



Presentation of the "CARREFOUR 2026" strategic plan

Carrefour is launching today its new strategic plan, Carrefour 2026, to accelerate its transformation amid an unprecedented macroeconomic, geopolitical and climate context. Having successfully completed its turnaround, Carrefour is in a strong position to address crises and increase its leadership by relying on its *raison d'être*, the food transition for all, and its digital-based omnichannel model, presented in 2021.

With Carrefour 2026, the Group is accelerating its transformation and returning to its pioneering spirit to better serve its customers, based on two pillars:

I) Committed to making the best accessible to all our customers

To help its customers address the challenges of purchasing power and fight climate change, Carrefour is announcing the following initiatives:

- **Private labels** placed at the heart of the commercial model; they will represent **40% of food sales in 2026** (vs 33% in 2022)
- Accelerated development of discount store formats: more than **470 Atacadão stores in Brazil in 2026 (+200 vs 2022)** and launch of **Atacadão in France** in autumn 2023
- Increased support for sustainable agriculture with **€8bn of sales in 2026** via certified sustainable products¹ (+40% vs 2022)
- Obligation for the Group's **top 100 suppliers** to adopt a **1.5°C trajectory by 2026**, failing which they will be delisted

In addition, the Group confirms its e-commerce initiatives and the objective of **€10bn in e-commerce GMV by 2026**.

II) Building a cutting-edge Group

To further improve its performance, Carrefour is innovating in terms of organization, new businesses and social initiatives:

- Transformation of all operational processes thanks to digital and a redesigned organization, contributing to generate **€4bn in cost savings by 2026**
- Ambitious energy policy, embodied by a sharp **reduction in energy consumption (-20% by 2026 and in France by 2024)** and the use of car parks for the production of photovoltaic energy (4.5 million sq. m of solar panels by 2026)
- Creation of a joint venture with Publicis² to jointly become a **leader in European Retail media**
- **Value enhancement of the Group's real estate assets** through the development of mixed-use real estate projects in France and the creation in Brazil of the largest private property company in South America
- New steps to promote inclusion:
 - Development of a proactive policy to **promote diversity of origins**
 - Employment of **15,000 disabled employees in 2026** (+50% vs 2022)
- Launch in 2023 of an **employee shareholding plan** open to 350,000 employees and used in part to finance CSR projects

More investment for strong value creation

To support this new ambition, Carrefour is stepping up the pace of its annual **investments to €2.0bn** (vs €1.7bn) and has set a **target of more than €1.7bn in Net Free Cash Flow by 2026**.

¹ Organic, Carrefour Quality Lines, agroecology, sustainable fishing (ASC/MSC), sustainable forest sourcing (FSC)

² Press release issued on November 8, 2022

Alexandre Bompard, Chairman and Chief Executive Officer, declared: *"In the space of five years, we have deeply transformed Carrefour, placed the customer at the heart of its model and resumed profitable growth, serving our raison d'être, the food transition for all. I would like to underline the exceptional work of all the teams who have enabled Carrefour to achieve the objectives of its strategic plan.*

Starting today, we are opening a new chapter in the Group's transformation. Carrefour 2026 is a plan to be on the offensive in markets marked by inflation and climate change. With its new omnichannel model presented at its Digital Day, Carrefour is the best-placed group to address crises and meet consumers' new expectations.

With Carrefour 2026, we are accelerating our transformation by committing ourselves to giving all our customers access to the best, building a cutting-edge group and consolidating our sustainable growth model. This is a very ambitious plan, whose deployment we will steer through granular, quantified, operational and financial objectives, as well as societal ones.

Confident in the strength of our model, we will invest more in our businesses and stores, while significantly increasing cash flow generation.

In short, Carrefour 2026 is a plan that creates value for all."

With the "Carrefour 2022" plan, Carrefour is again in a position of strength

Following the transformation carried out under the Carrefour 2022 plan, the Group has regained a central place and a strong position in the global retail industry. This transformation has notably been characterized by the following elements:

- A **raison d'être** - to be the leader in Food Transition for All - materialized within stores and teams via the "Act for Food" campaigns
- The **customer** back at the heart of the model through daily NPS® monitoring at all levels of the organization
- An **ambition** - to be a world leader in Digital Retail - embodied in:
 - The development of e-commerce (GMV multiplied by 4 since 2017)
 - The launch of the Data and Retail media business, Carrefour Links, in 2021
 - The digitalization of financial services
- A **redesigned commercial proposition** with:
 - The transformation of Carrefour private labels, which represent 33% of food sales (vs 25% in 2018)
 - The redesign of non-food categories and the launch of "In & Out" spaces
 - A more competitive commercial and promotional policy
- A successful **geographical refocus** on Europe and Latin America, with:
 - Exit from Asia achieved on very favorable terms
 - The acquisition of Grupo BIG, which makes Carrefour the uncontested leader in Brazil
 - An increase in the number of stores, with the opening of more than 3,500 convenience stores and 130 Atacadão stores since 2018
- A **culture of performance** that has enabled:
 - Cost reduction of almost €1bn per year since 2018
 - Becoming a global leader in CSR

The success of this plan has enabled the Group to improve its commercial, economic and financial profile:

- The resumption of continued **market share gains** momentum in all key Group countries
- **Increase each year in Recurring Operating Income**, from €1.9bn in 2018 to €2.3bn in 2021
- **Acceleration of Net Free Cash Flow generation** to over €1bn per annum
- Transformed shareholder remuneration policy through the payment entirely in cash of the ordinary dividend (versus a partial payment in shares) and regular share buybacks since 2021

"Carrefour 2026", a renewed ambition to make the best available to all our customers and build a cutting-edge Group

On the strength of these achievements, Carrefour is accelerating its transformation to serve its *raison d'être*: "to be the leader in the food transition for all". Our "Digital Retail Company" model was established in November 2021. It is the matrix for this new chapter in the group's transformation. The Carrefour 2026 plan provides concrete responses to the context of inflation and the climate emergency, capitalizing on the opportunities offered by the digital revolution.

I/ Committed to making the best accessible to all our customers

Thanks to the commercial successes achieved in recent years, the Group now has a loyal and rapidly expanding customer base. Carrefour intends to capitalize on its strengths and consolidate its business model by simplifying it.

1) A distinctive offer, reflecting our *raison d'être*

Put our private label at the heart of our commercial model

Carrefour-branded products are a strategic lever for differentiation and competitiveness. Recognized by our customers for their quality, which matches that of national brands, and for their competitive price, they provide an effective response to inflation. *Simpl'* products are more attractively priced than discounters.

- The Group will continue to develop and promote its range of Carrefour-branded products with the aim of representing **40% of food sales in 2026** (vs 33% in 2022), i.e. almost one in two products sold in stores
- Their quality will be further improved, with the **removal of 2,600 tons of sugar, 250 tons of salt and 20 new controversial substances** (120 in total since 2018)

Support sustainable agriculture and more responsible consumption trends

Customer expectations of healthy food are evolving, going beyond organic food and extending to short circuits, local sourcing and sustainable agriculture products. To support these developments, the Group will:

- Increase the number of partner producers to 50,000 (+11,000 vs 2022)
- Double the number of fruit and vegetable supplies in ultra-short circuits (suppliers located less than 50 km from the stores) in Europe
- Launch a local fresh produce proximity format under the "Potager City" banner in France
- Increase sales of plant-based products in Europe to €500m by 2026 (+65% vs 2022)
- Develop bulk sales to reach €150m by 2026 (multiplied by 5 vs 2022)

With these initiatives, **the Group is aiming for €8bn in sales from certified sustainable products by 2026** (+40% vs 2022).

2) Omnichannel, a unique service proposition

Thanks to digital technology, the Group's customers benefit from a simpler and richer experience within Carrefour's **unique ecosystem**: multi-format stores, in-store e-commerce pick-up or home delivery and merchant and financial services. If they wish, Carrefour customers are recognized at every stage and benefit from their personalized advantages.

Customers who become omnichannel develop their loyalty to the brand. They consume on average 27% more than other customers two years after their first e-commerce purchase and have a higher retention rate (97%) than customers from stores alone, as confirmed in 2022.

The Group confirms its objective that **omnichannel customers should represent 30%** of Carrefour customers in 2026, compared with 11% in 2021. To achieve this, Carrefour will continue to enrich its omnichannel ecosystem and in particular its applications: more personalized offers, digital solutions for better consumption or "anti-inflation," and the digitization of all services, catalogs, receipts, coupons and vouchers.

Strengthening and accelerated deployment of discount formats

- **The Hypermarket: the first discount format, at the heart of our omnichannel ecosystem.** Carrefour will deploy in all its hypermarkets and beyond in Europe the "Maxi" competitiveness and productivity method, which has been successfully tested for the past year and which refocuses shops on the key needs of their customers according to each catchment area, for example:
 - An adapted and simplified **food offer**: redefinition of assortments thanks to data, increased visibility and availability of the Carrefour brand and entry-range prices, adapted packaging, development of a complete range of products from around the world. This is combined with a **20% reduction in assortments**, making it possible to improve on-shelf readability, massify purchases, and simplify operations (inventory management, logistics flows and shelving in particular)
 - Massified and more legible **non-food**: increase the share of own-brand products to 50% of permanent assortment in 2026 (vs 32%), reduce assortments (-40% on permanent products) to improve legibility and seasonal products and generalize "In & Out" spaces
- **Accelerated expansion of Atacadão**
Atacadão offers concrete answers to the challenges of purchasing power and has been very successful. Carrefour is also announcing:
 - The acceleration of the expansion of Atacadão, a B2B and B2C retailer in Brazil, with a target of **20 to 30 new store openings per year by 2026**. Combined with BIG store conversions, the Group aims to have more than **470 Atacadão stores in Brazil** by the end of 2026
 - The **launch of Atacadão** in France with the opening of a first store in autumn 2023, in the Île-de-France region

In addition, the Group is continuing to develop **Supeco**, particularly in Spain, to reach **200 stores by 2026 (+80 vs 2022)**.

Continued expansion in convenience

- Building on the success achieved since 2018 and given the significant development potential, the Group is continuing the rapid expansion of the convenience store format, with **a target of +2,400 convenience store openings by 2026**, mainly through franchising

Confirmation of our strong ambition in e-commerce

- As presented at the Digital Day in 2021, the Group is continuing to develop its food e-commerce offerings in all forms (drive-through, home delivery, express delivery, in-house or with partners). It is also pursuing targeted development in non-food, particularly through its marketplaces
- Carrefour confirms its objective of **€10bn e-commerce GMV in 2026** and a **€200m increase in Recurring Operating Income from e-commerce activities** in 2026 versus 2021

Enrichment of our services offer

Carrefour is expanding its service offering, which feeds its omnichannel model and builds customer loyalty. The offer is digitalized and better integrated into the purchasing process. The use of customer data allows better targeting of commercial operations and control of the cost of risk.

- Everyday services are accelerating their growth to exceed **€1.5bn in GMV by 2026**
- The offer of Financial services is diversified, both in B2C and B2B, to meet the needs of all customers
- Solutions introduced as early as 2023 will include in-store "buy now pay later" offers and products specifically for seniors

The financial and merchant services offered are progressively digitized and better integrated into the purchasing process. The use of customer data allows better targeting of commercial operations and control of the cost of risk

Despite a more difficult economic environment than in 2021, Carrefour confirms that the **digital strategy for financial services** should generate additional **Recurring Operating Income of €200m** in 2026 compared to 2021

3) Mobilize the ecosystem to fight climate change

To meet the expectations of its customers, and because global warming is a major concern, Carrefour is renewing and accelerating its climate transition commitments. Carrefour has acquired strong credibility as a forerunner in the construction and monitoring of CSR and food transition initiatives within the sector. Carrefour has received among the best extra-financial ratings in the sector on a global scale. Faced with ever-increasing climate challenges, Carrefour is stepping up its commitments:

- **Fight against waste:**
 - **50% reduction in food waste in stores by 2025** (vs 2016)
 - **100% of in-store waste** will be recovered by 2025
 - **100% of own-brand product packaging** to be reusable, recyclable or compostable by 2025
 - **80% of catalogs** in France will be digital by 2024
- **A clear commitment on climate and biodiversity:**
 - Carrefour confirms its objective of achieving **carbon neutrality in 2040** (in 2030 for the e-commerce business)
 - In 2020, the Group adopted a **1.5°C trajectory** for its direct emissions. Carrefour is now inviting its major suppliers (Top 100) to adopt a 1.5°C trajectory by 2026, and is **committed to delisting them if they do not meet this condition**
- **Fight against deforestation:**
 - In Brazil, **Carrefour-branded beef will be completely “deforestation free” by 2026**, by moving out of at-risk areas and delisting any farms located in these areas. This commitment will apply in the same way to **other brands sold in Carrefour stores by 2030**
 - The Group is creating a **Forest Committee** made up of experts to guide it in its actions to combat deforestation. Carrefour is also creating a **€10m fund** to finance projects that contribute to the preservation of biodiversity

II/ Building a cutting-edge Group

Innovation is at the heart of Carrefour's history and culture. With Carrefour 2026, the Group is building on this pioneering spirit and launching a number of novel initiatives in European retailing in terms of organization, optimization of its digital and real estate assets, and energy saving and production.

1) Implementing a new, simpler organization

Carrefour will implement a simpler and more efficient organization that will generate savings to enhance its competitiveness and innovation. Whenever possible, Carrefour will draw on the best practices developed by its franchisees.

- **Mutualization of expert and support functions** in European-wide centers of expertise, and consequently, **staff reductions at headquarters**
- **Pooling of merchandise negotiations and procurement** on a European scale to achieve by 2026:
 - More than 50% in FMCG (+50pts), thanks to the creation of Eureka, a European purchasing center for major international suppliers
 - 30% in fresh products (+20pts), by using the capacities of the Socomo center for imported fresh products
 - 70% in non-food (+50pts) through the implementation of a centralized European organization and business model
- **Mutualization of purchases of goods not for resale** on a European scale on the basis of common specifications
- **Redesign of operational processes** with the support of digital and data solutions (e.g.: construction of ranges, digitalized end-to-end management of logistics flows, automation of tasks)

These ambitions complement the initiatives already underway, which will continue, to achieve the **€4bn savings target by 2026**.

2) Franchising at the heart of our model

Strengthened by the contribution of franchisees and stores under lease-management to the Group's development and performance, particularly since 2018, Carrefour wants franchising to be more central to its operations.

- Carrefour will **strengthen dialogue, services and quality of assistance to franchisees**, whose share is constantly increasing
- More than **90% of future store openings** in Europe will be **franchises**
- The Group will continue to **transfer stores to franchise** and lease-management in Europe, based on objective performance criteria and an annual assessment
- Already present in nearly 40 territories via international partners, the Group aims to **open 10 new markets by 2026**, primarily in Africa/Middle East and Latin America, and to accelerate the export of Carrefour-branded products

3) Unlocking value from all assets

Carrefour is joining forces with Publicis to become a leader in Retail media in Europe and Latin America.

Given the success of Carrefour Links since its launch in 2021, with nearly 300 clients already, and the confirmation of the immense potential of this activity, Carrefour is joining forces with Publicis to create a leader in Retail media.

Over the past few years, Publicis has built a powerful technology for Retail media, notably with the acquisitions of Epsilon and CitrusAd. In June 2022, Publicis launched the industry's first unified on-site and off-site Retail media platform.

The partnership between Carrefour and Publicis will take the form of a joint venture in which Carrefour will hold 51%.

This new entity will benefit from both Publicis' advanced technologies and Carrefour's knowledge and expertise in the field of Retail media, in order to build a complete player in this market with very strong growth potential. It will cover the entire Retail media value chain, from inventory creation to the complete marketing of solutions to advertisers and shopping sites, and will be active throughout continental Europe, Brazil and Argentina. This joint venture will enable Carrefour to move up the value chain and conquer new geographies in Retail media, by marketing its solutions to clients with various profiles, including other retailers in all sectors, all service sites and e-commerce platforms with customer bases to be leveraged.

This new initiative should enable the company to exceed the target of **€200m in additional Recurring Operating Income by 2026** (vs 2021) announced at Digital Day.

Maximizing the value of the Group's real estate assets

- In France, Carrefour has identified around 100 sites that could be transformed into housing, offices or stores. It plans to carry out these operations between now and 2030, in partnership with developers currently being selected. The identified potential is 1.5 million square meters to be built. **Carrefour estimates its value creation potential at around €500m**
- In Brazil, Carrefour will place its real estate assets (Carrefour, Atacadão and BIG) in a real estate company that should be the largest private property company in South America. Carrefour plans to open its capital to minority partners to support its future development and seize opportunities to crystallize value. At inception, **this property company should receive around BRL 1.5bn in rents per year**

Produce photovoltaic energy and reduce energy consumption

- Carrefour will launch, with a partner currently being selected, **the production of photovoltaic energy**, with the installation and operation of **4.5 million square meters of solar panels** on its parking lots in France, Spain and Brazil, representing nearly one TWh of theoretical producible electricity per year in 2027
- Carrefour will double its **investments** to reduce its energy consumption, to €200m per year from 2023 to 2026. This will enable the Group to **reduce its consumption by 20% by 2026**, with 20% in France achieved by 2024, on track for the 2030 objective of 27.5%

4) **A more inclusive Group**

Strengthening inclusion

As one of the largest private employers in each of its countries, Carrefour has a particular responsibility on the issue of inclusion:

- **Carrefour launches a proactive policy to promote diversity of origins** through a first 100% anonymous and voluntary survey in France, starting in January 2023. It will be conducted every two years, with the aim of changing the face of the company by 2026
- **Carrefour has made disability the great cause of its strategic plan** and **has set itself the goal of employing 15,000 people with disabilities** across the Group by 2026 (+50% vs 2022)

Strengthening the Group's cohesion

- Upward mobility through work is one of the values that has driven Carrefour's development since its creation. In order to accelerate access to management positions, Carrefour is doubling the number of graduates from the **School for Leaders**. Thus, **5,000 employees will graduate by 2026**
- To support everyone in their transition to the jobs of the future and new ways of working, **100% of employees will receive digital training by 2024** through the Digital Retail Academy
- In order to allow all employees to share in the Group's success, an **employee shareholding Plan, Carrefour Invest**, will be offered to the **Group's 350,000 employees** in the first half of 2023. The proceeds will notably be allocated to finance the Group's CSR projects

A stronger competitive model that creates more value

Continued market share gains through enhanced competitiveness

On the basis of this strengthened model and its development projects, Carrefour has set itself the objective of **continuing to gain market share in its key geographies**. To achieve this, the Group will invest regularly in its competitiveness, notably thanks to the resources provided by its **€4bn savings plan**.

Steady growth in Recurring Operating Income

This growth dynamic, combined with an optimized business model and the synergies expected from the integration of Grupo BIG (BRL 2bn of EBITDA expected in 2025), will **contribute to the growth of EBITDA and Recurring Operating Income**.

Increase in annual investments

To implement this new strategic plan, **Carrefour is increasing its annual investment rate to €2.0bn per year** (from €1.7bn previously) in order to:

- Finance the acceleration of Atacadão's expansion in Brazil (approximately €150m additional capex)
- Double to €200m (from €100m currently) the budget allocated to energy reduction projects
- Support the deployment of the "Maxi" method in all European stores, with approximately €50m added to the annual budget for store remodelling

This budget will include the **€600m allocated to the Group's digital transformation** announced at the Digital Day.

Strong growth in Net Free Cash Flow

Carrefour will leverage its cash-focused culture, now in place at all levels of its organization, to maximize its cash generation. The growth in the Group's EBITDA will enable it to increase its **Net Free Cash Flow to more than €1.7bn in 2026**.

A solid balance sheet

The Group considers that the strength of its balance sheet is a key asset in the current macroeconomic context and given the changes taking place in the industry. As such, Carrefour wishes to **maintain a "Solid Investment Grade" credit rating** for the duration of the plan.

Capital allocation policy

The cash generated will enable **a cash dividend to be paid each year, with annual growth of at least 5%.**

At the same time, **the Group will continue its share buyback policy initiated in 2021 with annual programs.**

Carrefour could selectively seize medium-sized acquisition opportunities in its markets.

A powerful and resilient profile

As a result, at the end of its Carrefour 2026 strategic plan, Carrefour will have a more powerful and resilient model, notably thanks to:

- A **strong growth dynamic** of the existing store base, further enabled by the expansion of its discount formats
- **Strengthened competitiveness**
- A business model built around **recognized and distinctive private label products**
- A leading role in the **food transition for all**
- A presence in **new adjacent businesses**
- Significant advances in terms of **inclusion** and **cohesion**
- A **stronger financial profile** thanks to strong increases in Recurring Operating Income and Net Free Cash Flow

PRACTICAL INFORMATION

The Group will detail the main aspects of its strategy at a meeting to be held today from 9:30am CET at its headquarters in Massy.

The event will be broadcast live via www.carrefour.com/en/carrefour2026. It will be available for replay from November 9, 2022.

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