LA FINANCIERE ATALIAN
INVESTOR REPORT
THREE MONTHS ENDED AS AT MARCH 31, 2021

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis summarizes the significant factors affecting our results of operations and financial condition during the first three months of 2021. The historical information discussed below for the Group is as of and for the three months ended March 31, 2021 and is not necessarily representative of the Group's results of operations for any future period or our financial condition at any future date. We have prepared the unaudited interim consolidated financial statements for the Group from January 1, 2021 to March 31, 2021 included herein, in accordance with IFRS.

The "Group", "we", "our" and "us", unless otherwise indicated, collectively refer to La Financière ATALIAN S.A.S. and its consolidated subsidiaries.

1. Financial information

Management financial measures

We define EBITDA as operating profit, as reported in our consolidated financial statements, adjusted to exclude the following line items, each of which is as reported in our consolidated financial statements: depreciation and amortization, net; provisions and impairment losses, net; and non-recurring operating income and expenses.

EBITDA corresponds to the line item ''Operating income before depreciation, amortization, provisions and impairment losses'' in our consolidated financial statements. EBITDA is not a specifically prescribed line item under IFRS, is not a measure of financial condition, liquidity or profitability and should not be considered as an alternative to the profit for the period determined in accordance with IFRS, cash flows generated by operating activities determined in accordance with IFRS or any other measure prescribed by IFRS. We believe that the inclusion of EBITDA in this report is useful to investors because it provides investors the same information that we use internally for purposes of assessing our operating performance. EBITDA has important limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations. Because not all companies calculate EBITDA identically, this presentation of EBITDA may not be comparable to the similarly titled measure of other companies.

Overview of reporting segments

We have the three following reporting segments:

- *France*: This segment includes all the companies operating in France, either in Cleaning activity or the Other divisions including Facility Management.
- *UK*: This segment includes all the companies operating in the UK and Ireland.
- *International*: This segment comprises all companies outside France and UK.

In addition, in our interim consolidated financial statements, we present in our segment information an additional item labelled ‘‘Other’’ which (i) includes the activities of our holding companies (except for UK), such as group-level management of finance, legal, accounting, procurement, human resources, fiscal and customer relations matters and (ii) reflects the elimination of intragroup transactions between reporting segments in consolidation.

The revenue for each of our reporting segments for the first three months of 2021 was as follows:

- *France:* In the first three months of 2021, our France segment generated €324.1 million, or 47.5%, of our revenue. The two business lines that generate our revenue in France are cleaning and facility management.

- *UK:* In the first three months of 2021, our UK segment generated €165.9 million, or 24.3%, of revenue. Our UK segment is a provider of facilities management services based in the United Kingdom operating the following main divisions: cleaning, catering, security, technical services and projects.

- *International:* In the first three months of 2021, our International segment generated €191.9 million, or 28.1%, of our revenue. As at December 31, 2020, we operated in 34 countries outside of France and the United Kingdom, in Europe, United States, Southeast Asia, Africa and Middle East, providing cleaning, multi-technical, security and bundled facility management services.

Other: In addition, the activities of our holding companies and the elimination of transactions between reporting segments generated €0.4 million of revenue in the first three months of 2021.

2. Results of Operations for the three months of 2021 compared to the three months 2020

Results of operations

	For the three months ended March 31,	
	2020	**2021**
	€ in millions	
Revenue	**738.6**	**682.5**
Raw materials & consumables used	(156.9)	(128.3)
External expenses	(28.1)	(26.3)
Staff costs	(490.6)	(462.7)
Taxes (other than on income)	(8.7)	(7.5)
Other recurring operating income and expenses	(1.9)	(4.7)
Recurring EBITDA	**52.3**	**53.0**
Depreciation and amortization, net	(24.5)	(21.2)
Provisions and impairment losses, net	(0.3)	(0.2)
Current operating profit	**27.5**	**32.1**
Other operating income & expenses	(2.4)	(0.9)

Operating profit	**25.1**	**31.2**
Financial debt cost	(21.2)	(20.2)
Income from cash and cash equivalents	0.3	0.2
Net financial debt cost	**(20.9)**	**(20.1)**
Other net financial income and expenses	(2.8)	(1.6)
Net financial expenses	**(23.7)**	**(21.6)**
Income tax expense	(4.9)	(7.6)
Share of loss of equity-accounted companies	(0.0)	(0.0)
Net Income (loss) from recurring operations	**(3.5)**	**2.0**
Net loss from discontinued operations	(0.0)	(0.0)
Income (loss) for the period	**(3.5)**	**2.0**

Revenue

The following table sets forth the breakdown of our revenue for the periods indicated by reporting segment:

€ in millions	**For the three months ended March 31,**	
	2020	**2021**
Revenue		
France(1)	315.5	324.1
UK	203.6	165.9
International(1)	220.2	191.9
Other (2)	(0.5)	0.7
Total revenue	**738.8**	**682.5**

(1) Excluding Holdings and Corporate costs

(2) Holdings and Corporate costs and elimination of inter-segment transactions.

Revenue decreased by €56.2 million, or 7.6%, to €682.5 million in the first three months of 2021 as compared to €738.6 million in the first three months of 2020. The organic decrease in revenue was limited to 5.5% during the first three months, despite ongoing pandemic situation, mainly due to strong performance in France and the strengthening of the sales organisation on cross-selling, FM and international sales with a customer centric culture.

Revenue by segment:

France. France segment revenue increased by €8.6 million, or 2.7% (as reported and like-for-like), to €324.1 million for the three months ended March 31, 2021 as compared to €315.5 million for the three months ended March 31, 2020. This increase was mainly attributable to Covid-19 related extra works in the cleaning business, while regular cleaning activity almost fully recovered. This increase was partly offset by a decrease in revenue from other activities, such as facility management and security, which continued to express reduced demand in a context of continued or repeated lockdowns and governmental restrictions.

UK. The UK segment revenue decreased by €37.7 million or 18.5%, to €165.9 million in the first three months of 2021, as compared to €203.6 million in the first three months of 2020. During the period ended March 31, 2021, the UK experienced a decrease in organic revenue of 16.9%, primarily in our multi-tech and catering businesses, still impacted by Covid-19 related restrictions, while the impact was limited during the first quarter 2020 with lockdown in the UK starting on March 23rd. However, the UK segment experienced a favourable trend in security and cleaning. Vaccination and re-opening of the activities is progressively restoring activity in catering and project works.

In addition, a negative effect on revenue of €3.3 million was related to the fluctuations in the value of the pound sterling against the euro,

International. International segment revenue decreased by €28.3 million, or 12.9%, to €191.9 million in the first three months of 2021, as compared to €220.2 million in the first three months of 2020.

When excluding the negative effects of forex impacts, organic revenue decreased by 6.8%, mainly due to a decrease in revenue in most of our regions:

- The CEE region, hit by a Covid-19 third wave and relatively low additional Covid-19 related extra-works, as well as negative forex effects, notably in Turkey,
- The US, due to the slow recovery from pandemic, despite positive trends in recurring revenue and continued growth of demand for higher margin infection prevention services through the first quarter of 2021,
- The Asia region which experienced stable organic revenue growth but was affected by negative forex effects, and
- The Benelux region, which was impacted by stricter lockdowns.

Other. In addition, the activities of our holding companies and the elimination of transactions between reporting segments amounted to a profit of €0.7 million in the first quarter of 2021.

EBITDA

The following table sets forth the breakdown of EBITDA for the periods indicated by reporting segments:

€ in millions	**For the three months ended March 31,**	
	2020	**2021**
EBITDA		
France(1)	33.2	35.8
UK	13.7	12.1
International(1)	13.3	15.4
Other (2)	(7.9)	(10.3)
EBITDA	**52.3**	**53.0**

(1) Excluding corporate holdings

(2) Corporate holdings and elimination of inter-segment transactions.

EBITDA increased by €0.7 million, or 1.3%, to €53.0 million in the first three months of 2021, as compared to €52.3 million in the first three months of 2020.

Our EBITDA margin increased to 7.8% in the first three months of 2021, as compared to 7.1% in the first three months of 2020, mainly reflecting our costs saving and productivity measures, as well as continued demand in higher margin services.

EBITDA by segment

France. EBITDA for the France segment increased by €2.6 million, or 7.8%, to €35.8 million in the first three months of 2021 as compared to €33.2 million in the first three months of 2020. The EBITDA margin of the France segment increased to 11.0% in the first three months of 2021, as compared to 10.5% in the first three months of 2020, principally driven by (i) cleaning activities benefitting from higher margin extra works and (ii) reduced variable costs on activities still impacted by Covid-19 limitations. This strong increase was partly offset by decreased margins in other divisions.

UK. EBITDA for the UK segment decreased by €1.6 million, or 11.7%, to €12.1 million in the first three months of 2021, as compared to €13.7 million in the first three months of 2020. However, as a percentage of sales, the EBITDA margin in the UK segment increased to 7.3% for the first three months of 2021, compared to 6.7% for the first three months of 2020, mainly due to an increased proportion of higher margin services in Cleaning and Security, reflecting our focus on additional services resulting from Covid-19 impacts.

International. EBITDA for the International segment increased by €2.1 million, or 15.8%, to €15.4 million in the first three months of 2021, as compared to €13.3 million in the first three months of 2020. On a like-for-like basis, EBITDA increased by 24.7%. The EBITDA margin of the International segment increased to 8.0% for the first three months of 2021, as compared to 6.0%, primarily resulting from:

- strong margin improvement in the US, driven by cost efficiencies and growth of demand for higher margin infection prevention services,
- solid performance in the CEE and Benelux regions thanks to higher margin extra-works and performance and productivity enhancement measures.

Others. "Others", which includes items that are not components of an operating segment, notably the operations of the Group's holding entities, increased by €2.4 million to €(10.3) million in the first three months of 2021, as compared to €(7.9) million in the first three months of 2020.

Operating profit

Operating profit increased by €6.2 million, or 24.7%, from €25.1 million in the first three months of 2020 to €31.2 million in the first three months of 2021. This increase, higher in percentage terms than the EBITDA growth, reflected lower depreciation and amortization due to reduced capital expenditures in 2020 in the context of the Covid-19 crisis.

Net income (loss) for the period

Net income for the period amounted to €2.0 million, as compared to a net loss of €(3.5) million in the first three months of 2020, for the reasons stated above.

3. Liquidity and Capital Resources

Cash flows

The following table summarizes our consolidated cash flow statements for the periods indicated:

€ in millions	**For the three months ended March 31,**	
	2020	**2021**
Net cash from (used in) operating activities	55.2	52.5
Net cash used in investing activities	(8.5)	(8.2)
Net cash used in financing activities	32.4	(36.2)
Exchange gains (losses) on cash and cash equivalents	0.9	7.1

Net increase (decrease) in cash and cash equivalents	**80.0**	**15.3**

Net cash from (used in) operating activities

€ in millions	**For the three months ended March 31,**	
	2020	**2021**
Profit from continuing operations	(3.5)	2.0
Adjustment for and elimination of non-cash items	25.6	21.5
Elimination of net finance costs	20.9	20.1
Elimination of income tax expense and net other financial expenses	7.6	9.3
Cash generated from operations before financial expenses and income tax	**50.6**	**52.8**
Change in working capital	**2.2**	**1.3**
Income tax paid	(0.7)	(2.8)
Increase in Factoring deposit	3.2	1.1
Cash from discontinued operations	(0.1)	0.0
Net cash from (used in) operating activities	**55.2**	**52.5**

We experienced a cash inflow of €52.5 million during the first quarter 2021, as compared to an inflow of €55.2 million during the first quarter 2020, primarily due to increased use of non-recourse factoring in the first quarter of 2021 (from €166.0 million as of December 31, 2020 to €185.0 million as of March 2021).

Payment of 2020 deferred social charges and taxes were limited to approximately €2.0 million during the first quarter 2021, as the substantial part of the deferred payment (approximately €40.0 million) is expected to occur during the second quarter.

Net cash used in investing activities

€ in millions	**For the three months ended March 31,**	
	2020	**2021**
Purchase of fixed assets [(1)]	(7.7)	(7.6)
Proceeds from sales of fixed assets	0.6	0.1

Purchase of consolidated companies less cash held by subsidiaries acquired	(1.2)	(0.6)
Disposal of consolidated companies (net of cash disposed)	(0.0)	(0.0)
Other cash flows from investing activities	(0.1)	(0.2)
Cash from discontinued operations used in investing activities	(0.0)	(0.0)
Net cash used in investing activities	**(8.5)**	**(8.2)**

[(1)] Including change in net payables due on fixed assets.

Net cash used in investing activities decreased from €8.5 million in the first three months of 2020 to €8.2 million in the first three months of 2021, primarily due to reduced capital expenditures due to cost containment measures during the Covid-19 pandemic.

Net cash used in financing activities

The following table sets out the principal components of our net cash flow used in financing activities for the periods indicated:

€ in millions	**For the three months ended March 31,**	
	2020	**2021**
Proceeds from new borrowings	52.2	(0.0)
Repayments of borrowings	(14.6)	(19.6)
Finance costs, net [(1)]	(7.3)	(5.4)
Dividends	(0.0)	(0.0)
Operations in share capital	(0.0)	(0.0)
Other	2.1	(11.2)
Cash from discontinued operations generated by financing activities	0.0	0.0
Net cash used in financing activities	**32.4**	**(36.2)**

[(1)] Amount net of capitalized interests and other non-cash interest expenses

Net cash used in financing activities amounted to €36.2 million in the first three months of 2021, primarily due to

- the repayment of borrowings of €19.6 million, mainly related to the payment of lease portion used during the period (IFRS 16), and the repayment of debts from factoring of €8.3 million,
- net financial interest paid of €5.4 million on ongoing borrowings.

Net Financial Debt Evolution

	As of	
	December 31, 2020	**March 31, 2021**
Cash and cash equivalents	230.7	246.8
Short-term bank loans and overdrafts	(3.2)	(3.6)
Net cash and cash equivalents	**227.5**	**243.2**
Non-current financial liabilities	(1,271.2)	(1,303.7)
Current financial liabilities	(116.9)	(99.2)
Gross debt	**(1,388.1)**	**(1,403.0)**
Financial instrument (liability)	(1.5)	(1.0)
Debt	**(1,389.6)**	**(1,404.0)**
Net debt	**(1,162.1)**	**(1,160.8)**
Derecognised factoring contracts	*(165.8)*	*(185.1)*
Net Debt after adding back derecognised factoring contracts	***(1,327.9)***	***(1,345.9)***

As of March 31, 2021, we had net financial debt of €1,160.8 million as compared to €1,162.1 million as of December 31, 2020. The decrease in net financial debt was mainly attributable to the strong cash generation from operations and lower level of capital expenditures (as explained under the heading "3. Liquidity and Capital Resources). The amount of net debt as of March 31, 2021 included lease liabilities of €105.1 million.

4. Outlook 2021

Despite the still challenging way out from the pandemic, management starts seeing favourable business momentum in most business areas and is confident that this overall positive trend will continue in 2021. Although further recovery will likely drag into H2 2021, management confirms the previous guidance of a more favourable second half to the year with a strong sales pipeline underpinning expectations for the year. 2021 will be another year of progress for the Group.