LA FINANCIERE ATALIAN
INVESTORS REPORT
THREE MONTHS ENDED AS AT MARCH 31, 2023

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, 2023. The historical information discussed below for the Group is as of and for the three months ended March 31, 2023 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, 2023 to March 31, 2023 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.

Disposal of activities in the UK, Ireland, Asia and Aktrion

On December 16, 2022, La Financière Atalian ("Atalian") announced the signature of an agreement with Clayton, Dubilier & Rice ("CD&R"), under which the funds managed and/or advised by CD&R will acquire Atalian's activities in the UK, Ireland and Asia, and including Aktrion. The transaction was completed on February 28, 2023.

UK and Ireland, Aktrion and Asian entities represent geographical areas of operations. Consequently, and following Atalian’s engagement to dispose of these entities through a joint share disposal agreement, the operation falls under the scope of Discontinued Operations as per IFRS 5.

These operations were not previously classified as held-for-sale or as discontinued operation, the comparative consolidated income statement has been restated to disclose the discontinued operations separately from continuing operations. The comparative period for the three months of 2022 ending as of March 31, 2022 does consider the depreciation impact of the assets held for sale as their depreciation ceased as of December 16, 2022. Subsequent to the disposal, the Group will maintain some relations with the discontinued operations in terms of general support services rendered towards the entities disposed of through a transition service agreement signed on February 28, 2023. Consequently, intra-group transactions in relation with management fees have been allocated to both continued and discontinued operations to reflect the continuity of such interaction.

Overview of reporting segments

We have the two 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 2023, our France segment generated €358.9 million, or 67.9% of group Net Sales.
- **International:** This segment comprises all companies outside France. As of March 31, 2023, we operated in 19 countries outside of France, in Europe, United States, Southeast Asia, and Middle East, providing cleaning, multi-technical, security and bundled facility management services. In the first quarter of 2023, our International segment generated €169.8 million, or 32.1% 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, 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 2023, Net Sales for "Other" amounted to €(0.1) million.

2. Results of Operations for the first quarter of 2023 compared to the first quarter of 2022

€ in millions	For the three months ended March 31	
	2023	2022 IFRS5
Net Sales	**528.9**	**505.5**
Raw materials & consumables used	(107.2)	(98.6)
External expenses	(21.5)	(19.2)
Staff costs	(373.3)	(349.5)
Taxes (other than on income)	(12.1)	(8.1)
Other recurring operating income and expenses	1.3	2.7
Recurring EBITDA	**16.1**	**32.8**
Depreciation and amortization, net	(15.2)	(15.6)
Provisions and impairment losses, net	(0.0)	(0.3)
Other income & expenses	163.2	(3.8)
Operating profit	**164.1**	**13.1**
Financial debt cost	*(22.1)*	*(19.7)*
Income from cash and cash equivalents	*0.8*	*0.1*
Net financial debt cost	***(21.4)***	***(19.6)***
Other net financial income and expenses	*7.6*	*(0.4)*
Net financial expenses	(13.7)	(20.0)
Income tax expense	(2.9)	(2.3)
Net income / (loss) from continuing operations	**147.5**	**(9.3)**
Net income / (loss) from discontinued operations	7.7	2.9
Income / (loss) for the period	**155.2**	**(6.4)**
Attributable to owners of the company	155.0	(7.7)
Attributable to non-controlling shareholders	0.2	1.3

Net Sales

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

€ in millions	For the three months ended March 31	
	2023	2022 IFRS5
Net Sales		
France	358.9	341.1
International	169.8	164.9
Other	(0.1)	(0.5)
Total Net Sales	**528.9**	**505.5**

Net Sales increased by €23.3 million, or +4.9%, to €528.9 million in the first quarter of 2023 as compared to €505.5 million in the first quarter of 2022. This performance included the negative impact of currency movements for 0.8% and the scope effect was negative by 1.9% with the disposal of operations in Vietnam and Africa, respectively in Q2 and Q4 2022. On a like-for-like basis, Net Sales increased by 7.3% driven by the benefit of indexation and the contract wins of 2022.

By segment:

France. In the first quarter of 2023, Net Sales increased by €17.8 million, or +5.2% (as reported and like-for-like), to €358.9 million, as compared to €341.1 million in the first quarter of 2022. Net Sales growth was driven by indexation and dynamic commercial development of 2022 benefiting all activities.

International. In the first quarter of 2023, Net Sales increased by €4.9 million, or +3.0%, to €169.8 million, as compared to €164.9 million in the first quarter of 2022. When excluding the negative effects of perimeter (minus €9.4 million or -5.8%) and foreign exchange rates (minus €4.2 million or -2.6%, mainly due to the depreciation of the Turkish lira versus the euro), like-for-like Net Sales increased by 11.3% in the first quarter of 2023 compared to the first quarter of 2022. This performance mainly resulted from the strong growth of operations in Benelux and Central & Eastern Europe, partly offset by the 25.8% Net Sales decrease in the USA.

Recurring EBITDA

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

€ in millions	**For the three months ended March 31**	
	2023	**2022 IFRS5**
Recurring EBITDA		
France	21.2	37.0
International	5.7	7.5
Other	(10.8)	(11.7)
Recurring EBITDA	**16.1**	**32.8**

Recurring EBITDA decreased by €16.7 million, or -50.8% to €16.1 million in the first three months of 2023, as compared to €32.8 million in the same period of 2022. Like-for-like decrease was -50.6%.

Recurring EBITDA margin was 3.0% in the first quarter of 2023, down 350 basis points compared to the first quarter of 2022, mainly reflecting the lower contribution of special works and the impact of the low margin at start of new contracts, which all more than offset the performance actions taken in all regions.

France. In the first quarter of 2023, Recurring EBITDA decreased by €15.8 million, or -42.7%, to €21.2 million, as compared to €37.0 million in the first quarter of 2022. Recurring EBITDA margin reached 5.9%, down 490 basis points compared to the first quarter of 2002, due to the lower contribution of special works and the impact of the relatively low profitability at start of the major contracts won in 2022, despite non-recurring benefit of special works of 2022.

International. In the first three months of 2023, Recurring EBITDA decreased by €1.8 million, or -24.0%, to €5.7 million, as compared to €7.5 million in the first three months of 2022. Recurring EBITDA margin went down 110 basis points to 3.4% reflecting the impact of Net Sales decrease in the US and the impact of the relatively low profitability at start of the major contracts won in 2022.

Others. "Others", which includes items that are not components of an operating segment, notably the operations of the Group's holding entities, decreased in costs by €0.8 million to €(10.7) million in the first three months of 2023, as compared to €(11.7) million in the first three months of 2022. The decrease mainly reflected the first benefit of right-sizing of corporate holding structures.

Operating profit

Operating profit increased from €13.1 million in the first quarter of 2022 to €164.1 million in the first quarter of 2023. This increase reflected the impact of lower Recurring EBITDA, as well as higher Depreciation and amortization due to increased capital expenditures in 2023 versus 2022 as a result of major contract renewals and wins in France, more than offset by the capital gain relating to the disposal of activities in the UK, Ireland and Asia, and including Aktrion, for €164.8 million.

Net income (loss) for the period

Net income for the period was €147.5 million in the first quarter of 2023, as compared to €(9.3) million in the first quarter of 2022, 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**	
	2023	**2022**
Net cash from (used in) operating activities	1.1	20.7
Net cash from (used in) investing activities	655.5	(9.9)
Net cash from (used in) financing activities	(51.9)	(31.7)
Exchange gains (losses) on cash and cash equivalents	(5.4)	(0.5)
Net increase (decrease) in cash and cash equivalents	**597.0**	**(21.4)**

Net cash from (used in) operating activities

€ in millions	For the three months ended March 31	
	2023	2022
Profit / (loss) from continuing operations	147.5	(9.3)
Profit / (loss) from discontinued operations	7.7	2.9
Adjustment for and elimination of non-cash items	(151.0)	23.2
Elimination of net finance costs	21.4	20.4
Elimination of income tax expense	2.9	4.5
Elimination of net other financial expenses	(7.6)	0.7
Cash generated from operations before financial expenses and income tax	**20.9**	**42.5**
Change in working capital	(18.0)	(17.4)
Income tax paid	(1.9)	(2.5)
Change in factoring deposit	(2.2)	(1.8)
Net cash from operating activities	**1.1**	**20.7**

We experienced a cash inflow of €1.1 million in the first quarter of 2023 as compared to an inflow of €20.7 million in the first quarter of 2022.

Net cash used in investing activities

€ in millions	For the three months ended March 31	
	2023	2022
Purchase of fixed assets (1)	(6.2)	(9.8)
Proceeds from sales of fixed assets	0.2	0.8
Purchase of consolidated companies (net of cash acquired)	0.0	(1.3)
Sales of consolidated companies (net of cash sold)	662.9	-
Other cash flows from investing activities	(1.5)	0.5
Net cash used in investing activities	**655.5**	**(9.9)**

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

Investing activities provided €655.5 million in net cash in Q1 2023 with the disposal of activities in the UK, Ireland and Asia, and including Aktrion. This compared with Net cash used in investing activities of €9.9 million in the first quarter of 2022.

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**	
	2023	**2022**
Proceeds from new borrowings	0.6	(0.0)
Repayments of borrowings	(54.1)	(23.8)
Finance costs, net (1)	(5.5)	(4.6)
Dividends	-	-
Operations in share capital	-	-
Other	6.9	(3.4)
Net cash used in financing activities	**(51.9)**	**(31.7)**

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

Net cash used in financing activities amounted to €51.9 million in in the first quarter of 2023, primarily due to the repayment of borrowings of €54.1 million.

Net Financial Debt Evolution

€ in millions	**As of**	
	March 31, 2023	**December 31, 2022**
Cash and cash equivalents	53.2	91.1
Investment securities - Cash equivalents	628.3	-
Short-term bank loans and overdrafts	(2.0)	(10.1)
Net cash and cash equivalents	**679.5**	**81.0**
Non-current financial liabilities	1,272.9	1,282.0
Current financial liabilities	132.6	141.4
Financial instrument (liability)	1.5	1.5
Financial debt	**1,407.0**	**1,424.9**
Net financial debt	**727.5**	**1,343.9**

As of March 31, 2023, Net Financial Debt debt was €727.5 million as compared to €1,343.9 million as of December 31, 2022. The amount paid by CD&R includes a payment in form of a Vendor Loan of €55 million, bearing interest at an annual rate of 7% (capitalized annually) and for a period of 2-years. This loan is accounted for as Other non-current financial asset along with the accrued interests recognized over the period for a total amount of €55.3 million. Considering this position Net Financial Debt amounted to €672.2 million as at March 31, 2023.

Net financial debt as of March 31, 2023 included immediate financing provided by deconsolidated receivables for €196.4 million.