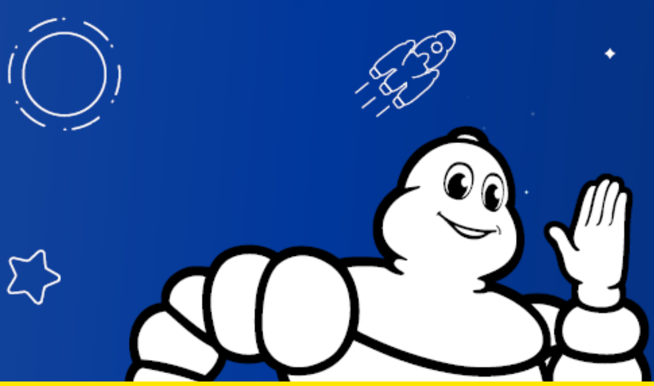

WHAT YOU NEED TO KNOW ABOUT... FREE CASH FLOW

WHAT IS FREE CASH FLOW (FCF)?

Free Cash Flow (FCF)
FCF is the cash the company generates during the year that can be used to carry out external growth transactions (mergers/acquisitions), repay debt, etc.

vs.

Structural Free Cash Flow
The difference between FCF and structural FCF is that the latter is calculated based on the assumption that raw material prices will remain stable throughout the year.

Maintaining positive FCF gives the company a certain degree of financial independence, indicates its solvency and allows it to self-finance part of its major growth investments.

> **Starting in 2023, the Group has decided to use FCF instead of structural FCF as an indicator in its guidance to the markets and as one of the criteria of the Group Bonus. This will better reflect the volatile economic environment and inflation.**

HOW IS FCF CALCULATED?

FCF is obtained by subtracting operating expenses and capital expenditure from the company's sales.

SALES
Sum of invoices paid by customers during the year

- *OPERATING EXPENSES*
Wages, salaries, purchases of all kinds, taxes, interest on loans, etc.

= *CASH FLOW FROM OPERATIONS*

- *CAPITAL EXPENDITURE*
For company maintenance or development

= ***FCF***

WHAT LEVERS CAN WE USE TO POSITIVELY IMPACT FCF?

Teams can identify **operations that improve FCF**:

- How can we help reduce our expenses?
- Can we improve working capital by managing inventories, customer credit and supplier credit better?
- What actions can we take to optimize capital expenditure?