Alternative performance indicators

Management believes that alternative indicators which are not defined in any IFRS standard provide additional information that is useful to shareholders when analysing the Group's underlying trends as well as its performance and financial position. These indicators are used by management to analyse performance. As they are not defined in any IFRS standard, they are not directly comparable with indicators with similar names reported by other companies. Furthermore, they are not intended to replace the IFRS indicators presented in the financial statements, nor should they be seen as more important.

This document has been drawn up in line with Position no. 2015-12 issued by France’s securities regulator (*Autorité des marchés financiers* – AMF) on alternative performance indicators.

Alternative performance indicators not published in the financial statements

30 June 2020 and 2019

Changes in accounting policies and restatement of comparative information as of 30 June 2020

The Group has restated the 30 June 2019 financial statements for the final impacts associated with the retrospective application of "IFRS 16 - Leases" previously published in the 30 June 2019 financial statements and determined during the 2nd half of 2019 following the implementation of the Group's lease management tool.

In addition, at the end of the 2019 financial year, the Group has reviewed the presentation of contract acquisition costs within the statement of financial position. These costs, which were presented under current and non-current "other assets", are now presented under "other intangible assets". In the income statement, these costs are now presented over the life of the contract as an amortization charge in cost of sales, versus an expense in the full cost of goods sold. As this is a change of method, the new presentation has been applied retrospectively, leading to the restatement of the first half of 2019.

Lastly, data for 30 June 2019 have also been restated for the classification of Leader Price as a discontinued operation in accordance with the provisions of IFRS 5. These figures do not reflect the impact of applying the IFRIC IC decision mentioned above.

Underlying financial income/(expense)

Underlying financial income/(expense) corresponds to net financial income/(expense) restated for changes in the fair value of equity derivatives (such as total return swaps and forward contracts on GPA shares) and the effects of discounting tax liabilities in Brazil. The Group uses this indicator to measure recurring financial income/(expense).

The table below reconciles underlying financial income/(expense) to the aggregates reported in the consolidated financial statements:

(Euros in millions)	30 June 2019 restated	30 June 2020
Cost of net financial debt	-156	-188
Other financial income	105	87
Other financial expenses	-243	-350
Plus/(minus):		
Change in fair value of derivative instruments not qualifying for hedge accounting	-50	73
Other	4	-
Underlying financial income/(expense)	**-341**	**-378**

Underlying net profit
Underlying profit, Group share
Non-controlling interests in underlying profit
Underlying earnings per share

Underlying net profit corresponds to net profit from continuing operations, adjusted for (i) the impact of other operating income and expenses, as defined in the "Significant accounting policies" section in the notes to the consolidated financial statements, (ii) the impact of non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments and the application of IFRIC 23 “Uncertainty over Income Tax Treatments”.

Non-recurring financial items result from restatements made to calculate underlying financial income/(expense) (see above).

Non-controlling interests in underlying profit represent the attributable share of underlying profit. This indicator is therefore equal to net profit from continuing operations attributable to non-controlling interests, adjusted for non-controlling interests in other operating income and expenses and the impact of non-recurring financial items, as well as income tax expense/benefits related to these adjustments and the application of IFRIC 23 “Uncertainty over Income Tax Treatments”.

Basic underlying earnings per share corresponds to underlying net profit, Group share for the period divided by the weighted average number of shares outstanding during the period that make up the share capital. Diluted underlying earnings per share is calculated by adjusting underlying profit, Group share and the weighted average number of shares outstanding, for the impact of all potentially dilutive instruments.

The Group uses these indicators to measure changes in recurring profit from operations. The table below reconciles underlying net profit to the aggregates reported in the consolidated financial statements:

	30 June	
(Euros in millions)	**2019** *restated*	**2020**
Net profit/(loss) from continuing operations	**-127**	**-287**
Plus/(minus):		
Other operating income and expenses	286	249
Other financial income and expenses [(1)]	-47	73
Tax effect realted to the above restatements and IFRIC 23	-33	-66
Underlying net profit/(loss)	**79**	**-30**
o/w attributable to non-controlling interests	*67*	*57*
o/w Group share	***12***	***-87***
Basic underlying earnings per share (€)	*-0.2561*	*-1.0831*
Diluted underlying earnings per share (€)	*-0.2561*	*-1.0831*

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

Free cash flow (FCF) excluding Group disposals

This aggregate corresponds to cash flows from operating activities as presented in the consolidated statement of cash flows less gross CAPEX, IFRS 16 rental payments and restated for the effects of the disposal plan and Rocade.

This indicator allows the Group to measure cash flow arising from and used in operating activities. Management believes that free cash flow provides investors with critical perspective on the liquidity available to shareholders and for debt repayments and acquisitions, after the necessary investments have been made in fixed assets to support ongoing business operations, interest on borrowings and long-term value creation. Free cash flow is used to measure Group performance and overall liquidity.

Free cash flow is also monitored by segment.

Free cash flow from continuing operations excluding Group disposals corresponds to free cash flow as defined above less free cash flow from discontinued operations.

The following table reconciles free cash flow **excluding Group disposals** with the aggregates of the consolidated financial statements:

(Euros in millions)	30 June 2019 *restated*	30 June 2020
Operating cash flow	**-289**	**45**
Cash outflows on acquisitions of property, plant and equipment, intangible assets and investment property	-526	-447
Rocade adjustments	-2	36
Disposal plan adjustments	33	0
Cash outflows related to IFRS 16 lease liabilities (interest and principal)	-468	-477
Other repayments	-6	-9
Free cash flow	**-1 259**	**-854**
o/w France Retail	*-222*	*-40*
o/w Latam + E-commerce	*-1 037*	*-645*
(+) Proceeds from disposals of property, plant and equipment, intangible assets and investment property, excluding disposal plan and Rocade	51	169
Free cash flow and proceeds from disposals of fixed assets property, plant and equipment, intangible assets and investment property, excluding the Group disposal plan and Rocade	**-1 208**	**-685**
o/w France Retail	*-180*	*-40*
o/w Latam + E-commerce	*-1 029*	*-645*
Free cash flow and proceeds from disposals of fixed assets property, plant and equipment, intangible assets and investment property	**-882**	**-721**

Gross capex, net capex from continuing activities

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

Net investment in continuing operations

Net financial investments are derived from the cash flow statement and correspond to the sum of acquisitions of financial assets, changes in loans and advances granted and the impact of changes in scope of consolidation with change of control or in connection with joint ventures and associates, less disposals of financial assets. Adjustments are also made to isolate the effects of TRS and Forward GPA settlements, as well as the impact of the Rocade disposal plan.

This indicator measures non-operational investments.

The table below reconciles the **other investments in continuing operations** to the aggregates reported in the consolidated financial statements:

(Euros in millions)	31 December 2019 *restated*	31 December 2020
Cash outflows from acquisitions of financial assets	(440)	(942)
Cash inflows from sales of financial assets	68	461
Impact of changes in scope of consolidation with change of control	218	157
Impact of changes in scope of consolidation related to joint ventures and associates	(39)	(63)
Change in loans and advances	(42)	(28)
Other	(4)	-
Net financial capex in continuing operations	**(240)**	**(415)**
Restatement of disposal plan, Rocade and unwinding of TRS and Forward GPA	(95)	28
Net financial capex in continuing operations excluding disposal plan, Rocade and unwinding of TRS and Forward GPA	**(335)**	**(387)**
o/w France	*(331)*	*(383)*
o/w Latam Retail	*(4)*	*(4)*

EBITDA after lease payments

EBITDA after lease payments is defined as operating income before non-recurring items (EBIT), plus depreciation and amortization expense included in EBIT, less repayments of lease liabilities and net interest paid on lease liabilities.

In France, this aggregate is used to calculate certain banking covenants to which Casino, Guichard-Perrachon is subject.

(Euros in millions)	31 December 2019 *restated*	31 December 2020
Current operating income	**1 321**	**1 426**
+ Current operating depreciation and amortization	1 318	1 316
EBITDA	**2 640**	**2 742**
+ Repayment of lease liabilities from continuing operations	-649	-603
+ Interest paid on lease liabilities from continuing operations	-304	-309
EBITDA after lease payments	**1 687**	**1 830**
o/w France	*898*	*946*
o/w Latam Retail	*789*	*884*

Adjusted operating cash flow from continuing operations (ACF)

ACF corresponds to the Group's total cash flow (see definition in "Non-GAAP financial indicators") less (i) pre-tax income from discontinued operations, (ii) income from disposals and restatements related to discontinued operations, (iii) repayment of lease liabilities, interest on lease liabilities, (iv) other repayments and (v) other restatements (mainly Rocade project).

ACF is also monitored by segment.

(Euros in millions)	31 December 2019 *restated*	31 December 2020
Operating cash flow	**2 170**	**2 142**
Pre-tax income from discontinued operations	979	462
Results of disposal and restatements related to discontinued operations	-977	-258
Repayment of lease liabilities from continuing operations	-649	-603
Interest paid on rental liabilities of continuing operations	-304	-309
Other repayments from continuing operations	-12	-23
Restatements related to disposal plan	95	63
Adjusted operating cash flow from continuing operations	**1 302**	**1 473**
o/w France	*572*	*546*
o/w Latam Retail	*730*	*927*

Non-GAAP indicators published in the financial statements

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

EBIT

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

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

EBITDA

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

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

Operating cash flow

Net cash from operating activities before change in working capital, net finance costs and income tax (operating cash flow), as presented in the statement of cash flows, corresponds to net cash from/(used in) operating activities before changes in working capital, interest paid net of interest received and income tax paid. It is calculated based on consolidated net profit excluding non-cash items or items unrelated to operating activities (such as depreciation, amortisation, provisions other than on current assets, fair value adjustments, expenses related to share-based payments, gains/losses on disposal of non-current assets, and gains/losses due to changes in percentage ownership of subsidiaries resulting in the acquisition/loss of control or changes in non-controlling interests), adjusted for net finance costs, non-recourse factoring costs, financial interest on leases and dividends received.

Net cash

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

Net debt

Net debt corresponds to loans and other borrowings including related derivatives with a negative fair value designated as fair value hedges and reverse factored trade payables reclassified as financial liabilities ("Trade payables – structured programme"), less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives with a positive fair value designated as fair value hedges, (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the selling subsidiary.

Net debt is also tracked by operating segment.

Other terms

Constant exchange rates

The expression "at constant exchange rates" means applying prior-year exchange rates to the current year, with all other things being equal.

Same-store net sales

Same-store net sales include e-commerce sales and sales of merchandise excluding fuel from stores open for at least 12 months. The figure is calculated at constant exchange rates.

Organic net sales

Organic net sales correspond to consolidated net sales at constant scope of consolidation and exchange rates.

Gross merchandise volume (GMV)

The gross merchandise volume of e-commerce sites corresponds to sales including tax made directly on the Cdiscount group websites and by independent marketplace merchants. For all other retailing activities (excluding fuel), gross merchandise volume corresponds to the total net sales generated by each banner from integrated stores and franchises, excluding fuel.

Food sales

Food sales are defined as net sales before tax of fast-moving consumer goods, fresh produce and processed products.

Calendar effect

The calendar effect measures the theoretical impact on net sales growth of calendar differences from one year to the next. It includes:

- ✓ the impact of the change in the number of selling days per calendar week from one year to the next (increase/decrease in number of days compared to Y-1 over a given period: month, quarter or year);
- ✓ the impact of calendar differences concerning selling days that traditionally see a significant surge or drop in net sales (public holidays, school holidays, long weekends, major promotional campaigns, seasonal sale periods and key holidays).

Customer traffic

Customer traffic corresponds to the number of check-out transactions.

Organic trading profit

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