

## **2022 Annual results**

### **MAINTAINING A PROACTIVE INVESTMENT POLICY SUPPORTING THE GROWTH OF THE BUSINESS LINES**

### **RESULTS<sup>1</sup> REMAIN SATISFACTORY IN A DIFFICULT ECONOMIC AND GEOPOLITICAL ENVIRONMENT**

#### **ELO**

- Revenue up 7.7 %
- A limited decline in EBITDA of 3.3%, despite the testing conditions
- Investments up 38 % over the year
- A financial situation that remains robust

#### **AUCHAN RETAIL**

- Revenue growth (+2.9% on a like-for-like basis<sup>2</sup>) driven by consumers returning to stores
- EBITDA was down for the year (-8%) and stable in H2 compared with 2021, against a backdrop of support for consumer purchasing power and Auchan France's recovery
- Auchan France's earnings increased in H2
- In the other geographic regions, earnings remain solid
- A long-term proactive strategy via the "Auchan 2032" vision, supported by increased investments (+23% in 2022)

#### **NEW IMMO HOLDING**

- Resilience confirmed in conditions marked by yet more turbulence
- Income up 8.8%
- EBITDA recovery of +19 %
- Fair value of assets standing at €7.46 bn (+3.6%), with an increase in investments
- Operational deployment of the strategy and acceleration of site transformations

#### **ELO key figures (vs. 31 December 2021, at current rates)**

| <b><u>Income</u></b> | <b><u>EBITDA</u></b> | <b><u>Normalised net</u></b> | <b><u>Operating investments</u></b> | <b><u>Net financial</u></b> |
|----------------------|----------------------|------------------------------|-------------------------------------|-----------------------------|
| <b>€33,485 m</b>     | <b>€1,697 m</b>      | <b>income<sup>3</sup></b>    | <b>€1,127 m</b>                     | <b>debt<sup>4</sup></b>     |
| <b>+7.7%</b>         | <b>-3.3%</b>         | <b>€293 m</b>                | <b>+€313 m</b>                      | <b>€2,579 m</b>             |
|                      |                      | <b>+€32 m</b>                |                                     | <b>+€398 m</b>              |

<sup>1</sup> Auchan Retail's business in Taiwan was sold on 6 September 2022. Items relating to it no longer appear in the balance sheet, and earnings from the sale, as well as those for the period, have been recorded in the income statement under "Net income from discontinued operations" for 2022 and 2021.

<sup>2</sup> Excluding fuel sales and currency impact, including calendar impact

<sup>3</sup> Net income restated for Other Operating Income and Expenses and their income tax effect, as well as items net of tax not related to the normal course of business and recorded in operating income (e.g. capital gains or losses on asset disposals) or in financial income

<sup>4</sup> Excluding IFRS 16 debt

## KEY FIGURES for 2022

| <i>In € millions</i>                               | 2022          | 2021          | Change at current exchange rates | Change at constant exchange rates |
|--|---------------|---------------|----------------------------------|-----------------------------------|
| <b>Revenue</b>                                     | <b>33,485</b> | <b>31,088</b> | <b>+7.7 %</b>                    | <b>+6.4%</b>                      |
| <b>EBITDA</b>                                      | <b>1,697</b>  | <b>1,756</b>  | <b>-3.3%</b>                     | <b>-5.2%</b>                      |
| <i>EBITDA margin rate</i>                          | 5.1%          | 5.6%          | -0.5 pp                          | -0.6 pp                           |
| <b>Operating income from continuing operations</b> | <b>664</b>    | <b>736</b>    | <b>-9.8 %</b>                    | <b>-13.1%</b>                     |
| <b>Net income</b>                                  | <b>42</b>     | <b>358</b>    | <b>-€315 m</b>                   | -                                 |
| <b>Normalised net income<sup>5</sup></b>           | <b>293</b>    | <b>262</b>    | <b>+€32 m</b>                    | -                                 |

### INCOME GROWTH OF +7.7% AND EBITDA DECREASE LIMITED TO -3.3%

At 31 December 2022, ELO's financial results reflect the strong complementarity of its business lines. Its financial situation remains solid.

ELO reported **revenue** of €33,485 million, up 7.7% compared to 2021. This is explained by the earnings growth of its two business lines, Auchan Retail (+7.7 %, of which +2.9 % on a like-for-like basis) and New Immo Holding (+8.8 %).

Gross profit rose by €341 million (+4.5%) to €7,963 million. However, the profit margin fell by 0.7 pp to 23.8%, reflecting the impact of the increase in fuel sales, which made little contribution to the margin, as well as measures to support Auchan France's consumers during this inflationary period.

In value terms, the increase in gross profit absorbed part of the increase in payroll expenses (+4.2 %) and external expenses (+17.3 %) amid strong inflation, in particular for energy costs (+30 %). This was nevertheless mitigated by the companies' energy coverage policies and energy efficiency measures, which were stepped up in 2022.

**EBITDA** therefore came to €1,697 million, a limited fall of €59 million over one year (-3.3%). By business line, Auchan Retail's EBITDA was €1,336 million (-8.2 %) and New Immo Holding's EBITDA was €369 million (+19.4 %). The EBITDA margin was 5.1 %, down 0.5 pps.

<sup>5</sup> Net income restated for Other Operating Income and Expenses and their income tax effect, as well as items net of tax not related to the normal course of business and recorded in operating income (e.g. capital gains or losses on asset disposals) or in financial income

Depreciation, amortisation and impairment fell by €105 million. Other operating income and expenses fell by €38 million.

**Operating income from continuing operations** rose by 9.8% to €664 million.

**Operating income** was €366 million compared with €943 million in 2021 (down €577 million).

This decrease is explained by -€298 million being recorded in **Other operating income and expenses** in 2022, compared to +€207 million in 2021, i.e. an unfavourable difference of €505 million.

In 2022, the accounting impacts of the war in Ukraine were recorded as -€156 million (impairment of Ukraine goodwill (€30 million) and impairment of property, plant and equipment in Ukraine and Russia (€123 million)), as well as impairment of Auchan France goodwill (-€126 million). In 2021, warehouse sales at Auchan Retail generated significant capital gains.

The **net cost of financial debt** was -€117 million versus -€145 million in 2021. In a climate of volatile interest rates, this decrease is linked to the increase in investment rates and the fall in the average cost of debt. Other financial income and expenses showed an expense of -€170 million, down €61 million.

**Income tax expenses** amounted to €147 million compared with €233 million in 2021.

**Share of net profit (loss) of associates** was -€6 million. This mainly represents the share of Oney's profit for the period, which was impacted in 2022 by the increase in refinancing costs and the cost of risk.

Profit for the period came to €42 million. This includes the net income from disposals (mainly the sale of Auchan Retail's business in Taiwan in H2 2022) of €117 million.

**Normalised net income**<sup>6</sup> came to €293 million, up €32 million.

## **A FINANCIAL STRUCTURE THAT REMAINS SOLID, DESPITE THE BUSINESSES LINES' PROACTIVE INVESTMENT POLICY**

As at 31 December 2022, ELO's **financial debt**<sup>7</sup> stood at €2,579 million, a controlled increase of €398 million over the year.

Debt takes into account the negative impact of the retail business' WCR in 2022 (-€324 m), which was linked to consumer choices in conditions where their purchasing power came under strain. This led to an increase in end-of-year non-food stocks. It also includes the proactive continuation of operating investments, which came to €1.1 billion in 2022 (+€317 million vs 2021). These investments have supported the transformation of the business lines and the reactivation of the growth strategy (modernisation of stores, digitisation, expanding to new countries, the energy transition for Auchan Retail, acquisition of the V2 shopping centre in Villeneuve d'Ascq for New Immo Holding).

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<sup>6</sup> Net income restated for Other Operating Income and Expenses and their income tax effect, as well as items net of tax not related to the normal course of business and recorded in operating income (e.g. capital gains or losses on asset disposals) or in financial income

<sup>7</sup> Excluding IFRS 16 debt

This policy does not jeopardise ELO's financial strength. Debt ratios are solid, with a leverage ratio<sup>8</sup> of 2.36.

**ELO's liquidity is extremely healthy.** ELO benefits from €7.1 billion of financing, including €2.2 billion of undrawn confirmed credit lines and overdrafts.

As part of its active liquidity management, ELO successfully issued a new bond in December 2022 for €650 million maturing in 2028. ELO also negotiated a new €850 million sustainability-linked RCF maturing in 2027, with a twice-yearly option to extend, replacing the €800 million RCF maturing in June 2024. A sustainability-linked term loan of €400 million was also set up in December 2022. As at 31 December 2022, it remained unused.

The financing repayment schedule is very well spread out, with an average maturity of 3.5 years. ELO hence has no specific short-term refinancing needs.

## **OUTLOOK**

ELO's financial results for 2022 are satisfactory. Despite the challenging global situation, Auchan Retail and New Immo Holding continued to experience success while maintaining an expansive investment policy.

This policy will remain unchanged for 2023 in conditions that remain unstable (food inflation, energy prices, the geopolitical situation).

Auchan Retail will play its role as an inflation "shock absorber" for consumers, and will keep looking to the future as part of its "Vision 2032" strategy. New Immo Holding will pursue its strategy of a reinvented real estate business, enhancing the attractiveness of its sites through the dynamic management of its assets, particularly those shared with Auchan.

ELO will ensure that it remains financially solid – a major asset in the present climate. This will enable it to support the investment needs required to develop and transform its business lines.

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<sup>8</sup> *(Financial debt + FRS 16 debt) / EBITDA*

At the publication of the 2022 results, **Yves Claude, Chairman and CEO of Auchan Retail, stated:**

*“The year 2022 was marked by an extremely complex economic and geopolitical climate for the company.*

*Despite this, and in line with its status as a family-owned company, Auchan has made the firm decision to be proactive with a focus on the medium and long term. The company has adopted a new vision for 2032, borne out in the maxim: “Eat well and live better while protecting the planet”. This vision now guides all of the company’s choices: for our employees, our customers and our partners. It inspires us and guides our actions, to establish a good, healthy and locally-sourced food offer at the best price, to build a respectful and positive culture, and to protect the climate and the planet. This is how we will give real meaning to the Auchan name and to its business.*

*In 2022, Auchan increased its investments by 30%. This proactive stance underpins our strategy, which is aimed at modernising the company, getting back to winning ways, strengthening Auchan’s presence in historical regions and expanding to new ones. And all within an increasingly robust CSR framework.*

*At the same time, financial results were maintained. Our revenue returned to significant growth at +7.7%, driven by customers returning to our stores. This is a powerful marker for the future. In terms of profitability, our support for consumers in an inflationary climate had an impact, which we assume.*

*Finally, 2022 was marked by the war between Ukraine and Russia. We have opted to stay on in both countries to support the civilian populations. Current conditions on the ground, particularly in Ukraine, confirm the importance of our role.*

*In 2023, Auchan will retain its proactive, discerning stance, working alongside its customers, while maintaining its firm commitment to good, healthy, local products.*

*I would like to thank the Auchan teams for their exceptional resilience. Once again in 2023, I have full confidence in our collective ability to balance our short- and long-term challenges in setting the company on the path to new sustainable growth and strengthened meaning of our actions.”*

## **AUCHAN RETAIL OPTED FOR A PROACTIVE APPROACH IN 2022**

In 2022, all countries in which Auchan operates experienced significant inflation, impacting its customers and its entire value chain (rise in the price of raw materials, goods purchases, production and logistics, energy, etc.).

In response, Auchan took the immediate decision to **support consumers in this inflationary climate**: on one hand, via a balanced pass-through of price rises to its customers, particularly in France; and on the other, by emphasising Auchan-brand products and expanding its loyalty offers and promotions. This had an acknowledged impact on profitability in 2022.

Despite this economic climate, Auchan Retail has embarked on a long-term transformation with its **“Vision 2032” strategy and its maxim: “Eat well and live better while protecting the planet”.**

Employees are focussing their efforts on defined key strategic areas. Responsibility issues are now fully integrated into operations:

- for more than 25 years, Auchan has been committed to encouraging best production practices among its agricultural partner-producers. To date, **1,176 responsible agricultural chains have been contracted** across all Auchan countries. Despite the uncertainties of the past year, 204 new chains were confirmed. Auchan aims to expand this process in the coming years. It is also supporting its partners in their energy transition by launching a carbon measurement system to encourage production techniques with the lowest emissions;
- Auchan is fighting hard to eliminate **food waste**. Each Auchan Retail country has set a reduction target for 2032, with the final goal of 0% food waste. The battle is already underway, with the successful rollout of an AI solution from the start-up Smartway in France, Romania and Russia, and a solution for unsold food nearing its “best before” date, Too Good To Go. A total of 660,000 tonnes of products were “saved” in 2022. This is both a virtuous initiative for customers, who benefit from quality products at reduced prices, and one that helps to improve the company's margin. These initiatives will be ramped up and extended upstream in the value chain;
- Auchan Retail has been committed to an **energy efficiency programme** since 2015 and the COP21, and has decided to step up its initiatives. Energy consumption reductions will double by 2024 from -5 % à -10 % vs 2022. Auchan is expanding its goals for decarbonising its energy sources, with a switch to 100% renewable electricity by 2030 (27% in 2022). The first large-scale corporate power purchase agreements (corporate PPA) have been signed to this effect. These are set to represent one-third of Auchan Retail's energy consumption in 2025. On-site power production is expanding, with the installation of photovoltaic panels at 97 sites. In 2022, direct emissions (Scope 1 and 2) were reduced by 8.8%. These 2022 results were achieved despite the negative impact of France’s deteriorating energy supply mix. Auchan has therefore begun taking steps to meet its 2030 climate targets set in early 2022<sup>9</sup>.

## **REVENUE GROWTH AND IMPROVED EBITDA IN H2**

- **Revenue up 7.7% (+2.9% on a like-for-like basis<sup>10</sup>) due to consumers returning to stores**

**As at 31 December 2022**, Auchan Retail’s **revenue** was €32,893 million, up 7.7% over the year (+€2.3 billion). This marks a return to revenue growth after seven years of decline. This increase includes in particular:

- income growth of €893 million (+2.9%) on a like-for-like basis;
- fuel sales up €970 million (+ 30%);
- a positive exchange rate impact.

Under notably turbulent geopolitical and macroeconomic conditions, all Auchan Retail countries have seen their earnings increase, with the exception of Ukraine. France recorded a return to growth of 1.7% on a like-for-like basis, including 2.4% for hypermarkets. Outside France, like-for-like revenue growth was 5.1% over the year.

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<sup>9</sup> A 46% reduction by 2030 of direct emissions from stores (“scopes 1 and 2”) (v. 2019); reduce product- and transport-related emissions by 25 % by 2030 (“Scope 3”) (v.2020)

<sup>10</sup> Including calendar impact, excluding fuel and exchange rate impacts

Like-for-like income increased sharply by +5.9% in H2 2022 from +0.7% in H1 (vs H2 2021 and H1 2021, respectively).

This revenue growth is explained by consumers returning to stores, and particularly hypermarkets, in significant numbers. In France, the number of checkout receipts rose by 4.7%. In other countries, excluding Ukraine and Russia, this figure was 5.9%. Auchan helped consumers navigate the inflationary climate with a balanced pass-through of price rises to its customers, particularly in France, and by highlighting Auchan food and non-food products.

- **Stable EBITDA in H2, but down over the year amid the fight against inflation and Auchan France's recovery**

In 2022, **Auchan Retail's EBITDA came to €1,336 million**, down 8.2% (i.e. -€120 million).

As a proportion of revenue, **Auchan Retail's EBITDA margin was 4.1 % in 2022**, i.e. down 0.7 pp in one year.

Auchan Retail's EBITDA decline in 2022 was due to:

- a 0.9 pp reduction in the gross margin rate. This reflects the increase in fuel sales, which generate less margin, as well as significant investments in terms of price competitiveness in France;
- the increase in other operating expenses against a backdrop of inflationary pressure on wages and energy costs in all countries (+30% for the year);
- exogenous factors, with the consequences of the war in Ukraine and highly restrictive legislation affecting foreign food retailers in Hungary.

The fall in EBITDA is concentrated in H1 2022 and within the Auchan France scope. It comes against a backdrop of business recovery and support for consumers in times of inflation.

**Auchan Retail's EBITDA remained stable in H2** compared with H2 2021 (+€3 m), thanks in particular to the initial results of stimulus measures carried out in France.

## **PERFORMANCE BY REGION**

- **France: significant earnings growth in H2 2022**

The year 2022 saw Auchan France's return to growth for the first time in nine years. Income totalled €16,670 million, up 6.2% overall and 1.7% on a like-for-like basis<sup>11</sup>. Performance was driven in particular by hypermarkets, which posted like-for-like growth of +2.4%.

Since the beginning of 2022, new governance has been in place at Auchan France. This is driving momentum at all levels of the company via the following actions:

- defining commercial projects for each shopping pathway and significant investments in price positioning and the in-store experience (modernising spaces, digitising checkout pathways, etc.);
- opening up the company's ecosystem with renewed expertise in key positions, massive investment in data, and the conclusion of strong partnerships in

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<sup>11</sup> Including calendar impact, excluding fuel and exchange rate impacts

- home delivery with Woop, to speed up services and transport; “quick commerce” with Deliveroo; and the acquisition of Cagette and Paprika, a “slow delivery” specialist<sup>12</sup>,
  - the fight against food waste (350 stores equipped with Smartway, an AI solution that optimises the sale of foods about to reach their best-before date,
  - loyalty solutions such as the “Naomi” cashback app.
- the company’s restated commitment to food sovereignty (239 responsible value chains to date), support for major charitable causes (€2.4 million via checkout “rounding up” donations to French non-profits Pièces Jaunes and Force Femmes, or in support of Ukraine), a national partnership with the French Diabetes Federation and stepping up the energy efficiency plan.

In the inflationary climate of 2022, Auchan France opted to support its customers with the balanced pass-through of price rises, and expanded its promotions and loyalty solutions.

All these actions had positive impacts, which were confirmed throughout the year. In total, in 2022:

- the number of checkouts grew steadily by 4.7%;
- NPS improved by 10 points on average across all shopping pathways, peaking in December 2022;
- Auchan France won back 250,000 customers in 2022;
- Auchan’s market share in France is rising by 0.3pt in markets directly related to the company’s “Vision 2032” strategy (food and beverage professions, fresh products)<sup>13</sup>;
- employees are on board with the transformation process, with confidence in projects up 24% and engagement from the TOP 1,500 managers up 8%<sup>14</sup>.

This is reflected in the figures, with a net increase in H2 income (+5.2% on a like-for-like basis vs -1.9% in H1 compared to 2021).

EBITDA remained down by 26% over the year. Nevertheless, it rose by 2.7% in H2 compared with a decline of 74% in H1 (versus H2 2021 and H1 2021, respectively).

- **Western Europe (excluding France): solid results maintained and structuring initiatives for the future**

**Western Europe** (excluding France) recorded like-for-like income growth<sup>15</sup> of 5.2 %, i.e. €6,309 million (up 11.2 % including fuel sales). All countries in the zone performed well.

In **Spain**, Alcampo was the price leader for the fourteenth consecutive year. This is a major asset in an inflationary climate, and all formats are seeing growth. Alcampo was also named TOP Employer for the fifth consecutive year.

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<sup>12</sup> Slow delivery optimises delivery rounds by grouping orders in the same delivery area, with significant ecological benefits

<sup>13</sup> Kantar

<sup>14</sup> Internal engagement barometer

<sup>15</sup> Excluding fuel sales and currency impact, including calendar impact



In **Portugal**, Auchan was the preferred brand for hypermarket and supermarket consumers for the fifth consecutive year<sup>16</sup>. The company recorded its best ever revenue.

Lastly, in **Luxembourg**, Auchan gained market share for all its stores.

Despite exploding energy costs, which more than doubled in Spain and Portugal, the region's EBITDA remained almost stable (-1.7%).

In addition to its good operational performance, Auchan continued to expand in the Iberian peninsula. Stores are modernising, with 11 hypermarkets remodelled in Spain and six in Portugal. In 2023, Alcampo will integrate **235 supermarkets acquired from DIA**<sup>17</sup>, giving it a presence in 16 of Spain's 17 autonomous communities (regions). In ecommerce, the partnership with Ocado will increase omni-channel momentum, with the goal of becoming Spain's phygital food leader.

- **Central and Eastern Europe: earnings hold firm despite the war in Ukraine**

Under conditions marked by the war in Ukraine, the **Central and Eastern Europe zone** saw improved earnings.

Revenue came to €9,191 million, up 5.8% on a like-for-like basis (+8.6% in total). This increase is nevertheless a long way below the food price inflation on the ground (from +15% in Russia to +28% in Hungary). EBITDA nevertheless remained stable (+4.9% at constant exchange rates).

In **Hungary**, government measures on retailers continued throughout 2022, with price caps introduced for basic necessities and fuel and an increase in the "retail tax" to 4.8% of revenue. This has had a major impact on the country's profitability. In 2023, Auchan Hungary's local partnership with Indotek will support its growth.

**Poland** posted solid results thanks to its position as price leader across all formats. Auchan products are well recognised by customers and are driving the growth in traffic.

In **Romania**, traffic also increased sharply with the rollout of the multi-format offer. Two hundred and seventy-three stores switched to the MyAuchan brand in Petrom service stations.

In **Ukraine**, operations continued thanks to employees' exceptional commitment in a notably deteriorated environment. Sales were down significantly in 2022. A maximum of three sites were closed at the same time throughout the year. The supply chain was maintained throughout. More than 99% percent of Ukrainians' needs are now covered, and the NPS is at record levels. Auchan Ukraine also received an award for its HR policy during the war<sup>18</sup>. Development resumed in H2 2022, with the opening of four pick-up points in Ukraine's city centres, in particular in Irpin and Boutcha. The Odessa store, which was damaged at the start of the war, will reopen in March 2023 after a lengthy closure. From an accounting perspective, the situation led to the impairment of goodwill (€30 million) and tangible assets (€27 million). In 2022, Auchan Ukraine was able to count on assistance and support from Auchan Retail and all Auchan countries (product supplies, help for employees and refugees, equipment donations, etc.). In total, aid in 2022 amounted to more than €5.5 million, with more than 2,300 tonnes of donations in kind.

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<sup>16</sup> A escolha do Consumidor 2022

<sup>17</sup> Pending approval from the local authorities

<sup>18</sup> HR Brand 2022

Operations supporting the civilian population in **Russia** continued, with the business functioning at maximum autonomy, in strict compliance with the terms of the embargo and international sanctions. Following the consumer hoarding observed in Q1 2022, there was a marked slowdown in hypermarket traffic from Q2 2022.

- **Development accelerates in Africa**

Auchan Retail is **Senegal's** leading modern food retailer, with 38 points of sale and a retail website combined with curbside pickup ("*drive*") and home delivery services. Auchan benefits from a strategy that is firmly rooted in local communities. It provides residents with low prices, which enables it to recruit and retain customers (+19% traffic). Auchan Senegal is heavily involved in the local community and its agri-food industry. It has set up 33 agricultural chains and is committed to combating hunger and social exclusion.

Drawing on the success of its launch in Senegal, Auchan has been present in **Côte d'Ivoire** since 2022, where it has 10 convenience stores (in Abidjan and Bouaké), an ecommerce service and a B2B operation. Auchan is establishing local supply channels and contributing to training Ivorians by setting up the country's first work-study retail management pathway with Felix Houphouët Boigny University in Abidjan. Development is set to continue in 2023.

### **REACTIVATION OF A PHYSICAL AND DIGITAL GROWTH STRATEGY**

In 2022, despite the challenging environment, Auchan Retail stuck to its goals and **reactivated a physical and digital growth strategy**.

This resulted in a significant increase in its 2022 investments (up 23% to €817 million). These were aimed at modernising stores, particularly in France, Spain and Portugal; digital development, with the accelerated rollout of new checkout pathways; and gaining access to new markets, particularly in Africa.

Auchan will continue its proactive drive in 2023 with the acquisition of 235 DIA supermarkets in Spain, expansion to new regions, the ramp-up of its partnership with OCADO in Spain and Poland, and stepping up its energy transition.



At the publication of the 2022 results, **Antoine Grolin, Chairman of New Immo Holding** stated: *“The year 2022 will stand out as a satisfactory period for New Immo Holding, both in the work done to finalise our transformation and in the positive changes to our financial results. Our achievements and projects, all of which add meaning, vindicate our promise to create ‘spaces for living better’. They are testament to our capacity for value creation, in particular combined with Auchan.”*

## **A GROWING REAL ESTATE DIVISION AND SATISFACTORY FINANCIAL PERFORMANCE**

Despite the difficult climate in 2022, ELO’s new real estate division will persevere with its strategy during its second year, while confirming the resilience of its business and the solidity of its assets. New Immo Holding and its teams enter 2023 fully committed to transforming “spaces for living better” that deliver a three-way positive impact: “People, Planet, Profit” (PPP).

### **Resilience confirmed in conditions marked by yet more turbulence**

After two years marked by successive crises, 2022 also featured a complex series of events for real estate stakeholders.

Despite these unexpected factors hampering post-Covid normalisation, New Immo Holding ended the year with satisfactory business indicators, confirming its resilience. Excluding Russia and Ukraine, two of the countries where the Group has a presence, the average vacancy rate was 4.9%<sup>19</sup>, while the number of visitors to managed sites increased by 8% compared to 2021.

At end-2022, the Group's gross income rose again to €591 million (i.e. +8.8% versus 2021), which was close to 2019 levels. This was due in particular to the increase in mandates entrusted to Nhood and new sites being introduced to Ceetrus' portfolio. The previously observed EBITDA recovery is confirmed thanks to ongoing efforts to control expenses, particularly in France with the implementation of a plan to reduce operating expenses, and to a satisfactory level of old debt collection from merchant-partners during a year of improved fortunes. EBITBA reached €369 million at 31 December 2022, up 19% compared with 2021.

### **A solid portfolio**

The year also saw an upturn in the value of New Immo Holding’s assets, whose fair value was €7,465 million at end-2022 (+3.6%). This increase reflects both:

- almost stable property appreciation at constant scope and exchange rates (-0.2%), despite impairment losses on all assets in Russia and Ukraine;
- continued investments growth. Investments for 2022 were up 29.3% to €432 million versus €334 million in 2021. Beyond the renovation and development projects, this included operations to consolidate and transform certain sites, for example with the strategic acquisition of the V2 shopping centre in Villeneuve d’Ascq;
- a moderate level of disposals in 2022 (€53 million) at levels close to the appraised values.

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<sup>19</sup> Including Russia and Ukraine, the overall vacancy rate reached 6.3% at end-2022. Data excluding associates.

This careful management of investments has allowed debt to remain under control, with an LTV ratio of 38.7% at end-2022. New Immo Holding has also worked on cultivating investor partnerships to provide additional financial flexibility.

### **Ramp-up of strategic deployment**

Bolstered by the commitment of its shareholders and principals, and the involvement of its teams, New Immo Holding has also taken the necessary steps to accelerate the operational deployment of its strategy (installing a tight-knit management team, defining goals charts on a site-by-site basis, etc).

This year, in terms of mobilising for performance and operational innovation – the strategy’s primary focus – efforts were centred on developing living spaces and setting up leisure centres (e.g. the opening of France’s first Fort Boyard site in Bretigny-sur-Orge; the opening of a MajaLand site in Warsaw, Poland). An accelerated programme to develop speciality leasing as an event management tool has also been launched. In terms of management, various key processes have been strengthened and energy efficiency measures stepped up. Finally, New Immo Holding decided to provide each site with a digital twin that functions as a management and cost reduction tool. This decision was expanded in early 2023 with the acquisition of a majority stake in Stereograph, a benchmark player for this technology.

Major steps were taken in 2022 to monitor the “PPP” positive impact: the cornerstone of New Immo Holding’s commitment to its principals and stakeholders.

A set of indicators was defined for New Immo Holding and its global and local components, and the Group has acquired new assessment tools such as MUQI – the first urban quality reference framework designed in partnership with RQR. The Group made many tangible advances in 2022, such as finalizing the BREEAM In-Use certification process initiated in 2021 (label obtained for 100% of the sites in early 2023).

### **Accelerating site transformations**

Aim4Performance, a systematic asset management tool, has been implemented for the long-term planning of site transformations (the second strategic component) for various regeneration and positive-impact themes that are now aligned with United Nations Sustainable Development Goals. First of all, accelerating site transformations supports Auchan's renewed momentum. Following on from the success of the Roncq site renovation, this is exemplified by the new demonstration project at the Counord store in Bordeaux. Work began in autumn 2022 to transform a single-function site into a mixed, cost-conscious, quality-oriented site in 2024, increasing the number of green spaces and creating jobs.

Nhood’s 27 development projects throughout Europe also include some ambitious urban renewal project such as Quai 22 (France), Merlata Bloom (Italy), Brasov (Romania) and Porto Pacifico (Portugal). The year 2022 saw the inauguration of Square Saint Louis in Bordeaux, a new mixed island in the heart of the city developed jointly with the region from a 7,000 m<sup>2</sup> industrial wasteland and a recipient of the BiodiverCity label. These achievements attest to the intersection between the transformation of Foncière Ceetrus’ assets and the Group’s ability to partner cities undergoing change.

## **APPENDICES**

### **Definition of alternative performance indicators**

#### **EBITDA**

Since 1 January 2022, the group has included in its EBITDA the change in impairments of trade receivables, as well as allocations and reversals of provisions for risks and expenses. EBITDA hence now corresponds to operating income from continuing operations, from which depreciation and amortisation and other operating income and expenses are deducted. Comparable data were brought into line with this definition.

#### **Other Operating Income and Expenses**

Non-recurring transactions of significant amounts, and which could affect current operating performance, are classified as other operating income and expenses, in accordance with recommendation no. 2020-R.01 of the French Accounting Standards Authority. This item notably includes impairment of goodwill, impairment of property, plant and equipment, and gains and losses on asset disposals. Also included are items that are both unusual, abnormal, significant and not related to current operations, such as major restructuring costs or exceptional termination benefits.

#### **Normalised net income**

Net income restated for other operating income and expenses and their income tax effect, as well as items net of tax not related to the normal course of business and recorded in operating income (e.g. capital gains or losses on asset disposals) or in financial income

#### **Net financial debt**

Net financial debt consists of current and non-current borrowings and financial liabilities, the fair value of derivatives qualifying as hedging instruments for an item of net financial debt, the accrued interest relating to these items, less net cash and asset margin calls on derivatives qualifying as hedging instruments for an item of net financial debt. Margin call liabilities (which correspond to margins received from counterparties) are included in current borrowings and financial debts.

Net financial debt does not include liabilities related to put options granted to minority interests.

#### **Financial debt**

The concept of financial debt used by ELO consists of net financial debt and the fair value of derivatives not qualifying as hedging instruments for an item of financial debt. It also includes margin calls on derivatives not qualifying as hedging instruments, and short-term liquidity investment instruments not meeting the definition of "Cash and cash equivalents".

## ELO consolidated balance sheet as at 31 December 2022

| ASSETS (in € millions)             | 31/12/2022    | 31/12/2021    | Change      |
|------------------------------------|---------------|---------------|-------------|
| Goodwill                           | 1,743         | 1,927         | -184        |
| Other intangible assets            | 155           | 165           | -10         |
| Property, plant and equipment      | 5,181         | 5,112         | 69          |
| Right-of-use assets                | 1,082         | 1,123         | -41         |
| Investment property                | 3,555         | 3,524         | 31          |
| Investments in associates          | 625           | 663           | -38         |
| Other non-current financial assets | 327           | 294           | 33          |
| Non-current derivative instruments | 152           | 56            | 96          |
| Deferred tax assets                | 319           | 328           | -9          |
| Non-current financial assets       | 97            | 53            | 44          |
| <b>NON-CURRENT ASSETS</b>          | <b>13,236</b> | <b>13,245</b> | <b>-10</b>  |
| Inventories                        | 2,709         | 2,362         | 347         |
| Trade receivables                  | 507           | 437           | 70          |
| Current tax assets                 | 71            | 140           | -69         |
| Trade and other receivables        | 1,312         | 1,446         | -134        |
| Current financial assets           | 603           | 680           | -77         |
| Current derivative instruments     | 87            | 88            | -1          |
| Cash and cash equivalents          | 2,006         | 2,247         | -240        |
| Assets classified as held for sale | 98            | 546           | -448        |
| <b>CURRENT ASSETS</b>              | <b>7,393</b>  | <b>7,946</b>  | <b>-553</b> |
| <b>TOTAL ASSETS</b>                | <b>20,628</b> | <b>21,190</b> | <b>-562</b> |

| LIABILITIES (in € millions)                            | 31/12/2022    | 31/12/2021    | Change      |
|--|---------------|---------------|-------------|
| Share capital  | 574           | 574           | 0           |
| Share premiums   | 1,914         | 1,914         | 0           |
| Reserves and net income – group share                  | 3,642         | 3,760         | -118        |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>     | <b>6,130</b>  | <b>6,248</b>  | <b>-118</b> |
| Non-controlling interests                              | 194           | 206           | -12         |
| <b>TOTAL EQUITY</b>                                    | <b>6,324</b>  | <b>6,454</b>  | <b>-130</b> |
| Non-current provisions                                 | 166           | 174           | -9          |
| Non-current borrowings and other financial liabilities | 4,332         | 4,357         | -25         |
| Non-current derivative instruments                     | 262           | 29            | 233         |
| Non-current lease liabilities                          | 1,121         | 1,187         | -66         |
| Deferred tax liabilities                               | 167           | 162           | 5           |
| Other non-current liabilities                          | 157           | 165           | -8          |
| <b>NON-CURRENT LIABILITIES</b>                         | <b>6,206</b>  | <b>6,075</b>  | <b>131</b>  |
| Current provisions                                     | 194           | 282           | -87         |
| Current borrowings and other financial liabilities     | 698           | 749           | -52         |
| Current derivative instruments                         | 21            | 17            | 4           |
| Current lease liabilities                              | 302           | 289           | 13          |
| Trade payables   | 5,033         | 4,904         | 129         |
| Current tax liabilities                                | 46            | 82            | -36         |
| Other current liabilities                              | 1,796         | 1,951         | -155        |
| Liabilities classified as held-for-sale                | 8             | 388           | -380        |
| <b>CURRENT LIABILITIES</b>                             | <b>8,098</b>  | <b>8,661</b>  | <b>-563</b> |
| <b>TOTAL LIABILITIES</b>                               | <b>20,628</b> | <b>21,190</b> | <b>-562</b> |

## ELO consolidated income statement for 2022

| In € millions  | 2022          | 2021          | Change at current exchange rates | Change at constant exchange rates |
|--|---------------|---------------|----------------------------------|-----------------------------------|
| Revenue  | <b>33,485</b> | <b>31,088</b> | <b>+7.7 %</b>                    | <b>+6.4 %</b>                     |
| Costs of sales   | -25,522       | -23,466       | +8.8 %                           | +7.5%                             |
| Gross margin   | <b>7,963</b>  | <b>7,622</b>  | <b>+4.5 %</b>                    | <b>+3.2 %</b>                     |
| <i>Gross margin rate</i>   | 23.8 %        | 24.5 %        | -0.7 pp                          | -0.7 pp                           |
| Payroll expenses   | -4,215        | -4,044        | +4.2 %                           | +3.5 %                            |
| External expenses  | -2,108        | -1,798        | +17.3 %                          | +15.0 %                           |
| Amortisation, depreciation, provisions and impairment            | -1,016        | -1,121        | -9.4 %                           | -10.3 %                           |
| Other recurring income and expenses                              | 39            | 77            | -49.6 %                          | na                                |
| Operating income from continuing operations                      | <b>664</b>    | <b>736</b>    | <b>-9.8 %</b>                    | <b>-13.1 %</b>                    |
| <i>Current operating margin rate</i>                             | 2.0 %         | 2.4 %         | -0.4 pt                          | -0.4 pt                           |
| Non-recurring income and expenses                                | -298          | 207           | na.                              | na.                               |
| Operating income   | <b>366</b>    | <b>943</b>    | <b>-61.1 %</b>                   | <b>-62.6 %</b>                    |
| Net cost of financial debt                                       | -117          | -145          | -19.3 %                          | -21.2 %                           |
| Other financial income and expenses                              | -170          | -231          | -26.4 %                          | -26.5 %                           |
| Tax expenses   | -147          | -233          | -37.0 %                          | -39.9 %                           |
| Share of net profit (loss) of associates                         | -6            | 19            | na.                              | na.                               |
| Net income from continuing operations                            | <b>-74</b>    | <b>353</b>    | na.                              | na.                               |
| Net income from assets held for sale and discontinued operations | 117           | 5             | na.                              | na.                               |
| Net income   | <b>42</b>     | <b>358</b>    | <b>-88.2 %</b>                   | <b>-89.0 %</b>                    |
| Net income attributable to owners of the parent                  | 33            | 344           | -90.4 %                          | -91.1 %                           |
| Net income attributable to non-controlling interests             | 9             | 14            | -35.7 %                          | -37.2 %                           |
| EBITDA   | <b>1,697</b>  | <b>1,756</b>  | <b>-3.3 %</b>                    | <b>-5.2 %</b>                     |
| <i>EBITDA margin</i>   | 5.1 %         | 5.6 %         | -0.5 pp                          | -0.6 pt                           |

Find financial information at  
[www.groupe-elo.com](http://www.groupe-elo.com)

### **Press contact**

Antoine Pernod – [apernod@auchan.com](mailto:apernod@auchan.com)

### **Investor Contact**

François-Xavier Gimonnet - [fxgimonnet@auchan.com](mailto:fxgimonnet@auchan.com)

Guillaume Couturié- [gcouturie@auchan.com](mailto:gcouturie@auchan.com)