FIRST HALF 2024 FINANCIAL RESULTS

- **Sophie Pécriaux, new Ultimate Beneficial Owner since June 2024**
- **Good CFFO recovery in Q2 driven by tightening of working cap management**
- **Despite satisfactory achievements out of France, profitability is impacted by difficulties in the cleaning business in France to passthrough 2024 full salary cost inflation to customer, and in particular higher payroll taxes**
  - H1 2024 net sales of €1,001 million, representing a growth of 0.9% and of 5.1% on a comparable basis[1] compared to H1 2023. Q2 2024 net sales improved by 1.4% to €501 million
  - H1 2024 EBITDA of €40 million, down 7.9% or -2.6% on a comparable basis compared to H1 2023. Q2 2024 EBITDA declined to €23 million (-10.7% on a comparable basis vs. last year, but still +€6 million higher than in Q1)
  - H1 2024 CFFO excluding non-recurring items of -€27 million compared to +€6 million in H1 2023. Q2 2024 CFFO excluding non-recurring items improved by €21 million to +€35 million, thanks to significant improvement in working capital management over the second quarter
- **Commercial and operational efforts to foster organic growth are active but we had some negative impacts on contract retention likely to be related to concerns on pre-refinancing Atalian's balance sheet in Q1, and by media coverage on historical shareholder trial which took place in H1 (the "Legacy Issues"). New contracts win remain strong despite this challenging environment**
- **Legacy Issues, difficulties to passthrough the full French cleaning staff cost increase, combined with uncertain French political environment lead Atalian to revise downwards its 2024 EBITDA (range of €80 million - €90 million) and CFFO targets (range of -€10 million - €0 million), while re-assessing 2025 expectations. The Group will update the market at the end of the 2025 budget process**
- **Atalian will pursue its disciplined cost-containment program and step up its sales efforts on both the offensive and defensive fronts through a more sector-based approach to customers, in order to return to stronger net organic growth**

Frédéric Baverez, Group Executive President, said: "While n*avigating in a challenging and uncertain environment we are continuing to step up our efforts to execute our strategic plan.*

During the first half of the year, we have achieved major significant steps including the refinancing completed on March 28th 2024, the reinforcement of our trade balance notably thanks to the win of new contracts in a challenging context, significant improvements in the Central and Eastern Europe operations - notably thanks to a very positive commercial dynamics in Türkiye -, strong progress in the security business in France, etc. However, despite action plans implemented since the beginning of the year, passing through the full extent of the cost increases to our customers remains challenging in the cleaning business in France, where external measures circumstantially boosted this increase beyond the price consumer index.

[1] Comparable basis means excluding change in the scope and currency translation effects. Activities in the US operations are meeting the IFRS 5 criteria and reclassified as discontinued activities in FY23 and FY24.

First half also marked a major change in the shareholding structure of FJ International Invest: Mr. Franck Julien has donated all the shares he held in FJ International Invest to Mrs. Sophie Pécriaux, with whom I work in full trust.

Cost discipline remains the order of the day. As part of the actions plans in place, we are continuing indexation campaigns and productivity efforts. We are also reassessing the organizations to better drive the performance, and we continue to perform a deep review of our contract portfolio.

Meanwhile we still need to step up our commercial efforts, notably in France, to secure an organic net growth in an uncertain and someway tumultuous environment, working both on new contracts win and on customer retention. A more sector-based approach of the customers should help to achieve this goal.

Our ambition remains clear, and, with competent and committed teams, I am convinced that we have everything we need to succeed to become the preferred partner for European customers in specific or global facility management services."

Performance H1 2024 – Group Figures

€ million	Q2 2024	Q2 2023	change	change @ comparable basis	H1 2024	H1 2023	change	change @ comparable basis
Net Sales	**500.7**	**493.7**	**1.4%**	**6.1%**	**1,001.1**	**992.5**	**0.9%**	**5.1%**
Recurring EBITDA	**22.8**	**27.0**	**-15.6%**	**-10.7%**	**39.9**	**43.3**	**-7.9%**	**-2.6%**
Recurring EBITDA Margin (%)	4.5%	5.5%	*-92 bps*	*-86 bps*	4.0%	4.4%	*-38 bps*	*-32 bps*
Operating Profit excl. non-recurring items	9.8	13.8	**(4.0)**		13.3	16.0	**(2.7)**	
Operating Profit	8.0	10.3	(2.3)		(4.6)	12.4	(17.0)	
Net Profit (loss) for the period from continued operations	**(10.8)**	**(12.5)**	**1.8**		**(45.4)**	**(26.2)**	**(19.2)**	
Net profit (loss) for the period	**(9.6)**	**(15.8)**	**6.2**		**(44.8)**	**128.3**	**(173.1)**	
Cash Flow from Operations (CFFO)	**26.2**	**10.2**	15.9		**(49.6)**	**1.6**	(51.2)	
CFFO excl non-recurring items	**34.6**	**13.8**	20.8		**(27.1)**	**6.0**	(33.1)	

Note IFRS 5: In compliance with IFRS 5 in order to disclose the consolidated income statement comparative for the H1 as of June 30, 2024, the consolidated income statement for H1 ended as of June 30, 2023, has been re-presented to disclose the discontinued operations separately from the continuing operations.

In H1 2024, consolidated net sales amount to €1,001 million, up 0.9%. Excluding forex impact (mainly due to the variation of the Turkish lira), net sales increased by 5.1% on a comparable basis. This growth reflects good improvement in Central and Eastern Europe (CEE) and of integrated FM (iFM). Although the French trade balance shows resilience, it is still impacted by loss of contracts in 2023 (loss of a major Security and Safety contract end of Q1 2023), offsetting wins of new contracts.

H1 2024 recurring EBITDA is -2.6% at constant exchange rate. Positive contribution of productivity combined with the positive CEE trade balance and lower holding costs were more than offset by insufficient passthrough of the 2024 costs increases in the French cleaning business, along with the negative trade balance in France. Despite action plans in place, the current context in France makes it indeed more difficult to passthrough to our customers the portion of cleaning staff costs increases overpassing the INSEE general consumer price index as well as the minimum wage (SMIC) increase, mainly due to circumstantial external measures.

Operating profit excluding non-recurring items amounted to €13.3 million, compared to €16.0 million in H1 2023. This decrease is mainly explained by the EBITDA performance. Non-recurring items accounted for in H1 2024 amounted to €17.9 million, out of which €16 million were accounted for in Q1 2024 corresponding to the refinancing of the bond debt finalized in March 2024. In Q2 2024, non-recurring items amount to €1.8 million and mainly corresponds to provision accounted for as part of the disposal of our Lebanese operations in July 2024.

Net loss from continued operations for the period is -€45.4 million compared to -€26.2 million in H1 2023. This is mainly explained by higher non-recurring costs, lower operating performance, and lower financial result mainly over the 1st quarter. The latest was generated by favorable forex impact in Q1 2023 not fully renewed in 2024.
In Q2 2024, net loss from continued operations improved by €1.7 million to -€10.5 million. Lower Operating profit was more than offset by lower financial expenses.
In H1 2024 net loss amounts to -€44.8 million compared to a net profit of €128.3 million in H1 2023 strongly helped by the capital gain from the sale of UK, Ireland and Asia operations recorded in the discontinued operation line.

CFFO excluding non-recurring items decreased from +€6.0 million in H1 2023 to -€27.1 million in H1 2024 mainly reflecting:

- negative change in working capital requirement (-€38.3 million to -€36.7 million) hampered by the still too high level of account receivables (late billing). Situation improved in Q2 and is being worked upon,
- lower EBITDA (-€3.4 million),
- relatively stable capex (-€1.1 million to -€25.9 million), despite,
- lower income tax paid (+€5 million to -€4.5 million),
- lower change in factor deposit (+€2.6 million to -€0.2 million),
- positive change in the elimination of non-cash items (+€2.2 million to +€0.4 million).

CFFO includes -€22.6 million of non-recurring items in H1 2024 due to the refinancing, out of which €8.4 million in Q2 2024.

In Q2 2024, CFFO now positive at +€26.2 million (+€15.9 million vs. 2023) mainly driven by positive change in working capital requirement (+€23.7 million in Q2 2023 to +€32.2 million in Q2 2024). This improvement reflects the recovery of part of the negative effects observed in Q1 due to unfavorable factoring timing and persistent efforts to reduce the high level of Account Receivables. This recovery will continue through the rest of the year and part of 2025.

In the second quarter, the Group set up, with the help of a consulting firm, specific action plans aiming at structurally improving the management of working capital and smoothening its consumption over the year. These measures, such as the structural reduction of late billing, require actions on the Group's operational processes. Results of these plans are expected to bear fruit as from the end of this year, with full impact in 2025. Going forward, change in working capital is expected to be broadly neutral in the normal course of business for the full year with some timing effects linked to the business seasonality on a quarter per quarter basis.

Regional Performance

France & Integrated Facility Management (iFM)

€ million	**Q2 2024**	Q2 2023	change YoY	**H1 2024**	H1 2023	change YoY
Revenue	**357**	**354**	**0.9%**	**717**	**715**	**0.2%**
Recurring EBITDA*	**17.8**	**26.2**	**-32.0%**	**33.3**	**42.2**	**-21.0%**
Recurring EBITDA Margin (%)	*5.0%*	*7.4%*	*-242 bps*	*4.7%*	*5.9%*	*-125 bps*

** After re-allocation of dedicated holding costs*

In H1 2024, revenue is up 0.2% to €717 million, as compared to €715 million in H1 2023. This was driven by the growth in iFM operations, notably in Q1. These positive elements were more than offset by insufficient contribution of indexation, along with negative trade balance. Despite several commercial actions in place and wins of new contracts, the trade balance is impacted by the loss of some contracts since the beginning of the year and notably in Q2 combined with the impact of the loss of a major contract in 2023, notably in Security and Safety business.

In H1 2024, recurring EBITDA decreases by 21% to €33.3 million and EBITDA margin reaches 4.7%, down 125 basis points compared to H1 2023. This decline reflects a negative impact of the trade balance and first of all an insufficient indexation in the cleaning business that could not be offset by productivity efforts. Despite actions plans implemented as from the first quarter, profitability continues to be impacted by additional social charges increasing staff cost and difficulties to fully passthrough these increases to our customers. Overall, French cleaning staff cost have increased by c.€16 million. This impact in mainly comprised of the impact of the French cleaning wages increase as a result from collective bargaining of the French Federation of Cleaning Companies (Fédération des Entreprises de la Propreté), despite slightly lower FTE (c.€6 million), along with higher payroll taxes (c. €10 million). The latest mainly resulted from circumstantial exogeneous impacts (incl. the decrease of the employer's contribution rebate ("Fillon Benefit")). As a result, teams have difficulties to passthrough the full impact of this cost increase (only c. 50% as of end of June 2024, or circa the level of the French general price index (INSEE index).

International (Central and Eastern Europe and Benelux)

€ million	**Q2 2024**	Q2 2023	change	change @ comparable basis	**H1 2024**	H1 2023	change	change @ comparable basis
Revenue	**146**	**140**	**4.1%**	**20.5%**	**288**	**279**	**3.1%**	**18.0%**
Recurring EBITDA*	**7.9**	**6.6**	**20.9%**	**40.4%**	**14.1**	**12.6**	**11.8%**	**30.2%**
Recurring EBITDA Margin (%)	*5.4%*	*4.7%*	*75 bps*	*0 bps*	*4.9%*	*4.5%*	*38 bps*	*47 bps*

** After re-allocation of dedicated holding costs*

In H1 2024, revenue increases by +3.1%, to €288 million. When excluding the negative foreign exchange rates impact (due to the depreciation of the Turkish lira versus the euro), revenue on a comparable basis increases by +18.0%. This improvement reflects significant growth in the CEE benefiting from actions taken in 2023 to re-boost organic growth and successfully passthrough inflation to clients in all geographies. CEE net sales also benefited from higher sales in Türkiye, driven by positive commercial dynamics in an environment of hyperinflation, and the volume recovery of Czech Republic.
CEE growth continues to be partly offset by negative trade balance in Benelux, which has been impacted by the termination of low or negative margin contracts over the past twelve months.

In H1 2024, recurring EBITDA increases by €1.5 million, or +11.8% to €14.1 million. On a comparable basis, it was up 30.2%. Recurring EBITDA margin improves by 51 basis points to 5.0%. This improvement, which gathered pace in Q2 2024, mainly reflects EBITDA growth in all geographies driven by improved trade balance along with successful indexation, positive contribution of continuous improvement measures, and positive impact of the higher level of special works in Q1.

Outlook

Despite several action plans in place since Q1 2024, the difficulties to passthrough the full increase of salary cost in French cleaning business, combined with the Legacy Issues and the uncertain political environment in France, lead the Group to revise downwards its 2024 EBITDA and CFFO targets:

- Recurring EBITDA to be comprised in the range of €80 million to €90 million vs. €100 million initially expected

- CFFO[2] in the range of -€10 million to €0 million vs. €20-30 million initially expected. This assumption is before the impact of the recourse factoring (+€8 million cash at June end) and is based on a prudent working capital assumption at year end.

Since Q1 2024 the Group has been working on several action plans to secure its results. These actions will be further strengthened to counteract the negative impacts described above. Further details to be provided in November 2024:

- Cost discipline, notably with travel cost management, general management cost, implementation of stricter approval process for spend, capex and hiring, optimization of floor spaces, procurement policy…
- Productivity efforts
- Commercial efficiencies with:
    - additional indexation campaigns
    - pro-active sales activity to improve hit rate and develop special works
    - specific actions on loss-making contracts
    - expansion of the offer, in particular around iFM
- Reassessment of the organizations:
    - further strengthening of our commercial team
    - deep review of our contract portfolio
    - more-sector based approach of the customers

In this context the Group is working on re-assessing its 2025 expectations and will update the market and this end of the 2025 budget process.

The Audited Consolidated Financial Statements for the period ended 31 December 2023 are available on the ATALIAN's website (https://atalian.com/investors-area/investors-news).

ATALIAN will hold H1 2024 Earnings Release Conference Call for Investors and Analysts on August 29, 2024 at 2:00pm BST / 3:00pm CEST. An audio webcast will be available at H1 2024 EARNINGS RELEASE (royalcast.com)
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.*

[2] *Before refinancing fees*

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FINANCIAL DEFINITIONS

- **Comparable basis**

On a comparable basis information is information factoring out changes in the scope of consolidation, such as divestments and acquisitions, the USA, 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, and other non-recurring costs

- **Non-recurring costs**

Non-Recurring items comprise significant charges or income that, because of their one-time nature, cannot be viewed as inherent to the Group's regular course of business, such as strategic restructuring (impacting operations or the structure of the organization), litigations, impairments, capital gain or losses and other one-time items.

- **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

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

+ Cash flow from Operations

– Net Financial interest paid, net of embedded interest