



EXPLANATORY NOTE
COMBINED GENERAL MEETING
30 June 2020 – 3pm CET

This explanatory note has been prepared on behalf of the Supervisory Board of Elis (the "Company") in connection with the following resolutions:

- **Resolution 23** - Authorization to be given to the Management Board to increase the share capital of the Company by issuing shares or securities intended to remunerate contributions in kind (except in the case of a public exchange offer); and
- **Resolution 27** - Authorization to be given to the Management Board in order to allocate free shares of the Company for the benefit of employees and/or corporate officers of the Company and of Group companies as defined by law.

Regarding Resolution 23:

The resolution wording that appears in the notice of meeting published on 22 May 2020 in the bulletin of mandatory legal announcements (BALO) does not explicitly specify that the use of authorization to issue shares or securities intended to remunerate contributions in kind (except in the case of a public offer) cannot be made from the filing by a third party of a public offer on Elis securities (unless previously authorized by the general meeting).

The completion of a contribution transaction and the use by the Management Board of the authorization to issue securities in return for a contribution in kind, stems from a process that requires several months of preparatory work.

Indeed, a contribution operation involves initial discussions allowing an agreement on the value of the exchanges to be reached and requires the intervention of one or more independent evaluators responsible for verifying the consistency and value of the contribution, as well as the terms of remuneration for the contribution. For the latter, a report must be produced which is subject to filing at the commercial court. Considering the required administrative and legal formalities result in binding deadlines that are difficult to anticipate, it would be unrealistic to want to coordinate the use of this authorization with the occurrence of a public offer made by a third party.

However, and in order to address any misunderstanding, the Company wishes to remind all shareholders that the Management Board will not make use of this authorization from the filing by a third party of a public offer on Elis shares, until the end of the offer period.

Regarding Resolution 27:

The Company would like to point out that, as specified in the meeting brochure, Resolution 27 "aims to associate corporate officers and employees more closely with the economic performance of the Group and to retain the various talents of the Group in accordance with the objectives of the policy of remuneration established by the supervisory board. (...) In the event of the implementation of this authorization, the allocation of shares to their beneficiaries would become final at the end of an acquisition period of a minimum of two years, with the exception of the members of the executive committee (including the members of the Management Board) for which the vesting period could not be less than three years."

Thus, and in accordance with the Company's previous practice as described in « URD 2019 » Note 5.4 of the consolidated financial statements on pages 193 and 194:

"The final acquisition of the shares is subject to the achievement of performance conditions assessed over a period of two fiscal years for employees, and three fiscal years for members of the executive committee."

For all practical purposes, the Company therefore wishes to highlight that all the attributions to employees and members of the Executive Committee (including members of the Management Board) will be subject to performance conditions, the level of achievement of which will be measured over two and three years respectively.

For members of the Management Board, details of the performance conditions are given in the remuneration policy.

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