Press release Croix, France, 27 July 2023

2023 First half-year results

RESULTS THAT HOLD UP UNDER CONDITIONS IMPACTED ON TWO FRONTS

ELO

- **Revenue** continues to **grow** (+4.8% excluding petrol)
- **Gross profit up** 5.3% in value
- **EBITDA** down (-12%) under the double impact of inflation and the war in Ukraine (**-3% excluding countries at war**)
- **Operating income** almost **stable**
- **A financial situation** that remains solid, with **controlled** debt ratios

Auchan RETAIL

- Continued **sustained revenue growth on a like-for-like basis (+6%)** in all countries (excluding Russia/Ukraine)
- **Decline in EBITDA** due to the **sharp increase in operating costs** and the **war between Russia and Ukraine**
- **Increased development**, requiring twice the level of investment (+108%)
- Continued rollout of the **Climate** action plan that was recently approved by SBTi

.new immo holding

- **Revenue** and **EBITDA growth**
- The **fair value** of assets **maintained** in a turbulent environment
- A **mixed usage** strategy that makes good business sense

KEY FIGURES FOR H1 2023

In € millions	H1 2023	H1 2022	Change at current exchange rates	Change at constant exchange rates
Revenue	**15,877**	**15,665**	***+1.3 %***	***+1.3 %***
Gross profit	**3,859**	**3,664**	***+5.3 %***	***+5.3 %***
Gross profit margin	*24.3 %*	*23.4 %*	*+0.9 pp*	*+0.9 pp*
EBITDA	**545**	**619**	***-12.0 %***	***-12.0 %***
EBITDA margin	*3.4 %*	*4.0 %*	*-0.5 pp*	*-0.5 pp*
Operating profit	**-83**	**-79**	***-5.3 %***	***-4.0 %***
Net income	**-215**	**-189**	***-13.7 %***	***-14.0 %***

CONTINUED GROWTH FOR ELO'S TWO BUSINESS LINES

In H1 2023, **ELO's revenue** amounted to €15,877 million, up 1.3% (+4.8 % excluding petrol) compared with H1 2022. This performance is mainly due to the increase in income (excluding petrol) from Auchan Retail stores, despite the impact of the war on business in Ukraine and Russia, and the growth in income from New Immo Holding.

Gross profit increased by €195 million (+5.3%) to €3,859 million. The gross profit margin thus improved by 0.9 pp, reflecting the long-term repositioning of Auchan Retail's prices after significant efforts made to increase competitiveness in France in H1 2022.

These gross profit increases partially absorbed the increase in operating expenses (+€271 million), under conditions of strong inflation that had a particularly strong impact on energy costs (+€60 million) and payroll expenses (+€151 million).
As at 30 June 2023, **EBITDA** amounted to €545 million, compared with €619 million in H1 2022, i.e. down 12%. Excluding the countries at war, the fall in EBITDA is limited to 3.0% compared with H1 2022.
By business line, Auchan Retail's EBITDA was €362 million (-7% excluding countries at war) and New Immo Holding's EBITDA was €185 million (+0.7%).
The EBITDA margin was 3.4%, down -0.5 pp.

Depreciation, amortisation, and impairment increased by €42 million due to the rise in investments since H2 2022.

Operating profit thus amounted to -€83 million, i.e. generally stable year-on-year. This includes -€63 million in **other operating profits and expenses**, which mainly relate to the accounting impacts of the war in Ukraine (of which impairment of stores in Russia for -€40 million in 2023).

The **net cost of financial debt** was -€86 million versus -€47 million in H1 2022. This increase was due to the rise in interest rates. Other financial income and expenses showed an expense of €62 million, down €14 million (mainly the impact of hedges).

Income tax expenses represented an income of €38 million compared with an income of €2 million one year previously.

The **share of net profit (loss) of associates** was -€21 million, and corresponds to the share of net profit of Oney Bank, which is impacted by the rise in the cost of risk and refinancing costs.

In total, **profit for the period** came to -€215 million compared with -€189 million in H1 2022.

SHORT-TERM INCREASE IN FINANCIAL DEBT MAINLY DUE TO A PROACTIVE INVESTMENT POLICY

At 30 June 2023, ELO's **net financial debt** stood at €4,040 million, compared with €3,271 million at 30 June 2022 (i.e. +€769 million). This is a short-term increase linked mainly to the increase in investments and driven by two major transactions (+€521 million):

- the acquisition in H2 2022 of the V2 shopping centre in Villeneuve d'Ascq (France) by New Immo Holding;
- the acquisition in H1 2023 of 217 Dia supermarkets in Spain by Auchan Retail.

For 2023 as a whole, the level of investment is expected to be stable compared to 2022.

The change in debt compared to 30 June 2022 also includes the deterioration in WCR in H2 2022 - a situation that recovered significantly during H1 2023, particularly for inventories. Despite the inflationary conditions and the integration of the Dia stores, action plans to optimise inventories were able to limit their growth (+€123 million vs. +€356 million in H1 2022).

In light of this, net financial debt is expected to return to its end-2022 level by the end of the year.

Despite this short-term increase in net financial debt, debt ratios remain solid, with a rolling 12-month net financial debt-to-EBITDA multiple of x2.49, which also reflects the seasonality of the Retail business. The financial trajectory is under control, with this ratio expected to be close to its 2022 level by the end of the year.

ELO's liquidity is extremely healthy. ELO benefits from €7.1 billion in financing, including €1.7 billion of confirmed undrawn credit lines. The financing repayment schedule is well spread out, with an average maturity of 3.3 years.

CONDITIONS IMPACTED ON TWO FRONTS

In H1 2023, Auchan Retail's business suffered the double impact of:

- **the ongoing Russia-Ukraine war**

Auchan Retail's business in both countries has seen a marked slowdown in store traffic.
In Ukraine, activity is particularly impacted by people moving to the west of the country, where Auchan Retail's presence is less dense that in Kyiv, as well as the maintenance of strict safety rules, which are not implemented by the local competition, to protect employees and customers during bomb alerts. The Ukrainian population is also affected by very high inflation, which significantly reduces its purchasing power.
In Russia, consumers are more cautious about their spending, impacting traffic in large shopping malls.

Overall in the two countries at war, revenue fell by 7% and EBITDA fell by 46%.

- **rising inflation**

This phenomenon has a double impact. Firstly on revenue, since it significantly reduces consumers' purchasing power. Consumers buy fewer items (-9% year-on-year in H1 2023) for a constant budget. Their choices have a heavier impact on non-food products, which are viewed as non-priority. Second, on the company's operating expenses, with a significant increase in payroll expenses (+€146 million year-on-year) and a sharp increase in energy costs (+€53 million year-on-year) and other external expenses (+€89 million).
This impact is particularly significant in H1 due to the seasonality of retail sales.

AUCHAN RETAIL DEMONSTRATES ITS ABILITY MAINTAIN SALES MOMENTUM

- **Sustained like-for-like revenue growth**

Excluding countries at war, **revenue on a like-for-like basis increased significantly by 6%** (+4% in total) in H1 2023.
Despite the conditions described above, all Auchan Retail countries are experiencing growth.
While the increase in sales prices was partially offset by the fall in the number of items sold, there has been an increase in traffic (+2%) – a sign of the attractiveness of the retailer's offer, in particular for food.

Across the Group, customer confidence is also reflected in the increased penetration of loyalty cards. 42% of customers are now inscribed in the programme (+6 pps in one year), i.e. 21.5 million people.
Lastly, customer satisfaction has led to an increase in the NPS, which has gained 3 points over the year.

Petrol sales amounted to €1,733 million, a sharp decrease of 20% year-on-year.

Overall, with the fall in activity in the two countries at war, Auchan Retail's **revenue** came to €15,576 million, up 1.2%.

- **Improvement in gross profit**

In H1 2023, Auchan Retail's **gross profit** reached €3,610 million, up sharply by €198 million (+5.8%). There was strong growth in food earnings outside the countries at war (+€251 million in gross profit excluding Ukraine/Russia, i.e. +8.5%).

The gross profit margin was thus 23.2%, up 1.3 pps (excluding countries at war) year-on-year. This reflects the long-term price repositioning resulting from significant efforts taken in H1 2022, particularly in France.

- **Limited fall in EBITDA outside the countries at war**

Auchan Retail's total **EBITDA** came to €362 million, compared with €440 million in H1 2023. This decline was mainly due to the drop in activity in the two countries at war (Russia and Ukraine).

Excluding these countries at war, the decline in EBITDA was limited, despite the strong impact of inflation. The increase in gross profit (+€251 million) partially absorbed the strong inflationary pressure on operating costs (+€284 million), such as energy and payroll expenses.

As a proportion of revenue, Auchan Retail's **EBITDA margin** was 2.3%, i.e. a 0.5 pps reduction year-on-year, mainly driven by Russia and Ukraine.

EXCLUDING COUNTRIES AT WAR, PERFORMANCE REMAINS STRONG ACROSS ALL GEOGRAPHICAL REGIONS

- **France: strong sales momentum**

For the second consecutive half-year, Auchan Retail **France's revenue on a like-for-like basis** grew significantly by 5% (growth substantially similar to that seen in H2 2022).

The many initiatives launched in 2022 in all areas of the business (sales, digital, data, loyalty, the customer experience, logistics) have unleashed a new sales momentum. These initiatives are now bearing fruit:

- price repositioning has lent credibility to Auchan's offer during this period of strong inflation. Traffic grew by 1% year-on-year;
- customer gains from 2022 are confirmed in 2023;
- customer satisfaction is increasing strongly, with the NPS improving by +13 points (to 53);
- all formats, including digital, saw their sales increase by between 4-8%;
- Auchan.fr has entered the top 20 most visited e-commerce sites, ranking third in France for food retail.

Fuel sales have fallen sharply.
As a result, Auchan Retail France's **total revenue** was stable at €7,902 million.

Lastly, **EBITDA** was down, affected by the seasonality of retail sales, which led to an overweighting of fixed costs in H1 vs H2. This change can be explained by:

- the significant rise in payroll expenses;
- the sharp increase in energy-related costs;
- an increase in expenses linked to the company's organisational transformation plan, which entails a significant increase in expenses relating to information system upgrades.

To protect consumer purchasing power, these increases were not fully reflected in price rises, resulting in a fall in Auchan France's EBITDA.

- **Western Europe (excluding France): continued strong sales**

Like-for-like income in **Western Europe** (excluding France) recorded sustained growth of 8% compared with H1 2022.

This performance was driven in particular by **Spain**, Auchan Retail's second-largest country. As Spain's cheapest retailer for several years, Alcampo benefits from its price positioning under inflationary conditions. The subsidiary managed to increase traffic while stabilising volumes sold, despite the fall in its customers' purchasing power.

Auchan Retail also continued to grow in **Portugal,** with like-for-like revenue up sharply, driven by the strong increase in traffic (+9%).

Auchan continued to gain market share in **Luxembourg**, where traffic rose sharply (+15%).

Total **revenue** in Western Europe (excluding France) came to €3,082 million, up 5%. Earnings growth on a like-for-like basis and the gradual integration of the 217 Dia supermarkets acquired in Q2 (see below) partially offset the sharp decline in petrol sales.

- **Central and Eastern Europe: continued good results, excluding the countries at war**

Revenue for **Central and Eastern Europe** amounted to €4,200 million, up slightly by 1% on a like-for-like basis, despite the very significant impacts of the war on activity in Ukraine and Russia. Excluding the countries at war, earnings on a like-for-like basis rose sharply (+8%).

Business is buoyant in **Poland** and **Romania**. Under conditions of high inflation, Auchan Retail benefited from its good price positioning (it is the price leader in Poland), which sustained store traffic.

In **Hungary**, revenue increased sharply, in particular due to the rise in sales prices and the discontinuation of certain national consumer protection measures (prices caps on fuel and staples), which were in place during H1 2022.

EBITDA for the region fell sharply due to the drop in activity in Ukraine and Russia.

- **The Russia-Ukraine War**

Since the start of the conflict, Auchan Retail has stood alongside the local civilian populations to fulfil its mission of providing everyone with healthy food at the best prices, with employee safety likewise prioritised.

In **Ukraine**, operations continued in a notably deteriorated environment. Only two sites are currently closed, in Kharkiv. In April 2023, Auchan Retail reopened the Odessa hypermarket, which was damaged when the city was bombed in May 2022. This reopening is a symbol of Auchan Retail's support for its Ukrainian teams. It also demonstrates Ukrainian employees' desire to help rebuild their country. The opening of four new stores in Kyiv, Irpin and Boutcha in H2 2022 is part of this process. The reopening of a store in Kharkiv is planned for H2 2023, provided that the safety conditions for employees and customers are met.
Under these heavily disrupted conditions, Auchan Ukraine is strengthening its phygital strategy with the development of its mobile app and new services, such as 1-hour express delivery. Auchan Ukraine has implemented a psychological support system for employees, 70% of whom have already made use of it.
In total, Auchan Retail's **financial support** to its Ukrainian subsidiary has reached €50 million since the start of the war, in particular in the form of loans, re-financing, and a employees' solidarity fund.

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. Auchan Russia has not received any investment from its parent company since the start of the war.

- **Africa: a development model that is proving its worth**

In H1 2023, revenue in **Africa** grew strongly to reach €130 million, a sharp increase of 34% (14% on a like-for-like basis).

In **Senegal**, Auchan Retail is the leading modern food retailer, with 39 points of sale and its e-commerce website, combined with curb-side pickup (*"drive"*) and home delivery services. The retailer benefits from its positioning as price leader, allowing it to recruit and retain customers under fragile economic conditions. The social unrest in June had a significant impact on activity, with nine stores having to close (four stores were still closed at the end of June).

Since launching in June 2022, Auchan Retail **Ivory Coast** has already opened 15 stores on a scale adapted to neighbourhood life (300 to 900 m^2). These stores are designed to meet the needs of the Ivorian population. They also contribute to defending the country's food sovereignty by supporting 200 local producers and offering 100% Ivorian meat and vegetables.

EXPANDING DEVELOPMENT BENEFITS FROM A TWOFOLD INCREASE IN INVESTMENTS

Despite the adverse conditions, Auchan Retail ramped up its physical and digital growth strategy, which was reactivated during 2022. This resulted in a significant increase in investments (+108%), which reached €436 million in H1 2023.

A significant portion of Auchan Retail's investments were aimed at increasing **external growth**.

Following the announcement of the deal in August 2022, **Alcampo's acquisition of 217 Dia stores** was approved by the Spanish competition authority in March 2023. This deal adds an approximate sales area of 170,000 m². Complementarity with the existing Spanish sites is excellent, accelerating Alcampo's growth in the country. Alcampo now has a presence in all of Spain's autonomous communities, consolidating its position as the retailer with the largest sales area in zones such as Zaragoza, La Rioja, Burgos and Teruel. This is even the case in the autonomous community of Aragon.

Following on from Senegal and Côte d'Ivoire, Auchan Retail continues to expand in Africa. In May 2023, it **signed a global partnership agreement** with the Great Way Group, a major **Algerian** retailer.
Before end-2023, a 5,000 m² Auchan hypermarket managed by Great Way will open in Algiers.

Auchan Retail also continued its **organic development** actions, with investments in:

- **digital**, with the on-time implementation of the partnership with Ocado in Spain to boost Alcampo's omni-channel momentum. Following the implementation of in-store picking and the development of the e-commerce platform, the robotised warehouse serving Madrid is set to be completed at the end of H1 2024;

- the **opening of 23 new stores** (France, Portugal, Poland, Ivory Coast and Senegal);

- the development of **new concepts**. Two Auchan Go "smart stores" have opened in France and Poland. A contactless system identifies customers, whose virtual baskets fill up automatically via motion recognition cameras and shelves fitted with scales. Payment is instantaneous upon leaving the store, with no other steps required, and the till receipt is digitised.
  In Portugal, the installation of a new Health/Well-being space occupying half of the sales space has commenced in MyAuchan convenience stores. Auchan Retail opened a first In Extenso textile store in Senegal.

- the **remodelling** of more than 50 stores (hypermarkets or supermarkets), including 10 in France, and the **rebranding** of 80 MyAuchan stores at Petrom service stations in Romania.

AUCHAN RETAIL’S CLIMATE PLAN APPROVED BY THE SCIENCE BASED TARGET INITIATIVE (SBTi)

The Science Based Target initiative (SBTi) is an international organisation led by the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF). In H1 2023, it approved the targets in Auchan Retail’s 2030 Climate Plan - acknowledgement that these targets are in line with current climate science data.

Auchan Retail’s climate commitment has ramped up significantly since 2020, with a global strategy for all the countries in which it operates, as well as a decarbonisation plan covering its entire business scope. At the beginning of 2022, this was reflected in two targets, subject to SBTi approval:

- **A 46% reduction by 2030** in emissions from stores (“**scopes 1 and 2**”) vs. 2019; i.e. global warming limited to +1.5°C;
- **A 25% reduction by 2030** for emissions relating to products and transport (“**scope 3**”) vs. 2020; i.e. global warming limited to “well below 2°C”.

Auchan Retail continued the rollout of its climate action plan in the first six months of 2023.

Roadmaps have been assigned for all EU subsidiaries.

For scopes 1 and 2, Auchan Retail's energy consumption continues to fall, with a 9% reduction vs H1 2022. This trend is in line with the goals of the Climate plan.

For scope 3 commitments, the Group has launched its *Supplier Engagement* programme, “**Partners for Decarbonation 2030**”, which initiates dialogue with suppliers to decarbonise their products. A first wave of suppliers has already joined in 2023, covering around 30% of Auchan Retail’s greenhouse gas emissions. The programme aims to cover 100% of product-related emissions.

Finally, a carbon tracking tool for scopes 1, 2 and 3 is being developed, with commissioning scheduled for 2025.

Auchan Retail has also made the fight against food waste a core component of its business plan, with the goal of zero wasted products by 2032 – a target that will also help reduce its carbon impact.
The widespread rollout of in-store “anti-waste” corners is a part of this process, and the retailer will gradually deploy AI-based solutions in all the countries where it operates. Food waste management is already digitised in Romania, Russia and France, saving 70 million products per year in these countries (i.e. 33,500 tonnes). This innovative system is about to be extended to eight additional countries.

OUTLOOK

Auchan Retail is setting goals that will steer its actions over the coming months in light of these half-year results.

As for H1 2023, a period in which Auchan Retail stepped up the physical and digital growth strategy that it reactivated in 2022, the company confirms **its desire to continue its development**, with an emphasis on selectivity for businesses being monitored or launched. Auchan Retail aims to **help consolidate the markets** in which it already operates by prioritising its actions in certain areas. At the same time, it will engage in other forms of development and new partnership agreements. This may entail a **franchise, master franchise or product supply contracts** – the decision will be made according to conditions on the ground in each location.

Auchan Retail likewise plans to **continue its transformation and recovery** by expanding ongoing projects in the fields of **data, AI and digital**. **A floor space reduction plan** (sales floor + stockrooms) will also be rolled out in H2 2023. With the support of the property company Ceetrus, Auchan Retail is working to reduce the total store size in some countries where it operates by an average of 15%.

This commercial resizing and the work done by the Auchan Retail teams will **optimise the offer**, with a shift in focus from the offer itself to the selection of products, in line with Auchan's Vision 2032 ("Living Better"). This will lead to a **significant decrease in the number of stock items**. The aim is to provide a clear, simplified offer, with a focus on Auchan brands, which meets the economic, practical, civic and statutory expectations of specific local residents.

At the time of the publication of the 2023 half-year results, **Yves Claude, Chairman and Chief Executive Officer of Auchan Retail**, said:

« *Auchan Retail teams' hard work during this half-year, impacted both by the continuation of the Russia-Ukraine war and the effects of inflation on operating costs, has enabled us to capitalise on encouraging results and to continue our recovery. Excluding the countries at war, revenue was up 6%.*

This third consecutive half-year of growth is also accompanied by improvements in gross profit and customer satisfaction.

At the same time, we doubled our investments compared to the same period in 2022. We are thus preparing for the future by grasping opportunities to strengthen our positions in the countries where we operate. Examples include the acquisition of 217 Spanish stores, the recent announcement in Algeria, and store openings or remodelling operations in other countries.

Auchan Retail is one of the few retailers that has no debt. This gives us the means to deploy our vision and continue our committed work that enables our customers, partners and employees to live better. »

In an environment that remains turbulent during H1 2023, ELO's real estate division remains aligned in terms of strategy and its ongoing commitment to transforming “spaces for living better”. It likewise confirms the sound conditions of its assets.

New Immo Holding and its teams remain on track under complex conditions.

AN ENCOURAGING IMPROVEMENT IN BUSINESS INDICATORS

H1 2023 was a difficult time for real estate and retail operators. However, New Immo Holding's indicators are encouraging, with **site traffic up** by nearly 5% compared with H1 2022. Rents, meanwhile, show a **positive reversion rate of 2.6%**, with vacancy rates down slightly on a like-for-like basis at 6.0% vs. 6.3% at end-2022.

Rents increased by 8 % compared to H1 2022. This increase was driven as much by the indexation of rents as by the expansion of the scope.

In H1 2023, New Immo Holding's **consolidated gross earnings** reached €304.5 million, up 7% vs H1 2022. This increase results in an **EBITDA** of €185 million compared with €183.8 million in H1 2022.

This first half-year was also marked by the **fair value of assets** holding firm at €7.4 billion (i.e. -0.7% on a like-for-like basis vs end-2022).

These indicators are encouraging, although caution about the economic situation is still required, prompting a review of operating methods. Rising interest rates must also be taken into account in the investment strategy.

Lastly, **net debt** and **LTV** are **stable** compared to 31 December 2022.

SPECIALTY LEASING: AN ATTRACTIVE AND GROWING BUSINESS AREA

Specialty Leasing, which involves offering temporary spaces at sites, saw its activity grow by 19% in terms of revenue and business volume, with a 33% increase in leases compared to H1 2022.

In various formats, from a motor show to a pop-up store in a vacant unit generating greater local ties (e.g designers’ markets), this activity seems popular with visitors and meets their expectations.

A FIRST HALF-YEAR THAT ALLOWED US TO PLAN AHEAD, PROVIDE SUPPORT AND TAKE ACTION

During the first half-year, the development of value-creating synergies was marked by ongoing synergies with Auchan Retail, and the implementation of forecasting operations with Usbek and Rica in partnership with retail chains and two French “grandes écoles”, ESSEC and the Chaire Entrepreneuriat Territoire Innovation de l'IAE Paris – Sorbonne Business School. Compliance with the strict impact framework set for the United Nations Sustainable Development Goals was observed throughout.

These synergies allow us to plan ahead and better anticipate future challenges. This in turn allows us to offer better support to customers and partners, with the aim of providing them with the best local and global services. All these actions support New Immo Holding’s mixed usage strategy.

H1 2023 saw the opening and inauguration of several recreation programmes (such as the TFOU Retail Park in France, or Green Forest, the first Kid’s Park in Italy) and the opening of a branch of the University Hospital at the Poitiers site.

In terms of culture, the partnership with the Avignon Theatre Festival has gained a foothold for the Avignon Nord site, with its entering the official Off Festival programme.

New Immo Holding is pursuing these value-creating synergies with participation in the IRIS initiative, under the leadership of Carbone 4 and alongside European corporations, to design new strategic forecasting tools integrating climate issues.

This first half-year showed a satisfactory operating performance and a robust financial trajectory, which will be maintained under sound management during the second half-year.
Driven by the development of Nhood Services and all of Foncière Ceetrus' projects, New Immo Holding is pursuing its strategy to remain on track as a real estate company with a three-way impact.

At the time of the publication of the 2023 half-year results, **Antoine Grolin, Chairman of New Immo Holding**, said:

« *This first half-year confirms the ambition and robustness of New Immo Holding, which is continuing its progress towards a reinvented real estate business. On the one hand, this involves dynamic asset management for its real estate company; and, on the other, expanding the offer for its real estate services company, while maintaining its financial trajectory.*
We are hence continuing to implement the mixed usage strategy, and restating our commitment to creating better living spaces through our achievements and projects, which are steered more than ever by energy efficiency and our emissions trajectory. »

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.

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.

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,
- accrued interest relating to these items,
- less net cash and 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.

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". It does not include liabilities related to put options granted to minority interests.

ELO consolidated balance sheet as at 30 June 2023

ASSETS (in € millions)	30/06/2023	31/12/2022	Change in
Goodwill	1,748	1,743	+5
Other intangible assets	124	155	-32
Property, plant and equipment	5,242	5,181	+61
Right-of-use assets	1,079	1,082	-3
Investment property	3,484	3,555	-72
Investments in associates	589	625	-35
Other non-current financial assets	356	327	+29
Non-current derivative instruments	161	152	+9
Deferred tax assets	324	319	+5
Non-current financial assets	94	97	-2
NON-CURRENT ASSETS	13,201	13,236	-35
Inventories	2,813	2,709	+104
Trade receivables	374	507	-133
Current tax assets	51	71	-20
Trade and other receivables	1,601	1,312	+289
Current financial assets	412	603	-191
Current derivative instruments	63	87	-24
Cash and cash equivalents	1,054	2,006	-952
Assets classified as held for sale	104	98	+7
CURRENT ASSETS	6,473	7,393	-919
TOTAL ASSETS	19,674	20,628	-954

LIABILITIES (in € millions)	30/06/2023	31/12/2022	Change in
Share capital	574	574	0
Share premiums	1,914	1,914	0
Reserves and profits attributable to owners of the parent	3,287	3,642	-355
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	5,775	6,130	-355
Non-controlling interests	199	194	+5
TOTAL EQUITY	5,974	6,324	-350
Non-current provisions	183	166	+18
Non-current borrowings and other financial liabilities	4,080	4,332	-252
Non-current derivative instruments	218	262	-44
Non-current lease liabilities	1,077	1,121	-44
Deferred tax liabilities	56	167	-112
Other non-current liabilities	157	157	0
NON-CURRENT LIABILITIES	5,772	6,206	-434
Current provisions	182	194	-13
Current borrowings and other financial liabilities	1,289	698	+592
Current derivative instruments	36	21	+15
Current lease liabilities	319	302	+17
Trade payables	4,377	5,033	-656
Current tax liabilities	69	46	+22
Other current liabilities	1,649	1,796	-147
Liabilities classified as held-for-sale	8	8	0
CURRENT LIABILITIES	7,928	8,098	-170
TOTAL LIABILITIES	19,674	20,628	-954

ELO consolidated income statement for H1 2023

In € millions	H1 2023	H1 2022	Change at current exchange rates	Change at constant exchange rates
Revenue	15,877	15,665	+1.3%	+1.3%
Costs of sales	-12,018	-12,001	+0.1 %	+0.1 %
Gross profit	3,859	3,664	+5.3 %	+5.3 %
Gross profit margin	*24.3%*	*23.4%*	*+0.9 pp*	*+0.9 pp*
Payroll expenses	-2,168	-2, 017	+7.5 %	+7.4 %
External expenses	-1,178	-1,058	+11.3%	+11.2%
Amortisation, depreciation, and impairment	-524	-482	+8.7 %	+8.8%
Other recurring profit and expenses	-10	51	n.a.	n.a.
Operating income from continuing operations	-20	158	n.a.	n.a.
Current operating margin rate	*-0.1 %*	*1.0%*	*-1.1 pt*	*-1.1 pt*
Non-recurring income and expenses	-63	-237	-73.5 %	-74.1 %
Operating income	-83	-79	-5.3 %	-4.0 %.
Net cost of financial debt	-86	-47	+84.0 %	+85.5%
Other financial income and expenses	-62	-76	-18.4 %	-17.8%
Tax expenses	38	2	n.a.	n.a.
Share of net profit (loss) of associates	-21	6	n.a.	n.a.
Net income from continuing operations	-215	-194	-10.7%	-11.1 %
Net income from assets held for sale and discontinued operations	-1	4	n.a.	n.a.
Net income	-215	-189	-13.7%	-14.0 %
Net income attributable to owners of the parent	-214	-191	-12.0 %	-12.3 %
Net income attributable to non-controlling interests	-1	2	n.a.	n.a.
EBITDA	545	619	-12.0%	-12.0%
EBITDA margin	*3.4%*	*4.0%*	*-0.5 pp*	*-0.5 pp*

Find financial information at
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