

Alternative Performance Measures – 31 December 2024

Management believes that these indicators, which are not defined by IFRS, provide additional, relevant information for shareholders in their analysis of the Group's underlying trends, performance, and financial position. These indicators are used by Management to analyse performance. Since they are not defined by IFRS, they are not directly comparable with similarly titled indicators used by other companies. Furthermore, they are not intended to replace or be given greater importance than the IFRS indicators as presented in the financial statements.

This note has been prepared in accordance with AMF Position No. 2015-12 on Alternative Performance Measures.

Alternative Performance Measures not presented in the financial statements

Accounting Method Changes as of 1 January 2024 and Restatement of Comparative Information

The European Union has adopted the following texts, which are mandatory for the Group's financial year starting on January 1, 2024, without significant impact on the Group's consolidated financial statements:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 – Non-current liabilities with covenants;
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements.

In addition, the following changes in presentation have been made to the consolidated cash flow statement, resulting in a restatement of the 2023 information:

- The aggregate "Repayments of lease liabilities" now encompass all lease payments, including payments for leases where the underlying asset is permanently impaired, which were previously reported on under "Other repayments";
- Similarly, "Interest paid, net" now includes all interest paid, including interest on leases where the underlying asset is permanently impaired, which was previously reported under "Other repayments" in the consolidated statement of cash flows.

In 2023, lease payments included €23 million in payments for leases where the underlying asset was permanently impaired, of which €2 million consisted of interest payments. The lines "Repayments of lease liabilities" and "Interest paid, net" in the 2023 consolidated statement of cash flows have been restated by -€21 million and -€2 million, respectively

Normalized Financial Result

The normalized financial result corresponds to the financial result adjusted for non-recurring financial items. This indicator is used by the Group to assess recurring financial performance.

(Euros in millions)	31 December 2024	31 December 2023
Net cost of financial debt	3,253	(582)
To increase/(decrease) by:		
Adjustment for fair value on converted and reinstated debts	(3,486)	-
Other financial income	18	35
Other financial expenses	(198)	(222)
Normalized financial result	(413)	(768)

Normalized Net Result, Normalized Net Result Group Share (RNPG), Normalized Non-controlling Interests, Normalized EP

The normalized net result corresponds to the net result from continuing operations adjusted for (i) the effects of other operating income and expenses as defined in the 'accounting principles' section of the consolidated financial statements notes, (ii) non-recurring financial items, and (iii) related tax income and expenses, including the application of IFRIC 23 "Uncertainty over Income Tax Treatments".

Non-recurring financial items correspond to the adjustments used to determine the normalized financial result (see above).

Normalized non-controlling interests correspond to the share of non-controlling interests in the normalized net result. They reflect the share of non-controlling interests in the net result from continuing operations, adjusted for the effects of other operating income and expenses, non-recurring financial items, and related tax effects, including IFRIC 23.

The basic normalized earnings per share corresponds to the normalized net result Group share for the period divided by the weighted average number of shares outstanding during the period. The diluted normalized earnings per share is calculated by adjusting the result attributable to shareholders and the weighted average number of shares outstanding to account for the effects of all potentially dilutive instruments.

The Group uses these indicators to assess the evolution of recurring profit from operations. The following table presents the reconciliation of normalized net profit with the corresponding aggregates from the consolidated financial statements:

(Euros in millions)	31 December 2024	31 December 2023
Net profit (loss) from continuing operations	2,169	(2 577)
To increase/(decrease) by:		
Other operating income and expenses	772	1 157
Other non-recurring financial income and expenses ⁽¹⁾	(3,486)	-
Tax effects related to adjustments and IFRIC 23	-	(50)
Normalized net result	(544)	(1 470)
o/w Non-controlling interests	-	(19)
o/w Group share	(544)	(1 451)

(1) See "normalized net financial result" indicator above.

Adjusted Cash Flow after lease payments from Continuing Operations

Adjusted cash flow after lease payments corresponds to the Group's total cash flow from operations (see definition below), adjusted for (i) disposal gains and effects related to discontinued operations, (ii) repayment of lease liabilities and interest on lease liabilities from continuing operations, and (iii) the effects of conciliation and financial restructuring.

(Euros in millions)	31 December 2024	31 December 2023 restated
Net cash from (used in) operating activities before change in working capital, net finance costs and income tax	133	273
- Net result before tax from discontinued operations	2,497	4,628
- Disposals gains and losses and adjustments related to discontinued operations	(2,195)	(4,442)
+ Lease liability repayments from continuing operations	(326)	(329)
+ Financial interest paid on lease liabilities of continuing activities	(138)	(116)
+ Adjustments related to conciliation and financial restructuring costs	81	92
Net cash from (used in) operating activities after lease payments and before change in working capital, net finance costs and income tax	52	107

Adjusted Gross and Net CAPEX

Gross CAPEX corresponds to “cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property” as presented in the consolidated statement of cash flows.

Adjusted Net CAPEX corresponds to Gross CAPEX plus “cash inflows related to disposal of property, plant and equipment, intangible assets and investment property” as presented in the consolidated statement of cash flows, excluding those related to the disposal plan¹.

(Euros in millions)	31 2024	December	31 2023	December
Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property	(300)		(352)	
Cash inflows related to disposal of property, plant and equipment, intangible assets and investment property	223		53	
Adjustments related to the disposal plan	(200)		(29)	
Adjusted net CAPEX	(277)		(328)	

Adjusted Change in Operating Working Capital (OWC)

The adjusted change in operating capital requirement corresponds to the "change in operating working capital" as presented in the consolidated statement of cash flow, adjusted for the effects of conciliation and financial restructuring on the change in OWC.

(Euros in millions)	31 2024	December	31 2023	December
Change in OWC - continuing operations	(423)		(486)	
Adjustments related to conciliation and financial restructuring costs	31		(33)	
Adjusted change in OWC		(392)		(518)

Free Cash Flow before Financial Expenses (Free Cash Flow or FCF)

This metric corresponds to cash flow from operations as presented in the consolidated statement of cash flows, less net CAPEX, lease payments related to leases subject to IFRS 16 adjustments and adjusted for the effects of conciliation and financial restructuring.

This indicator allows the Group to measure the cash generation or consumption resulting from its operations. Free cash flow provides insight into liquidity available after capital investments required to implement the strategic plan and financial debt servicing. It is a key measure of the Group’s performance and overall liquidity.

¹ The disposal plan refers to the real estate disposals carried out in connection with the repayment of the Quatrim debt and their resulting impact at the Group level.

The following table presents the reconciliation of free cash flow with the aggregates from consolidated financial statements:

(Euros in millions)	31 December 2024	31 December 2023 restated
Net cash from (used in) operating activities – continuing activities	(9)	(35)
Adjusted net CAPEX	(277)	(328)
Lease liability repayments of continuing operations (*)	(326)	(329)
Financial interest paid on lease liabilities of continuing activities (*)	(138)	(116)
Adjustments related to conciliation and financial restructuring costs	112	59
Free cash flow before financial expenses	(639)	(748)

(*) In accordance with IFRS 16

Net Financial Investments from Continuing Operations

Net financial investments are derived from the consolidated cash flow statement and correspond to the sum of acquisitions of financial assets, changes in loans and advances, and the effects of perimeter changes involving control changes or related to joint ventures and associates, minus financial asset disposals and transactions between the Group and non-controlling interests. Adjustments are also made to isolate the impact of the strategic disposal plan and the variation in escrow accounts related to these disposals.

This aggregate may also be referred to as “Other Financial Investments”.

This indicator reflects investments other than operational investments.

The following table reconciles net financial investments from continuing operations with the consolidated financial statement aggregates:

(Euros in millions)	31 December 2024	31 December 2023
Effects of perimeter changes with a control change	1	(32)
Effects of perimeter changes related to joint ventures and associates	33	22
Cash outflows for financial asset acquisitions	(37)	(161)
Cash inflows from financial asset disposals	108	96
Change in loans and advances granted	(19)	(5)
Transactions between the Group and non-controlling interests	(2)	(1)
Adjustments for changes in escrow accounts	(81)	56
Adjustment related to the disposal plan	(45)	(78)
Net financial investments from continuing operations	(42)	(103)

Non-GAAP Measures Presented in the Financial Statements

The indicators presented below are included in the consolidated financial statements. Only the definitions of these indicators are provided. The corresponding reconciliation tables can be found in the notes to the financial statements.

Trading profit (EBIT)

Trading profit (EBIT) is defined as operating profit before (i) items which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/(expenses) related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests) and (ii) non-recurring items that would distort analyses of the Group's recurring profitability defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).

EBIT margin corresponds to EBIT expressed as a percentage of net sales.

Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense included in trading profit.

Adjusted EBITDA margin corresponds to adjusted EBITDA expressed as a percentage of net sales.

Adjusted EBITDA after lease or adjusted EBITDA after lease payments

Adjusted EBITDA after lease payments is defined as trading profit plus recurring depreciation and amortisation presented in trading profit less repayments of lease liabilities and net interest paid on lease liabilities.

(Euros in millions)	31 December 2024	31 December 2023
Trading profit	(49)	124
+ Recurring depreciation and amortization expense	625	640
Adjusted EBITDA	576	765
+ Lease liabilities repayments of continuing operations (*)	(326)	(329)
+ Financial interest paid on lease liabilities of continuing operations (*)	(138)	(117)
Adjusted EBITDA after lease payments	111	320

(*) In accordance with IFRS 16

Net cash from (used in) operating activities before change in working capital, net finance costs and income tax

Net cash from (used in) operating activities before change in working capital, net finance costs and income tax, as presented in the statement of cash flows, is calculated based on profit before tax, adjusted for non-cash items or items not related to operations (such as depreciation and amortization and provisions excluding those related to current assets, fair value adjustments, share-based payment expenses, gains or losses on the disposal of non-current assets, and gains/(losses) from changes in ownership interests in subsidiaries resulting in a gain/loss of control or involving non-controlling interests).

It is also adjusted for the cost of debt, undrawn commitment fees, the cost of non-recourse receivables financing and similar operations, lease-related interest expenses, and dividends received from associates and joint ventures.

Net Cash

Net cash corresponds to cash and cash equivalents less bank overdrafts.

Net financial debt

Net financial debt corresponds to gross borrowings and debt including fair value hedging derivatives (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) cash management assets and financial investments, (iii) fair value hedging derivatives (assets), and (iv) financial assets arising from the disposal of non-current assets.

Net financial debt is also monitored by segment.

Other definitions

Constant exchange rates

The term “constant exchange rate” refers to applying the prior year’s exchange rates to the current year, all other things being equal.

Comparable sales

Comparable sales include e-commerce sales and merchandise sales excluding fuel for stores open for at least 12 months. They are stated at constant exchange rates, excluding calendar effects and taxes.

Organic sales (like-for-like sales)

Organic sales correspond to sales from continuing operations at constant scope and exchange rates, excluding VAT.

Gross Merchandise Volume (GMV)

For convenience brands, gross merchandise volume corresponds to the total value of goods sold by all the integrated and franchised stores and the e-commerce sites, including VAT. For Cdiscount, gross merchandise volume corresponds to the total value of goods sold by the Cdiscount group's websites and by independent Marketplace vendors.

Calendar effect

The calendar effect measures the theoretical impact on sale growth of year-over-year calendar variations. It includes:

- the impact of differing weekdays (number of additional or fewer days vs. the prior year for a given period: month, quarter, year), and
- the impact of calendar shifts of days with significant upward or downward variations in sales (public holidays, school vacations, bridge days, major sales events, sales, major festivals).

Customer Traffic

Customer traffic corresponds to the number of checkout transactions.

Organic trading profit

Organic trading profit corresponds to consolidated trading profit at constant scope and exchange rates.