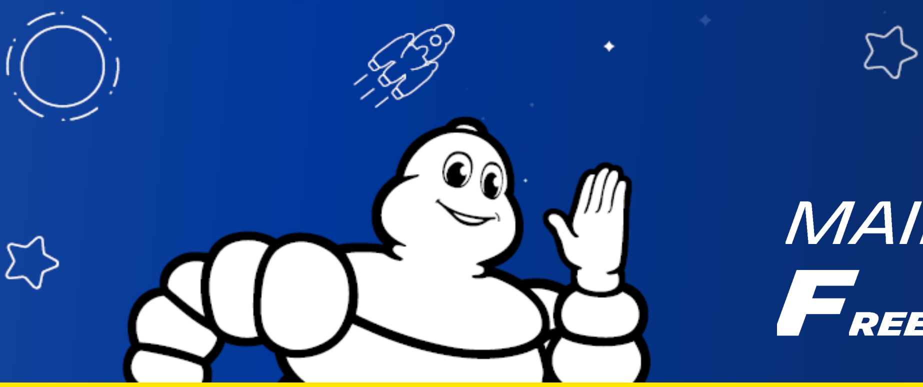

MAIN FACTS ON… FREE CASH FLOW

WHAT IS FREE CASH FLOW (FCF)?

FCF is the cash the company generates during the year that can be used to repay debt, to carry out external growth transactions (mergers/acquisitions), etc. Maintaining positive FCF gives a company a certain degree of financial independence, indicates its solvency and allows it to self-finance part of its major growth investments.

The Group has retained "FCF before acquisitions" as indicator in its guidance* to the markets and as one of the 2023 Group Bonus criteria.

HOW IS FCF CALCULATED?

Free Cash Flow is obtained by subtraction of company's operational expenses and internal investments from incoming 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

= *FREE CASH FLOW*

WHAT ARE THE MAIN LEVERS INFLUENCING FCF?

The main operating levers affecting FCF include:

- Managing operating expenses
- Optimizing working capital by managing inventories, customer credit and supplier credit
- Steering capital expenditure, both in terms of costs and planning

(*) Guidance is our results perspectives announced to the markets.