(46.0)	(0.5)	(46.5)
Goodwill impairment	-	-	-
Other operating income and expenses	(37.2)	-	(37.2)
Operating income	20.4	(0.5)	19.9
Net financial income (loss)	(45.5)	(0.1)	(45.6)
Income (loss) before tax	(25.1)	(0.6)	(25.7)
Income tax expense	4.1	0.1	4.3
Income from continuing operations	(21.0)	(0.4)	(21.4)
Income from discontinued operation, net of tax	-	-	-
NET INCOME (LOSS)	**(21.0)**	**(0.4)**	**(21.4)**
Attributable to:			
- owners of the parent	(20.9)	(0.4)	(21.3)
- non-controlling interests	(0.1)	-	(0.1)
Earnings (loss) per share (EPS) (in euros):			
- basic, attributable to owners of the parent	€(0.09)		€(0.10)
- diluted, attributable to owners of the parent	€(0.09)		€(0.10)
Earnings (loss) per share (EPS) from continuing operations (in euros):			
- basic, attributable to owners of the parent	€(0.09)		€(0.10)
- diluted, attributable to owners of the parent	€(0.09)		€(0.10)

1.6.2 INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	06/30/2020 published	IFRS 3	06/30/2020 restated
NET INCOME (LOSS)	(21.0)	(0.4)	(21.4)
Gains (losses) on cash flow hedges, before tax	2.3		2.3
Cash flow hedge reserve reclassified to income	0.2		0.2
Total change in cash flow hedge reserve, before taxes	**2.5**	**-**	**2.5**
Related tax	(0.8)		(0.8)
Net change in the cost of hedging, before tax	**2.8**		**2.8**
Related tax	(0.7)		(0.7)
Effects of changes in foreign exchange rates – net translation differences	**(201.0)**	**-**	**(201.0)**
Other comprehensive income (loss) which may be subsequently reclassified to net income	(197.2)	-	(197.2)
Actuarial gains (losses) on defined benefit plans, before tax	**0.2**		**0.2**
Related tax	(0.0)		(0.0)
Other comprehensive income (loss) which may not be subsequently reclassified to income	0.2	-	0.2
Other comprehensive income	**(197.0)**	**-**	**(197.0)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**(217.9)**	**(0.4)**	**(218.3)**
Attributable to:			
- owners of the parent	(217.9)	(0.4)	(218.3)
- non-controlling interests	(0.1)	-	(0.1)

1.6.3 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(in millions of euros) *(Unaudited)*	12/31/2020 published	IFRS 3 allocation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2020 restated
Goodwill	3765.9	(12.8)	(0.5)	(0.2)	3752.4
Intangible assets	782.5	17.8	(0.8)	(0.0)	799.5
Right-of-use assets	438.6	-	-	-	438.6
Property, plant and equipment	1883.8	(0.1)	-	0.0	1883.7
Other equity investments	0.2	0.0	-	-	0.2
Other non-current assets	64.4	-	-	-	64.4
Deferred tax assets	36.6	-	-	-	36.6
Employee benefit assets	34.1	-	-	-	34.1
TOTAL NON-CURRENT ASSETS	7006.2	4.8	(1.2)	(0.2)	7009.6
Inventories	137.3	(0.0)	-	-	137.3
Contract assets	27.6	-	-	-	27.6
Trade and other receivables	519.1	(2.3)	-	0.2	517.0
Current tax assets	13.6	-	-	-	13.6
Other assets	18.8	-	-	-	18.8
Cash and cash equivalents	137.6	(0.0)	-	-	137.6
Assets held for sale	0.4	-	-	-	0.4
TOTAL CURRENT ASSETS	854.4	(2.3)	-	0.2	852.3
TOTAL ASSETS	**7860.6**	**2.5**	**(1.2)**	**(0.0)**	**7861.9**

1.6.4 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(in millions of euros) *(Unaudited)*	12/31/2020 published	IFRS 3 allocation as at the acquisition date	IFRS 3 change between the acquisition date and the balance sheet date	IFRS 3 translation differences	12/31/2020 restated
Share capital	221.8	-	-	-	221.8
Additional paid-in capital	2575.6	-	-	-	2575.6
Treasury share reserve	(11.2)	-	-	-	(11.2)
Other reserves	(366.2)	-	-	(0.0)	(366.2)
Retained earnings (accumulated deficit)	387.2	0.0	(1.1)	-	386.1
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**2807.3**	**0.0**	**(1.1)**	**(0.0)**	**2806.2**
NON-CONTROLLING INTERESTS	**0.6**	**-**	**-**	**-**	**0.6**
TOTAL EQUITY	2808.0	0.0	(1.1)	(0.0)	2806.8
Provisions	83.7	0.1	-	-	83.8
Employee benefit liabilities	111.0	-	-	-	111.0
Borrowings and financial debt	3066.6	-	-	-	3066.6
Deferred tax liabilities	299.4	2.4	(0.1)	(0.0)	301.7
Lease liabilities	368.3	(0.0)	-	-	368.3
Other non-current liabilities	23.5	(2.6)	-	-	20.9
TOTAL NON-CURRENT LIABILITIES	3952.5	(0.1)	(0.1)	(0.0)	3952.3
Current provisions	14.5	-	-	-	14.5
Current tax liabilities	25.5	-	-	-	25.5
Trade and other payables	221.3	0.0	-	(0.0)	221.3
Contract liabilities	62.7	-	-	-	62.7
Current lease liabilities	79.0	0.0	-	-	79.0
Other liabilities	345.1	2.6	-	(0.0)	347.7
Bank overdrafts and current borrowings	352.0	-	-	-	352.0
Liabilities directly associated with assets held for sale	-	-	-	-	-
TOTAL CURRENT LIABILITIES	1100.1	2.6	-	(0.0)	1102.7
TOTAL EQUITY AND LIABILITIES	**7860.6**	**2.5**	**(1.2)**	**(0.0)**	**7861.9**

1.6.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	06/30/2020 published	IFRS 3	06/30/2020 restated
Consolidated net income (loss)	**(21.0)**	**(0.4)**	**(21.4)**
Income tax expense	(4.1)	(0.1)	(4.3)
Net financial income (loss)	45.5	0.1	45.6
Share-based payments	6.4		6.4
Depreciation, amortization and provisions	378.6	0.6	379.2
Portion of grants transferred to income	(0.2)		(0.2)
Net gains and losses on disposal of property, plant and equipment and intangible assets	0.3		0.3
Others	(0.0)	-	(0.0)
CASH FLOWS BEFORE FINANCE COSTS AND TAX	**405.6**	**0.1**	**405.6**
Change in inventories	(25.8)		(25.8)
Change in trade and other receivables and contract assets	72.2		72.2
Change in other assets	(0.2)		(0.2)
Change in trade and other payables	(50.7)		(50.7)
Change in contract liabilities and other liabilities	2.9		2.9
Other changes	2.3		2.3
Employee benefits	0.2		0.2
Tax paid	(34.0)		(34.0)
NET CASH FROM OPERATING ACTIVITIES	**372.4**	**0.1**	**372.5**
Acquisition of intangible assets	(6.5)		(6.5)
Proceeds from disposal of intangible assets	0.1		0.1
Acquisition of property, plant and equipment	(229.1)	-	(229.1)
Proceeds from disposal of property, plant and equipment	2.9		2.9
Acquisition of subsidiaries, net of cash acquired	(33.6)		(33.6)
Proceeds from disposal of subsidiaries, net of cash transferred	0.0		0.0
Changes in loans and advances	(0.2)		(0.2)
Dividends earned	0.0		0.0
Investment grants	0.0		0.0
NET CASH FROM INVESTING ACTIVITIES	**(266.5)**	**-**	**(266.5)**
Capital increase	(0.0)		(0.0)
Treasury shares	(1.5)		(1.5)
Dividends and distributions paid			
- to owners of the parent	-		-
- to non-controlling interests	-		-
Change in borrowings	(5.3)		(5.3)
- *Proceeds from new borrowings*	605.2		*605.2*
- *Repayments of borrowings*	(610.5)		*(610.5)*
Lease liability payments - principal	(33.1)	(0.0)	(33.1)
Net interest paid (including interest on lease liabilities)	(50.5)	(0.1)	(50.6)
Other cash flows related to financing activities	(5.1)		(5.1)
NET CASH FROM FINANCING ACTIVITIES	**(95.6)**	**(0.1)**	**(95.6)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**10.4**	**-**	**10.4**
Cash and cash equivalents at beginning of period	170.8		170.8
Effect of changes in foreign exchange rates on cash and cash equivalents	(9.3)	-	(9.3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**171.9**	**(0.0)**	**171.9**

NOTE 2 Changes in the scope of consolidation and key highlights

2.1 Acquisitions completed during the first half of 2021

During the first half of the year, the Group acquired the following companies or assets, which the Group deemed to be business combinations:

In Belgium and France:

On March 10, 2021 Elis announced it had acquired a 100% interest in Scaldis, one of the European leaders in the cleanroom market (workwear for customers with specific needs: medical/pharmaceutical, microelectronics, aerospace). Scaldis operates two sites: a primary site in Péruwelz in Belgium and a secondary site near Lyon in France. Two-thirds of its business is dedicated to the cleanroom market, with the remaining third dedicated mostly to traditional workwear. In 2020, Scaldis generated revenue of around €10 million. This acquisition strengthens Elis's position in the fast-growing and profitable cleanroom space.

In Brazil:

Atmosfera acquired the following:

- MAB Indústria e Comércio, its manufacturing subcontractor in Itinga-Araquari, which generates annual revenue of around €3.1 million and has 38 employees (April 30, 2021).
- Nortelav Lavanderia Industrial in Belém, which generates annual revenue of around €0.1 million (mainly in hospitality) and has 11 employees (May 11, 2021).

In Colombia:

Elis Colombia finalized the acquisition of the assets of two companies in Bucaramanga:

- Logística Institucional Ultramatic (Ultramatic) on February 26, 2021. Ultramatic mainly serves the healthcare market. It has annual revenue of around €1.7 million and 122 employees.
- Linco on April 29, 2021. This acquisition, which generates around €1.2 million in annual revenue and has 124 employees, complements the Ultramatic acquisition. The ultimate goal is to achieve industrial synergies.

In Spain:

On February 5, 2021, Elis Manomatic finalized the acquisition of the assets and customer portfolio of Lavandería Hotelera Andaluza (LHA). LHA owns a laundry near Málaga, in Andalusia. It employs 70 people and generated revenue of around €1.1 million in 2020. This acquisition has helped Elis strengthen its position in this part of Spain.

In France:

- On January 12, 2021, Elis Prévention Nuisibles finalized the acquisition of Mondial Hygiène, a pest control company with a customer base mainly in Paris and Île-de-France. The company has seven employees and generated revenue of €0.6 million in 2020.
- On March 11, 2021, Pierrette-TBA acquired a 100% interest in HMS 3D 57, HMS 3D 57 is a pest control company with around 20 employees operating in Alsace-Lorraine. Its revenue totaled around €1.4 million in 2020.

These acquisitions strengthen Elis's position in the pest control market in France.

In Latvia:

On March 31, 2021, Elis Tekstila Serviss A/S finalized the acquisition of the assets of Irve. Located in the Riga area, Irve generated revenue of approximately €1.1 million in 2020, of which €0.7 million was from workwear and €0.4 million from flat linen. It has 27 employees.

In Sweden:

On June 1, 2021, Elis Textil Service AB finalized the acquisition of the assets of Möllers Twätt, located in the Malmö area. The company, which has a dozen employees, generates revenue of approximately €1 million, primarily in flat linen.

- ### 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	Belgium	Brazil	Colombia	Spain	France	Latvia	Sweden	Ireland
Balance sheet									
Intangible assets	4.9	0.7	0.0	-	2.5	1.0	-	0.8	-
Right-of-use assets	2.4	2.3	-	-	-	-	-	0.0	-
Property, plant and equipment	6.5	1.4	0.2	0.8	2.5	0.1	1.3	0.2	-
Other equity investments	-	-	-	-	-	-	-	-	-
Other non-current assets	0.5	0.5	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Employee benefit assets	-	-	-	-	-	-	-	-	-
Inventories	1.5	1.2	0.2	0.0	-	0.1	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-
Trade and other receivables	4.1	3.0	0.3	-	-	0.7	-	-	-
Current tax assets	0.1	0.0	0.0	-	-	-	-	-	-
Other assets	0.0	0.0	0.0	-	-	0.0	-	-	-
Cash and cash equivalents	1.5	1.1	0.3	-	-	0.1	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-
Employee benefit liabilities	-	-	-	-	-	-	-	-	-
Borrowings and financial debt	(2.3)	(2.3)	(0.0)	-	-	-	-	-	-
Deferred tax liabilities	(0.3)	-	-	-	-	(0.3)	-	-	-
Lease liabilities	(0.4)	(0.4)	-	-	-	-	-	(0.0)	-
Other non-current liabilities	(0.5)	-	-	-	-	(0.5)	-	-	-
Current provisions	-	-	-	-	-	-	-	-	-
Current tax liabilities	(0.0)	(0.0)	-	-	-	-	-	-	-
Trade and other payables	(1.3)	(0.8)	(0.2)	-	-	(0.3)	-	-	-
Contract liabilities	(0.5)	-	-	-	-	(0.5)	-	-	-
Current lease liabilities	(0.2)	(0.2)	-	-	-	-	-	-	-
Other liabilities	(2.4)	(1.6)	(0.1)	(0.1)	-	(0.4)	-	(0.2)	-
Bank overdrafts and current borrowings	(1.3)	(1.2)	-	-	-	(0.1)	-	-	-
Total identifiable assets and liabilities at fair value (a)	**12.3**	**3.7**	**0.8**	**0.7**	**5.0**	**(0.0)**	**1.3**	**0.8**	**-**
Non-controlling interests (-)	0.0	-	0.0	-	-	-	-	-	-
Goodwill	25.7	16.1	0.5	2.3	-	5.3	1.3	-	-
Purchase price	**38.0**	**19.9**	**1.3**	**3.1**	**5.0**	**5.3**	**2.6**	**0.8**	**-**
Acquisition-related transaction costs	0.5	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.1

(a) Provisional amount, see below.

As at June 30, 2021, 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 2021 have contributed €7.0 million to revenue, €1.7 million to EBITDA, €0.8 million to operating income (before amortization of intangible assets recognized in a business combination) and €0.6 million to net income. If these acquisitions had taken place at the beginning of 2021, the additional revenue would have been €4.0 million, with additional EBITDA of €1.0 million, additional operating income (before amortization of intangible assets recognized in a business combination) of €0.6 million, and additional net income of €0.4 million.

- **Residual goodwill**

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

- **Cash flows from acquisitions**

(in millions of euros)	06/30/2021	*Belgium*	*Brazil*	*Colom-bia*	*Spain*	*France*	*Latvia*	*Sweden*	*Ireland*
Net cash acquired including subsidiaries	1.5	1.1	0.3	-	-	0.1	-	-	-
Amount paid	(43.8)	(19.9)	(4.9)	(2.2)	(4.8)	(5.1)	(2.6)	(0.8)	(3.6)
Net cash flow	**(42.3)**	**(18.8)**	**(4.6)**	**(2.2)**	**(4.8)**	**(5.0)**	**(2.6)**	**(0.8)**	**(3.6)**

2.2 Changes in the scope of consolidation

The following changes in the scope of consolidation occurred during the first half of 2021:

Entity name	Registered office	Primary business	% interest 06/30/2021	% interest 12/31/2020
France				
Mondial Hygiène SAS	Paris	Textile & hygiene services	Merger	-
HMS 3D 57 SAS	Saizerais	Textile & hygiene services	100	-
Scaldis France SAS	Lille	Textile & hygiene services	100	-
Belgium				
Scaldis St-Martin	Péruwelz	Textile & hygiene services	100	-
Facility Management Consulting	Péruwelz	Other	100	-
Manoha	Péruwelz	Other	100	-
Micronclean Belgium	Péruwelz	Dormant	Dissolved	-
Brazil				
MAB Indústria e Comércio Eireli	Araquari	Other	100	-
Nortelav Lavanderia Industrial Ltda	Belém	Textile & hygiene services	100	-
Spain				
Indusal Centro SA	Guadalajara (Guadalajara)	Textile & hygiene services	Merger	100
Lavanderias Triton SL	Madrid	Textile & hygiene services	Merger	100
Lloguer Textil Maresme SL	Cabrera de Mar (Barcelona)	Textile & hygiene services	Merger	100
2MB Servitec SLU	Villares de la Reina (Salamanca)	Textile & hygiene services	Merger	100
Poland				
Elis Supply Chain Centre Sp. z.o.o.	Rumia	Other	100	-
Czech Republic				
Textile Washing Company ks	Kralovice	Textile & hygiene services	Merger	100
Gonser Textilwashing spol sro	Kralovice	Other	Merger	100
United Kingdom				
Lakeland Pennine Group Ltd	Basingstoke	Dormant	Dissolved	100
Midland Laundry Group Ltd	Basingstoke	Dormant	Dissolved	100
Midland Laundry Group Holdings Ltd	Basingstoke	Dormant	Dissolved	100
St. Helen's Laundry Ltd	Basingstoke	Dormant	100	Dissolved
The Sunlight Service Group Ltd	Basingstoke	Dormant	Dissolved	100
Sweden				
Nyköping Pilen 6 AB	Malmö	Dormant	100	-

2.3 Impact of the Covid-19 pandemic

Starting in mid-March 2020, lockdowns and travel restrictions were imposed in most of the countries in which the Group operates due to the Covid-19 pandemic, causing Elis to suffer major disruptions to its business. In January 2021, new waves of the pandemic and diagnosed cases of new virus variants led some countries to reintroduce lockdowns and travel restrictions.

As was the case as at December 31, 2020, the Group deemed that it is still appropriate to prepare the financial statements on a going concern basis. However, as at the approval date of these financial statements, there is still some uncertainty as to the impact of the new variants and any potential changes in business and customer demand.

In the first half of 2020, Elis requested and obtained waivers for its banking covenant tests on June 30, 2020, December 31, 2020 and June 30, 2021. The banking covenant's standard 3.75x ratio will therefore not be reapplied until after December 31, 2021.

The company reviewed the impact Covid-19 had on the recognition and measurement of assets, liabilities, income and expenses in the financial statements for the period. As at December 31, 2020, the main impact identified was related to impairment testing on unamortized intangible assets. As at June 30, 2021, and as described in Note 6.2 "Impairment tests as at June 30, 2021," no impairment losses have been recognized by the Group.

The main impacts on the income statement are:

- A marked decline in revenue in the first quarter of 2021 compared to the first quarter of 2020 (€658.2 million in 2021, versus €759.2 million in 2020), with Covid-19 accounting for most of the change from financial year 2020.

- A major improvement in the second quarter of 2021 compared to the first quarter of 2020 (€717.3 million in 2021, versus €592.6 million in 2020), mainly due to a base effect caused by the strict lockdown in spring 2020. The cumulative effect of the two six-month periods is presented in Note 3.1 "Revenue."
- An increase in earnings (especially EBITDA, as presented in Note 3.2 "Earnings"), which reflects the increase in revenue. The EBITDA margin was up thanks to the operational measures introduced in the previous financial year to deal with the situation.

NOTE 3 Segment information

The definition of segments and the rules for assessing the performance of each segment at June 30, 2021 are the same as those used to prepare the annual financial statements.

3.1 Revenue

06/30/2021

(in millions of euros)	France	UK & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Eliminations & other segments	**Total**
External customers	420.7	155.3	344.3	236.1	95.1	112.4	11.6	**1375.5**
Inter-segment	1.0	0.0	1.9	0.0	0.1	-	(3.0)	-
Segment revenue	**421.7**	**155.3**	**346.2**	**236.2**	**95.2**	**112.4**	**8.6**	**1375.5**

06/30/2020

(in millions of euros)	France	UK & 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	**1351.7**
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**	**1351.7**

3.2 Income (loss)

• 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.

06/30/2021

(in millions of euros)	France	UK & 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	**56.3**	**(3.9)**	**32.3**	**40.1**	**(6.5)**	**17.8**	**(21.4)**	**114.7**
Miscellaneous financial items	*0.2*	*0.1*	*0.0*	*0.0*	*0.1*	*0.0*	*0.2*	0.7
Expenses related to share-based payments	*1.4*	-	*0.0*	*0.0*	-	-	*14.2*	15.7
EBIT	**57.9**	**(3.9)**	**32.4**	**40.1**	**(6.4)**	**17.9**	**(7.0)**	**131.1**
Depreciation and amortization, net of the portion of grants transferred to the income statement	*95.3*	*50.6*	*78.8*	*51.9*	*30.6*	*19.7*	*0.7*	327.6
EBITDA	**153.2**	**46.7**	**111.2**	**92.1**	**24.2**	**37.6**	**(6.3)**	**458.7**
EBITDA margin	*36.3%*	*30.1%*	*32.1%*	*39.0%*	*25.4%*	*33.5%*		*33.3%*

06/30/2020

(in millions of euros)	France	UK & 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)**	**32.9**	**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**	**42.5**	**(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*	*48.9*	*33.6*	*18.5*	*0.7*	329.6
EBITDA	**145.0**	**36.8**	**110.8**	**91.4**	**22.4**	**38.0**	**(4.5)**	**439.9**
EBITDA margin	*35.1%*	*25.6%*	*32.1%*	*39.2%*	*23.0%*	*34.9%*		*32.5%*

3.3 Disaggregation of revenue

06/30/2021

(in millions of euros)	France	UK & Ireland	Central Europe	Scandinavia & Eastern Europe	Southern Europe	Latin America	Other segments	**Total**
Flat linen	106.5	84.5	110.5	33.2	47.5	86.4	-	**468.6**
Workwear	185.3	57.6	197.6	100.4	32.3	22.2	-	**595.3**
Hygiene and well-being	140.1	6.9	29.5	87.5	15.2	0.0	0.2	**279.6**
Other	(11.2)	6.2	6.7	15.0	0.1	3.8	11.4	**32.0**
Revenue by service	**420.7**	**155.3**	**344.3**	**236.1**	**95.1**	**112.4**	**11.6**	**1375.5**
Hospitality	68.8	22.4	22.3	19.4	24.6	4.4	-	**161.8**
Industry	101.4	35.2	119.5	140.4	24.9	23.1	-	**444.7**
Healthcare	96.1	78.2	143.1	33.2	24.0	83.6	-	**458.0**
Commerce and services	165.5	19.5	59.5	43.1	21.6	1.3	-	**310.5**
Other	(11.2)	(0.0)	(0.0)	0.0	(0.0)	(0.0)	11.6	**0.4**
Revenue by customer segment	**420.7**	**155.3**	**344.3**	**236.1**	**95.1**	**112.4**	**11.6**	**1375.5**
Services (supplied over a given period)	419.8	147.8	336.1	222.2	95.0	108.0	1.1	**1329.9**
Sales of goods (supplied on a specific date)	0.8	7.6	8.3	14.0	0.1	4.4	10.5	**45.7**
Revenue	**420.7**	**155.3**	**344.3**	**236.1**	**95.1**	**112.4**	**11.6**	**1375.5**

06/30/2020

(in millions of euros)	France	UK & 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**	**1351.7**
Hospitality	87.9	23.7	29.5	22.2	30.8	4.9	-	**199.0**
Industry	94.6	29.4	113.2	140.7	19.9	25.7	-	**423.4**
Healthcare	86.0	68.4	140.8	29.4	21.5	77.7	-	**423.9**
Commerce and services	156.1	22.2	59.8	41.1	25.0	0.4	-	**304.5**
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**	**1351.7**
Services (supplied over a given period)	411.4	137.8	335.6	219.0	97.0	107.8	0.7	**1309.5**
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**	**1351.7**

NOTE 4 Other operating data

4.1 Depreciation, amortization, provisions and other costs by type

(in millions of euros)	06/30/2021	06/30/2020
Depreciation and amortization, net of the portion of grants transferred to the income statement		
- 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	(191.6)	(198.5)
Other rental, laundry and maintenance items	(14.0)	(13.9)
Other property, plant and equipment and intangible assets	(77.0)	(76.9)
Right-of-use assets	(45.1)	(40.5)
Portion of grants transferred to income	0.1	0.2
- included in Other operating income and expenses	0.0	0.0
- amortization of intangible assets recognized in a business combination	(39.7)	(46.5)
- included in Income from discontinued operations	-	-
Total depreciation and amortization, net of the portion of grants transferred to the income statement	**(367.2)**	**(376.1)**
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	1.4	0.2
- included in Other operating income and expenses	1.5	(3.1)
Total additions to or reversals of provisions	**2.9**	**(2.9)**

4.2 Other operating income and expenses

(in millions of euros)	06/30/2021	06/30/2020
Costs related to acquisitions and earnout adjustments	(0.6)	(2.2)
Restructuring costs	(3.5)	(11.7)
Additional costs directly related to Covid-19	-	(22.1)
Uncapitalizable costs for change in IT systems	(0.1)	-
Litigation	(0.2)	(0.6)
Expenses relating to site disposal	(0.1)	(0.2)
Environmental rehabilitation costs	-	(0.1)
Other	0.5	(0.3)
Other operating income and expenses	**(3.9)**	**(37.2)**

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.

Details of the performance share plans under which shares have vested during the period or were still in the process of vesting as at June 30, 2021 are as follows:

Free performance share grants	Plan no. 7 – 2018	Plan no. 10 – 2019	Plan no. 11 – 2019	Plan no. 12 – 2020	Plan no. 13 – 2020	Plan no. 14 – 2021
Date of shareholders' meeting	05/27/2016	05/27/2016	05/27/2016	06/30/2020	06/30/2020	06/30/2020
Date of Supervisory Board meeting	03/06/2018	03/06/2019	03/06/2019	March 3, 2020 and June 30, 2020	March 3, 2020 and June 30, 2020	03/08/2021
Date of decision of the Management Board	03/29/2018	05/02/2019	07/25/2019	07/09/2020	12/28/2020	03/10/2021
Number of rights originally granted	1071374	1476558	10018	2101762	19350	1417198
– of which members of the Executive Committee	494100	417746	-	581029	-	448472
– of which corporate officers:	206490	194300	-	276244	-	213220
– Xavier Martiré	117995	116580	-	165746	-	127932
– Louis Guyot	49164	45337	-	64457	-	49751
– Matthieu Lecharny	39331	32383	-	46041	-	35537
Number of beneficiaries	472	521	4	536	23	526
– of which members of the Executive Committee	11	11	-	11	-	11
– of which corporate officers	3[(a)]	3[(a)]	-	3[(a)]	-	3[(a)]
Grant date	04/06/2018	05/02/2019	08/01/2019	07/09/2020	12/28/2020	03/10/2021
Vesting date						
– members of the Management Committee and the Executive Committee	April 6, 2021[(c)]	May 2, 2022[(c)]	-	July 9, 2023[(c)]		March 10, 2024[(c)]
– other beneficiaries	April 6, 2020[(c)]	May 2, 2021[(c)]	August 1, 2021[(c)]	July 9, 2022[(c)]	December 28, 2020[(c)]	March 10, 2023[(c)]
End of share lock-up period						
– members of the Management Committee and the Executive Committee	April 6, 2021[(d)]	May 2, 2022[(d)]	-	July 9, 2023[(d)]		March 10, 2024[(d)]
– other beneficiaries	April 6, 2020[(d)]	May 2, 2021[(d)]	August 1, 2021[(d)]	July 9, 2022[(d)]	December 28, 2022[(d)]	March 10, 2023[(d)]
Rights vested as at June 30, 2021	255,798[(e)]	932,838[(f)]	0[(g)]	0[(g)]	0[(g)]	0[(g)]
Number of rights lapsed or forfeited as at June 30, 2021		152529	2732	60776	-	6041
Number of rights outstanding as at June 30, 2021	-	391839	7286	2040986	19350	1411157
– of which members of the Executive Committee	-	391839	-	581029		448472
– of which corporate officers:	-	194300	-	276244		213220
– Xavier Martiré	-	116580	-	165746		127932
– Louis Guyot	-	45337	-	64457		49751
– Matthieu Lecharny	-	32383	-	46041		35537
Number of working beneficiaries as at June 30, 2021	360	447	2	510	23	524
– of which members of the Executive Committee	9	9	-	11	0	11
– of which corporate officers:	3[(b)]	3[(b)]	-	3[(b)]	0	3[(b)]

(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 the 2020 Universal Registration Document.

(e) At a meeting held on March 8, 2021, the Supervisory Board reviewed the performance associated with the vesting of performance shares granted to members of the Executive Committee (including members of the Management Board) in 2018 and whose vesting period expired in 2021, and noted that given the crisis related to the Covid-19 pandemic that the Company has had to deal with in recent months, most of the performance conditions of plan no. 7 could not be achieved for reasons beyond the Company's control. As recommended by the Group's Appointments and Compensation Committee, the Supervisory Board and subsequently the Management Board, meeting on March 8, 2021, determined that the A targets related to 2020 revenue and EBIT and B targets related to EBIT in Germany, adjusted for the impact of Covid, had been met. The other B targets related to Berendsen synergies and EBIT in the UK had not been met, nor had the TSR target (share price). Consequently, 50% of the category A shares and 66% of the category B shares granted in 2018 to the members of the Executive Committee vested.

(f) At its meeting held on March 8, 2021, the Supervisory Board reviewed the performance associated with the vesting of performance shares granted to employees (excluding the Executive Committee) in 2019 and whose vesting period expired in 2021, and noted that given the crisis related to the Covid-19 pandemic that the Company has had to deal with in recent months, most of the performance conditions of plan no. 10 could not be achieved for reasons beyond the control of the Company and its employees. Following the recommendation of the Group's Appointments and Compensation Committee, the Supervisory Board and subsequently the Management Board, meeting on March 8, 2021, determined that the three targets related to 2020 revenue and EBIT, adjusted for the impact of Covid, and to the 2019 TSR had been met. Consequently, 100% of the performance shares granted in 2019 to employees (excluding the Executive Committee) vested.

(g) The vesting of shares is contingent on the achievement of performance conditions measured over a period of two financial years for all beneficiaries, except for the members of the Executive Committee, whose performance is measured over a period of three financial years. 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 conditions 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 conditions 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, 2020 and 2021, 34% of the shares will vest if just one of the 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.

Expenses related to share-based payments amounted to €13.1 million during the first half of 2021 (versus €6.1 million during the first half of 2020).

5.2 Executive compensation (related party disclosures)

As at June 30, 2021, the main executives comprise the ten members of the Executive Committee, along with the Chairman of the Management Board. The total compensation awarded to the main executives is as follows:

(in millions of euros)	06/30/2021	06/30/2020
Number of people	11	11
Short-term benefits – Fixed, variable, special and other elements of compensation	(4.9)	(4.5)
Post-employment benefits	(2.0)	-
Termination benefits	-	-
Expenses related to share-based payments (IFRS 2)	(5.3)	(1.2)

Post-employment benefits relate to a supplemental retirement plan introduced in accordance with the new provisions of Article L. 137-11-2 of the French Social Security Code (PACTE law).

5.3 Group Savings Plan

Pursuant to the 24th and 25th resolutions of the extraordinary general shareholders' meeting on June 30, 2020, the Management Board, after receiving authorization from the Supervisory Board on October 21, 2020, decided on March 17, 2021 on the principle of a capital increase reserved for employees who are members of the Elis Group Savings Plan and a capital increase reserved for employees of Elis's foreign subsidiaries operating in the following countries: Belgium, Brazil, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom. The increases will be the same as those carried out in 2019.

These two capital increases, known as "Elis For All 2021," are intended to help grow the Elis Group's employee share ownership with the aim of bolstering its employees' sense of belonging by giving them the opportunity to be more closely connected to the Group's future development and performance. They involve a so-called "standard" formula only, with a discount and matching contribution, under which the subscriber is fully exposed to changes in the Elis share price.

The table below sets out the main characteristics of the Plan offered in 2021 and the valuation assumptions used:

Plan characteristics	
Date of general shareholders' meeting	06/30/2020
Date of the Management Board Chairman's decision setting the subscription price	05/05/2021
Closing date of employee subscriptions	05/21/2021
Plan maturity (in years)	5
Subscription price	€10.46
Closing price on the subscription closing date	€14.93
Face value discount	30.00%
Discount relative to price on the subscription closing date	29.94%
Number of shares matched	1 for 10
Valuation assumptions (5-year maturity)	
Employee financing rate over 5 years	3.56%
5-year risk-free interest rate	- 0.26%
Securities lending or borrowing rate	0.50%
Non-transferability for the market participant, as a %	20.15%
Amounts subscribed and valuation	
Subscription	
Amount subscribed by employees *(in millions of euros)*	10.6
Number of shares subscribed	1013169
Gross expense, before non-transferability discount *(in millions of euros)*	4.5
Valuation of non-transferability discount *(in millions of euros)*	- 3.0
Net expense *(in millions of euros)*	1.5
Impact of a 0.5 point decrease in the employee financing rate	0.4
Matching contribution	
Number of shares matched	91995
Gross expense, before non-transferability discount *(in millions of euros)*	1.4
Valuation of non-transferability discount *(in millions of euros)*	- 0.3
Net expense *(in millions of euros)*	1.1
Impact of a 0.5 point decrease in the employee financing rate	0.1
Total	
Amount subscribed by employees *(in millions of euros)*	5.9
Number of shares issued	1105164
Gross expense, before non-transferability discount *(in millions of euros)*	5.9
Valuation of non-transferability discount *(in millions of euros)*	- 3.3
Net expense *(in millions of euros)*	2.6
Impact of a 0.5 point decrease in the employee financing rate	0.5

The amount expensed in 2021 for standard plans is €1.5 million, net of the cost of non-transferability for employees of €1.3 million. The free share expense related to the matching contribution is €1.1 million.

NOTE 6 Property, plant and equipment and intangible assets

6.1 Goodwill

(in millions of euros)	06/30/2021
Gross value	3818.4
Accumulated impairment	(66.0)
Carrying amount at beginning of period	**3752.4**
Increase related to business combinations	25.7
Disposals	-
Translation adjustments	23.1
Other changes	(0.0)
Changes in gross carrying amount	**48.8**
Impairment	-
Translation adjustments	(0.4)
Other changes	0.0
Changes in impairment	**(0.4)**
Carrying amount at end of period	**3800.8**
Gross value	3867.2
Accumulated impairment	(66.3)

6.2 Impairment tests as at June 30, 2021

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

- External sources of information mostly comprise the review of the weighted average cost of capital (WACC).
- Internal sources of information mostly include reporting: a significant drop in profitability or the inability to meet budget are indicators of impairment.

Given the current context, the Group regularly reviews the performance of each cash-generating unit (CGU) in order to decide whether or not to conduct an impairment test, adjusting, as necessary, any assumptions regarding recovery from the crisis.

As at June 30, 2021, only the Swiss CGU had both significant goodwill and EBITDA substantially below budget. This delay is related to stricter-than-expected restrictions imposed on foreign travelers for the 2020/2021 ski season. As indicated at December 31, 2020, no impairment was identified based on the assumption that things would be back to normal by end-2022/early-2023. The CGU also had a significant safety margin, even in the event of a one-year delay in business returning to pre-crisis levels (€45 million).

Based on the above, and having reviewed both internal and external sources of information, management concluded that there was no impairment as at June 30, 2021.

6.3 Property, plant and equipment

During the six months ended June 30, 2021, the Group acquired property, plant and equipment in the amount of €253.8 million (€233.5 million as at June 30, 2020).

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	864.4	135.8	1614.1	1865.3	4479.5
Accumulated depreciation and impairment	(291.7)	(111.6)	(1,017.3)	(1,175.2)	(2,595.9)
Net carrying amount as at December 31, 2020	**572.7**	**24.1**	**596.8**	**690.1**	**1883.7**
Capex	10.2	0.4	35.2	208.0	253.8
Acquisitions through business combinations	3.3	0.1	2.5	0.7	6.5
Retirements and disposals	(1.1)	(0.2)	(0.2)	(2.2)	(3.7)
Depreciation	(15.7)	(4.4)	(48.8)	(205.6)	(274.5)
Translation adjustments	6.6	0.0	7.3	6.3	20.2
Impairment	-	-	0.0	-	0.0
Other movements	(2.6)	0.4	(0.2)	0.7	(1.7)
Gross value	883.3	133.2	1666.9	1977.6	4661.0
Accumulated depreciation and impairment	(310.0)	(112.7)	(1,074.2)	(1,279.7)	(2,776.6)
Net carrying amount as at June 30, 2021	**573.3**	**20.5**	**592.6**	**697.9**	**1884.4**

NOTE 7 Provisions and contingent liabilities

7.1 Provisions

(in millions of euros)	Compliance	Litigation	Others	Total
As at December 31, 2020	73.1	6.6	18.6	**98.3**
Increases/additions for the financial year	0.1	1.6	0.1	1.7
Increase related to business combinations	-	-	-	-
Decreases/reversals of used and unused provisions	(1.1)	(1.5)	(2.0)	(4.6)
Translation differences	0.8	0.2	0.7	1.8
Others	(0.0)	(0.0)	0.0	(0.0)
As at June 30, 2021	72.9	6.9	17.4	**97.2**
Current portion	0.0	3.5	9.6	**13.1**
Non-current portion	72.8	3.5	7.8	**84.0**
France	*15.9*	*2.1*	*0.4*	*18.4*
UK & Ireland	*12.0*	*-*	*(0.0)*	*12.0*
Scandinavia & Eastern Europe	*28.8*	*-*	*3.3*	*32.1*
Latin America	*4.2*	*4.0*	*11.4*	*19.6*
Other segments	*12.0*	*0.8*	*2.3*	*15.1*

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, regarding the alleged bribery of civil servants between 2003 and 2011 related to contracts in the state of Rio de Janeiro. The public prosecutor rejected the arguments put forward by Atmosfera and ruled to continue the action.

As at June 30, 2021, 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

In these proceedings, following the inspection conducted in 2014 by the Brazilian Federal Police at the premises of Maiguá (an Atmosfera supplier), Atmosfera lodged an appeal against the decision of the Ministry of Labor resulting from the aforementioned inspection, which provided, in particular, for the inclusion of Atmosfera on the blacklist of companies convicted of this type of practice.

The decision on the merits rendered by the Labor Court at first instance in May 2017 was favorable to Atmosfera and overturned all sanctions imposed by the Ministry of Labor against Atmosfera, including its inclusion on the blacklist. In May 2021, this first-instance decision, which had been appealed by the administration, was confirmed by the Court of Appeal in favor of Atmosfera. The administration has filed a new appeal before the Superior Labor Court, resulting in a new proceeding. This new proceeding was still underway as at June 30, 2021, 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 10 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, laundry and maintenance 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 ordered by the Brazilian competition authority (CADE) to pay a fine of R$2.5 million (approximately €0.4 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 €0.5 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 involving 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 proceedings; however, NJ Lavanderia has no intention of appealing the decision. As at June 30, 2021, NJ Lavanderia was not aware of any appeal lodged before the High Court of Justice and was waiting for confirmation the proceedings had been terminated.

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.

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 (including those described hereinabove and initiated by the Federal District Public Prosecutor) go against NJ Lavanderia, the potential penalties could include fines, forfeiture and debarment, in addition to the payment of damages to the public administration.

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

Proceedings against individuals

In June 2021, the Group was informed of a criminal investigation proceeding after authorities carried out searches and seizures in four of its sites, pursuant to warrants issued by the 1st State Criminal Court of the Federal District (Brasilia). To the extent known, the criminal investigation focuses on public contracts signed with the Health Secretariat of Brasilia between 2013 and 2016 (i.e. part of these contracts being those reviewed in the proceedings mentioned above). Therefore, the search and seizure warrants aimed at trying to find evidence of potential wrongdoings that could have taken place before the Group acquired Lavebras (and hence, NJ Lavanderia) in 2017, even though contracts after 2017 were also seized by the authorities.

The Group made a direct request to the State Prosecution Office to access the full records of the criminal investigation proceeding to assess all the facts related to the criminal investigation, but the request has not been considered so far. The pieces of information available to date indicate that the investigation only targets individuals that are not currently employed by any subsidiary of the Group and that have no responsibilities within the Group. There is no credible evidence that would point to the conclusion that the Group's current directors or employees were involved in the irregularities. Furthermore, there is no criminal corporate liability in Brazil and therefore no Group entities are part of this criminal procedure.

Even though the Company is not directly involved in the aforementioned criminal investigation proceeding (nor its subsidiaries, employees or directors), the Company cannot exclude potential consequences arising from such investigation in the future, either with respect to any of the existing proceedings against NJ Lavanderia or to any new proceeding that could be initiated at a later stage. To date, the Company has no information allowing it to estimate the contingent liability incurred pursuant to these new developments, if any; as at June 30, 2021, no provision has been set aside by Lavebras or NJ Lavanderia in relation thereto.

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, 2021, 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 2021, the amount of the dispute was approximately R$348 million, or around €56 million (including all penalties but excluding the potential future effect of inflation). An administrative decision by the trial judge was issued in September 2019, which upheld the position of the Brazilian tax authorities. Lavebras has appealed this decision (through an ordinary appeal), submitted its defense, and is awaiting a new decision. Lavebras does not believe that 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. Because of Lavatec's merger with Lavebras in 2014, the Brazilian authorities could argue that the amount of the administrative fine should be calculated based on Lavebras's gross revenue instead of Lavatec's, which Lavebras will contest on the grounds that its total liability (including the amount of the fine and any compensation due for the damage that may have been caused) should be limited to the amount of Lavatec assets transferred to Lavebras in the merger. Since no notification has been received, no provision has been set aside by Atmosfera or Lavebras in relation to these proceedings.

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

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

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

As a consequence, the Group (as well as some of its competitors) 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 initiated administrative proceedings based on the Brazilian Clean Company Act (law no. 12.846/2013). The Group presented its defense in November 2019, along with a description of its compliance program in Brazil. The other parties have to present their defenses before the CGA can continue the proceedings. In the coming months, the CGA should decide to either close the proceedings, impose sanctions against one or more parties, or postpone the timeline for the proceedings to continue its investigations.

The Public Prosecutor's office of the state of São Paulo has filed a civil inquiry on the basis of the Administrative Improbity Act (law no. 8429/1992) at the end of which it may decide to file a public civil action against any of the Company's subsidiaries. The Group 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 (São Paulo state) has filed a civil investigation under the Administrative Improbity Act, after 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 investigation.

The public prosecutor finally decided to terminate the civil investigation that the Public Prosecutor's Office of the City of Santos (São Paulo state) intended to open under the Administrative Improbity Act against Atmosfera and Lavebras in relation to the Guilherme Álvaro Hospital on February 27, 2020. In May 2021, the Public Prosecutor's Office confirmed termination of that inquiry, which is now closed.

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

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

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

These various investigations and proceedings are still in the early stages, such that no provision has been recognized in the financial statements as at June 30, 2021. The Company considers that it has strong arguments in connection with these various investigations and proceedings, which also concern other players in the sector.

Proceedings related to the Lavebras plant in Teresina

The Group was informed of a public civil action filed in October 2019 by the Public Prosecutor's Office of Teresina before the State Court of Piauí regarding the laundry operated by Lavebras in Teresina. With respect to this public civil action, by which the Public Prosecutor's

Office asked 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, Lavebras and the Public Prosecutor's Office reached an agreement on a settlement that should permit to close the case under acceptable conditions for Lavebras. Even though this settlement agreement still needs to be validated by the judge in charge of the case, the Company believe this action has good chances to be closed under short notice.

For the record, the above mentioned public civil action followed the difficulties faced by Lavebras in its discussions with the Environment Secretariat (SEMAM) to renew its operating permits and licenses for the Teresina laundry. Because of these difficulties, Lavebras took legal action in order to be able to operate its plant, which Lavebras voluntarily closed in 2020. The judicial decision that authorized Lavebras to run its Teresina plant in 2019 and 2020 was appealed by the authorities and his now before the Court of Appeal. Should the Court of Appeal disagree with the first instance decision, Lavebras could be considered as having run its plant in Teresina without holding the necessary operating license, which may reinforce the Prosecutors arguments in the criminal litigation mentioned below.

The Company believes it has strong arguments to get a favorable outcome in this proceeding. No provision has been recorded by the Company in the financial statements in connection with this proceeding as at June 30, 2021.

In October 2019, in addition to the above, the Public Prosecutor's Office alleged that Lavebras has caused water pollution through illegal wastewater discharges in a federal river located nearby Lavebras' plant and initiated a criminal litigation alleging that Lavebras ran its plant without holding the required operating licenses and polluted the river. Lavebras filed a recourse in order to close the case under short notice and expect development to take place by the end of the year 2021. If Lavebras was found guilty in pursuance of this litigation, Lavebras may be subject to various sanctions, including a criminal penalty for a maximum amount of R$1.8 million (approximately €300 thousand), partial or total suspension of activities and prohibition to contract with the Piauí government for 1 to 5 years.

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 Company believes it has strong arguments to get a favorable outcome in this litigation. No provision has been recorded in the financial statements in connection with this proceeding as at June 30, 2021.

Since the alleged water pollution above relates to a Federal river, the Federal Police also started an investigation in March 2020. Due to the sanitary crisis that hit Brazil during the last months, this investigation is still at an early stage. As a consequence, since no contingent liability could be assessed by the Company at this stage, no provision has been recorded in the financial statements in connection with this proceeding as at June 30, 2021.

Administrative disputes with public customers

The Group is facing disputes with some of its public customers in Brazil due to alleged difficulties related to the execution of certain contracts or alleged lower quality of services. As a result, these public customers intend to take sanctions against some of the Group's entities in Brazil. These sanctions may consist, depending on the circumstances, of (i) the repayment of certain amounts paid under such contracts, if relevant, (ii) fines, and/or (iii) ban to participate in public tenders for a period up to five years.

A ban to participate to public tenders generally only applies to the legal entity which was sanctioned and in principle, it is limited to the administrative level (i.e., the federal, state or municipal level) of the relevant public customer taking the sanction. Furthermore, such ban has no effect on existing public contracts (with the exception, however, of (i) renewals of existing contracts, which 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). Nevertheless, the Group cannot rule out the possibility that a ban be extended to other Brazilian states or municipalities than those concerned or be extended at the other levels (federal, state or municipal) in the territory concerned, it being understood however that such an extension can only take place on a case-by-case basis, pursuant to a specific request filed by an interested party.

In all the above-mentioned disputes, the Group has filed or will file its arguments in defense to answer those developed by its public customers and awaits pending administrative decisions. Once a final administrative decision will be taken, the Group will be entitled to challenge it before judicial courts, including to seek its annulment on the grounds that such decision violates the constitutional principle of proportionality of penalties imposed by public entities. While challenging such decision, the Group will also be entitled, if necessary, to seek an emergency injunction suspending any ban on participating in public tenders pending a decision on the merits.

With respect to these disputes, provisions totaling approximately R$2.5 million (approximately €0.4 million) have been recorded by the Company in the financial statements as at June 30, 2021.

- ## 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)	06/30/2021	06/30/2020
Interest expense on borrowings and loans from employee profit-sharing fund measured at amortized cost	(37.9)	(38.5)
Interest expense on lease liabilities	(5.1)	(4.9)
Total interest expense	**(43.0)**	**(43.5)**
Gains (losses) on interest rate derivatives measured at fair value through profit or loss	-	-
Interest income using the effective interest rate method	0.2	0.2
Foreign currency translation gains (losses)	1.6	(1.4)
Gains (losses) on foreign exchange derivatives measured at fair value through profit or loss	(0.1)	(0.0)
Interest expense on provisions and retirement benefits	(0.6)	(0.7)
Others	(0.1)	(0.1)
Net financial income (loss)	**(42.0)**	**(45.6)**

8.2 Gross debt

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, 2020.

As at June 30, 2021, consolidated debt mainly comprised the following:

(in millions of euros)	Debt maturity	06/30/2021	12/31/2020
EMTN (Euro Medium Term Notes)	2023, 2024, 2025, 2026 and 2028	**2362.9**	2383.8
Convertible bonds	2023	**378.4**	373.7
USPP	2029	**335.3**	334.3
Revolving/bilateral short term		**0.8**	0.8
Commercial paper	less than 12 months	**267.5**	317.5
Unamortized debt issuance costs		**(15.9)**	(19.1)
Loan from employee profit-sharing fund		**18.1**	19.2
Other		**7.9**	8.3
Overdrafts		**0.0**	0.0
Total borrowings and financial debt		**3355.0**	**3418.6**

As at June 30, 2021, all non-current financial liabilities were fixed rate.

Breakdown of financial debt by currency

	06/30/2021	12/31/2020
EUR	3321.2	3385.7
USD	33.7	32.6
CLP	0.2	0.4
Borrowings and financial debt	**3355.0**	**3418.6**

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

(in millions of euros)	12/31/2020	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	06/30/2021
Euro Medium Term Notes	2350.0	-	-	-	-	-	2350.0
Convertible bonds	373.7	-	-	-	-	4.7	378.4
USPP	332.6	(0.0)	-	-	-	1.1	333.7
Revolving/bilateral short term	-	-	-	-	-	-	-
Commercial paper	317.5	(50.0)	-	-	-	-	267.5
Other loans	8.3	(4.0)	3.6	0.0	0.0	0.0	7.9
Overdrafts	0.0	-	0.0	0.0	(0.0)	-	0.0
Loan from employee profit-sharing fund	19.2	(1.6)	-	-			17.6
Loans	345.1	(55.6)	3.6	0.0	(0.0)	0.0	293.0
Accrued interest	36.3			-	(0.0)	(20.4)	15.9
Unamortized debt issuance costs	(19.1)	(0.1)	-	-	(0.0)	3.2	(15.9)
Borrowings and financial debt	**3418.6**	**(55.7)**	**3.6**	**0.0**	**(0.0)**	**(11.4)**	**3355.0**
Reconciliation to cash flow statement							
- Proceeds from new borrowings		262.2					
- Repayments of borrowings		(318.0)					
Change in borrowings		**(55.7)**					

- ## 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, 2021, outstandings under this program totaled €267.5 million, versus €317.5 million as at December 31, 2020, a decrease of €50.0 million.

- ## Bank loans and private placement

As at June 30, 2021, the two revolving lines of credit totaling €900 million were undrawn.

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)	06/30/2021	12/31/2020
Demand deposits	152.0	136.6
Term deposits and marketable securities	0.4	1.0
Cash and cash equivalents (assets)	**152.4**	**137.6**
Overdrafts	(0.0)	(0.0)
Cash and cash equivalents, net	**152.4**	**137.6**

In Latin America, where there can be exchange control restrictions, cash and cash equivalents totaled €31.2 million as at June 30, 2021, compared to €26.5 million as at December 31, 2020.

8.4 Net financial debt

(in millions of euros)	06/30/2021	12/31/2020
EMTN	2350.0	2350.0
Convertible bonds	378.4	373.7
USPP	333.7	332.6
Revolving/bilateral short term	-	-
Commercial paper	267.5	317.5
Other loans	7.9	8.3
Overdrafts	0.0	0.0
Loan from employee profit-sharing fund	17.6	19.2
Loans	293.0	345.1
Accrued interest	15.9	36.3
Unamortized debt issuance costs	(15.9)	(19.1)
Borrowings and financial debt	**3355.0**	**3418.6**
Of which maturing in less than one year	283.9	352.0
Of which maturing in more than one year	3071.1	3066.6
Cash and cash equivalents (assets)	**152.4**	**137.6**
Net debt	**3202.6**	**3281.0**

8.5 Financial assets and liabilities

The following table shows the comparison between the balance sheet value and the fair value of financial assets and liabilities:

(in millions of euros)	06/30/2021		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	65.6	65.6	28.9	-	36.7	
Contract assets	37.3	37.3			37.3	
Trade and other receivables	549.6	549.6			549.6	
Other current assets	17.3	17.3	0.4	0.3	16.5	
Cash and cash equivalents	152.4	152.4			152.4	
Financial assets	**822.3**	**822.3**	**29.5**	**0.3**	**792.5**	**-**
Borrowings and financial debt	3071.1	3128.2				3071.1
Other non-current liabilities	25.5	25.5	15.5	0.7		9.4
Trade and other payables	252.3	252.3				252.3
Contract liabilities	65.0	65.0				65.0
Other current liabilities	373.3	373.3	4.1	0.7		368.5
Bank overdrafts and current borrowings	283.9	290.1				283.9
Financial liabilities (excluding lease liabilities)	**4071.2**	**4134.4**	**19.6**	**1.4**	**-**	**4050.2**

(in millions of euros)	12/31/2020		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	64.4	64.4	28.1	-	36.3	
Contract assets	27.6	27.6			27.6	
Trade and other receivables	517.0	517.0			517.0	
Other current assets	18.8	18.8	1.5	(0.0)	17.4	
Cash and cash equivalents	137.6	137.6			137.6	
Financial assets	**765.7**	**765.7**	**29.7**	**(0.0)**	**736.0**	**-**
Borrowings and financial debt	3066.6	3117.2				3066.6
Other non-current liabilities	20.9	20.9	18.2	1.5		1.2
Trade and other payables	221.3	221.3				221.3
Contract liabilities	62.7	62.7				62.7
Other current liabilities	347.7	347.7	7.9	3.0		336.9
Bank overdrafts and current borrowings	352.0	358.5				352.0
Financial liabilities (excluding lease liabilities)	**4071.2**	**4128.3**	**26.0**	**4.5**	**-**	**4040.7**

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

(in millions of euros)	06/30/2021 Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Non-current derivatives – assets (cross-currency swaps)	-		-	
Current derivatives – assets (currency forwards)	0.7		0.7	
Offsetting assets	28.9			28.9
Assets measured at fair value	**29.8**	**-**	**0.7**	**29.1**
Non-current derivatives – liabilities (cross-currency swaps)	0.7		0.7	
Current derivatives – liabilities (currency forwards)	1.5		1.5	
Debt related to acquisitions	18.8			18.8
Liabilities measured at fair value	**21.0**	**-**	**2.1**	**18.8**
EMTN (Euro Medium Term Notes)	2388.8	2388.8		
USPP	350.0		350.0	
Convertible bonds – debt component	385.2		385.2	
Liabilities for which fair value is disclosed in the Notes	**3124.0**	**2388.8**	**735.1**	**-**

(in millions of euros)	12/31/2020 Fair value	Fair value hierarchy Level 1	Level 2	Level 3
Other equity investments	0.2			0.2
Non-current derivatives – assets (cross-currency swaps)	-		-	
Current derivatives – assets (currency forwards)	1.5		1.5	
Offsetting assets	28.1			28.1
Assets measured at fair value	**29.7**	**-**	**1.5**	**28.3**
Non-current derivatives – liabilities (interest rate swaps)	1.5		1.5	
Current derivatives – liabilities (currency forwards)	4.7		4.7	
Debt related to acquisitions	24.3			24.3
Liabilities measured at fair value	**30.5**	**-**	**6.2**	**24.3**
EMTN (Euro Medium Term Notes)	2388.5	2388.5		
USPP	358.3		358.3	
Convertible bonds – debt component	383.0		383.0	
Liabilities for which fair value is disclosed in the Notes	**3129.8**	**2388.5**	**741.3**	**-**

NOTE 9 Income tax expense

The Group recognizes income tax expense for interim periods based on its best estimate of the average annual tax rate expected to apply to total annual earnings for each tax jurisdiction.

NOTE 10 Shareholders' equity and earnings per share

10.1 Changes in share capital

Number of shares as at December 31, 2020	**221819430**
Number of shares as at June 30, 2021	**224069369**
Number of authorized shares	224069369
Number of shares issued and fully paid up	224069369
Number of shares issued and not fully paid up	-
Par value of shares	1.00
Treasury shares*	118604
Shares reserved for issue under options and sales agreements	-

* As at June 30, 2021, the Berendsen Employee Benefit Trust no longer held any Elis shares (393,532 shares held as at December 31, 2020). The corresponding treasury share reserve amount of €2.5 million was reclassified to retained earnings.

- Following the vesting of the free performance shares, the share capital was increased on April 6, 2021 and May 2, 2021 by a nominal amount of €0.3 million and €0.9 million respectively through the capitalization of those same amounts in "Additional paid-in capital."
- Furthermore, the general shareholders' meeting on May 20, 2021 decided to clear the accumulated deficit of the parent company by charging €42.8 million to "Additional paid-in capital."
- Lastly, as part of a new subscription to the Group savings plan, the following transactions were carried out on June 29, 2021:
  - the share capital was increased by €1.1 million and additional paid-in capital by €9.5 million,
  - a provision for the costs related to the capital increases (net of the corresponding tax savings) was then charged to additional paid-in capital,
  - the balance was allocated to the legal reserve in the amount of €9.3 million by deducting it from "Additional paid-in capital."

• Liquidity agreement

On February 26, 2021, the Company terminated the liquidity agreement with Kepler Cheuvreux to replace it with another provider. As at the termination date of this agreement, the following assets were included in the liquidity account: 185,022 shares and €497,338.62 in cash. As from March 1, 2021 for an initial term ending on December 31, 2021 and then automatically renewable on a year-to-year basis, the Company entered into a liquidity agreement with Exane BNP Paribas for Elis ordinary shares (ISIN code FR0012435121), in accordance with AMF decision no. 2018-01 of July 2, 2018 establishing liquidity agreements on equity securities as an accepted market practice (the "AMF Decision"). The trading platform on which transactions under this liquidity agreement are carried out is Euronext Paris. To implement this agreement, the following assets have been allocated to the liquidity account: 185,022 shares and €497,338.62 in cash.

10.2 Dividends and distributions paid and proposed

As in 2020, because of the coronavirus, the Management Board decided, after approval by the Supervisory Board, not to ask the general shareholders' meeting on May 20, 2021 to vote on distributions.

10.3 Earnings per share

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

(in millions of euros)	06/30/2021	06/30/2020 restated
Net income or loss attributable to owners of the parent		
- Continuing operations	17.0	(21.3)
- Discontinued operations	-	-
Net income or loss attributable to owners of the parent	**17.0**	**(21.3)**
Weighted average number of shares	222116254	221240926
Effect of conversion of convertible bonds	13124018	13124018
Effect of contingently issuable shares	849053	55162
Weighted average number of shares used for diluted EPS	236089325	234420106

NOTE 11 Right-of-use assets and lease liabilities

	Right-of-use assets				
(in millions of euros)	Land and buildings	Vehicles	Plant & equipment	Total	Lease liabilities
As at December 31, 2020	**310.6**	**118.3**	**9.7**	**438.6**	**447.3**
Increase related to business combinations	-	0.4	1.9	**2.4**	**0.6**
New rights of use	5.8	25.0	0.7	**31.5**	**31.5**
Remeasuring of rights of use	0.8	5.2	0.0	**6.1**	**6.1**
Depreciation & amortization/impairment	(20.3)	(23.0)	(1.8)	**(45.1)**	
Principal payments					**(45.1)**
Translation differences	2.3	1.4	0.1	**3.7**	**3.8**
Other movements	(0.4)	(2.0)	(0.1)	**(2.5)**	**(1.6)**
As at June 30, 2021	**298.7**	**125.3**	**10.7**	**434.6**	**442.6**

As at June 30, 2021, the Group had recognized lease expenses relating to:

- short-term lease agreements in the amount of €2.8 million (versus €5.1 million at June 30, 2020);
- leases of low-value assets in the amount of €1.0 million (versus €0.8 million at June 30, 2020); and
- variable lease payments in the amount of €0.4 million (versus €0.4 million at June 30, 2020).

NOTE 12 Off-balance sheet commitments

(in millions of euros)	06/30/2021	12/31/2020
Commitments given		
Assignment and pledge of receivables as collateral		
Pledges, mortgages and sureties	5.1	5.6
Pledges, endorsements and guarantees given		
Warranties	8.8	11.1
Commitments received		
Pledges, mortgages and sureties		
Pledges, endorsements and guarantees received	18.4	17.8
Warranties	85.8	119.2

NOTE 13 Events after the reporting period

- On July 1, 2021, Elis Nederland BV finalized the acquisition of Arvo Protect BV, a pest control company. The company has six employees and generates annual revenue of €0.6 million.
- On July 26, 2021, the Group finalized the acquisition of PestGuard Ltd, a pest control company based in Dublin. The company has 50 employees and generates revenue of approximately €3 million. This acquisition gives Elis the opportunity to accelerate its expansion in the pest control market, which it has only recently entered in Ireland.

3
Statutory Auditors' review report on the half-year financial information

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 French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

mazars

61 rue Henri Regnault
92400 Courbevoie
France

pwc

63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Elis

Statutory Auditors' review report on the half-year financial information
For the six months ended June 30, 2021

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual 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, 2021;
- the verification of the information contained in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim financial statements of this period have been prepared and reviewed 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 our work.
These condensed interim consolidated financial statements are the responsibility of the Management Board. 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.

II - Specific verification
We have also verified the information given in the interim management report on the condensed interim consolidated financial statements 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.

Courbevoie and Neuilly-sur-Seine, July 28, 2021

The Statutory Auditors

Mazars	PricewaterhouseCoopers Audit	
Francisco Sanchez	Edouard Sattler	Bardadi Benzeghadi

4

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, 2021, their impact on the financial statements and the main related-party transactions, and describes the main risks and uncertainties for the remaining six months of the financial year. "

Saint-Cloud, July 28, 2021

Chairman of the Management Board,

Xavier Martiré

We empower your day

elis.com