LA FINANCIERE ATALIAN
INVESTORS REPORT
SIX MONTHS ENDED AS AT JUNE 30, 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 six months of 2021. The historical information discussed below for the Group is as of and for the six months ended June 30, 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 June 30, 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 Recurring 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.

Recurring EBITDA corresponds to the line item ''Operating income before depreciation, amortization, provisions and impairment loss in our consolidated financial statements. Recurring 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 Recurring 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. Recurring 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 Recurring EBITDA identically, this presentation of Recurring 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. In the first six months of 2021, our France segment generated €664.4 million, or 47.0% of net sales.
- UK: This segment includes all the companies operating in the UK and Ireland. Our UK segment is a provider of Facility Management services operating the following main divisions: cleaning, catering,

security, technical services and projects. In the first six months of 2021, our UK segment generated €364.3 million, or 25.8% of net sales.

- International: This segment comprises all companies outside France and UK. As at June 30, 2021, we operated in 33 countries outside of France and the United Kingdom and Ireland, in Europe, United States, Southeast Asia, Africa and Middle East, providing cleaning, multi-technical, security and bundled facility management services. In the first six months of 2021, our International segment generated €386.2 million, or 27.3% of net sales.

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 activities of our holding companies and the elimination of transactions between reporting segments generated €(1.1) million of net sales in the first six months of 2021.

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

	For the six months ended June 30	
	2020	**2021**
	€ in millions	
Net sales	**1,373.0**	**1,413.8**
Raw materials & consumables used	(296.7)	(300.4)
External expenses	(48.4)	(52.0)
Staff costs	(901.3)	(936.5)
Taxes (other than on income)	(15.5)	(16.0)
Other recurring operating income and expenses	(4.7)	(1.3)
Recurring EBITDA	**106.4**	**107.5**
Depreciation and amortization, net	(49.6)	(43.8)
Provisions and impairment losses, net	(1.3)	(0.3)
Current operating profit	**55.5**	**63.5**
Other operating income & expenses	(2.7)	(6.8)
Operating profit	**52.8**	**56.7**
Financial debt cost	*(42.2)*	*(41.7)*
Income from cash and cash equivalents	*0.3*	*0.4*
Net financial debt cost	***(41.9)***	***(41.4)***
Other net financial income and expenses	*(10.8)*	*(4.0)*
Net financial expenses	(52.7)	(45.8)
Income tax expense	(16.8)	(18.9)
Share of loss of equity-accounted companies	(0.4)	0.0
Net Income (loss) from recurring operations	**(17.1)**	**(7.5)**
Net loss from discontinued operations	-	-
Income (loss) for the period	**(17.1)**	**(7.5)**

Net sales

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

€ in millions	For the six months ended June 30	
	2020	2021
Net sales		
France	613.0	664.4
UK	353.4	364.3
International	407.5	386.2
Other	(0.9)	(1.1)
Total net sales	**1,373.0**	**1,413.8**

Net sales increased by €40.8 million, or 3.0%, to €1,413.8 million in the first six months of 2021 as compared to €1,373.0 million in the first six months of 2020. This performance included the negative impact of currency movements for 1.6% and the scope effect was almost neutral (+0.1%) as the deconsolidation of Harta in Malaysia was partly offset by the consolidation of Aktrion Belgium. The like-for-like increase in net sales was 4.5% during the first six months of 2021, reflecting a 16.0% growth in the second quarter of 2021 compared to the second quarter of 2020, after a 5.5% year-on-year decrease in the first three months of 2021. The improvement resulted from the relative basis of comparison as the second quarter of 2020 was down 12.1% on a like-for-like basis due to the first Covid-19 wave. The Group continued to benefit from the good performance in France while growth picked up in all the other regions in the quarter ending June 2021.

By segment:

France. Net sales increased by €51.4 million, or 8.4% (as reported and like-for-like), to €664.4 million for the six months ended June 30, 2021 as compared to €613.0 million for the six months ended June 30, 2020. Growth picked-up strongly in Q2 2021 at +14.4%. This increase was mainly attributable to Covid-19 related extra works in the cleaning business, while regular cleaning activity almost fully recovered. Other activities, such as facility management and security, returned to growth in the second quarter of 2021 as demand improved in a context of lockdowns and governmental restrictions being gradually lifted as penetration rate of vaccination increases.

UK. Net sales increased by €10.9 million or 3.1%, to €364.3 million in the first six months of 2021, as compared to €353.4 million in the first six months of 2020. During the period ended June 30, 2021, the UK reported a 2.9% like-for-like net sales growth, including a strong 29.7% increase in the second quarter of 2021 versus the second quarter of 2020 when full lockdown was applied. The pick-up in growth resulted from the relative basis of comparison as well as the good performance of our security - including the one-off G7 event - and cleaning activities, in a context of gradual removal of restrictions related to Covid-19. However, the catering business remained severely impacted. Vaccination and re-opening of places is progressively restoring activity in catering and project works.

International. Net sales decreased by €21.3 million, or 5.2%, to €386.2 million in the first six months of 2021, as compared to €407.5 million in the first six months of 2020. When excluding the negative effects of forex impacts, like-for-like net sales was +8.1% in the second quarter of 2021 leading to flat like-for-like net sales growth in the first six months of 2021.

Other. In addition, the activities of our holding companies and the elimination of transactions between reporting segments amounted to a net sales of €(1.1) million in the first six months of 2021.

Recurring EBITDA

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

€ in millions	For the six months ended June 30	
	2020	**2021**
Recurring EBITDA		
France (1)	67.5	75.2
UK	26.5	25.8
International (1)	29.6	28.6
Other (2)	(17.2)	(22.1)
EBITDA	**106.4**	**107.5**

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

Recurring EBITDA increased by €1.1 million, or 1.0%, to €107.5 million in the first six months of 2021, as compared to €106.4 million in the first six months of 2020.

Our recurring EBITDA margin decreased by 20 basis points to 7.6% in the first six months of 2021, as compared to 7.8% in the first six months of 2020, mainly reflecting the impact of lower extra works at higher margin as Covid-19 related restrictions eased in the course of the second quarter of 2021, notably in Benelux as well as ongoing market challenges in CEE and Asia (including non-recurring subsidies in 2020) as the pandemic still weighs on operations.

France. Recurring EBITDA for the France segment increased by €7.7 million, or 11.5%, to €75.2 million in the first six months of 2021 as compared to €67.5 million in the first six months of 2020. The recurring EBITDA margin of the France segment reached 11.3% in the first six months of 2021, as compared to 11.0% in the first six months of 2020.

UK. Recurring EBITDA for the UK segment decreased by €0.7 million, or 2.6%, to €25.8 million in the first six months of 2021, as compared to €26.5 million in the first six months of 2020. As a percentage of sales, the recurring EBITDA margin decreased by 40 basis points to 7.1% for the first six months of 2021, compared to 7.5% for the first six months of 2020, mainly due the non-recurring subsidies of the second quarter of 2020, impacting our FM activities, as well as multi-tech project timing.

International. Recurring EBITDA for the International segment decreased by €1.0 million, or 3.5%, to €28.6 million in the first six months of 2021, as compared to €29.6 million in the first six months of 2020. On a like-for-like basis, EBITDA increased by 5.4%. Recurring EBITDA margin increased by 10 basis points to 7.4% due to strong margin improvement in Belgium and the US, driven by cost efficiencies and growth of demand for higher margin infection prevention services, partly offset by lower margins in the Asia and the CEE regions due to respectively non-recurring subsidies and lower volumes,

Others. "Others", which includes items that are not components of an operating segment, notably the operations of the Group's holding entities, increased in costs by €4.9 million to €(22.1) million in the first six months of 2021, as compared to €(17.2) million in the first six months of 2020.

Operating profit

Operating profit increased by €3.9 million, or 7.4%, from €52.8 million in the first six months of 2020 to €56.7 million in the first six months of 2021. This increase, higher in percentage terms than the recurring

EBITDA growth, reflected lower depreciation and amortization due to reduced capital expenditures in 2020 in the context of the Covid-19 crisis, partly offset by higher other net operating expenses (non-recurring items).

Net income (loss) for the period

Net income for the period amounted to €(7.5) million, as compared to a net income of €(17.1) million in the first six months of 2020, for the reasons stated above, as well as lower net financial expenses of €(45.4) million in the first six months of 2021, compared with €(52.7) million in the first six months of 2020.

3. Liquidity and Capital Resources

Cash flows

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

€ in millions	For the six months ended June 30	
	2020	2021
Net cash from (used in) operating activities	219.9	81.7
Net cash used in investing activities	(18.2)	(27.7)
Net cash used in financing activities	(4.2)	(96.7)
Exchange gains (losses) on cash and cash equivalents	(0.2)	2.8
Net increase (decrease) in cash and cash equivalents	**197.3**	**(39.9)**

Net cash from (used in) operating activities

€ in millions	For the six months ended June 30	
	2020	**2021**
Profit from continuing operations	(17.1)	(7.5)
Adjustment for and elimination of non-cash items	65.6	43.8
Elimination of net finance costs	41.9	41.4
Elimination of income tax expense and net other financial expenses	21.0	22.0
Cash generated from operations before financial expenses and income tax	**111.4**	**99.6**
Change in working capital	115.4	(2.5)
Income tax paid	(10.4)	(14.4)
Change in Factoring deposit	3.4	(0.9)
Cash from discontinued operations	(0.1)	
Net cash from (used in) operating activities	**219.9**	**81.7**

We experienced a cash inflow of €81.7 million during the first six months of 2021, as compared to an inflow of €219.9 million during the first six months of 2020. As the first six months of 2020 had the benefit of the deferred payment of social charges and taxes for €120.0 million, the first six months of 2021 were impacted by the actual payment for €48.4 million. The remaining part of the deferred payment (approximately €25 million) is expected to occur during the second half of 2021.

Net cash used in investing activities

€ in millions	For the six months ended June 30	
	2020	**2021**
Purchase of fixed assets (1)	(13.7)	(24.1)
Proceeds from sales of fixed assets	0.7	0.5
Purchase of consolidated companies less cash held by subsidiaries acquired	(4.9)	(4.0)
Disposal of consolidated companies (net of cash disposed)	-	-
Other cash flows from investing activities	(0.3)	(0.0)
Net cash used in investing activities	**(18.2)**	**(27.7)**

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

Net cash used in investing activities increased from €18.2 million in the first six months of 2020 to €27.7 million in the first six months of 2021, primarily due to a normalised level of capital expenditures after the cost containment measures of 2020 due to 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 six months ended June 30	
	2020	2021
Proceeds from new borrowings	73.7	34.6
Repayments of borrowings	(33.9)	(60.2)
Finance costs, net (1)	(43.1)	(41.2)
Dividends	-	(5.0)
Operations in share capital	-	(12.4)
Other	(0.9)	(12.5)
Net cash used in financing activities	**(4.2)**	**(96.7)**

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

Net cash used in financing activities amounted to €96.7 million in the first six months of 2021, primarily due to

- the repayment of borrowings of €60.2 million,
- the acquisition and subsequent cancellation of shares held by a minority shareholder for €12.4 million.

Net Financial Debt Evolution

	As of	
	December 31, 2020	June 30, 2021
Cash and cash equivalents	230.7	189.2
Short-term bank loans and overdrafts	(3.2)	(1.6)
Net cash and cash equivalents	**227.5**	**187.6**
Non-current financial liabilities	(1,271.2)	(1,272.0)
Current financial liabilities	(116.9)	(112.1)
Gross debt	**(1,388.1)**	**(1,384.1)**
Financial instrument (liability)	(1.5)	(1.9)
Debt	**(1,389.6)**	**(1,386.1)**
Net debt	**(1,162.1)**	**(1,198.5)**
Immediate financing provided by deconsolidated receivables	*(165.8)*	*(205.0)*
Net Debt after immediate financing provided by deconsolidated receivables	***(1,327.9)***	***(1,403.5)***

As of June 30, 2021, net financial debt was €1,198.5 million as compared to €1,162.1 million as of December 31, 2020. The increase in net financial debt was mainly attributable to the payment of social charges and taxes for €48.4 million (as explained under the heading “3. Liquidity and Capital Resources). The amount of net debt as of June 30, 2021 included lease liabilities of €97.3 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 the second half of 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.