

FIRST QUARTER 2023 FINANCIAL RESULTS

- Disposal of activities in the UK, Ireland, Asia and Aktrion completed in Q1 2023
- Solid commercial performance: wins up 13% in France and more than doubling in CEE versus 2022
- On track to deliver improved profitability of operations in France and the USA
- Net Sales growth of +7.3% like-for-like in Q1 2023
- Recurring EBITDA of €16.1 million in Q1 2023 as expected, due to the lag in contribution of productivity and indexation campaigns in France. Breakeven in the USA in March 2023
- Liquidity of €733 million ⁽¹⁾ and net financial debt of €727.5 million at end March 2023, after disposal of activities in the UK, Ireland, Asia and Aktrion

Performance Q1 2023 – Group Figures

€ million	Q1 2023	Q1 2022	Change	LfL change
Net Sales	528.9	505.5	+4.6%	+7.3%
Recurring EBITDA	16.1	32.8	-50.8%	-50.6%
<i>Recurring EBITDA Margin (%)</i>	<i>3.0%</i>	<i>6.5%</i>	<i>-350bps</i>	
Operating Profit excluding non-recurring items	0.9	16.9	(16.0)	
Operating Profit	164.1	13.1	151.0	
Net Profit / (loss)	155.1	(6.4)	161.6	
Cash Flow from Operations (CFFO)	(42.9)	(22.3)	(20.7)	
Net Financial Debt	727.5	1,264.5	(537.0)	

¹ Including factoring headroom and excluding uncommitted credit facilities. Liquidity is €679 million excluding factoring headroom and excluding uncommitted credit. The use of factoring headroom remains subject to the stock of receivables that can be assigned.

Maximilien Pellegrini, CEO, said: “*Net Sales increased by 7.3% on a like-for-like basis in Q1 2023 driven by indexation and commercial performance. As expected, Recurring EBITDA was impacted by the productivity and indexation campaigns in France which did not fully contribute yet.*

Commercial performance of the first months of 2023 was solid with a 13% increase in contract wins in France and wins more than doubling in CEE when compared with the first months of 2022. Pipeline in excess of 1.8 billion euros bodes well for the rest of the year.

All measures announced at Q4 & full year 2022 earnings have been implemented: indexation plan and productivity measures in France, restructuring in the USA. As such, 80% of indexation plan has been achieved in France, all productivity measures have been implemented, and as expected, the USA reached EBITDA breakeven in March 2023.

Earnings in Q1 2023 were in line with our expectations, and we expect solid pick-up along the year. Since my arrival on May 2, I have started my assessment of the Group and will continue to do so over the next couple of months, in parallel to the elaboration of the new strategic plan which I will present to the market in early autumn of this year. We will then launch the global refinancing of the Group, with the objective to finalise it by February 28, 2024.”

Regional Performance

France

€ million	Q1 2023	Q1 2022	Change	LfL change
Net Sales	358.9	341.1	+5.2%	+5.2%
Recurring EBITDA	21.2	37.0	-42.7%	-42.7%
<i>Recurring EBITDA Margin (%)</i>	<i>5.9%</i>	<i>10.8%</i>	<i>-490bps</i>	
of which: Cleaning	19.2	35.0	-45.1%	-45.1%
Other activities	2.0	2.0	+0.0%	+0.0%

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, despite non-recurring benefit of special works of 2022.

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.

A number of actions have been implemented in order to restore the profitability of operations in France to pre-Covid-19 levels:

- Through an ambitious strategy, the indexation campaigns of 2023 should compensate the impact of inflation. To date, 80% of indexation has been achieved.
- Significant commercial action and productivity plans should positively contribute to Recurring EBITDA versus 2022, more than offsetting the negative impact of mix of contract wins and losses and renewals.

International

€ million	Q1 2023	Q1 2022	Change	LfL change
Net Sales	169.8	164.9	+3.0%	+11.3%
Recurring EBITDA	5.7	7.5	-24.0%	-22.5%
<i>Recurring EBITDA Margin (%)</i>	<i>3.4%</i>	<i>4.5%</i>	<i>-110bps</i>	
of which: Central & Eastern Europe	4.2	4.0	+5.0%	+5.9%
USA	(1.1)	(0.3)	ns	ns
Other	2.6	3.8	ns	ns

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.

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 the lag in the productivity campaigns.

The Unaudited Consolidated Financial Statements for the period ended 31 March 2023 are available on the Atalian website (<https://atalian.com/investors-area/investors-news>).

Atalian will hold Q1 2023 Results Release Investor Meeting and Conference Call for Investors and Analysts on 26 May 2023 at 2:00pm BST / 3:00pm CEST.

Presentation slides and conference call details will be available on our website just before the meeting / call.

A replay on demand on our website will be accessible on our website during three months after the conference call ends.



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DISCLAIMER

The figures in this release are based on our unaudited financial statements for the respective period. Percentage figures which support comparisons with earlier periods refer to the prior year or to the corresponding quarter in the prior year unless otherwise stated.

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FINANCIAL DEFINITIONS

- **Like for like**

Like-for-like information is information factoring out changes in the scope of consolidation, such as divestments and acquisitions, and currency translation effects.

- **Recurring EBITDA**

The Recurring EBITDA (Earnings before interest, tax, depreciation and amortization) is an indicator to measure the performance of the Group excluding the impacts of non-recurring items. It is defined as:

- + Operating profit (EBIT)
- + Depreciation, amortization and impairment of operating assets
- + Restructuring, litigation, implementation and other non-recurring costs.

- **Non-recurring costs**

Restructuring, litigation, implementation, and other non-recurring costs comprise significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing performance, such as strategic restructuring and other business-related litigation cases.

- **Net Financial Debt**

The Net financial debt ("Net debt") is an indicator to measure the financial debt of the Group after deduction of the cash. It is defined as:

- + Financial liabilities (long-term and short-term) including accrued interests and derivative liabilities;
- Net cash and cash equivalents; and
- Derivative assets

- **Cash Flow from Operations**

The Cash Flow from Operations is an indicator to measure the level of cash generated by the Operations of the Group after capitalized expenditures. It is defined as:

- + Recurring EBITDA
- +/- Non recurring cash items
- +/- Other Operating Non Cash Adjustments
- +/- Change in Working capital after non-recourse factoring
- Net Capitalized Expenditures, excluding leased capex;
- Rent expenses and embedded interest related to IFRS 16
- Income Tax paid

- **Free Cash Flow**

The Cash Flow is an indicator to measure the level of cash generated by the Group after payment of financial interest. It is defined as:

- + Cash flow from operations
- Financial interest paid