ELO

Financial report

1st half 2023

Summary

This document is a free translation into English of the "Rapport financier 1ER semestre 2023" and has no other value than an informative one. Should there be any difference between the French and the English version, only the French-language version shall be deemed authentic and considered as expressing the exact information published by ELO

ELO HALF YEAR ACTIVITY REPORT

1. Significant events during the first half of 2023 and main changes in the consolidation scope

1.1. Changes in the store and shopping mall network

In the first half of 2023, Auchan Retail resumed its development strategy by opening new points of sales:

- in Western Europe, the number of points of sales increased by 209 units of which, on a net basis, -4 in France (+2 Supermarket and -6 Auchan Piéton), +207 in Spain (purchase DIA stores) and +6 in Portugal
- in Central and Eastern Europe, the number of points of sales increased by 1 unit of which, on a net basis +1 in Russia, +2 in Poland, -1 in Romania and -1 in Ukraine
- in Africa, the number of point of sales increased by 7 units of which, on a net basis, 1 in Senegal and 6 in Ivory Coast.

New Immo Holding's real estate assets increased by 513 sites compared to 2022. This change is mainly due to the intra group transfer of management mandates from Auchan Retail France to New Immo Holding (+515).

1.2. Russia-Ukraine conflict

As at 30 June 2023, Auchan Retail operated 231 stores in Russia and 41 in Ukraine, with an e-commerce and home delivery business in each country. New Immo Holding's exposure is more limited. As at 30 June 2023, Russia and Ukraine combined represented approximately 2% of its total net asset value, and 4% of its net rental income. These two countries generate around 11% of ELO's turnover for the half year, and represent 7% of fixed assets.

The group scrupulously monitors compliance with the terms of the embargo and sanctions, in particular for money moving into and out of Russia. Notably, Auchan Retail stopped all investment and financing activities for its Russian subsidiary from the first days of the conflict, leaving it to operate independently.

Under extremely uncertain conditions regarding the extent, outcome and consequences of the ongoing armed conflict, the outlook at present does not call into question ELO's financial situation.

Russia
At 30 June 2023, net fixed assets relating to activities in Russia represented 6% of the Group's fixed assets.

Retail activity in Russia slowed sharply in H1 2023, with a drop in store traffic, particularly in large shopping centers. H1 2022 also benefited from customer hoarding due to the outbreak of the conflict.

The group carried out impairment tests for these indicators (see Note 6.5), leading to a €40 million impairment loss being recorded for stores.

As at 30 June 2023, the foreign currency translation reserve relating to operations in Russia corresponded to a debit of €694 million.

Auchan Retail in Russia had a sufficient level of liquidity at the end of June (€105 million) enabling it to meet its commitments. It also benefits from a RUB 10 billion credit line with a local bank. In accordance with the European regulations currently in force, Auchan Russia has not received any new financial support (investment, intragroup financing, etc.) from its mother company since February 24th, 2022. It will not receive any support as long as the current conditions of the financial embargo are in place.

Ukraine
As at 30 June 2023, the net fixed assets relating to activities in Ukraine represented 1% of the Group's fixed assets.

Ukrainian retail in H1 2023 suffered from traffic disruptions due to alerts, as well as population movements to the west of the country where Auchan Retail's network is less dense.

As at 30 June 2023, a €1 million loss for store impairment has been recorded.

Reopening of the Odessa store in Ukraine
Since the start of the conflict in Ukraine, Auchan 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.

Under these conditions, the Odessa hypermarket, which was badly damaged when the city was bombed in May 2022, reopened on 21 April 2023 as a symbol of Auchan Retail's unwavering support for its Ukrainian teams. The reopening also demonstrates Ukrainian employees' desire to rebuild their country with the support of the Group.
Since July 2022, Auchan Ukraine has been able to open or reopen 5 new stores, including 2 in Kyiv, 1 in Irpin, 1 in Boutcha and 1 in Odessa. This brings the number of operational stores in the country to 41, in addition to e-commerce. The teams aim to reopen one of the two stores that remain closed in Kharkiv in autumn 2023.

Integration of Dia supermarkets in Spain

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. These stores are located in the provinces of Castile and León, Madrid, Aragon, Asturias, Galicia, Basque Country, Cantabria, Navarre and Castile-La Mancha. There are also two logistics warehouses in Villanubla (Valladolid).

At the time of writing, all employees concerned (more than 3,300) have been integrated into the Alcampo teams, and the new centres have all been transferred.

This deal adds an approximate sales area of 170,000 m^2. 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.

The strategic acquisition confirms Alcampo's ambition to be Spain's leading phygital food retailer.

As at 30 June 2023, the main accounting items affected were property, plant and equipment in the amount of €248 million, and right-of-use assets in the amount of €78 million. The total revenue for the first-half 2023 is €82.5 million.

Targets of the Auchan Retail Climate Plan approved by the science based target initiative

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). It has approved the targets set out in Auchan Retail's 2030 Climate Plan, recognising the serious nature of the targets.
Auchan Retail's climate commitment has ramped up significantly since 2020, with a global strategy for all the countries in which it operates. In 2021, the company set out a decarbonisation plan for the entire scope of its operations. At the beginning of 2022, this resulted in two targets subject to SBTi approval:

- A 46% reduction in emissions from stores by 2030 ("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".

The SBTi has approved both the method adopted by Auchan Retail to monitor its greenhouse gas emissions and its reduction targets for 2030. This approval demonstrates that the stated targets are in line with current climate science data. Auchan Retail thus enters a select group of the world's leading certified food companies.

2. Activities and results

2.1. AUCHAN RETAIL ACTIVITY

As of June 30th, 2023, Auchan Retail was present in 13 countries, of which 11 on its own where it operates 468 hypermarkets, 702 supermarkets, 556 convenience stores and 317 digital points of sales.

The consolidated store network as of June 30th, 2023, excluding franchised store network, was as follows:

Country	Hypermarkets	Supermarkets	Convenience stores	Digital
France	119	237	10	264
Spain	76	252	64	3
Portugal	31	5	40	35
Luxembourg	3			4
Poland	70	28	6	
Hungary	19	5	1	5
Romania	33	7	396	3
Ukraine	22	4	15	1
Russia	94	137		
Senegal	1	20	16	2
Ivory Coast		7	8	
TOTAL	**468**	**702**	**556**	**317**

Including the franchised store network (278), the total number of points of sales as of June 30th, 2023 is 2,321.

Auchan Retail's revenue at the end of June 2023 amounted to €15.6 billion (up by 1.2% compared to 2022), including sales of gas and goods to franchisees.

Auchan Retail's activities outside France accounted for 47.6% of total revenue.

Auchan Retail's recurring operating income represents a loss of €92 million as of June 30th, 2023 compared to a gain of €84 million as of June 30th, 2022.

2.2. PROPERTY MANAGEMENT ACTIVITY (NEW IMMO HOLDING)

As of June 30th, 2023, the property management activity of the Group comprising ELO and its subsidiaries included the management of 980 shopping centers (mainly shopping malls and retail parks), of which 230 owned or leased, 24 in partnership and 726 under management contracts in eleven countries.

The revenue represented, at the end of June 2023, €304 million (+6.8%) of which 49.4% achieved outside France.

The recurring operating income of the property management activity decreased from €79 million to €74 million at end June 2023.

2.3. COMMENTS ON THE FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2023

Comments on the income statement

The revenue in the scope of consolidation amounted to €15.9 billion in the first half of 2023, up by 1.3% compared to the first half of 2022. Excluding countries at war, retail revenue raised by 2.4%.

By geographical area, 52% of the revenue was generated in France, 20% in Western Europe excluding France (Spain, Portugal, Luxembourg and Italy), 27% in Central and Eastern Europe (Poland, Hungary, Romania, Ukraine and Russia), and 1% in Africa. In the first half of 2022, the geographic breakdown was 53%, 19%, 27% and 1%, respectively.

The gross margin increased by 5.3% and amounted to €3,859 million, while the margin rate was 24.3% compared to 23.4% in the first half of 2022.

Payroll expenses increased by €151 million.

The external expenses increased by 11.3% or €120 million between the first half of 2022 and the first half of 2023. This change was due to inflation in energy costs (+€30 M€).

EBITDA decreased by 12.0% to €545 million compared to €619 million as of June 30th, 2022.

Excluding countries at war, the decreased is limited to -3.0%.

After considering other recurring income and expenses, the recurring operating income amounted a €(20) million compared to €158 million in the first-half 2022.

The non-recurring items recorded under "Non-recurring income and expenses" include:

(en M€)	**06/30/2023**	**06/30/2022**
Russia - Ukraine	**(41)**	**(104)**
- of which impairment of property, plant and equipment	(41)	(66)
- of which goodwill impairment (Ukraine)		(33)
- of which losses on inventories (Ukraine)		(5)
Net impairment of assets (excluding Russia and Ukraine)	**(3)**	**(131)**
- of which stores (France, Poland)	(4)	(9)
- of which impairment of Retail France goodwill		(128)
- investment property (France, Luxembourg)	1	6
Assets disposals	**7**	**7**
- of which disposals for Retail activity	5	5
- of which disposals for Real Estate activity	2	2
Reorganisation costs - Auchan Retail	**(9)**	**10**
Other	**(17)**	**(19)**
Total non-recurring income and expenses	**(63)**	**(237)**

After considering non-recurring income and expenses, operating income fell by €4 million for a total amount of €(83) million.

Net cost of financial debt increased by €36 million, due to higher interest rates.

The other financial income and expenses represented an expense of €62 million, compared to an expense of €76 million in June 2022.

The income before tax amounted €(231) million compared to €(202) million in the first half 2022.

The share of the net income of associates amounted to €(21) million compared to €6 million as of June 30th, 2022. This result is mainly explained by Oney Bank, for €(15) million.

The net loss amounted to €(215) million as of June 30th, 2023 versus a net loss of €(189) million as of June 30th, 2022 (including the contribution of the sold operations, reclassified under IFRS 5 to the income statement).

The net income (Group share) amounted to €(214) million, compared with €(191) million in the first half of 2022 (including the contribution of the sold operations, reclassified under IFRS 5 in the income statement). Therefore, the net result decreased by 13.7% (or decreased by 4.4% excluding countries at war)

The cash flows from operations amounted €308 million for this first-half while €528 for the first-half 2022.

Comments on the statement of balance sheet

Assets

The current investments excluding business combinations (acquisitions of intangible assets, tangible assets and investment properties) amounted to €476 million (Including acquisition of DIA stores for €248 million) compared with €250 million in the first half of 2022.

The breakdown of investments was 24% in France (61% as of June 30th, 2022), 61% in Western Europe excluding France (17% as of June 30th, 2022), 13% in Central and Eastern Europe (20% as of June 30th, 2022), and 2% in Africa (2% as of June 30th 2022),

Liabilities

Equity amounted to €5,974 million as of June 30th, 2023, compared with €6,417 million as of June 30th, 2022 and €6,324 million as of December 31st, 2022.

The equity Group share amounted to €5,775 million, down by €355 million compared with December 31st, 2022.

The main changes were as follows (in millions of euros):

2023 Interim income	**(214)**
Transcations with non-controlling interests	10
Dividend	(100)
Translation differences	(24)
Change in treasury shares	(6)
Change in hedging reserves	(19)
Others	(1)

The non-controlling interests amounted to €199 million as of June 30th, 2023, compared with €232 million as of June 30th, 2022 and €194 million as of December 31st, 2022.

The net financial debt amounted to €4,040 million as of June 30th, 2023, compared with €2,579 million as of December 31st, 2022, reflecting a strong impact of seasonality. As of June 30th, 2022, the net financial debt amounted to €3,271 million.

As of June 30th, 2023, the financial debt amounted to 68% of equity.

3. Subsequent events

None

4. Management of risks and uncertainties in the first half of 2023

During the usual course of their business, ELO and its subsidiaries are exposed to interest rate, foreign exchange, credit and liquidity risks, as described in section 3.3 of the 2022 risk management report. The following comments in particular concern changes in liquidity risk.

Liquidity of ELO and its subsidiaries

In terms of off-balance sheet commitments, the amount of the unused credit lines within ELO and its subsidiaries has decreased by €56 million since January 1st, 2023. These are mainly unconfirmed lines and overdrafts on subsidiaries.

However, the outstanding amount of undrawn lines remained at a high level at €2.37 billion. In view of the existing financing, ELO believes that all of the projected cash flows from the business are largely sufficient to cover future debt maturities.

In March and April 2023, ELO used a bilateral loan set up for €100 million as well as the syndicated loan (in SLL format) contracted in December 2022 for €400 million. This inflow of cash was used to repay the €367 million in bonds maturing in April.

In May 2023, a Schuldschein of €100 million was finalized with a maturity of 5 years.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Condensed half-year consolidated financial statements

1.1. CONSOLIDATED INCOME STATEMENT

(In €m)	Notes	06/30/2023	06/30/2022
Revenue	**4.2**	**15,877**	**15,665**
Cost of sales	4.2	(12,018)	(12,001)
Gross margin		**3,859**	**3,664**
Payroll expenses		(2,168)	(2,017)
External expenses		(1,178)	(1,058)
Depreciation and amortisation	4.3	(516)	(478)
Provisions and impairments		(7)	(4)
Other recurring income and expenses	4.3	(10)	51
Recurring operating income		**(20)**	**158**
Non-recurring income and expenses	4.4	(63)	(237)
Operating income		**(83)**	**(79)**
Income from cash and cash equivalents		23	19
Gross cost of financial debt		(109)	(66)
Net cost of financial debt	**9.2**	**(86)**	**(47)**
Other financial income	9.3	20	16
Other financial expenses	9.3	(82)	(92)
Income before tax		**(231)**	**(202)**
Share of net income of associates		(21)	6
Income tax expense	10	38	2
Net income from continuing operations		**(215)**	**(194)**
Net income from assets held for sale and discontinued operations [1]		(1)	4
Net Income		**(215)**	**(189)**
- of which net income – Group share		(214)	(191)
- of which net income attributable to non-controlling interests		(1)	2
Earnings per share from continuing operations – Group share (in €)			
- basic	7.2	(7.52)	(6.80)
- diluted	7.2	(7.52)	(6.80)
EBITDA	**4.3**	**545**	**619**

1.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	06/30/2023			06/30/2022		
(In €m)	Gross amount	Income tax	Net	Gross amount	Income tax	Net
Net income for the period			**(215)**			**(189)**
Change in equity instruments at fair value through other comprehensive income	(9)	2	(7)			
Revaluation of net liabilities in respect of defined benefits plans	0	0	0	29	(7)	21
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME	**(9)**	**2**	**(7)**	**29**	**(7)**	**21**
Exchange differences on translating foreign operations	(24)		(24)	190		190
Change in fair value						
- of net foreign investment hedge	(19)	5	(14)	(2)		(2)
- cash flow hedge derivatives	(6)	2	(4)	164	(41)	123
TOTAL ITEMS THAT MAY BE RECLASSIFIED TO NET INCOME	**(49)**	**7**	**(43)**	**352**	**(41)**	**311**
TOTAL OTHER COMPREHENSIVE INCOME	**(58)**	**9**	**(49)**	**381**	**(49)**	**332**
Total comprehensive income for the period			**(265)**			**143**
Attributable to:						
- Group share			(263)			140
- non-controlling interests			(1)			3

1.3. CONSOLIDATED STATEMENT OF BALANCE SHEET

Assets *(In m€)*	**Notes**	**06/30/2023**	**12/31/2022**
Goodwill	6.1	1,748	1,743
Other intangible assets	6.1	124	155
Property, plant and equipment	6.2	5,242	5,181
Right-of-use assets	6.3	1,079	1,082
Investment properties	6.4	3,484	3,555
Investments in associates	3.3	589	625
Non-current financial assets	9.5	356	327
Non-current derivative instruments	9.4	161	152
Deferred tax assets		324	319
Other non-current assets	9.5	94	97
NON-CURRENT ASSETS		**13,201**	**13,236**
Inventories		2,813	2,709
Trade receivables	9.5	374	507
Current tax assets		51	71
Trade and other receivables	9.5	1,601	1,312
Current financial assets	9.5	412	603
Current derivative instruments	9.4	63	87
Cash and cash equivalents	9.1 9.5	1,054	2,006
Assets held for sale		104	98
CURRENT ASSETS		**6,473**	**7,393**
TOTAL ASSETS		**19,674**	**20,628**

Equity and liabilities *(in €m)*	**Notes**	**06/30/2023**	**12/31/2022**
Share capital	7.1.2	574	574
Share premiums		1,914	1,914
Reserves and net income - Group share		3,287	3,642
EQUITY - GROUP SHARE		**5,775**	**6,130**
Non-controlling interests	7.1.5	199	194
TOTAL EQUITY		**5,974**	**6,324**
Non-current provisions	8.1	183	166
Non-current borrowings and other financial liabilities	9.6	4,080	4,332
Non-current derivative instruments	9.4	218	262
Non-current lease liabilities		1,077	1,121
Deferred tax liabilities		56	167
Other non-current liabilities	9.6	157	157
NON-CURRENT LIABILITIES		**5,772**	**6,206**
Current provisions	8.1	182	194
Current borrowings and other financial liabilities	9.6	1,289	698
Current derivative instruments	9.4	36	21
Current lease liabilities		319	302
Trade payables		4,377	5,033
Current tax liabilities		69	46
Other current liabilities		1,649	1,796
Liabilities associated with assets classified as held for sale		8	8
CURRENT LIABILITIES		**7,928**	**8,098**
TOTAL EQUITY AND LIABILITIES		**19,674**	**20,628**

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

(In €m)	Notes	06/30/2023	06/30/2022
Consolidated net income (including non-controlling interests)		**(215)**	**(189)**
Share of net income of associates		21	(6)
Dividends received (non-consolidated investments) [1]		(2)	(1)
Net cost of financial debt and lease interests [1]		130	102
Income tax expense (including deferred taxes)		(38)	1
Net amortisation, depreciation, provisions and impairment expenses (other than on current assets)		607	773
Expenses and income related to share-based payments without cash consideration		(8)	8
Capital gains and losses net of tax and badwill		(16)	(8)
Cash flows from operations before net cost of financial debt, lease interest and tax		**478**	**679**
Income tax paid		(36)	(53)
Interest paid and lease interest [1]		(160)	(117)
Other financial items		26	19
Cash flows from operations after net cost of financial debt and tax		**308**	**528**
Changes in working capital requirement	13	(820)	(905)
Net cash from (used in) operating activities		**(512)**	**(378)**
Disbursements related to acquisitions of property, plant and equipment, intangible assets and investment properties		(689)	(434)
Proceeds from disposals of property, plant and equipment, intangible assets and investment properties		26	32
Disbursements related to shares in non-consolidated companies including investments in associates		(5)	(34)
Proceeds from sales of shares in non-consolidated companies including investments in associates			6
Dividends received (non-consolidated investments)		3	10
Changes in loans and advances granted	13	(39)	(10)
Net cash from (used in) investing activities		**(703)**	**(430)**
Purchases and sales of treasury shares		(6)	
Dividends paid during the financial year	13	(99)	(199)
Acquisitions and disposals of interests without change in control	13	15	(6)
Payment of lease liabilities		(166)	(159)
Change in net financial debt	13	452	55
Net cash from (used in) financing activities		**198**	**(309)**
Effect of changes in foreign exchange rates [2]		(10)	(41)
Cash and cash equivalents classified under IFRS5		4	(5)
Net increase (decrease) in cash and cash equivalents		**(1,023)**	**(1,162)**
Cash and cash equivalents at the beginning of period		1,984	2,211
Cash and cash equivalents at the end of period	13	961	1,049
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**13**	**(1,023)**	**(1,162)**

(1) Including financial interest under IFRS 16 for €(46) million and included in other financial expenses (vs. €(44) million in June 2022)

(2) Mainly impact of the Zloty for €(19) million and forint for €(7) million offset by the Rouble for €14 million as of June 30th, 2023.

1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

						Equity		
(In €m)	Share capital	Share premiums[1]	Treasury shares[2]	Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses[3]	Reserves and consolidated income	Group share	Non controlling interests	Total
As of 01/01/2022	**574**	**1,914**	**(108)**	**(998)**	**4,867**	**6,248**	**206**	**6,454**
Net income for the period					(191)	(191)	2	(189)
Total other comprehensive income				331		331	1	332
Total comprehensive income for the period				**331**	**(191)**	**140**	**3**	**143**
Dividend distributions					(200)	(200)	0	(200)
Changes in consolidation scope					2	2	16	17
Changes in put options granted to non-controlling interests and repurchase commitments					(6)	(6)	5	(1)
Other					1	1	1	2
As of 06/30/2022	**574**	**1,914**	**(108)**	**(667)**	**4,473**	**6,185**	**232**	**6,417**
As of 01/01/2023	**574**	**1,914**	**(115)**	**(928)**	**4,686**	**6,129**	**194**	**6,324**
Net income for the period					(214)	(214)	(1)	(215)
Total other comprehensive income				(49)		(49)	(0)	(49)
Total comprehensive income for the period				**(49)**	**(214)**	**(263)**	**(1)**	**(265)**
Treasury shares			(6)		0	(6)		(6)
Dividend distributions					(100)	(100)	(1)	(101)
Changes in consolidation scope					9	9	22	31
Changes in put options granted to non-controlling interests and repurchase commitments					10	10	(16)	(6)
Other					(4)	(4)	1	(3)
As of 06/30/2023	**574**	**1,914**	**(121)**	**(977)**	**4,387**	**5,775**	**199**	**5,974**

(1) Share premiums include the premiums paid for stock issued, mergers and other capital contributions.
(2) See note 7.1.3.
(2) See note 7.1.4

2. Notes to the condensed consolidated financial statements

NOTE 1 - ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES AND STATEMENT OF COMPLIANCE

The condensed consolidated half-year financial statements of ELO S.A. were approved by the Board of Directors on July 26th, 2023. The condensed consolidated financial statements are presented in euros and are rounded up or down to the closest million.

1.2 STANDARDS APPLIED

The condensed consolidated financial statements of ELO S.A. for the six months ended on June 30th, 2023 have been prepared in accordance with the provisions of IAS 34 on interim Financial Reporting, the International Financial Reporting Standards (IFRS), and the interpretations published by the International Accounting Standards Board (IASB) as adopted by the European Union and mandatorily applicable as of January 1st, 2023.

These notes, therefore, do not include all the information required in the full annual financial statements and should be read in conjunction with ELO S.A. consolidated financial statements for the financial year ended December 31st, 2022.

Pursuant to IAS 34, the explanatory notes in these condensed financial statements aim to:

- update the accounting and financial information contained in ELO S.A. consolidated annual financial statements for the financial year ended December 31st, 2022;
- provide new accounting and financial information on significant events that took place during the period under review.

The accounting principles applied to the consolidated financial statements as of June 30th, 2023 are consistent with those used for the financial statements as of December 31st, 2021. The amendments and standards presented below had no impact on the consolidated financial statements as of June 30th, 2023.

Amendments and standards adopted by the European Union, applicable from financial years beginning on January 1st, 2023

- IFRS 17, « Insurance Contracts »
- Amendements to IAS 12, « Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction »
- Amendements to IAS 8, « Definition of Accounting Estimates »
- Amendements to IAS 1, « Disclosure of Accounting Policies »

Amendments and standards adopted by the IASB, applicable from financial years beginning on January 1st, 2023, but not applied since not endorsed by European Union

- Amendments to IAS 12, « International Tax Reform — Pillar Two Model Rules »

Standards and interpretations published by the IASB, applicable to accounting periods beginning after January 1st, 2024, not early by the group

- Amendments to IAS 1, « Classification of Liabilities as Current or Non-current »
- Amendment to IFRS 16, « Lease Liability in a Sale and Leaseback »
- Amendment to IAS 7 and IFRS 7, « Supplier Finance Arrangements »

1.3 USE OF ESTIMATES

The preparation of the consolidated financial statements requires ELO S.A. Management to exercise its judgement to make estimates and assumptions that may affect the carrying amount of certain assets and liabilities, income and expenses and the information provided in the notes to the financial statements. The actual values may be different from current estimates.

When preparing the condensed half-year consolidated financial statements, the significant judgements made by Management in applying accounting policies and the main estimates were identical to those described in the consolidated financial statements for the financial year ended on December 31st, 2022. However, special attention was paid to the valuation of the real estate assets in Russia and Ukraine.

1.4 DETAILS SPECIFIC TO THE PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

Employee benefits

The long-term employee benefits accounted for in the group's accounts mainly relate to the retirement indemnities in France. In view of the assumptions already made at the end of the 2022 financial year, the changes made by the pension reform voted in the first half have no material effect on the group's liabilities.

1.5 ALTERNATIVE PERFORMANCE INDICATORS

EBITDA
Since January 1st, 2022, the Group includes in its EBITDA the change in the impairment of trade receivables as well as the provisions and reversals for risks and charges. As a result, EBITDA now corresponds to recurring operating income, minus amortisation, depreciation and other recurring income and expenses.

Non-recurring income and expenses
Non-recurring transactions in significant amounts which could distort recurring operating performance are recorded under Non-recurring income and expenses in accordance with Recommendation N°. 2020-R.01 of the French Accounting Standards Authority (ANC – *Autorité des normes comptables*). This item includes, in particular, impairment of goodwill, impairment of property, plant and equipment, capital gains or losses on asset disposals, as well as items that are unusual, abnormal, significant and not relevant to current operations, such as major restructuring costs or exceptional indemnities on contract termination.

NOTE 2 – SIGNIFICANT EVENTS

Russia-Ukraine conflict

As at June 30th, 2023, Auchan Retail operated 231 stores in Russia and 41 in Ukraine, with an e-commerce and home delivery business in each country. New Immo Holding's exposure is more limited. As at June 30th, 2023, Russia and Ukraine combined represented approximately 2% of its total net asset value, and 4% of its net rental income. These two countries generate around 11% of ELO's turnover for the half year, and represent 7% of fixed assets.

The group scrupulously monitors compliance with the terms of the embargo and sanctions, in particular for money moving into and out of Russia. Notably, Auchan Retail stopped all investment and financing activities for its Russian subsidiary from the first days of the conflict, leaving it to operate independently.

Under extremely uncertain conditions regarding the extent, outcome and consequences of the ongoing armed conflict, the outlook at present does not call into question ELO's financial situation.

Russia
At June 30th, 2023, net fixed assets relating to activities in Russia represented 6% of the Group's fixed assets.

Retail activity in Russia slowed sharply in H1 2023, with a drop in store traffic, particularly in large shopping centres. H1 2022 also benefited from customer hoarding due to the outbreak of the conflict.

The group carried out impairment tests for these indicators (see Note 6.5), leading to a €40 million impairment loss being recorded for stores.

As at June 30th, 2023, the foreign currency translation reserve relating to operations in Russia corresponded to a debit of €694 million.

Auchan Retail in Russia had a sufficient level of liquidity at the end of June (€105 million) enabling it to meet its commitments. It also benefits from a RUB 10 billion credit line with a local bank. In accordance with the European regulations currently in force, Auchan Russia has not received any new financial support (investment, intragroup financing, etc.) from its mother company since February 24th, 2022. It will not receive any support as long as the current conditions of the financial embargo are in place.

Ukraine
As at June 30th, 2023, the net fixed assets relating to activities in Ukraine represented 1% of the Group's fixed assets.

Ukrainian retail in H1 2023 suffered from traffic disruptions due to alerts, as well as population movements to the west of the country where Auchan Retail's network is less dense.

As at June 30th, 2023, a €1 million loss for store impairment has been recorded.

Reopening of the Odessa store in Ukraine
Since the start of the conflict in Ukraine, Auchan 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.

Under these conditions, the Odessa hypermarket, which was badly damaged when the city was bombed in May 2022, reopened on April 21st, 2023 as a symbol of Auchan Retail's unwavering support for its Ukrainian teams. The reopening also demonstrates Ukrainian employees' desire to rebuild their country with the support of the Group.

Since July 2022, Auchan Ukraine has been able to open or reopen 5 new stores, including 2 in Kyiv, 1 in Irpin, 1 in Boutcha and 1 in Odessa. This brings the number of operational stores in the country to

41, in addition to e-commerce. The teams aim to reopen one of the two stores that remain closed in Kharkiv in autumn 2023.

Integration of DIA supermarkets in Spain

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. These stores are located in the provinces of Castile and León, Madrid, Aragon, Asturias, Galicia, Basque Country, Cantabria, Navarre and Castile-La Mancha. There are also two logistics warehouses in Villanubla (Valladolid).

At the time of writing, all employees concerned (more than 3,300) have been integrated into the Alcampo teams, and the new centres have all been transferred.

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.

The strategic acquisition confirms Alcampo's ambition to be Spain's leading phygital food retailer.
As at June 30th, 2023, the main accounting items affected were property, plant and equipment in the amount of €248 million, and right-of-use assets in the amount of €78 million. The total revenue for the first-half 2023 is €82.5 million.

Targets of the Auchan Retail Climate Plan approved by the science based target initiative

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). It has approved the targets set out in Auchan Retail's 2030 Climate Plan, recognising the serious nature of both the targets themselves and their means of achievement.
Auchan Retail's climate commitment has ramped up significantly since 2020, with a global strategy for all the countries in which it operates. In 2021, the company set out a decarbonisation plan for the entire scope of its operations. At the beginning of 2022, this resulted in two targets subject to SBTi approval:

- A 46% reduction in emissions from stores by 2030 ("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".

The SBTi has approved both the method adopted by Auchan Retail to monitor its greenhouse gas emissions and its reduction targets for 2030. This approval demonstrates that the stated targets and their means of achievement are in line with current climate science data. Auchan Retail thus enters a select group of the world's leading certified food companies.

NOTE 3 – CONSOLIDATION SCOPE

3.1 GENERAL DESCRIPTION OF THE CONSOLIDATION SCOPE

ELO S.A., the holding company of the consolidated entities, is a French company with its registered office located at 40, avenue de Flandre, Croix, France. ELO, through the companies included in the consolidation scope, operates in 14 countries and employs 166 697 people.

As of June 30th, 2023, ELO and its subsidiaries have two business lines:

- Auchan Retail, a food retailer which fully consolidates 468 hypermarkets, 702 supermarkets, 556 convenience stores and 317 integrated digital points of sales as well as e-commerce (Auchan.fr) and drive-through (Chronodrive and Auchan Drive) activities;
- New Immo Holding and its subsidiaries providing property management services (980 sites, mainly shopping centres with shopping malls and retail parks). In the first-half 2023, Auchan Retail France transferred 515 management contracts to New Immo Holding.

3.2 DISCONTINUED OPERATIONS, OPERATIONS BEING SOLD AND ASSETS HELD FOR SALE

3.2.1 Disposal of the activities in Taiwan

On September 6th, 2022, the Group finalised the sale of this stake in RT-Mart (64.83%), thus marking its total withdrawal from Asia

In accordance with the criteria determined by IFRS 5, the contributions of RT-Mart and its subsidiaries had been classified in the income statement under the heading "Net income from discontinued operations or assets held for sale" in the consolidated financial statements drawn up as of June 30th 2022.

3.2.2 Partial disposal of the property management activities (Ceetrus) in Hungary

on March 24th, 2022 ELO signed an agreement for the partial sale of a 47% stake in Auchan Hungary and Ceetrus Hungary to Indotek Group.

The objective of this alliance is to accelerate the development of the companies in Hungary through the knowledge and expertise of Indotek in the Hungarian retail market. The completion of this transaction remains subject to the approval of the competent local authorities.

In accordance with the control analysis and in compliance with the criteria determined by IFRS 5, the assets and liabilities of Ceetrus Hungary are presented on the lines "Assets held for sale" and "Liabilities associated with assets held for sale". No reclassification has been made within the income statement.

Regarding the Retail activity, no reclassification was made insofar as the Group will retain control over this activity

Latest changes in the legal framework in Hungary, specifically regarding the establishment of an exceptional tax on retail activities and the price-cap for essential goods, together with the common desire to coordinate the transaction with both retail and real estate activities lead to extended negotiations which should be finalized within the second half 2023.

3.2.3 Impacts on the financial statements

Breakdown of net income in the financial statements of activities sold or held for sale

(In €m)	06/30/2023	06/30/2022
Revenue	0	397
Gross margin	0	96
Recurring operating income	**0**	**22**
Non-recurring income and expenses	(1)	(3)
Operating income	**(1)**	**18**
Net cost financial debt	0	(0)
Other financial income and expenses	0	(13)
Income before tax	**(1)**	**6**
Income tax expense	0	(2)
Net income	**(1)**	**4**
EBITDA	**0**	**40**

Details of assets and liabilities held for sale

(In €m)	06/30/2023	12/31/2022
Non-current assets	**96**	**89**
of whick property, plant and equipment	0	0
of which investment property	96	89
Current assets	**8**	**8**
of which inventories	0	0
TOTAL ASSETS	**104**	**98**
Non-current liabilities	**0**	**3**
of which borrowings and lease liabilities	0	0
Current liabilities	**8**	**3**
of which trade payables	0	0
TOTAL LIABILITIES	**8**	**6**

Breakdown of cash flows in the cash flow statement

(In €m)	06/30/2023	06/30/2022
Net cash from (used in) operating activities	0	10
Net cash from (used in) investing activities	0	(4)
Net cash from (used in) financing activities	0	(2)
Effect of changes in foreign exchange rates	0	1
Cash and cash equivalents classified under IFRS5	0	(5)
Net increase (decrease) in cash and cash equivalents	0	0

3.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The line "Investments in associates" presented in the balance sheet includes in particular the equity interest of 49.9% in Oney Bank (Oney Bank specialises in payment, financing and digital identification solutions) for €253 million of which €(15) million of net income, and the investments of New Immo Holding in companies that own real estate assets in France and Europe (€324 million against €344 million as of December 31st, 2022).

NOTE 4 – OPERATING DATA

4.1 SEASONALITY

The consolidated financial statements for the first and second half of the year are difficult to compare due to the seasonal nature of the business. The seasonality of the revenue is rather low, although activity is more significant in the second half of the year, particularly in December.

The working capital resources also deteriorated sharply in the first half of the year due to significant supplier payments related to purchases made at the end of the previous year.

4.2 REVENUE FROM ORDINARY ACTIVITIES/GROSS MARGIN

(In €m)	06/30/2023	06/30/2022
Sales	15,770	15,542
Other revenue	107	123
Revenue	**15,877**	**15,665**
Purchases net of rebates, commercial cooperation services and ancillary and logistics costs	(12,152)	(12,356)
Change in inventories (net of impairment)	134	354
Cost of sales	**(12,018)**	**(12,001)**
Gross margin	**3,859**	**3,664**

4.3 EBITDA

(In €m)	06/30/2023	06/30/2022
Recurring operating income	(20)	158
- Other recurring income and expenses (1)	(10)	51
- Depreciation and amortisation	(516)	(478)
- Impairment of assets (2)	5	11
- Depreciation and amortisation included in logistics costs deducted from gross margin	(44)	(45)
EBITDA	**545**	**619**

(1) Including foreign exchange losses for €10 million in June 2023 and foreign exchange gains for €48 million in 2022 (trade receivables in RUB)

(2) Excluding impairment on inventories

4.4 NON-RECURRING INCOME AND EXPENSES

(In €m)	06/30/2023	06/30/2022
Russia - Ukraine	**(41)**	**(104)**
- of which impairment of property, plant and equipment	(41)	(66)
- of which goodwill impairment (Ukraine)		(33)
- of which losses on inventories (Ukraine)		(5)
Net impairment of assets (excluding Russia and Ukraine)	**(3)**	**(131)**
- of which stores (France, Poland)	(4)	(9)
- of which impairment of Retail France goodwill		(128)
- investment property (France, Luxembourg)	1	6
Assets disposals	**7**	**7**
- of which disposals for Retail activity	5	5
- of which disposals for Real Estate activity	2	2
Reorganisation costs - Auchan Retail	**(9)**	**10**
Other	**(17)**	**(19)**
Total non-recurring income and expenses	**(63)**	**(237)**

NOTE 5 - OPERATING SEGMENTS

5.1 SEGMENT INFORMATION OF INCOME STATEMENT

Segment revenue and results as of June 30th *(in €m)*	**Auchan Retail**		**Real estate**		**Holdings**		**Total**	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
External revenue	15,572	15,380	304	285	-	-	15,877	15,665
Internal revenue	4	5	(0)	(1)	(4)	(4)	0	0
REVENUE	**15,576**	**15,385**	**304**	**284**	**(4)**	**(4)**	**15,877**	**15,665**
Depreciation and amortisation	(406)	(372)	(111)	(105)	(0)	(0)	(516)	(478)
Recurring operating income	**(92)**	**84**	**74**	**79**	**(2)**	**(5)**	**(20)**	**158**

5.2 SEGMENT BALANCE SHEETS

	Auchan Retail		**Real estate**		**Holdings**		**Total**	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Segment assets	**12,422**	12,148	**4,514**	4,603	**530**	721	**17,466**	17,472
Segment liabilities	**7,310**	8,125	**466**	473	**11**	14	**7,787**	8,612

The total segment assets are reconciled to the total assets of ELO and its subsidiaries as follows:

(In €m)	**06/30/2023**	**12/31/2022**
Goodwill	1,748	1,743
Other intangible assets	124	155
Property, plant and equipment	5,242	5,181
Right-of-use assets	1,079	1,082
Investment property	3,484	3,555
Non-current segment assets excluding tax and financial assets	**11,676**	**11,716**
Investments in associates	589	625
Inventories	2,813	2,709
Trade receivables	374	507
Trade and other receivables	1,601	1,312
Current financial assets	412	603
Segment assets	**17,466**	**17,472**
Other non-current financial assets	356	327
Other non-current assets	94	97
Non-current derivative instruments	161	152
Deferred tax assets	324	319
Current tax assets	51	71
Current derivative instruments	63	87
Cash and cash equivalents	1,054	2,006
Assets held for sale	104	98
TOTAL ASSETS	**19,674**	**20,628**

The total segment liabilities are reconciled to the total assets of ELO and its subsidiaries as follows:

(In €m)	**06/30/2023**	**12/31/2022**
Non-current provisions	183	166
Current provisions	182	194
Trade payables	4,377	5,033
Other current liabilities	1,649	1,796
Non-current lease liabilities	1,077	1,121
Current lease liabilities	319	302
Segment liabilities	**7,787**	**8,612**
Equity	5,974	6,324
Non-current borrowings and other financial liabilities	4,080	4,332
Non-current derivative instruments	218	262
Other non-current liabilities	157	157
Deferred tax liabilities	56	167
Current borrowings and other financial liabilities	1,289	698
Current derivative instruments	36	21
Current tax liabilities	69	46
Liabilities associated with assets classified as held for sale	8	8
TOTAL EQUITY AND LIABILITIES	**19,674**	**20,628**

NOTE 6 - INTANGIBLE AND TANGIBLE ASSETS

6.1 GOODWILL AND OTHER INTANGIBLE ASSETS

(In €m)	06/30/2023	12/31/2022
Goodwill	1,748	1,743
Other intangible assets	124	155
TOTAL INTANGIBLE ASSETS	**1,872**	**1,898**

Change in goodwill of €5 million is mainly explained by exchange differences in Poland for an amount up to €14 million.

6.2 PROPERTY, PLANT AND EQUIPMENT

(In €m)	06/30/2023	12/31/2022
Gross carrying amount	14,909	14,780
Depreciation and impairment	(9,666)	(9,598)
NET CARRYING AMOUNT	**5,242**	**5,181**

During the period, acquisitions were made for €433 million and disposals were made for €53 million (gross). The impact of exchange rate variances on the net carrying amount was €(58) million, of which €(88) million for Russia.

As of June 30, 2023, the amount relating to the acquisition of the DIA stores in Spain is €261 million of which €248 million related of the acquisition of the stores and €13 million to the compliance of these stores (mainly brand change and IT system).

6.3 RIGHT-OF-USE ASSETS

(In €m)	06/30/2023	12/31/2022
Gross carrying amount	2,293	2,204
Amortisation and impairment	(1,214)	(1,122)
NET CARRYING AMOUNT	**1,079**	**1,082**

The gross and net carrying amount of right-of-use assets are mainly affected by the effect of the conversion, for €(64) million and €(25) million respectively, mainly on the Rouble. Note also the impact of rights of use related to the acquisition of DIA stores for a gross value of €78 million.

6.4 INVESTMENT PROPERTIES

The investment properties held by the Group mainly consist of shopping malls built near the stores.

(In €m)	06/30/2023	12/31/2022
Gross value of investment property	6,258	6,261
Gross value of right-of-use assets of investment property	149	149
TOTAL GROSS VALUE	**6,407**	**6,410**
Depreciation and impairment of investment property	(2,861)	(2,797)
Depreciation and impairment of right-of-use of investment property	(62)	(57)
TOTAL DEPRECIATION AND IMPAIRMENT	**(2,924)**	**(2,854)**
NET CARRYING AMOUNT	**3,484**	**3,555**

The decrease of the net carrying amount of the investment properties for an amount of €71 million mainly consists of depreciation for an amount up to €(89) million,

6.5 IMPAIRMENT

For Auchan Retail, cash-generating units for which an indicator of impairment was identified were tested for impairment. With regard to New Immo Holding, the real estate assets are appraised by independent appraisers on a half-yearly basis. All investment properties were valued as of June 30th, 2023. The valuation methods applied, described in the Group's consolidated financial statements dated December 31st, 2022, remain unchanged.

Russia

Retail Activity in Russia was subject to impairment tests for which a cautious approach was adopted on the growth parameters as well as on the discount rate. Impairment amounted to 40 million euros over the year, accounted for in "other operating income and expenses". (The goodwill associated with the Retail activity in Russia had already been fully impaired during the 2020 financial year).
No additional impairment over the financial year concerning investment properties.

Other cash generated units

The tests carried out on other cash generated units did not lead to any impairment at the end of June 2023.

NOTE 7 - EQUITY AND EARNINGS PER SHARE

7.1 EQUITY

7.1.1 Shareholders

As of June 30th, 2023, ELO S.A. share capital is mainly held by Aumarché. Employees owned 1.95% of the company's capital via mutual funds (FCPs) Valauchan and Valfrance, and via the companiesi included in the employee share ownership plans outside France (Valauchan Sopaneer International, Valespaña S.C.A., Valpoland S.C.A., Valhungary International S.C.A. and Valportugal S.C.A.).
Only companies included in the employee share ownership plans outside France are fully consolidated.

7.1.2 Share capital

As of June 30th, 2023, the share capital amounted to €574,184,140. It was split into 28,709,207 fully paid-up shares with a par value of €20 each.

7.1.3 Treasury shares

As of June 30th, 2023, the total number of treasury shares held by ELO S.A. and its subsidiaries amounted to 350,041 shares (compared to 330,731 at the end of 2022). ELO S.A. and Monicole BV hold 82,671 ELO S.A. shares for a transaction cost of €25 million and 267,370 shares are held by Valauchan Sopaneer International, Valportugal S.C.A., Valpoland S.C.A., Valhungary International S.C.A. and Valespaña S.C.A.. for an acquisition cost of €95 million, in the context of employee share ownership.

As of June 30th, 2023, the treasury shares held by ELO S.A. and Monicole BV represented 0.29% of its share capital.

7.1.4 Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses (Group share)

(In €m)	Currency translation reserve	Available-for-sale financial assets revaluation reserve	Cash flow hedge reserve	Net foreign investment hedge reserve	Actuarial differences on defined-benefit plans	Total
As of January 1st, 2022	**(921)**	**(77)**	**13**	**2**	**(14)**	**(998)**
Change	(32)	(11)	94	(5)	24	70
AS OF DECEMBER 31st, 2022	**(953)**	**(88)**	**107**	**(3)**	**10**	**(928)**
As of January 1st, 2023	**(953)**	**(88)**	**107**	**(3)**	**10**	**(928)**
Change	(24)	(7)	(4)	(14)	0	(49)
AS OF JUNE 30th, 2023	**(977)**	**(95)**	**103**	**(18)**	**10**	**(977)**

7.1.5 Non-controlling interests

The non-controlling interests are mainly comprised of interests in the capital of Valauchan Sopaneer International, Val Portugal S.C.A., Valpoland S.C.A., Valhungary International SCA and, Valespaña S.C.A. in the amount of €199 million.

7.1.6 Dividends

On May 24th, 2023, ELO S.A. paid a dividend of €3.50 per share for the 2022 financial year. Thus, the total amount of the dividend paid amounted to €100.5 million, of which €0.2 million paid to ELO SA treasury shares.

7.1.7 Repurchase commitments

ELO S.A. recognises a liability for its commitments to buy back shares from Valauchan and Valfrance. As of June 30th, 2023, the repurchase commitments amounted to €50 million.

7.2 EARNINGS PER SHARE

Basic earnings per share	06/30/2023	06/30/2022
Weighted average number of outstanding shares	28 378 476	28 400 292
Net income - Group share (in €m)	(214)	(191)
Per share (in €)	*(7,55)*	*(6,74)*
Net income from assets held for sale and discontinued operations - Group share (in €m)	(1)	2
Per share (in €)	*(0,03)*	*0,06*
Net income from continuing operations - Group share (in €m)	(213)	(193)
Per share (in €)	*(7,52)*	*(6,80)*

Diluted earnings per share	06/30/2023	06/30/2022
Weighted average number of diluted shares	28 378 476	28 400 292
Net income - Group share (in €m)	(214)	(191)
Per share (in €)	*(7,55)*	*(6,74)*
Net income from assets held for sale and discontinued operations - Group share (in €m)	(1)	2
Per share (in €)	*(0,03)*	*0,06*
Net income from continuing operations - Group share (in €m)	(213)	(193)
Per share (in €)	*(7,52)*	*(6,80)*

NOTE 8 - PROVISIONS AND CONTINGENT LIABILITIES

8.1 PROVISIONS

(In €m)	06/30/2023	12/31/2022
Non-current provisions	183	166
Current provisions	182	194
TOTAL	**365**	**360**

Provisions for liabilities and charges did not change significantly over the period.

8.2 CONTINGENT LIABILITIES

Consolidated companies are involved in a certain number of lawsuits or disputes in the normal course of their business, including procedures with the tax and competition authorities.
Provisions have been set up for the resulting expenses considered probable by ELO and/or its subsidiaries as well as their external advisers.

To the best of the knowledge of ELO and its subsidiaries, there are no other exceptional events or litigation that could substantially affect the activity, results, assets or liabilities of ELO and/or its subsidiaries, which are not adequately covered by provisions at year-end.

NOTE 9 - FINANCING AND FINANCIAL INSTRUMENTS

9.1 NET FINANCIAL DEBT

(in €m)	06/30/2023	12/31/2022
Borrowings and other financial liabilities (1)	5,302	4,970
- non-current	4,013	4,272
- current	1,289	698
Cash and cash equivalents	(1,054)	(2,006)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	24	53
Margin call assets on derivatives qualifying as hedging instruments	(31)	(27)
Net financial indebtedness	**4,241**	**2,990**
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	7	(8)
Other short-term investment assets	(208)	(402)
NET FINANCIAL DEBT	**4,040**	**2,579**

(1) A number of margin call agreements have been implemented to reduce counterparty risk. The amounts relating to margin calls received (liabilities) or paid (assets) are included in the net financial debt. As of June 30th, 2023, they represented net assets of €19 million booked under borrowings and other financial liabilities.

The net financial debt does not include the liabilities related to put options granted to non-controlling interests, i.e. an amount of €67 million as of June 30th, 2023.

The Group's net debt amounted to €4,0 billion as of June 30th, 2023. The Group's net debt increased by €1.4 billion compared to December 31st, 2022. This change was mainly due to the seasonality of the business: as of June 30th, 2022, the net debt amounted to €3.3 billion.

The Group's net debt includes in particular the bonds issued by ELO for an amount of €3,8 billion (€4.1 billion as of December 31st, 2022) and cash for €1.1 billion.

9.2 NET COST OF FINANCIAL DEBT

(in €m)	06/30/2023	06/30/2022
Income from cash and cash equivalents	23	19
Gross cost of financial debt	(109)	(66)
- Interest expenses	(91)	(73)
- Hedging results	(18)	6
NET COST OF FINANCIAL DEBT	**(86)**	**(47)**

9.3 OTHER FINANCIAL INCOME AND EXPENSES

(in €m)	06/30/2023	06/30/2022
Gains and losses on financial transactions not eligible for hedge accounting [1]	(20)	(23)
Provisions and impairment, net of reversals:	(2)	(6)
- Reversal of provisions for impairment of other financial assets	*(0)*	*(0)*
- Provision for impairment of other financial assets	*(2)*	*(6)*
Cost of discounting retirement obligations net of the expected return on plan assets	(1)	*(3)*
Income from equity interests	2	1
Interest expenses related to IFRS16	(44)	(41)
Translation differences related to IFRS 16	7	2
Other	(4)	(6)
OTHER FINANCIAL INCOME AND EXPENSES	**(62)**	**(76)**

(1) Gains and losses on financial transactions not eligible for hedge accounting include, in particular, foreign exchange and other gains and losses on derivatives used to hedge foreign exchange and/or interest rate risks on intragroup loans, or to guarantee a given interest rate level for the global debt of ELO and the consolidated companies (macro-hedging swaps).

9.4 MARKET VALUES OF FINANCIAL INSTRUMENTS

The financial assets and liabilities are stated in the financial statements in accordance with IFRS 9, IAS 32, IFRS 7 and IFRS 13.

IFRS 13 introduced a three-level hierarchy for fair value measurement disclosures.

Level 1: Fair value measured with reference to unadjusted quoted prices observed in active markets for identical assets or liabilities.

Level 2: Fair value measured with reference to inputs other than the quoted prices included in Level 1 that are observable for the asset or liability in question, either directly (in the form of a price) or indirectly (calculated based on a price).

Level 3: Fair value measured with reference to inputs that are not based on observable market data (unobservable inputs).

IFRS 9 category (in €m)	06/30/2023				12/31/2022			
	Market value			Carrying amount	Market value			Carrying amount
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets at fair value through the income statement	**1,054**	**44**	**0**	**1,098**	**2,006**	**43**	**0**	**2,049**
Other financial assets measured at fair value	0	44	0	44	0	43	0	43
Cash and cash equivalents	1,054	0	0	1,054	2,006	0	0	2,006
Debt instruments measured at fair value through other comprehensive income	**0**	**158**	**0**	**158**	**0**	**181**	**0**	**181**
Equity investments	0	158	0	158	0	181	0	181
Liabilities measured at fair value	**4,108**	**8,928**	**0**	**12,979**	**4,321**	**9,122**	**0**	**13,484**
Bonds and private placements	4,108	0	0	4,051	4,321	0	0	4,362
Bank borrowings and other financial liabilities, various other financial liabilities including bank overdrafts	0	1,319	0	1,319	0	668	0	668
Non-current lease liabilities	0	1,077	0	1,077	0	1,121	0	1,121
Other non-current liabilities	0	157	0	157	0	157	0	157
Current lease liabilities	0	319	0	319	0	302	0	302
Trade payables	0	4,377	0	4,377	0	5,033	0	5,033
Other current liabilities	0	1,649	0	1,649	0	1,795	0	1,795
Derivatives, of which:	**0**	**30**	**0**	**30**	**0**	**45**	**0**	**45**
Derivative instruments - assets	0	(224)	0	(224)	0	(239)	0	(239)
Derivative instruments - liabilities	0	255	0	255	0	283	0	283

Bonds and cash open-ended funds (SICAV) are valued using quoted market prices. These securities are now considered as Level 1 financial assets and liabilities.

ELO calculated the fair value of the finance lease debts and bank loans by discounting contractual flows using market interest rates, which are observable data. The derivatives are valued using commonly accepted valuation techniques based on observable interest rate and currency market data.

9.5 FINANCIAL ASSETS

Classification of financial assets by category (net carrying amount)

(in €m)		06/30/2023		12/31/2022	
Asset balance sheet item	**IFRS 9 category**	**Non-current**	**Current**	**Non-current**	**Current**
Non-current financials assets	Assets at fair value through the income statement [1]	44	0	43	0
	Debt instrument at fair value through other comprehensive income [2]	158	0	181	0
	Financial assets at amortised cost [3]	327	0	103	0
Other non-current assets	Financial assets at amortised cost [4]	94	0	97	0
Trade receivables	Financial assets at amortised cost [5]	0	374	0	507
Trade and other receivables	Financial assets at amortised cost [6]	0	1,601	0	1,312
Current financial assets	Financial assets at amortised cost [3]	0	412	0	603
Cash and cash equivalents	Assets at fair value through the income statement [1]	0	1,054	0	2,006
OTHER FINANCIAL ASSETS (NET CARRYING AMOUNT)		**623**	**3,442**	**424**	**4,428**
Of which impairment of other financial assets		*(187)*	*(10)*	*(198)*	*(51)*

(1) The financial assets held for trading correspond to:
- *for the non-current portion, to investments subject to restrictions on use by ELO for prudential or contractual reasons;*
- *for the current portion, to investments meeting the definition of cash and cash equivalents and included in the item "Cash and cash equivalents".*

(2) The available-for-sale financial assets consist mainly of equity interests in companies that are neither controlled nor under significant influence.
(3) Non-current financial assets mainly include guarantee deposits and loans granted to associates and, for the current portion, to investments meeting the definition of cash and cash equivalents.
(4) Other non-current assets include prepaid rent and other prepaid expenses.
(5) Trade receivables include mainly receivables relating to franchise arrangements, and rent outstanding for the Property Management activity line.
(6) Trade and other receivables include mainly tax and social security receivables and accrued income from suppliers

9.6 PASSIFS FINANCIERS

Breakdown of borrowings and other financial liabilities

The accrued interest is recognised under "Current borrowings and other financial liabilities".

	06/30/2023		12/31/2022	
(in €m)	**Non-current**	**Current**	**Non-current**	**Current**
Bonds and private placements	3,149	902	3,873	489
Bank borrowings and other financial liabilities	849	85	354	97
Other financial liabilities	15	197	44	76
Liabilities linked to put options granted on non-controlling interests [1]	67	0	60	0
Margin call - Liability	0	12	0	13
Bank overdrafts	0	93	0	22
TOTAL	**4,080**	**1,289**	**4,332**	**698**

(1) *The commitments to purchase shares made by ELO and the other consolidated companies to the non-controlling shareholders of certain subsidiaries that are fully consolidated or to the Valauchan and Valfrance mutual funds under rules that govern the operation of those funds (see note 7.1.7).*

Main characteristics of borrowings and other financial liabilities

Main financing transactions

In March and April 2023, ELO used a bilateral loan set up for €100 million as well as the syndicated loan (in SLL format) contracted in December 2022 for €400 million. This inflow of cash was used to repay the €367 million in bonds maturing in April. In May 2023, a Schuldschein of €100 million was finalized with a maturity of 5 years.

Besides, no new bond was issued during the first half of 2023.

Other financial liabilities

As of June 30th, 2023, the current portion of this item mainly concerned commercial papers. The maturity schedule for this financing is as follows:

		06/30/2023		12/31/2022	
Issuing companies	**Maturity**	**Nominal value**	**Carrying amount**	**Nominal value**	**Carrying amount**
ELO SA	Less than one month	0	0	0	0
ELO SA	1 to less than 3 months	128	128	51	51
ELO SA	3 to less than 6 months	0	0	20	20
ELO SA	6 months and over	0	0	0	0

NOTE 10 – INCOME TAX

Net tax expense

(In €m)	06/30/2023	06/30/2022
Income before tax	(231)	(202)
Income tax expense	38	2
Effective tax rate (%)	**(16%)**	**(1%)**

Effective tax rate (ETR)

In accordance with IAS 34, the income tax expense is determined on the basis of the estimated weighted average annual tax rate for the 2023 financial year (effective tax rate), for each jurisdiction or tax group.

The tax consequences of specific transactions are recorded over the period. As of June 30th, 2023, the rate is impacted by non-capitalized losses and tax credit depreciation; As of June 30th 2022, specific transactions mainly concerned impairments of goodwill that are not taxed and therefore do not generate tax income.

NOTE 11 - Others

11.1 TRANSACTIONS WITH RELATED PARTIES

No significant transactions with reference shareholders are to be noted with the exception, where applicable, of the dividend paid to all shareholders (see note 7.1.6). Transactions with joint ventures and associates are carried out under market conditions. No significant commitments have been entered into with these companies.

11.2 SHARE-BASED PAYMENT

On June 23th, 2023, 2020-2023 plans resulted in the effective delivery of 145,223 Auchan Retail International shares. The IFRS 2 charge relating to these plans has been adjusted accordingly and impacts the group's operating profit for 18 million euros.

11.3 OFF-BALANCE SHEET COMMITMENTS

There was no significant change in the off-balance sheet commitments as of June 30th, 2023.

NOTE 12 - DETAILS OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	06/30/2023		06/30/2022	
Changes in working capital requirement:		**(820)**		**(905)**
- Inventories	(140)		(345)	
- Trade receivables	127		(2)	
- Trade payables	(613)		(417)	
- Other assets and liabilities	(193)		(141)	
Changes in loans and advances granted:		**(39)**		**(10)**
-Increase in loans and advances granted	(46)		(18)	
- Decrease in loans and advances granted	8		7	
Dividends paid during the financial year:		**(99)**		**(199)**
- Dividends paid to shareholders of the parent company	(99)		(198)	
- Dividends paid to non-controlling interests of consolidated companies	0		(1)	
Acquisitions and disposals of interests without change in control (1):		**15**		**(6)**
- Acquisitions	(13)		(31)	
- Disposals	28		25	
Net financial debt:		**452**		**55**
- Loans issued	1,309		591	
- Repayments of loans (including finance leases)	(857)		(536)	
Net cash and cash equivalents:		**961**		**1,049**
- Marketable securities with a maturity of less than three months	309		571	
- Cash	745		561	
- Bank overdrafts (see note 9.6)	(93)		(83)	

(1) Acquisitions and disposals of interests without any gain or loss of control mainly include the purchase of securities from employees by Auchan Holding and its subsidiaries.

NOTE 13 - SUBSEQUENT EVENTS

None

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

(For the period from January 1st to June 30th, 2023)

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

(For the period from January 1st to June 30th, 2023)

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,
ELO
40, avenue de Flandre
59170 Croix

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on

- the review of the accompanying condensed half-yearly consolidated financial statements of ELO, for the six months ended period from January 1st to June 30th, 2023;
- the verification of the information presented in the half-yearly management report

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-la-Défense, July 26th, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG SA**
François Jaumain	**Caroline Bruno-Diaz**

DECLARATION BY THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT

Croix, July 26th, 2023

I certify that, to the best of my knowledge, the condensed half-year consolidated financial statements as of June 30th, 2023 are prepared in accordance with applicable accounting standards and give a true and fair view of the portfolio, the financial position and results of the company and all consolidated companies, and that the attached half-year management report presents a true and fair view of the significant events that occurred during the first six months of the financial year and of their impact on the half-year financial statements, and of the main transactions between related parties, and presents a description of the main risks and uncertainties for the remaining six months of the financial year.

Edgard Bonte
General Manager of ELO SA

ELO

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July 2023