LA FINANCIERE ATALIAN
INVESTORS REPORT
NINE MONTHS ENDED AS AT SEPTEMBER 30, 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 nine months ended September 30, 2023. The historical information discussed below for the Group is as of and for the nine months ended September 30, 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 September 30, 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.

Changes in accounting policies

Effective starting January 1, 2023, the Group decided not to capitalise anymore the costs of the uniforms purchased, this decision led in 2022 to an accelerated amortisation of the residual net book value of uniforms capitalized. In 2023 the cost of uniforms is expensed as incurred in the line "Raw materials and consumables used" of the Consolidated income statement.

Except for this specific accounting matter, the Company's accounting policies and methods are unchanged compared to December 31, 2022.

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 six months of 2022 ending as of June 30, 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.

Memorandum of understanding and acquisition by GDI of Assets of Atalian USA

On October 31, 2023 Atalian and GDI Integrated Facility Services Inc announced that they had completed the transactions announced on October 16, 2023, composed of:

- a memorandum of understanding (MOU) to cooperate in the pursuit and provision of facility maintenance services for international client opportunities in their respective geographies, Atalian operating in Europe and GDI in North America.
- The acquisition by GDI’s US subsidiary GDI Services Inc.. of Atalian’s facility services assets located in the USA. The operation falls under the scope of Asset Helf for Sale as of September 30, 2023 as per IFRS 5.

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 nine months of 2023, our France segment generated €1,065.9 million, or 67.8% of the group’s Net Sales.
- **International:** This segment comprises all companies outside France, which definition changed due to the application of IFRS 5. As of September 30, 2023, we operated in 19 countries outside of France, mainly in Central and Eastern Europe, Benelux and the USA, providing cleaning, multi-technical, security and bundled facility management services. In the first nine months of 2023, our International segment generated €512.9 million, or 32.6% of the group’s Net Sales.

Following both the disposal of its activities in the UK, Ireland, Asia and Aktrion and the adaptation of its structure as part of its performance plan, the Group is currently re-assessing the definition of its segments.

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 nine months of 2023, Net Sales for "Other" amounted to €(4.9) million.

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

€ in millions	For the nine months ended September 30	
	2023	2022 IFRS5
Net Sales	**1,573.9**	**1,521.8**
Raw materials & consumables used	(333.8)	(299.5)
External expenses	(69.6)	(68.5)
Staff costs	(1,080.3)	(1,052.2)
Taxes (other than on income)	(26.0)	(26.1)
Other recurring operating income and expenses	1.7	2.0
Recurring EBITDA	**65.9**	**77.4**
Depreciation and amortization, net	(45.0)	(45.8)
Provisions and impairment losses, net	(0.0)	14.5
Other income & expenses	140.5	(18.3)
Operating profit	**161.4**	**27.9**
Financial debt cost	*(64.4)*	*(59.6)*
Income from cash and cash equivalents	*11.9*	*0.3*
Net financial debt cost	*(52.5)*	*(59.3)*
Other net financial income and expenses	*10.8*	*(3.6)*
Net financial expenses	(41.7)	(62.9)
Income tax expense	(13.2)	(11.7)
Net income / (loss) from continuing operations	**106.5**	**(46.7)**
Net income / (loss) from discontinued operations	7.7	15.4
Income / (loss) for the period	**114.2**	**(31.3)**
Attributable to owners of the company	114.2	(33.2)
Attributable to non-controlling shareholders	0.0	1.9

Net Sales

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

€ in millions	For the nine months ended September 30	
	2023	2022 IFRS5
Net Sales		
France	1,065.9	1,031.6
International	512.9	494.4
Other	(4.9)	(4.2)
Total Net Sales	**1,573.9**	**1,521.8**

For the first nine months of 2023, Net Sales increased by €52.1 million, or +3.4%, to €1,573.9 million. Net Sales on a comparable basis[1] increased by 8.7% the first nine months of 2023 compared to the same period in 2022,

[1] *Comparable basis means excluding USA operations, other change in the scope (Africa), and currency translation effects. n October 31, 2023, Atalian announced the completion of the acquisition by GDI of Atalian's facility services assets located in the United States. USA Net sales were €26.6 million in Q3 2023 and €33.6 million in Q3 2022, and €85.3 million and €108.1 million*

when excluding the negative effects of perimeter (-€27.2 million or -1.8%), the US (-€22.8 million or -1.5%), and foreign exchange rates impact (-€30.5 million or -2.0%, mainly due to the depreciation of the Turkish lira versus the euro). The strong performance was mainly achieved by French operations and Central & Eastern Europe.

By segment:

France. For the first nine months of 2023, Net Sales increased by €34.3 million, or +3.3% (as reported and on a comparable basis), to €1,065.9 million, as compared to €1,031.6 million for the first nine months of 2022, mainly driven by cleaning and iFM operations.

International. For the first nine months of 2023, Net Sales increased by €18.5 million, or +3.7%, to €512.9 million. When excluding the negative effects of perimeter changes (-5.5%), the United States (-4.6%), and foreign exchange rates impact (-6.2%), Net Sales on a comparable basis increased by 20.0% for the first nine months of 2023 compared to the same period in 2022. This performance mainly results from the strong growth of operations in Central & Eastern Europe, where specific actions and new operational governance have been implemented to re-boost organic growth and to secure appropriate passthrough to clients in all geographies.

Recurring EBITDA

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

€ in millions	**For the nine months ended September 30**	
	2023	**2022 IFRS5**
Recurring EBITDA		
France	81.9	100.4
International	19.4	9.9
Other	(35.4)	(32.9)
Recurring EBITDA	**65.9**	**77.4**

For the first nine months, Recurring EBITDA declined by €11.5 million to €65.9 million or -14.9%. When excluding the negative effects of perimeter (-0.9%), foreign exchange rates impact (-1.9%), and the USA (+11.9%), Recurring EBITDA on a comparable basis decreased by 23.9% in the first nine-months of 2023 compared to the same period in 2022. Recurring EBITDA margin went down 90 basis points to 4.2%. Indexation plan and productivity measures are all underway but were partly offset by lower contribution of special works and by 2022 non-recurring balance sheet and P&L positive reclassification.

France. For the first nine months of 2023, Recurring EBITDA decreased by €18.5 million, or -18.4%, to €81.9 million. When excluding the benefit of Covid-19 related special works of the first nine months of 2022 for €6.2 million, Recurring EBITDA was down 13.0% year-on-year. Recurring EBITDA margin reached 7.7%, down 200 basis points compared to the first nine months of 2022. Indexation plans and productivity measures were more than offset by 2022 non-recurring balance sheet and P&L positive reclassification, the non-recurring benefit of special works of 2022, and inflation.

for the first nine months of 2023 and 2022, respectively. USA Recurring EBITDA was -€3.7 million in Q3 2023 and -€6.4 million in Q3 2022, and -€5.1 million and -€14.3 million for the first nine months of 2023 and 2022, respectively

International. For the first nine months of 2023, Recurring EBITDA increased by €9.5 million, or +96.0%, to €19.4 million as compared to €9.9 million for the same period in 2022. When excluding the negative effects of perimeter changes (-€0.7 million), the USA (+€9.2 million), and foreign exchange rates (-€1.5 million), Recurring EBITDA on a comparable basis increased by 25.3% in the first nine months of 2023 compared to the first nine months of 2022. Recurring EBITDA margin was up 180 basis points to 3.8%. Excluding USA, International Recurring EBITDA margin of 5.7% was down 60bps year-on-year.

Other. "Other", which includes items that are not components of an operating segment, notably the operations of the Group's holding entities, increased in costs by €2.5 million to €(35.4) million in the first nine months of 2023, as compared to €(32.9) million in the first nine months of 2022.

Operating profit

Operating profit increased from €27.9 million in the first nine months of 2022 to €161.4 million in the first nine months of 2023. This increase reflected the impact of lower Recurring EBITDA notably in the first half of 2023, 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.

Operating profit excluding non-recurring items was €20.9 million in the first nine months of 2023, compared to €46,2 million in the first nine months of 2022.

Net income (loss) for the period

Net income for the period was €114.2 million in the first nine months of 2023, as compared to €(31.3) million in the first nine months 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 nine months ended September 30	
	2023	2022
Net cash from (used in) operating activities	26.3	29.8
Net cash from (used in) investing activities	663.9	(58.8)
Net cash from (used in) financing activities	(147.6)	(7.6)
Exchange gains (losses) on cash and cash equivalents	(8.1)	(1.0)
Net increase (decrease) in cash and cash equivalents	**534.5**	**(21.3)**

Net cash from (used in) operating activities

€ in millions	For the nine months ended September 30	
	2023	2022
Profit / (loss) from continuing operations	106.5	(46.7)
Profit / (loss) from discontinued operations	7.7	15.4
Adjustment for and elimination of non-cash items	(108.9)	56.6
Elimination of net financing costs	52.5	62.2
Elimination of income tax expense	13.3	15.8
Elimination of net other financial expenses	(12.7)	5.4
Cash generated from operations before financial expenses and income tax	**58.3**	**108.7**
Change in working capital	(17.5)	(61.0)
Income tax paid	(11.6)	(15.0)
Change in factoring deposit	(2.8)	(2.9)
Net cash from (used in) operating activities	**26.3**	**29.8**

We experienced a cash inflow of €26.3 million in the first nine months of 2023 as compared to an inflow of €29.8 million in the first nine months of 2022.

Net cash used in investing activities

€ in millions	For the nine months ended September 30	
	2023	2022
Purchase of fixed assets (1)	(11.6)	(31.6)
Proceeds from sales of fixed assets	0.4	1.5
Purchase of consolidated companies (net of cash acquired)	0.0	(30.4)
Sales of consolidated companies (net of cash sold)	670.5	0.1
Other cash flows from investing activities	4.6	1.5
Net cash from (used in) investing activities	**663.9**	**(58.8)**

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

Investing activities provided €663.9 million in net cash in the first nine months of 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 €58.8 million in the first nine months 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 nine months ended September 30**	
	2023	**2022**
Proceeds from new borrowings	15.8	108.5
Repayments of borrowings	(139.5)	(68.6)
Finance costs, net [1]	(35.9)	(42.7)
Dividends	(0.6)	(1.2)
Operations in share capital	-	-
Other	12.6	(3.6)
Net cash from (used in) financing activities	**(147.6)**	**(7.6)**

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

Net cash used in financing activities amounted to €147.6 million in in the first nine months of 2023, primarily due to the repayment of borrowings of €139.5 million.

Net Financial Debt Evolution

€ in millions	**As of**	
	September 30, 2023	**December 31, 2022**
Cash and cash equivalents	101.6	91.1
Investment securities - Cash equivalents	517.3	-
Short-term bank loans and overdrafts	(2.8)	(10.1)
Net cash and cash equivalents	**616.1**	**81.0**
Non-current financial liabilities	(649.8)	(1,282.0)
Current financial liabilities	(697.8)	(141.4)
Financial instrument (liability)	-	(1.5)
Financial debt	**(1,347.6)**	**(1,424.9)**
Net financial cash (debt)	**(731.5)**	**(1,343.9)**

As of September 30, 2023, Net Financial Debt was €731.5 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 €77.3 million.

Net financial debt as of September 30, 2023 included immediate financing provided by deconsolidated receivables for €224.3 million.