

M.A.J.

A French limited company (*société anonyme*) with share capital of €142,515,408
31 Chemin Latéral au Chemin de Fer, 93500 Pantin, France
775 733 835 BOBIGNY Trade and Company Register

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS
AT THE ORDINARY GENERAL MEETING OF JUNE 29, 2018

We have invited you to this Ordinary General Meeting for the purpose of submitting for your review and approval the financial statements for the 12-month fiscal year beginning January 1 and ending on December 31, 2017.

We inform you that no change in the presentation method of the financial statements was made during the fiscal year.

However, please note that, following a change of valuation method, the Company has implemented ANC Recommendation no. 2015-02 of 11/23/2015 on the accounting rules for financial instruments and hedging transactions during this fiscal year. This change of method is detailed below and in the notes to the financial statements for the year.

FINANCIAL POSITION OF THE COMPANY

M.A.J. is the main operating company for the multi-service group ELIS, a leader in textile rental and cleaning and in hygiene and well-being (HWB) items in France, Europe and Latin America. The Group itself or its subsidiaries directly serve hundreds of thousands of customers of all sizes in France, belonging to various professional customer segments: Hospitality, Healthcare, Industry, Trade and Services.

The wide diversity of its clients and business sectors helps to mitigate the sensitivity of the Company's activities to the economic environment.

For example, the upmarket movement of the Hospitality segment compensates in part for the impact of the economic slowdown in recent years and the negative effect on tourism of the attacks in 2015 and 2016.

Furthermore, the economic slowdown has had little effect on the activity of clients in the Healthcare segment (particularly nursing homes), which is growing mainly as a result of the aging population. However, the healthcare market has been exposed to severe price pressure prompted by the regrouping among major clients and by a turn towards integrated laundries. Changes in medical practices (outpatients and use of disposable clothing) are having an impact on business. The level of client satisfaction is nonetheless on the rise.

The clothing business experienced mild growth in 2017 thanks to new clients and business developments.

The Sanitary market was dominated by cleaning service companies and facilities management companies, with strong pressure on prices, as clients' online business activities were declining. Beverage activity was marked by the slowdown in consumption of extras in addition to cylinders.

DASRI (potentially infectious healthcare waste) activity remained stable and marginal.

The performance of the "3D" business, which had been very promising, was lower than expected: the development of the technical, logistical and business skills of staff is still underway.

Furthermore, the fiscal year ended December 31, 2017 was marked by:

- the opening of a new multi-purpose factory in Aix-les-Bains in August 2017,
- the financing of acquisitions in Brazil by way of capital increases in the Brazilian subsidiary Atmosfera for a total amount of €397 million;
- continued development in Colombia through the purchase of two linen rental and cleaning companies (Lavanser and CLA);
- in France, the takeover of companies specializing in 3D (HTE Sanitation) and traditional laundry (Blanchisserie Blésoise);
- subscription to capital increases of foreign subsidiaries: Elis Italia, Elis Manomatic, Lavotel, and SIL;
- the merger by absorption of Lovetra and Grenelle Service and the dissolution by universal transfer of assets of Aquitaine Services Développement;
- the acquisition of the goodwill of a laundry in Southwest France: Blanchisserie des Gaves;
- the takeover of the goodwill of HTE Sanitation on a rental-management basis as at August 1, 2017;
- the withdrawal of M.A.J. from the credit agreement as a lender in the context of the bank refinancing of the Elis Group.

TRANSACTIONS RELATING TO THE INCOME STATEMENT

The **key figures** for the fiscal year ended 12/31/2017, compared to those for the fiscal year ended 12/31/2016 31.12.2016, are as follows:

(in thousands of euros)	<u>12/31/2016</u> (12 months)	%	<u>12/31/2017</u> (12 months)	%
Revenue excl. tax (including other income)	593,881	100.00	680,477	100.00
Depreciation and amortization	99,976	16.83	111,549	16.39
Personnel costs	192,104	32.35	226,145	33.23
Operating income	97,824	16.47	112,632	16.55
Net financial income	12,398	2.08	(12,748)	(1.87)
<i>o/w indiv. financial income</i>	<i>1,568</i>	<i>0.26</i>	<i>1,220</i>	<i>0.18</i>
Net recurring income before	110,222	18.56	99,884	14.68
Net non-recurring income	45,542	7.67	(5,392)	(0.80)
Employee profit-sharing	12,383	2.08	4,416	0.65
Income tax	43,182	7.27	23,757	3.49
Net income (loss)	100,199	16.87	66,319	9.74
Gross cash flow	200,175	33.71	177,868	26.14
Cash flow	125,638	21.15	210,996	31.00
Added value	347,904	58.58	461,370	67.80

Revenue (including other income) for the fiscal year ended 12/31/2017 amounted to €680,477,000 against €593,881,000 for the year ended 12/31/2016, an increase of 14.58%. This increase can be explained on the one hand by the consolidation of the revenue for the merged companies Lovetra and Grenelle Service, and on the other hand by the contribution on a rental-management basis of the goodwill of the 3D customer base of HTE Sanitation and the contribution of the customer base of Blanchisserie des Gaves.

The **operating income** resulted in a net income of €112,632,000 against €97,824,000 as of 12/31/2016. Operating expenses as a percentage of revenue are equivalent to the figure for the fiscal year ended 12/31/2016 (85.63% compared to 85.47%), despite the increase in purchases and external expenses (+14%), provisions and amortization and impairment allowances (+12%) and personnel expenses (+18%).

The average workforce as of 12/31/2017 was 6,768 persons, distributed over 71 centers, compared to 6,172 persons as of 12/31/2016 over 62 centers.

The profit sharing premium for productivity over the fiscal year (excluding general social contribution [C.S.G.] and social debt repayment contribution [C.R.D.S.]) stood at €5,069,000. It was €4,297,000 on 12/31/2016.

Financial transactions

Financial income specifically includes:

- income from subsidiaries and other equity investments (€1,220,000),
- interest received on advances granted within the framework of the cash pooling agreement (€3,695,000),
- other financial income (merger premium for Grenelle Service) (€26,183,000),
- a reversal of the provision for the depreciation of the securities of the subsidiary Pro Service Environnement (€642,000) and the cancellation of the provision for the subsidiary Lovetra due to its dissolution in 2017 (-€316,000),
- a reversal of provisions for risks (swap liquidation) (€4,645,000).

Financial expenses specifically include:

- the interest paid to advances granted by the subsidiaries in the context of the cash pooling agreement and by the company Elis SA (€13,888,000), as well as to the intra-Group loan of the company Elis SA (€2,758,000),
- the provision allowances for depreciation of the equities securities of the S.O.C. subsidiaries (+€25,000), Elis Italia (+€5,936,000), Atmosfera (+€26,385,000), Le Jacquard Français (+€1,921,000), HTPE (+€1,291,000), and BMF (+€707,000),
- the interest paid in respect of loans (€121,000) and interest swaps (€4,745,000).

Ultimately, the **net financial expense** as at 12/31/2017 was €12,748,000 compared to an income of €12,398,000 as at 12/31/2016.

Extraordinary transactions

The **net non-recurring loss** was €5,392,000 compared to income of €45,542,000 as of 12/31/2016.

It specifically includes:

- movements (reversals and allocations) in the provision for accelerated amortizations,
- movements (income and NBV) in sales of assets,
- costs related to restructuring and site closures, or environmental risks,
- actuarial spreads on employee benefit obligations,
- costs related to the acquisition of interests,

Net profit, after creating a provision for:

- | | |
|---------------------------|-------------|
| - employee profit-sharing | €4,416,000 |
| - income tax | €23,757,000 |

totaled **€66,319,000**. As of 12/31/2016, net income was €100,199,000.

TRANSACTIONS CONCERNING THE BALANCE SHEET

The transactions concerning the balance sheet during the last fiscal year are the following:

- 1) Intangible assets: These include the contributions from the merger of Grenelle Service and Lovetra, and particularly the goodwill (+€15,220,000).
- 2) Property, plant and equipment: These also include the contributions of land, buildings, equipment and tools from the merger of Grenelle Service and Lovetra. Furthermore, the factory in Aix-les-Bains was opened in August 2017.

- 3) The gross value of investment securities amounted to €1,145,814,000 against €552,755,000 as of 12/31/2016. In particular, the transactions in the fiscal year involved:
- a subscription to capital increases of the subsidiaries Atmosfera (+€397,10 million), Elis Italia (+€864,000), SIL (+€9.7 million), Elis Manomatic (+€131.7 million), and Lavotel (+€68.97 million),
 - the acquisition of HTE Sanitation (+€1.0 million), Blanchisserie Blésoise and SCI Les Gailletrous (+€13.3 million), and the Hungarian company EMTM (+€2.1 million),
 - the holding of 100% of the share capital of BPA following the universal transfer of assets of ASD (-€2.7 million) and the holding of 100% of the capital of RLST and SCI de la Forge following the merger of Grenelle Service (-€26.4 million),
 - the rescission of the securities of Lovetra following its merger by absorption into M.A.J. (-€5.3 million).
- 4) Other receivables: The advances granted by M.A.J. within the framework of the cash pooling agreement at the end of the fiscal year stood at €229,974,000. Please note the following subsidiaries were granted advances: Pierrette-TBA (€115,445,000), RLST (€11,022,000), Le Jacquard Français (€6,669,000), SPCI (€4,625,000), Elis Manomatic (€72,170,000) and Lavotel (€10,569,000).
- 5) Provisions for risks, totaling €15,228,000 at the end of the fiscal year, include, in particular, a provision linked to environmental risks (€11,727,000), a provision for litigation (€1,874,000), and a provision for long-service commitments (€1,626,000).
- 5) Provision for post-employment benefits: This stood at €16,945,000 against €14,631,000 as of 12/31/2016
- 6) Payables and other loans:
As of the end of the fiscal year, following the refinancing of the Group in 2017, M.A.J. is no longer part of the Senior Facilities Agreement. Consequently, the loan of €108,000,000 has been repaid in full and the associated swap hedging has been canceled.
- The Company uses the current account advance granted by the parent company ELIS, the cap on which was increased to €1,000,000,000 in 2017, and the intra-Group loan of €88,448,000 (with capitalized interest) granted in 2015 to finance the development of its activities and external growth only.
- At the end of the fiscal year, Group debts (cash pool) amounted to €897,570,000, of which €815,943,000 were for the current account advance with ELIS SA.
- Ultimately, debts totaled €1,188,492,000 as at 12/31/2017, of which €1,089,079,000 was within one year. The debts were €807,324,000 as at 12/31/2016.
- 7) Financial instruments: it is stated that the Company amended the valuation method regarding accounting for financial instruments and hedging transactions starting in the 2017 fiscal year in order to implement ANC Recommendation no. 2015-06 of 11/23/2015. To this end, in the financial statements for the 2017 fiscal year, the company recorded a provision for financial risk of €4,645,000 debited from the retained earnings account in the statement of financial position.

NOTE REGARDING THE USE OF FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The company has adopted ANC Regulation no. 2015-05 on forward financial instruments and hedging transactions. The hedge accounting principles are mandatory where hedging is identified in the management and documented. The effects of the financial instruments used by the company to hedge and manage its currency, interest rate and commodity risks are recognized in the income statement in parallel to those of the hedged item. Impairments or provisions for risks relating to a hedged item take into account the effects of the hedge. If the hedged item disappears, the hedging instrument is treated as a separate open position, the hedge is settled and the losses or gains are recognized in profit or loss.

As at December 31, 2017, the company does not hold any derivative instruments not designated as hedged (no separate open positions).

DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

The Company has reviewed the risks that could potentially have a significant adverse effect on its activity, its financial situation or its profits (or on its ability to meet its objectives), and it is of the view that there are no significant risks other than those mentioned in Chapter 2 of the 2017 Registration Document of the listed parent company ELIS SA, available on the website: www.corporate-elis.com/rubrique_investisseur.

The main risks to which the Group (and thus also M.A.J.) believes it is exposed are: risks associated with the Group's activities and business sectors, risks associated with purchases and sales, financial risks, legal risks, regulatory risks, tax risks, and insurance risks.

ACTIVITIES OF SUBSIDIARIES AND EQUITY INVESTMENTS

The company directly or indirectly controls subsidiaries and equity investments in Europe (including France) and in Latin America, whose activity for the majority of them is identical to that of the company (rental and maintenance services). Other subsidiaries ("Manufacturing Entities") carry out manufacturing business activities (Le Jacquard Français and Kennedy Hygiène Product Ltd).

All financial data for these subsidiaries and equity investments is consolidated in the ELIS SA holding and, for specific details, reference is made in the 2017 Registration Document of the company ELIS SA, available on the website: www.corporate-elis.com/rubrique_investisseur.

A – Comments on activity

The Group provides a broad and integrated range of flat linen, workwear and HWB appliance services to a diversified base of more than 400,000 customers, in the regions described below (excluding Manufacturing Entities):

These regions are included in the breakdown of revenue for the four operating segments: France, Europe, Latin America, and Manufacturing Entities.

The table below presents the breakdown of consolidated revenue by business during the year ended December 31, 2017 (including Berendsen):

In € million	2016	2017
Flat linen	741.4	1,133.1
Workwear	449.1	653.2
Hygiene and Wellness	321.5	386.9
Other	0.7	41.7
Total	1,512.8	2,214.9

Breakdown of 2017 consolidated revenues by geographical area (excluding Berendsen):

In € million	2016			2017		
	Revenue	%	EBITDA	REVENUE	%	EBITDA
France	984.2	65.1	344.5	1,009.0	53.2	353.7
Southern and Central Europe	376.8	24.9	94.3	647.9	34.1	171.8
Latin America	132.9	8.8	30.2	221.2	11.7	53.7
Manufacturing Entities	18.9	1.2	3.7	27.0	0.1	-
Total	1,512.8	100.0		1,898.1	100.0	

1) Business activity in the rental and cleaning of textile and hygiene items and in pest control (3D)

France

In France, the Group (including the Company) generated a consolidated revenue of €1,009.0 million for the fiscal year ended December 31, 2017 (excluding the Manufacturing Entities), or 46% of the Group's consolidated revenue for the period. In France, the Group serves customers in four main end markets: Hospitality, Healthcare, Industry, and Trade and Services.

In 2017, revenue grew by +2.5% in France, of which +1.4% was organic growth. Hospitality and Trade and Services remained strong throughout the year. The hotel sector benefited from a relatively favorable basis for comparison during the summer, but this became more difficult in the fourth quarter (the sector recovered in late 2016). These positive trends, which point to a slight improvement in the general business climate, nevertheless need to be confirmed: the modest level of activity in Industry and Healthcare pushes us to be cautious.

Europe (excluding France)

In Europe (which includes the historical Elis area: Germany, Belgium, Luxembourg, Spain and Andorra, Italy, Portugal, Switzerland, the Czech Republic and Hungary, as well as the new area brought in by Berendsen in Northern Europe), the Group provides its services to clients from all segments.

In 2017, revenue for the Central Europe region was €388.8 million. This consists of €261.8 million corresponding to one year of revenue from Elis's "Northern Europe" area and €127.0 million corresponding to four months of revenue from Berendsen in this region.

The organic growth in the region (which thus only corresponds to the Elis area) was +1.0% in 2017. Growth remained limited in Germany and Switzerland declined owing to the loss of certain Healthcare clients and a disappointing summer season in Hospitality.

The revenue from the Berendsen area in this region showed organic growth of +4.9% over the year.

In Germany, the Group made almost 10 acquisitions between 2008 and 2016, providing revenue of almost €120 million. However, the merger of the Elis and Berendsen networks added a new dimension, with around €340 million in revenue distributed across 34 sites, earning it a number three ranking on Europe's biggest market.

In Southern Europe, the Group generated €259.1 million in consolidated revenue in the course of 2017 (12% of the Group's revenue). The growth in revenue was +63.9%, driven by the acquisition of Indusal in Spain in December 2016. Organic growth was +5.6%. This performance was once again driven by Portugal (close to 9% of organic growth). Business remains strong in Spain (+5% of organic growth), albeit a bit slower compared to previous years owing to a difficult basis for comparison (the 2016 summer season had been very good). Furthermore, recent events in Catalonia (the Barcelona attacks and the political situation) had an impact on the hotel business in the region in the fourth quarter.

In Spain, the Group, which had only generated around €20 million in revenue in 2000, became number one on the market at the end of 2016 with over €180 million in revenue in 2017. Individual acquisitions between 2007 and 2015 resulted in a platform of almost €90 million before the purchase of number two in the market, Indusal, bringing the Group into the lead.

Latin America

In Latin America, the Group launched its activities in Brazil in December 2012, with the opening of a sales office in São Paulo. This expansion continued with the acquisition of the Atmosfera Group in February 2014. The Group strengthened its presence in Brazil with the acquisition in July 2015 of Teclav, a laundry company in Fortaleza (State of Ceará) on the country's northeastern coast, and the acquisition in December 2015 of Martins & Lococo.

In 2017, Elis acquired the Lavebras Group, consolidating its position among the top players in Brazil with a market share of over 25% in 2017, particularly with the acquisition of Bardusch Brazil in July.

Elis has also become the leader in Chile, with the September 2015 acquisition of the country's number one player, Albia, which enjoys a market share of around 25%. The Group operates eight laundries across the country which mainly serve customers in the Healthcare, Hospitality and Industry (mining industry) sectors.

Lastly, in 2016 Elis acquired Servicios Industriales de Lavado SIL S.A.S. ("SIL") in Colombia, with a view to quickly becoming number one in the market. SIL operates two laundries in Bogotá and has one of the sector's finest industrial facilities, mainly serving private sector players in the Healthcare end market. In addition, the Group continued to consolidate the Colombian market in 2017 with two other acquisitions in Bogotá (Lavanser and Centro de Lavado y Aseo).

The Group serves customers in Latin America in the Hospitality, Healthcare and Industry end markets. In Latin America, the Group posted consolidated revenue of €221.2 million for the year ended December 31, 2017.

In 2017, revenue in Latin America grew +66.4%, with organic growth of +7.0%, an effect of acquisitions of +52.5% (including seven months of contributions from Lavebras), and a positive foreign exchange effect of +6.9%. The business dynamic remained very good in Brazil despite comparable difficulties associated with the business surplus generated by the Olympic Games in Rio in the third and fourth quarters of 2016.

2) Manufacturing activities

The Group also has a manufacturing business run by two of the Company's subsidiaries: Le Jacquard Français and Kennedy Hygiene Product Ltd ("Manufacturing Entities").

Le Jacquard Français, acquired by the Group in 1968, designs and manufactures high-end flat linen and damask linen products. It has a weaving plant in Gérardmer, in the Vosges mountains in Eastern France, and its own sales, marketing and distribution departments. Le Jacquard Français mainly sells its products to consumers through third-party distribution networks, such as department stores, retailers, private online sales and specialty shops. Le Jacquard Français also has five shops, including two in Paris. Le Jacquard Français exports its products to 50 countries and aims to increase its export sales.

Kennedy Hygiene Products Ltd (Great Britain), acquired in 1987, is one of Europe's leading designers and manufacturers of hygiene appliances, such as cotton and paper towel dispensers, no-touch hand dryers, soap and toilet paper dispensers, feminine hygiene disposal bins, and fragrance dispensers. Kennedy Hygiene Products is based in the United Kingdom and exports its products to some 44 countries.

Kennedy Hygiene Products has its own sales, marketing, distribution and R&D departments, but also works closely with the Elis Group's marketing team to design products to meet the specific requirements of the Group's customers.

The Group's manufacturing business generated consolidated revenue of around €27 million for the fiscal year ended December 31, 2017 (after elimination of intra-Group transactions).

B – New acquisitions in 2017

In France, on March 3, 2017, the Company acquired **HTE Sanitation**, located in Châteauneuf-les-Martigues, which specializes in the pest control business (3D) and operates in the Aix-Avignon-Marseille region. This company delegated its goodwill to M.A.J. on a rental-management basis in August 2017.

On March 13, 2017, the Company acquired **Blanchisserie Blésoise**, which operates a laundry in Blois with a customer base in the Healthcare and Hospitality segments in the Centre-Val de Loire and Ile-de-France regions. This company generated revenue of €13.6 million in 2017 and had approximately 180 employees.

In April 2017, the Company acquired the goodwill of **Blanchisserie des Gaves** (Biarritz-Lourdes-Pau region), generating annual revenue of around €0.5 million.

In May 2017, in Germany, Elis Holding GmbH finalized its acquisition of the goodwill of **MTR**, located in Riesa, Saxony. Business activity was kept onsite and the vast majority of jobs were preserved. In 2017, the Riesa center generated revenue of around €5 million. This acquisition has allowed Elis to continue increasing its network density on this territory and to optimize the distribution of volumes between the production centers in the region.

On July 4, 2017, the Company acquired **Első Magyar Tisztatéri Mosoda Ltd** (EMTM), based in Miskolc, Hungary. EMTM conducts business in the Workwear and Ultra-Clean sectors, operating one of the main cleanroom garment treating units. The company generated revenue of €1.6 million in 2017 and had approximately 65 employees. EMTM serves customers in pharmaceuticals, electronics and chemicals in Hungary and neighboring countries. This acquisition increases Elis' Ultra-Clean and traditional workwear offerings in Central Europe, complementing our Slavkov unit (SNDI Sro) to a large extent.

In Brazil, the Group has continued its strategy of developing its activities by finalizing Atmosfera's acquisition of the **Lavebras** Group in May 2017 (number two on the Brazilian market, behind Elis). Lavebras is established in 17 Brazilian states and has around 4,000 employees across 76 industrial sites. The Lavebras Group operates in the Healthcare, Industry (especially agri-food) and Hospitality customer segments. Lavebras generated revenue of over €100 million in 2017.

The acquisition of Lavebras was followed in July 2017 by the acquisition of **Bardusch** Arrendamentos Têxteis Ltda (renamed Atmosfera Gestão e Higienização de Uniformes Ltda), a Brazilian subsidiary of Bardusch with three production sites, thereby increasing Elis' offering in the workwear segment for customers in the automotive and agri-food industries. In 2017, this company generated revenue of €10 million and had approximately 350 employees.

In October 2017, Atmosfera acquired **Totalqualy**, which generated revenue of approximately €2.5 million. The company primarily serves the Healthcare customer segment in São Paulo.

In Colombia, the subsidiary Servicios Industriales de Lavado SIL S.A.S. acquired:

- in September 2017, **Centro de Lavado y Aseo** (CLA). CLA operates two laundries in Bogotá, has 200 employees, and primarily serves private Healthcare sector players. Its revenue in 2017 was €2.4 million;
- in October 2017, **Lavanser**, which operates a factory in Bogotá. Lavanser has 200 employees and generated revenue of €3.0 million in 2017.

The acquisition of SIL in December 2016 improves Elis' position in a country with strong potential for growth.

BRANCH OFFICES

The company operates its business in France in 71 centers (production units and service centers) as at 12/31/2017.

RESEARCH AND DEVELOPMENT/ENVIRONMENTAL PERFORMANCE INDICATORS

Within the framework of implementing the ISO 9001 certification, the Company is committed to protecting the environment while operating its laundry business. In particular, production sites are subject to French ICPE laws.

The new factory in Aix-les-Bains, which began its activity in 2017, recycles a portion of its industrial wastewater. This wastewater is treated by a comprehensive and efficient treatment plant, and some is reused to supply water for the process.

The Company is always searching for ways to optimize its consumption of water, energy and laundry products.

With the aim of limiting its environmental footprint by reducing its greenhouse gas emissions and making better use of natural resources, the Company has strengthened its approach by obtaining ISO 50001 certification from Afnor Certification in December 2015 for the energy management system, involving 31 M.A.J. centers in 2017.

OUTLOOK

The future prospects are based on the Group's strategy, built around four elements:

- the consolidation of the Group's positions by organic and external growth;
- the regular opening of new markets in new and existing geographical areas;
- the continued improvement of the Group's operational excellence;
- the introduction of new products and services for a limited marginal cost.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

The following significant events have occurred since the end of the fiscal year on December 31, 2017:

- the acquisition of Big Bang in Saint-André de la Roche (06), specializing in the HWB market,
- the sale of all holdings in BMF and Hygiène Contrôle Ile de France to the subsidiary HTPE.

TAX INFORMATION

1) Since March 1, 2008 the Company has been integrated in a tax group established by the parent company ELIS. A tax consolidation agreement was signed on October 30, 2009, taking effect on July 1, 2009.

2) Non-deductible fees and expenses

During the fiscal year ended December 31, 2017, the Company:

* did not recognize any sumptuary expenses that were not deductible from taxable income within the meaning of Article 39-4 of the French Tax Code (*Code général des impôts*).

* did not exclude any general expenses from tax deductible expenses in the income taxable pursuant to Articles 39-5 and 223 *quinquies* of the French Tax Code.

LEGAL INFORMATION

1) Employees do not hold shares of the company M.A.J. No company stock options have been granted to corporate officers or company employees.

The last Extraordinary General Meeting, which was consulted to approve a planned capital increase reserved for employees in accordance with Articles L. 3332-18 et seq. of the French Labor Code, was held on October 27, 2015. A new consultation will take place in June 2018.

2) Information about payment terms for suppliers

In accordance with Articles L. 441-6-1 and D. 441-4-I° of the French Commercial Code, the breakdown of the balance of trade payables and customer debts for the fiscal year ended on December 31, 2017 was the following:

Outstanding invoices received and issued at the end of the fiscal year, which are due for payment (table required under Section I of Article D. 441-4)

	Article D. 441-4 I.-1°: Outstanding invoices received at the end of the reporting period that are due for payment						Article D. 441-4 I.-2°: Outstanding invoices issued at the end of the reporting period that are due for payment					
<i>(in thousands of euros incl. tax)</i>	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day and above)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 day and above)
(A) Installments of late payment												
Number of invoices concerned	48,758					3,935	128,313					167,335
Total amount of invoices concerned incl. tax	29,031	5,210	3,101	165	118	8,594	86,226	34,916	9,492	3,447	22,701	70,557
Percentage of the total amount of purchases during the fiscal year incl. tax	7.9 %	1.42 %	0.84 %	0.04 %	0.03 %	2.34 %						
Percentage of revenue in the fiscal year excl. tax							13.28 %	5.38 %	1.46 %	0.53 %	3.50 %	10.87 %
(B) Invoices excluded from (A) relating to disputed or unrecognized debts and receivables												
Number of invoices excluded												
Total amount of invoices excluded (specify: excl. or incl. tax)												
(C) Reference payment terms used (contractual or legal terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate payment delays	Contractual or legal terms						Contractual terms: 15th of the following month					

3) Environmental and social information (CSR)

In accordance with Article L. 225-102-1 paragraph 6 of the French Commercial Code, the Company is exempt, as a company controlled by the company ELIS SA, from publishing environmental and social information, and information relating to its social commitments as stipulated in paragraph 5. This information relating to the company is presented in Chapter 3 of the Elis Registration Document 2017, which contains the annual financial report available on the Elis Group website: www.corporate-elis.com/rubrique_investisseur.

PROPOSED RESOLUTIONS**A – Approval of the financial statements – discharge**

We kindly ask you to approve the financial statements for the fiscal year ended December 31, 2017 as they are presented to you, and to discharge the members of the Board of Directors from their management.

B – Allocation of income

After noting that the fiscal year ended December 31, 2017 showed net income of €66,319,351.69, we ask you to allocate this amount as follows:

Net income for the fiscal year:	€66,319,351.69
Retained earnings	-€4,645,000.00
Free reserves	<u>€82,870,200.35</u>
Distributable amount:	€144,544,552.04
a) a special reserve account for an amount at least equivalent to CICE	€15,505,359.00
b) “Other reserves”, the balance being	<u>€129,039,193.04</u>
Total equal to the distributable amount	€144,544,552.04

In accordance with the law, it is noted that the distributed dividends in respect of the last three fiscal years were:

Fiscal year	Total amount of distributed dividends	Amount of distributed income eligible for tax relief	Amount of distributed income not eligible for tax relief
12/31/2016	-	-	-
12/31/2015	€22,357,104.63	€7.53*	€22,357,097.10
12/31/2014	€64,363,095.42	€23.06*	€64,363,072.35

**it is specified that for individual shareholders benefiting from consumer loans, the dividend was only based on the income distributed in the fiscal year.*

The dividends paid up to 12/31/2017 are subject to the parent company’s/subsidiaries’ tax scheme when they are paid to shareholders who are legal entities of the company, and are eligible for tax relief of 40% for individuals subject to income tax in accordance with the provisions of Article 158.3.2° of the French Tax Code (C.G.I.).

C – Regulated agreements

You will be required to approve agreements falling within the scope of Article L. 225-38 of the French Commercial Code, subject to the special report by your Statutory Auditors.

X X X

CORPORATE GOVERNANCE REPORT

In accordance with Article L. 225-37 of the French Commercial Code, we hereby present the corporate governance report on the information listed in Article L. 225-37-4 of the French Commercial Code:

1) The choice between the two management models set out in Article L. 225-51-1 of the French Commercial Code.

Pursuant to Article 11 of the Articles of Association, the Board of Directors decided on September 2, 2002 that the management of the company would be assumed, under its responsibility, by the Chairman of the Board of Directors, who would bear the title of Chairman and Chief Executive Officer. Accordingly, Mr. Xavier Martiré, Chairman of the Board of Directors, assumes the management of the Company.

2) A list of all the offices and functions performed in any company by each corporate officer during the fiscal year.

We are providing you in the Appendix with a list of all the offices and positions held in any company by each director over the past fiscal year.

3) Information on the agreements concluded during 2017 in accordance with Article L. 225-102-1 last paragraph of the French Commercial Code, with the exception of agreements relating to current transactions concluded under normal conditions.

During the 2017 fiscal year, we hereby inform you that no agreement was concluded in accordance with Article L. 225-102-1 last paragraph of the French Commercial Code.

4) A summary of the effective authorizations granted by the General Shareholders' Meeting regarding share capital increases, pursuant to Articles L. 225-129-1 and L. 225-129-2, and including the use made of these authorizations during the fiscal year.

No authorizations have been granted to date by the General Shareholders' Meeting of the Company.

5) The details of compensation, referred to in Article L. 225-102-1 of the French Commercial Code, regarding Mr. Xavier Martiré, Director of the Company and a member of the Executive Board of the listed company Elis SA, which the Company controls within the meaning of Article L. 233-16 of the French Commercial Code, are appended to this report.

x x x

We kindly ask you to vote in favor of the resolutions proposed to you.

Please join us in thanking the employees of the company and its subsidiaries for their dedicated collaboration.

The Board of Directors

INCL.:

- table of financial results for the last five fiscal years
- list of offices held by corporate officers
- list of the details of compensation referred to in Article L. 225-102-1 of the French Commercial Code
- list of agreements falling within the scope of Article L. 225-102-1 last paragraph of the French Commercial Code

RESULTS OVER THE LAST FIVE FISCAL YEARS

(and other significant items)

In euros

TYPE OF INDICATION	01/01/2013 12/31/2013 (12 months)	01/01/2014 12/31/2014 (1) (12 months)	01/01/2015 12/31/2015 (2) (12 months)	01/01/2016 12/31/2016 (12 months)	01/01/2017 12/31/2017 (3) (12 months)
I. Capital at the end of the fiscal year					
* share capital	568,032	133,568,032*	142,515,408*	142,515,408	142,515,408
* number of existing ordinary shares	35,502	8,348,002	8,907,213	8,907,213	8,907,213
* number of existing preferred dividend shares (without voting rights)					
* maximum number of future shares to be created:					
. In bond conversions					
. In exercising subscription rights					
II. Transactions and results for the fiscal year					
* revenue excl. tax	568,849,577**	576,324,436***	590,410,626****	593,880,954	680,476,584
* profit before tax, employee profit-sharing and depreciation and amortization allowances and provisions	227,057,588	232,114,710	179,219,936	230,601,831	267,318,740
* income tax benefit (expense)	29,580,570	29,333,080	17,163,670	43,182,204	23,757,103
* employee profit-sharing	8,571,187	7,615,142	4,252,113	12,382,550	4,416,110
* profit after tax, employee profit-sharing and depreciation and amortization allowances and provisions	91,838,416	88,495,547	31,800,179	100,199,035	66,319,352
* distributed income	86,819,221	59,019,893	22,357,105	0	0
III. Earnings per share					
* profit after tax, employee profit-sharing but before depreciation and amortization allowances and provisions	5,320.99	23.38	17.72	19.65	26.85
* profit after tax, employee profit-sharing depreciation and amortization allowances and provisions	2,586.85	10.60	3.57	11.25	7.45
* net dividend per share	2,445.47	7.07	2.51	0.00	0.00
IV. Employees					
* average number of employees during the fiscal year	5,868	6,191	6,240	6,172	6,768
* payroll expenses for the fiscal year	139,909,228	143,234,328	149,976,953	149,744,731	178,018,434
* employee benefits paid during the fiscal year (social security, etc.)	43,423,405	42,251,025	42,332,123	42,358,536	48,127,433

* capital increase of €133 million in 2014 and of €8,947,376 in 2015

** revenue includes that of the customers Sud-Ouest Hygiène Service (from 02/01/2013), RLD1 – Toulon (from 05/01/2013) and Districlean Service (from 10/01/2013)

*** revenue includes that of the customers Blanchisserie Mazamétaine et Castraise (from 04/01/2014) and Blanchisserie Poulard (from 09/30/2014)

**** revenue includes that of the customers Hytop (from 04/01/2015) and Le Grand Blanc via BPA (from 12/01/2015)

*****revenue includes that of the customers Lovetra (from 04/03/2017) and Grenelle Service (from 07/01/2017)

(1) the 2014 financial statements include the contributions/merger of the company Blanchisserie Poulard

(2) the 2015 financial statements include the contributions/merger of the companies Poulard 1836 and Districlean Service

M.A.J.

Société anonyme (French public limited company) with share capital of €142,515,408
31 Chemin Latéral au Chemin de Fer, 93500 Pantin, France
775 733 835 BOBIGNY Trade and Company Register

INFORMATION ABOUT THE DIRECTORS

Xavier Martiré Chairman and Chief Executive Officer

- Chairman of the Executive Board of LUS S.A.
- Chairman and CEO of EUS SERVICES S.A.
- Director of PIERRETTE-T.B.A. S.A.
- Member of the Board of BERENDSEN PEC (company under English law)
- Member of the Board of BERENDSEN A/S (company under Danish law)
- Chairman of ELIS LUXEMBOURG S.A. (company under Luxembourg law)
- Director of ELIS MANOMATIC S.A. (company under Spanish law)
- Director of LAVANDERIA HOTELERA DEL MEDITERRANEO (company under Spanish law)
- Director of LAVALIA BALEARS SERVICIOS Y RENTING TEXTIL (company under Spanish law)
- Director of COMPAÑIA NAVARRA DE SERVICIOS INTEGRALES SL (company under Spanish law)
- Director of ELIS ITALIA SpA (company under Italian law)
- Director of S.P.A.S.T. S.A. (company under Portuguese law)
- Director of GAFIDES S.A. (company under Portuguese law)
- Director of WÄSCHEREI MARIANO AG (company under Swiss law)
- Chairman of the Supervisory Board of ATMOSFERA GESTÃO E HIGIENIZAÇÃO DE TÊXTEIS S.A. (company under Brazilian law)
- Director of ALBIA S.A. (company under Chilean law)
- Director of SERVICIOS HOSPITALARIOS S.A. (company under Chilean law)

Didier Lachaud Director

- Chairman and CEO of SHF HOLDING S.A.
- Chairman of LES LAVANDIERES S.A.S.
- Chairman of MAISON DE BLANC BERROGAIN S.A.S.
- Chairman of HYGIENE TECHNIQUE ET PROTECTION DE L'ENVIRONNEMENT S.A.S.
- Manager of S.C.I. DU CHATEAU DE JANVILLE
- Director of M.A.J. S.A.
- Permanent representative of the company LES LAVANDIERES on the Board of Directors of BLANCHISSERIE MODERNE S.A.

Barthélémy Morin Director

- Chairman and Chief Executive Officer of PIERRETTE – T.B.A. S.A.
- Chairman of THIMEAU S.A.S.
- Chairman of REGIONALE DE LOCATION ET SERVICES TEXTILES S.A.S.
- Chairman of SHF S.A.S.
- Chairman of HTE SANITATION S.A.S.
- Chairman of LSP S.A.S.

- Manager of SOCIETE DES OREILLERS ET COUVERTURES DES GRANDS RESEAUX DE CHEMINS DE FER (S.O.C.) S.A.R.L.
- Manager of S.C.I. DE LA FORGE
- Manager of S.C.I. MAINE BEAUSEJOUR
- Manager of S.C.I. LES GAILLETROUS Director of SHF HOLDING S.A.
- Member of the Management Board of KENNEDY HYGIENE PRODUCTS Ltd (company under UK law)
- Member of the Management Board of KENNEDY EXPORTS Ltd (company under UK law)
- Member of the Board of BERENDSEN A/S (company under Danish law)
- Director of InoTex Bern AG (company under Swiss law)
- Director of WÄSCHEREI MARIANO AG (company under Swiss law)
- Director of ON MY WAY SA (company under Swiss law)
- Director of SERVICIOS HOSPITALARIOS S.A. (company under Chilean law)

**PRINCIPAL STATUTORY
AUDITOR**

MAZARS
61 Rue Henri Régnauld, Tour Exaltis,
92400 Courbevoie, France

ALTERNATE STATUTORY AUDITORS

CBA
61 Rue Henri Régnauld, Tour Exaltis,
92400 Courbevoie, France

March 2018

Notes – Compensation of Top Executives at ELIS SA

Compensation due and paid to the members of the Management Board		
<i>Fiscal year ended 31-Dec-17</i>		
	Amounts due (1)	Amounts paid (2)
Xavier Martiré		
Fixed compensation	550,000	550,000
Annual variable compensation	829,846 (a)	809,160 (a)
Multi-year variable compensation	0	0
Special compensation	550,000	
Directors' fees	0	0
Benefits in kind	7,266 (b)	7,266 (b)
TOTAL	1,937,112	1,366,466

(1) Fixed compensation due to Xavier Martiré during the fiscal year under consideration.

(2) Total compensation paid during the fiscal year, i.e. after application of the achievement condition to the basis of variable compensation.

(a) The variable component of the 2017 compensation for Xavier Martiré is based on ambitious targets and pre-defined performance criteria. 70% the variable component (from 0 to 140% in the event of outperformance) is based on financial indicators, and 30% (this percentage is the maximum) of the variable compensation is based on non-financial criteria defined by the Supervisory Board on 14 March, 2017 based on the proposal of the Appointments and Compensation Committee. The rate of satisfaction corresponding to the 2017 targets approved by the Supervisory Board on March 6, 2018 stood at 150.9% for Xavier Martiré, Chairman of the Management Board.

(b) The benefits in kind correspond to a company car made available to Xavier Martiré.

Notes – Compensation of Top Executives at ELIS SA

Bonus shares granted to each corporate officer for the 2017 fiscal year						
	No. of plan and date of grant	Number of shares granted in the 2017 fiscal year	Value of options based on the method used for consolidated financial statements (a) – <i>in euros</i>	Vesting date (b)	Availability date (c)	Performance conditions
Xavier Martiré, Chairman of the Management Board	Plan no. 6 24 March, 2017	100,000	1,503,808	March 24, 2020	March 24, 2020	(d) _____

- a) The value of the performance-related bonus shares is equal to that used to prepare the consolidated financial statements for the year ended December 31, 2017, calculated in accordance with the requirements of IFRS 2 by an independent appraiser. The valuation model applied is based on the underlying price of the portion not subject to market conditions and on the Monte Carlo method for the portion that is subject to market conditions. It takes account of data and assumptions prevailing at the grant date.
- b) The performance-related bonus shares vest at the end of a period of three years starting from the grant date (vesting period) under the combined conditions of continued employment and of performance targets.
- c) At the end of the vesting period, members of the Management Board are subject to an obligation to retain a certain number of shares for the duration of their term of office.
- d) The final acquisition of shares at the end of the vesting period is subject to fulfilling, by the end of this period, performance conditions and conditions of continued employment with reference to economic criteria (see the Elis Group Registration Document 2017, section 4.5 and notes to the consolidated financial statements contained in Chapter 6 of the 2017 Registration Document).

**AGREEMENTS FALLING WITHIN THE SCOPE OF
ARTICLE L. 225-102-1 OF THE FRENCH COMMERCIAL CODE**

NB: excluding current transactions concluded under normal conditions

- 1. Agreements between the shareholder holding more than 10% shares and a subsidiary in which the company has a 50% stake (directly or through an intermediary) during the 2017 fiscal year**

Management services agreement concluded between the company ELIS SA and the company ELIS SERVICES on 10/04/2007, automatically renewed annually.

Amendment no. 3 to the agreement signed in April 2017.

Management services agreement (intra-Group agreement) between the company ELIS SERVICES and the company ELIS SA dated 12/06/2011, renewed annually on January 1.

Amendment no. 2 to the agreement signed in April 2017.

- 2. Agreements between a member of the Board of Directors and a subsidiary in which the company has a 50% stake (directly or through an intermediary) during the 2017 fiscal year**

None