

**LA FINANCIERE ATALIAN  
INVESTORS REPORT  
THREE MONTHS ENDED AS AT MARCH 31, 2022**

***OPERATING AND FINANCIAL REVIEW***

*The following discussion and analysis summarises the significant factors affecting our results of operations and financial condition during the first three months ended March 31, 2022. The historical information discussed below for the Group is as of and for the three months ended March 31, 2022 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 consolidated financial statements for the Group from January 1, 2022 to March 31, 2022 included herein in accordance with IFRS.*

*The following discussion includes forward-looking statements based on assumptions about our future business. Our future results could differ materially from those contained in these forward-looking statements. Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.*

*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 other income and expenses.

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 (with notably Multitech and Security) entitled Facility Management. In the first quarter of 2022, our France segment generated €341.1 million, or 45.6% of group 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 quarter of 2022, our UK segment generated €210.0 million, or 28.1% of group Net Sales.
- **International:** This segment comprises all companies outside France and UK. As of March 31, 2022, 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 quarter of 2022, our International segment generated €196.9 million, or 26.3% of group Net Sales.

In addition, in our 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. In the first quarter of 2022, Net Sales for "Other" amounted to €(0.6) million.

## 2. Results of Operations for the first quarter of 2022 compared to the first quarter of 2021

€ in millions	For the three months ended March 31	
	2022	2021
<b>Net Sales</b>	<b>747.4</b>	<b>682.5</b>
Raw materials & consumables used	(155.5)	(128.3)
External expenses	(27.9)	(26.3)
Staff costs	(504.1)	(462.7)
Taxes (other than on income)	(10.2)	(7.5)
Other recurring operating income and expenses	(2.8)	(4.7)
<b>Recurring EBITDA</b>	<b>46.9</b>	<b>53.0</b>
Depreciation and amortization, net	(23.6)	(21.2)
Provisions and impairment losses, net	(0.2)	0.2
Other income & expenses	(3.8)	(0.9)
<b>Operating profit</b>	<b>19.2</b>	<b>31.2</b>
<i>Financial debt cost</i>	(20.6)	(20.2)
<i>Income from cash and cash equivalents</i>	0.1	0.2
<b>Net financial debt cost</b>	<b>(20.4)</b>	<b>(20.1)</b>
<i>Other net financial income and expenses</i>	(0.7)	(1.6)
Net financial expenses	(21.1)	(21.6)
Income tax expense	(4.5)	(7.6)
Share of loss of equity-accounted companies	-	(0.0)
<b>Income (loss) for the period</b>	<b>(6.4)</b>	<b>2.0</b>

## Net Sales

€ in millions	For the three months ended March 31	
	2022	2021
France	341.1	324.1
UK	210.0	165.9
International	196.9	192.2
Other	(0.6)	0.4
<b>Net Sales</b>	<b>747.4</b>	<b>682.5</b>

Net Sales increased by €64.9 million, or +9.5%, to €747.4 million in the first quarter of 2022 as compared to €682.5 million in the first quarter of 2021. This performance included the positive impact of currency movements for 0.8% and the scope effect was negative by 1.0% as the deconsolidation of Harta in Malaysia was partly offset by the consolidation of Aktrion Belgium. On a like-for-like basis, Net Sales increased by 9.7%. The improvement resulted from the benefit of the contract wins of 2021 and the relative basis of comparison as the first three months of 2021 were impacted by the Covid-19 wave with like-for-like Net Sales growth of -5.5%. The Group also continued to benefit from the contribution of special works related to Covid-19 sanitary measures although to a lesser extent than in 2021.

### *By segment:*

**France.** In the first quarter of 2022, Net Sales increased by €17.0 million, or +5.2% (as reported and like-for-like), to €341.1 million, as compared to €324.1 million in the first quarter of 2021. Net Sales growth was driven by dynamic commercial development of 2021 benefiting all activities.

**UK.** In the first quarter of 2022, Net Sales increased by €44.1 million or +26.6%, to €210.0 million, as compared to €165.9 million in the first quarter of 2021. The appreciation of the UK pound sterling versus the euro had a €9.1 million positive impact (+5.5%) on Net Sales. Net Sales growth was 21.1% like-for-like versus 2021, driven by strong growth in all activities (including Catering) thanks to the benefit of 2021 contract wins and the end of Covid-19 restrictions since early July 2021.

**International.** In the first quarter of 2022, Net Sales increased by €4.7 million, or +2.4%, to €196.9 million in 2021, as compared to €192.2 million in the first quarter of 2021. When excluding the negative effects of perimeter (minus €6.1 million or -3.2%) and foreign exchange rates (minus €3.9 million or -2.0%, mainly due to the depreciation of the Russian ruble and the Turkish lira versus the euro), like-for-like Net Sales increased by 7.7% in the first quarter of 2022 compared to the first quarter of 2021. This performance mainly resulted from the strong recovery of operations in Benelux, Central & Easter Europe, Africa and Aktrion, partly offset by the 13.3% Net Sales decrease in the USA.

## Recurring EBITDA

€ in millions	For the three months ended March 31	
	2022	2021
France <sup>(1)</sup>	37.0	35.8
UK	13.6	12.1
International <sup>(1)</sup>	10.5	15.4
Other <sup>(2)</sup>	(14.2)	(10.3)
<b>Recurring EBITDA</b>	<b>46.9</b>	<b>53.0</b>

(1) Excluding corporate holdings

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

Recurring EBITDA decreased by €6.1 million, or -11.5% to €46.9 million in the first three months of 2022, as compared to €53.0 million in the same period of 2021. Like-for-like decrease was -9.9%.

Recurring EBITDA margin was 6.3% in the first quarter of 2022, down 150 basis points compared to the first quarter of 2021, mainly reflecting integration challenges in the USA, the lower contribution of Covid-19 related extra works and furlough scheme, the impact from new contract starts, which all more than offset the performance actions taken in all regions.

**France.** In the first quarter of 2022, Recurring EBITDA increased by €1.2 million, or +3.4%, to €37.0 million, as compared to €35.8 million in the first quarter of 2021. Recurring EBITDA margin reached 10.8%, down 20 basis points compared to the first quarter of 2001, due to the lower contribution of Covid-19 related extra works and the impact of the relatively low profitability at start of the major contracts won in 2021.

**UK.** In the first quarter of 2022, Recurring EBITDA increased by €1.5 million, or +12.4%, to €13.6 million, as compared to €12.1 million in the first quarter of 2021. Recurring EBITDA margin decreased by 80 basis points to 6.5% compared to 7.3% in the first three months of 2021, due to reduction in Covid extra works and the non-recurring benefit from furlough scheme of 2021.

**International.** In the first three months of 2022, Recurring EBITDA decreased by €4.9 million, or -31.8%, to €10.5 million, as compared to €15.4 million in the first three months of 2021. Recurring EBITDA margin went down 270 basis points to 5.3% mainly reflecting the impact of Net Sales decrease in the US and the €4.5 million decline in Recurring EBITDA, as well as the impact of Ukraine war on operations in Central & Eastern Europe.

**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 €3.9 million to €(14.2) million in the first three months of 2022, as compared to €(10.3) million in the first three months of 2021. The increase mainly due to the impact of recruitments relating to the deployment of internal control and compliance functions across the organisation.

## Operating profit

Operating profit decreased by €12.0 million, or -38.5%, from €31.2 million in the first quarter of 2021 to €19.2 million in the first quarter of 2022. This decrease reflected the impact of lower Recurring EBITDA, as well as higher Depreciation and amortization due to increased capital expenditures in 2021 versus 2020 as a result of major contract renewals and wins in France and the UK respectively.

### Net income (loss) for the period

Net income for the period was a loss of €(6.4) million in the first quarter of 2022, as compared to €2.0 million in the first quarter of 2021, for the reasons stated above, and partly offset lower income tax charge as a result of lower taxable earnings in main geographies.

### 3. Liquidity and Capital Resources

#### Cash flows

€ in millions	For the three months ended March 31	
	2022	2021
Net cash from (used in) operating activities	20.7	52.5
Net cash used in investing activities	(9.9)	(8.2)
Net cash used in financing activities	(31.7)	(36.2)
Exchange gains (losses) on cash and cash equivalents	(0.5)	7.1
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(21.4)</b>	<b>15.3</b>

We experienced a cash outflow of €21.4 million in the first quarter of 2022 as compared to an inflow of €15.3 million in the first quarter of 2021.

#### *Net cash from (used in) operating activities*

€ in millions	For the three months ended March 31	
	2022	2021
Profit / (loss) from continuing operations	(6.4)	2.0
Adjustment for and elimination of non-cash items	23.2	21.5
Elimination of net finance costs	20.4	20.1
Elimination of income tax and net other financial expenses	5.2	9.3
<b>Cash generated from operations before financial expenses and income tax</b>	<b>42.5</b>	<b>52.8</b>
Change in working capital	(17.5)	1.3
Income tax paid	(2.5)	(2.8)
Change in factoring deposit	(1.8)	1.1
Cash from discontinued operations	0.0	0.0
<b>Net cash from (used in) operating activities</b>	<b>20.7</b>	<b>52.5</b>

We experienced a cash inflow of €20.7 million in the first quarter of 2022 as compared to an inflow of €52.5 million in the first quarter of 2021.

### *Net cash used in investing activities*

€ in millions	For the three months ended March 31	
	2022	2021
Purchase of fixed assets <sup>(1)</sup>	(9.8)	(7.6)
Proceeds from sales of fixed assets	0.8	0.1
Purchase of consolidated companies (net of cash acquired)	(1.3)	(0.6)
Sales of consolidated companies (net of cash sold)	0.0	0.0
Other cash flows from investing activities	0.5	(0.2)
<b>Net cash used in investing activities</b>	<b>(9.9)</b>	<b>(8.2)</b>

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

Net cash used in investing activities increased from €8.2 million in the first quarter of 2021 to €9.9 million in the first quarter of 2022, 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*

€ in millions	For the three months ended March 31	
	2022	2021
Proceeds from new borrowings	0.0	(0.0)
Repayments of borrowings	(23.8)	(19.6)
Finance costs, net <sup>(1)</sup>	(5.3)	(5.4)
Dividends	0.0	(0.0)
Operations in share capital	0.0	0.0
Other	(2.7)	(11.2)
<b>Net cash used in financing activities</b>	<b>(31.7)</b>	<b>(36.2)</b>

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

Net cash used in financing activities amounted to €31.7 million in the first quarter of 2022, primarily due to the repayment of borrowings of €23.8 million including €12.5 million relating to the PGE (balance of €12.5 million of the PGE to be reimbursed in the second quarter of 2022).

## Net Financial Debt Evolution

	As of	
	March 31, 2022	December 31, 2021
Cash and cash equivalents	133.9	157.0
Short-term bank loans and overdrafts	(2.2)	(3.8)
<b>Net cash and cash equivalents</b>	<b>131.7</b>	<b>153.2</b>
Non-current financial liabilities	1,308.4	1,309.5
Current financial liabilities	71.4	71.6
Financial instrument (liability)	2.0	2.2
<b>Gross debt</b>	<b>1,381.8</b>	<b>1,383.3</b>
<b>Net financial debt</b>	<b>1,250.1</b>	<b>1,230.1</b>

As of March 31, 2022, net financial debt was €1,250.1 million as compared to €1,230.1 million as of December 31, 2021. Net financial debt as of March 31, 2022 included immediate financing provided by deconsolidated receivables for €239 million, as compared to €214 million as of December 31, 2021.

## 4. Outlook

Atalian started 2022 strongly with Net Sales like-for-like growth of 9.7%. Based on the strength of the Group's commercial performance of 2021 and its solid commercial pipeline, the Group aims for like-for-like growth in Net Sales in 2022 in a range of 4% to 6%.

Recurring EBITDA in the first quarter of 2022 was impacted by the USA, the lower contribution of Covid-19 related special works and the phasing of costs. The progressive profitability improvement expected in the USA combined with revenue indexation starting in the second quarter and productivity measures should lead to a sequential improvement in Recurring EBITDA margin in the coming quarters, and to a Recurring EBITDA margin close to 7.5% in 2022.

The announced equity injection is expected to be finalised by Summer 2022.

*This section "Outlook" contains forward-looking statements regarding the intent, belief or current expectations of the Group. These statements reflect the current views of the Group with respect to future events, are made in light of information currently available to the Group and are subject to various risks, uncertainties and assumptions that may be outside the Group's control, including those described in the section entitled "Risk Factors" of the Annual Report.*