LA FINANCIERE ATALIAN
INVESTORS REPORT
NINE MONTHS ENDED AS AT SEPTEMBER 30, 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 nine months ended September 30, 2022. The historical information discussed below for the Group is as of and for the nine months ended September 30, 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 September 30, 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.

Restatement of financial statements previously reported

In application of IAS 8, as of December 31, 2021, the Company has corrected and restated the Company's previously issued consolidated financial statements for the 2020 financial years and consequently for the nine-months ended September 30, 2021. These corrections are the result of errors detected by the Group in the course of the internal controls that it has gradually been deploying since 2019, along with the introduction of governance and compliance rules. Since 2019, the Group has been involved in a process of increasing the maturity of its internal control system, which has included the creation of compliance (2018), internal auditing and internal control functions (2019), with the progressive deployment of Key Controls since 2020. In this context and on the occasion of the 2021 closing of accounts, the Group carried out enhanced controls of the accounting packages and tax returns sent in by the subsidiaries and submitted some of them to examination by external specialists.

The adjustments / restatements required to the financial statements reported for the nine-months ended September 30, 2021 concern the following items:

- Adjustments on operating expenses attributable to 2020 financial year identified late within 2021 financial year mainly attributable to Moroccan and US subsidiaries.
- Recognition of write-off of unjustified asset values, resulting from a late identification of facts and circumstances existing at the 2020 reporting date that would have resulted in a different assessment.

The results released in the financial report, investor presentation and press release on October 29, 2021, have been revised to reflect the impact of the accounting matters resulting in the restatement relative to the nine-month period ended September 30, 2021.

Assets held for sale

Over the third quarter of 2022, Atalian management committed to a plan to sell some entities within International division. Those entities are not material for Atalian Group and do not answer to criteria of discontinued operation. In accordance with IFRS5, assets and liabilities associated to those assets of those entities were classified and are presented as held for sale as of September 30, 2022. Effort to sell those entities have started and sales are expected by end of 2022.

Impairment losses relating to the disposal of entities
Impairment losses of €0.643 million for write-downs of some of the disposal entities to the lower of its carrying amount and its fair value less costs to sell have been included in 'Provision and impairment loss, net' in accordance with IFRS 5. The impairment losses have been applied to reduce the carrying amount of Goodwill, Intangible assets and Property, plant and equipment within the disposal entities.

Assets and liabilities of disposal entities held for sale
The disposal entities were stated at fair value less costs to sell. Further details are provided in Note 2.3 of the unaudited interim consolidated financial statements for the period ended September 30, 2022.

Change in perimeter

Acquisition of Incentive FM Group
On 25 May 2022, Atalian acquired the UK Incentive FM Group for €37.6 million. Incentive FM Group provides facility management, cleaning, security, front of house and technical services as well as landscaping, waste management and consultancy. It has been fully consolidated since the end of May 2022. A temporary goodwill of €48.5 million was recognised before allocation of PPA, in connection with this acquisition.

Sale and deconsolidation of Vietnam
On June 30, 2022, Atalian sold its 50.49% share in Atalian Global Services Vietnam for €1.18 million. The payment for the share purchase is deferred to June 30, 2025 with 3.5% interest per annum with one year extension and is secured by a share pledge. Following the divestment and in accordance with IFRS10, Atalian Global Services Vietnam was deconsolidated as of June 30, 2022, resulting in a loss of €0.45 million. Atalian has a call option for 50.49% share in Atalian Global Services Vietnam, exercisable from June 30, 2025.

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 nine months of 2022, our France segment generated €1,031.6 million, or 44.6 % 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 nine months of 2022, our UK segment generated €693.0 million, or 29.9 % of group Net Sales.
- **International:** This segment comprises all companies outside France, UK and Ireland. As of September 30, 2022, we operated in 32 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 nine months of 2022, our International segment generated €593.3 million, or 25.6 % 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 nine months of 2022, Net Sales for "Other" amounted to €(3.9) million.

2. Results of Operations for the first nine months of 2022 compared to the first nine months of 2021

€ in millions	**For the nine months ended September 30**	
	2022	**2021 Restated**
Net Sales	**2,314.0**	**2,152.0**
Raw materials & consumables used	(504.2)	(466.2)
External expenses	(96.2)	(82.4)
Staff costs	(1,551.9)	(1,417.3)
Taxes (other than on income)	(32.1)	(24.7)
Other recurring operating income and expenses	(4.3)	3.0
Recurring EBITDA	**125.4**	**164.3**
Depreciation and amortization, net	(68.6)	(66.3)
Provisions and impairment losses, net	12.3	(1.9)
Other income & expenses	(19.6)	(7.1)
Operating profit	**49.5**	**88.9**
Financial debt cost	*(62.5)*	*(62.3)*
Income from cash and cash equivalents	*0.3*	*0.4*
Net financial debt cost	***62.2***	***(61.9)***
Other net financial income and expenses	*(2.8)*	*(7.6)*
Net financial expenses	(65.0)	(69.5)
Income tax expense	(15.8)	(26.3)
Income (loss) for the period	**(31.3)**	**(6.9)**

Net Sales

€ in millions	For the nine months ended September 30	
	2022	2021 Restated
France	1,031.6	1,009.7
UK	693.0	561.8
International	593.3	582.5
Other	(3.9)	(2.0)
Net Sales	**2,314.0**	**2,152.0**

Net Sales increased by €162.1 million, or 7.5 %, to €2,314.0 million in the first nine months of 2022 as compared to €2,152.0 million in the first nine months of 2021. This performance included the positive impact of currency movements for 0.3 % and the scope effect was positive by 1.5 % as the deconsolidation of Harta in Malaysia was more than offset by the consolidation of Incentive FM in the UK since the second quarter of 2022. On a like-for-like basis, Net Sales increased by 5.8 %. The improvement resulted from the benefit of the contract wins of 2021 and early 2022 as well as indexation.

France. In the first nine months of 2022, Net Sales increased by €21.9 million, or 2.2 % (as reported and like-for-like), to €1,031.6 million, as compared to €1,009.7 million in the first nine months of 2021. Net Sales growth was driven by dynamic commercial development benefiting all activities as well as indexation, despite the decrease in contribution of Covid-19 related special works.

UK. In the first nine months of 2022, Net Sales increased by €131.2 million or 23.4 %, to €693.0 million, as compared to €561.8 million in the first nine months of 2021. The appreciation of the UK pound sterling versus the euro had a €13.3 million positive impact (+2.4 %) on Net Sales and the consolidation of Incentive FM contributed €39.7 million to Net Sales in the third quarter of 2022. Like-for-like Net Sales growth was 13.9 % in the first nine months of 2022. The solid growth was mostly driven by contract wins and the end of Covid-19 restrictions since early July 2021, benefiting all activities except security due to the one-off G7 event of 2021. Catering returned to pre-Covid-19 levels.

International. In the first nine months of 2022, Net Sales increased by €10.9 million, or 1.9 %, to €593.3 million, as compared to €582.5 million in the first nine months of 2021. When excluding the effects of perimeter (minus €7.7 million or -1.3 %) and foreign exchange rates (minus €-6.3 million or -1.1 %, the depreciation of the Turkish lira versus the euro being partly mitigated by the appreciation of the US dollar and all Asian currencies versus the euro), like-for-like Net Sales increased by 4.3 % in the first nine months of 2022 compared to the first nine months of 2021. When excluding the 20.7 % decrease in Net Sales in the USA due to contact losses, like-for-like Net Sales growth was +10.8 % in the first nine months of 2022, driven by Benelux and Central & Eastern Europe.

Recurring EBITDA

€ in millions	For the nine months ended September 30	
	2022	2021 Restated
France (1)	100.4	113.4
UK	46.8	41.5
International (1)	18.6	44.6
Other (2)	(40.4)	(35.3)
Recurring EBITDA	**125.4**	**164.3**

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

Recurring EBITDA decreased by €38.8 million, or 23.6 % to €125.4 million in the first nine months of 2022, as compared to €164.3 million in the same period of 2021. Like-for-like decrease was 22.8 %. Recurring EBITDA margin was 5.4 % in the first nine months of 2022, down 220 basis points compared to the first nine months of 2021, mainly reflecting the impact of contract losses and delayed recovery in the US, the lower contribution of Covid-19 related special works and furlough scheme, the impact of contract losses at high margin not offset by the benefit of contract wins at lower margin in France, which all more than offset the performance actions taken in all regions. Excluding the USA, Recurring EBITDA margin was 6.3 % in the first nine months of 2022.

France. In the first nine months of 2022, Recurring EBITDA decreased by €13.0 million, or 11.5 %, to €100.4 million, as compared to €113.4 million in the first nine months of 2021. Recurring EBITDA margin reached 9.7 %, down 150 basis points compared to the first nine months of 2021, due to the impact of contract losses at high margin not offset by the benefit of contract wins at lower margin, and the lower contribution of Covid-19 related special works.

UK. In the first nine months of 2022, Recurring EBITDA increased by €5.3 million, or 12.8 %, to €46.8 million, as compared to €41.5 million in the first nine months of 2021. Excluding the positive impact of appreciation of the pound Sterling versus the euro for €0.9 million over the first nine months of 2022 and the consolidation of Incentive FM since the third quarter of 2022 for €1.4 million, like-for-like increase was 7.4 % in the first nine months of 2022 compared to the first nine months of 2021. Recurring EBITDA margin decreased by 60 basis points to 6.8 % compared to 7.4% in the first nine months of 2021, due to reduction in Covid special works and the non-recurring benefits from furlough scheme and one-off G7 event of 2021, more than offsetting the benefit of productivity gains.

International. In the first nine months of 2022, Recurring EBITDA decreased by €26.0 million, or 58.2 %, to €18.6 million, as compared to €44.6 million in the first nine months of 2021. Recurring EBITDA margin went down 460 basis points to 3.1 % mainly reflecting the impact of Net Sales decrease in the US and the resulting €23.2 million year-on-year decline in Recurring EBITDA, as well as the impact of Ukraine war on operations in Central & Eastern Europe. Excluding the USA, Recurring EBITDA decreased by 2.3 % on a like-for-like basis.

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 €5.1 million to €(40.4) million in the first nine months of 2022, as compared to €(35.3) million in the first nine 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 €39.4 million, or 44.3 %, from €88.9 million in the first nine months of 2021 to €49.5 million in the first nine months 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. Operating profit also includes a profit of €12.3 million mainly due to the reversal of provision relating to CJIP, and lower Other income expenses to €(19.6) million in the first nine months of 2022 compared to €(7.1) million in the first nine months of 2021, mostly due to the impact of CJIP for €(7.8) million and the USA for €(7.4) million.

Net income (loss) for the period

Net income for the period was a loss of €31.3 million in the first nine months of 2022, as compared to €6.9 million loss in the first nine months of 2021, for the reasons stated above, and partly offset by 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 nine months ended September 30	
	2022	2021 Restated
Net cash from (used in) operating activities	29.7	92.6
Net cash used in investing activities	(58.8)	(35.4)
Net cash used in financing activities	(7.6)	(130.8)
Exchange gains (losses) on cash and cash equivalents	(4.9)	(0.5)
Net increase (decrease) in cash and cash equivalents	**(41.6)**	**(74.0)**

The Group experienced a cash outflow of €41.6 million in the first nine months of 2022 as compared to an outflow of €74.0 million in the first nine months of 2021.

Net cash from (used in) operating activities

€ in millions	For the nine months ended September 30	
	2022	2021 Restated
Profit / (loss) from continuing operations	(31.3)	(6.9)
Adjustment for and elimination of non-cash items	56.7	67.5
Elimination of net finance costs	62.2	61.9
Elimination of income tax and net other financial expenses	21.2	32.9
Cash generated from operations before financial expenses and income tax	**108.6**	**155.4**
Change in working capital requirements	(61.0)	(47.2)
Income tax paid	(15.0)	(17.3)
Change in factoring deposit	(2.9)	1.7
Cash from discontinued operations	-	-
Net cash from (used in) operating activities	**29.7**	**92.6**

The Group experienced a cash inflow of €29.7million in the first nine months of 2022 as compared to an inflow of €92.6 million in the first nine months of 2021, the decrease resulting mostly from lower Recurring EBITDA and higher working capital requirements.

Net cash used in investing activities

€ in millions	For the nine months ended September 30	
	2022	2021 Restated
Purchase of fixed assets (1)	(31.6)	(30.9)
Proceeds from sales of fixed assets	1.5	0.7
Purchase of consolidated companies (net of cash acquired)	(30.4)	(5.0)
Sales of consolidated companies (net of cash sold)	0.1	-
Other cash flows from investing activities	1.5	(0.1)
Net cash used in investing activities	**(58.8)**	**(35.4)**

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

Net cash used in investing activities increased from €35.4 million in in the first nine months of 2021 to €58.8 million in the first nine months of 2022, primarily due to the acquisition of Incentive FM in the UK.

Net cash used in financing activities

€ in millions	For the nine months ended September 30	
	2022	2021 Restated
Proceeds from new borrowings	108.5	30.6
Repayments of borrowings	(68.6)	(86.8)
Finance costs, net (1)	(42.7)	(42.4)
Dividends	(1.2)	(5.0)
Operations in share capital	-	(12.3)
Other	(3.6)	(15.0)
Net cash used in financing activities	**(7.6)**	**(130.8)**

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

Net cash coming from financing activities amounted to €7.6 million in the first nine months of 2022, primarily due to use of the revolving credit facility, partly offset by the repayment of borrowings of €68.7million including the full repayment of the PGE for €25 million in the first nine months of 2022.

Net Financial Debt Evolution

	As of	
	September 30, 2022	December 31, 2021
Cash and cash equivalents	113.5	157.0
Short-term bank loans and overdrafts	(2.0)	(3.8)
Net cash and cash equivalents	**111.5**	**153.2**
Non-current financial liabilities	1,284.0	1,309.5
Current financial liabilities	172.1	71.6
Financial instrument (liability)	3.9	2.2
Gross debt	**1,460.1**	**1,383.3**
Net financial debt	**1,348.6**	**1,230.1**

As of September 30, 2022, net financial debt was €1,348.6 million as compared to €1,230.1 million as of December 31, 2021. Net financial debt as of September 30, 2022 included immediate financing provided by deconsolidated receivables for €225 million, as compared to €214 million as of December 31, 2021.

4. Shareholder - Change of ownership

Atalian Holding Development & Strategy ("AHDS"), the majority shareholder of La Financiere Atalian ("Atalian"), and the minority shareholders of Atalian have received a binding and irrevocable offer from Clayton, Dubilier & Rice ("CD&R"), a global private investment firm, for the acquisition by CD&R of the entire share capital of Atalian, one of the world leaders in facility management.

The proposed transaction has been submitted for consultation to the competent workers' councils and has received approvals from the relevant regulatory and competition authorities. It is subject to the completion of the acquisition by CD&R of OCS International Limited, an international facilities management company headquartered in the United Kingdom and operating mainly in the United Kingdom and Asia Pacific region, which will be completed on 30 November 2022.

The transaction remains subject to the completion of the carve-out assets excluded from the transaction. This carve-out is expected to be completed by closing of the proposed transaction.

An extension of the exercise period of the put option to 16 December 2022 has been decided by Atalian shareholder and CD&R in order to continue the discussions within the envisaged transaction.

At the same time, additional analyses are expected within a few days on France and the USA which are showing a decline in results.

At the closing of the proposed transaction, and subject to the above-mentioned conditions, Atalian will redeem in full the senior notes due 2024 and 2025 in accordance with the optional redemption provisions of the relevant indentures.

5. Outlook

Given solid Net sales performance at end September 2022, like-for-like net sales growth is expected to be above 5% for the full year versus the 4% to 6% range previously. On the other hand, Recurring EBITDA margin should be circa 6% for the Group excluding the USA versus circa 7% previously.

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.