Cnova

HALF-YEAR

FINANCIAL REPORT

2018

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INTRODUCTION

In this semi-annual report, the terms “Cnova,” “we,” “us,” “our” and “the Company” refer to Cnova N.V. and, where appropriate, its subsidiaries. Any reference to “our brands” or “our domain names” in this semi-annual report includes the brands “Cdiscount” and related domain names, which are either registered in the names of our Parent Companies or in the name of Cdiscount as more fully described herein. Additionally, unless the context indicates otherwise, the following definitions apply throughout this semi-annual report:

Name	Definition
AFM	Dutch Authority for the Financial Markets
AMF	French Autorité des Marchés Financiers
Casino	Casino, Guichard-Perrachon S.A.
Casino Group	Casino, Guichard-Perrachon S.A. and its subsidiaries and, where appropriate, the controlling holding companies of Casino, including Rallye S.A. and Euris S.A.S. which are ultimately controlled by Mr. Jean-Charles Naouri
CBD or GPA	Companhia Brasileira de Distribuição and, where appropriate, its subsidiaries (together, commonly known as Grupo Pão de Açúcar)
Cdiscount	Cdiscount S.A. and, where appropriate, its subsidiaries
Cdiscount Group	Cdiscount Group S.A.S. (formerly Casino Entreprise S.A.S.) and, where appropriate, its subsidiaries
Cnova Brazil	CNova Comércio Eletrônico S.A., until October 31, 2016, a former wholly owned subsidiary of Cnova
Euris	Euris S.A.S.
Parent Companies	Casino, CBD, Éxito and, until the completion of the 2016 Reorganization (as defined in “2.3.4 The 2016 Reorganization”), Via Varejo, each of which is an affiliate of Cnova
Rallye	Rallye S.A. and, where appropriate, its subsidiaries
SEC	United States Securities and Exchange Commission
Via Varejo	Via Varejo S.A. and, where appropriate, its subsidiaries

We also have a number of other registered trademarks, service marks and pending applications relating to our brands. Solely for convenience, trademarks and trade names referred to in this semi-annual report may appear without the “®” or “™” symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Each trademark, trade name or service mark of any other company appearing in this semi-annual report is the property of its respective holder.

This semi-annual report includes other statistical, market and industry data and forecasts which we obtained from publicly available information and independent industry publications and reports that we believe to be reliable sources. These publicly available industry publications and reports generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy or completeness of the information. Although we believe that these sources are reliable, we have not independently verified the information contained in such publications. Certain estimates and forecasts involve uncertainties and risks and are subject to change based on various factors, including those discussed under “2 Risk Factors” in this semi-annual report.

This semi-annual report contains forward-looking statements that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, potential market opportunities and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions that convey uncertainty of future events or outcomes and the negatives of those terms. These statements include, but are not limited to, statements regarding:

- our ability to compete successfully in our highly competitive market;
- our ability to attract and retain talented personnel;

- our ability to maintain and enhance our brands, as well as our customer reputation;
- our ability to develop state-of-the-art technology, to make continuous improvement to our mobile platform successfully and to monetize traffic from mobile activity;
- our ability to achieve growth in the higher-margin areas of our business, including our marketplace and home furnishings product category;
- our ability to maintain and grow our existing customers base, to increase repeat orders from our customers and to grow our CDAV ("*Cdiscount à volonté*" our client loyalty program) customer base;
- our ability to maintain good relations with our vendors and the ability of our vendors to maintain their commercial position;
- our ability to successfully and continuously increase direct sales product assortment as well as marketplace offerings
- our ability to successfully optimize, operate and manage our fulfillment centers;
- our ability to protect our sites, networks and systems against security breaches;
- the extent to which we are able to benefit from the relationships with our Parent Companies;
- the extent to which our sites are affected by significant interruptions or delays in service;
- our ability to develop new sources of revenues or enhance the existing ones, including the development of new B2B services
- our ability to continue the use of our domain names and prevent third parties from acquiring and using domain names that infringe on our domain names;
- our ability to comply with European, French and other laws and regulations relating to privacy and data protection;
- our ability to comply with additional or unexpected laws and regulations applying to our business, including consumer protection laws and tax laws;
- the outcome of the ongoing shareholder class action lawsuit and SEC investigation; and
- the final financial impact of the 2016 Reorganization, including the indemnification obligation of Cnova to Via Varejo, limited to $50 million.

The forward-looking statements contained in this semi-annual report reflect our views as of the date of this semi-annual report about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement.

Cnova operates in a highly-volatile market environment, subject to rapid technological or competition-driven changes and soft macro-environment. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in "2. Risk Factors."

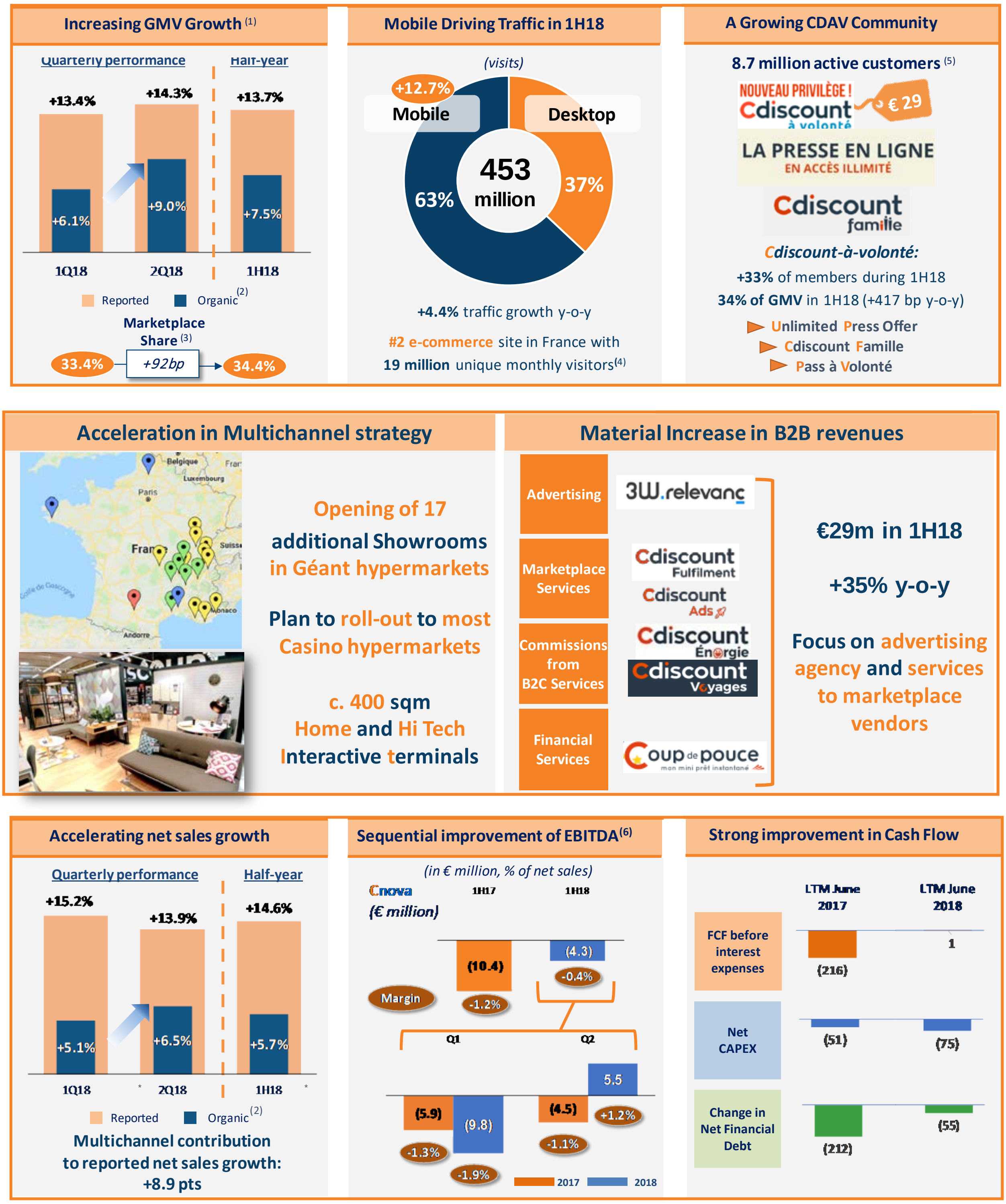
All of the forward-looking statements included in this semi-annual report are based on information available to us as of the date of this semi-annual report. Unless we are required to do so under applicable laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

DIRECTORS’ REPORT

We refer to the Annual Report of Cnova N.V. for the Fiscal Year Ended December 31, 2017 prepared in accordance with Book 2 Title 9 of the Dutch Civil Code as filed with the AFM on March 27, 2018 and adopted by the General Meeting of Shareholders of the Company on May 25, 2018 (the “2017 annual report”). In the 2017 annual report, an extensive Business Overview and Business Model report was given, setting forth the main characteristics of the Company’s business. We refer to such Business Overview and Business Model report, which report should be read in conjunction with this semi-annual report.

1. DIRECTORS REPORT

1.1 KEY FIGURES



(1) GMV (gross merchandise volume) is defined as, all included taxes, product sales + other revenues + marketplace business volumes (calculated based on approved and sent orders) + services GMV which contributed to growth for +1.0 pt in the 1st half 2018 and less than +0.01 pt in the 1st half 2017. Reported figures present all revenues generated by Cdiscount, including the technical goods sales realized in hypermarkets and supermarkets in relation with the multichannel agreement effective since June 19, 2017.

(2) Organic growth: figures exclude sales realized in Casino Group's hypermarkets and supermarkets on technical goods and home category (total exclusion impact of -6.4 pts and –8.9 pts on GMV and net sales growth, respectively) but take into account showroom sales for 0.6 pt.

(3) Marketplace share of GMV of www.cdiscount.com in France, calculated on total GMV less businesses not eligible to marketplace (B2B, supplier contribution etc.)

(4) According to Médiamétrie surveys on the 5 first months of 2018. UMV: Unique Monthly Visitors.

(5) Active customers at the end of June 2018 having purchased at least once through cdiscount.com during the previous 12 months.

(6) Calculated as operating profit/(loss) from ordinary activities (Operating EBIT) before depreciation and amortization expense

1.2 FINANCIAL HIGHLIGHTS

The following tables set forth our selected consolidated financial data. The consolidated financial data for the 6-month periods ended June 30, 2018 and 2017 are derived from our unaudited interim condensed consolidated financial statements, included elsewhere in this semi-annual report.

The selected consolidated historical financial information should be read in conjunction with our financial statements and the accompanying notes included elsewhere in this semi-annual report as well as our 2017 annual report. Our financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the European Union ("EU") and have not been audited by Ernst & Young Audit, an independent auditor.

Key financial figures *€ millions*	First-Half		*Change*
	2018	**2017 Revised(1)**	
Net sales	**968.8**	**845.4**	*+14.6%*
Gross profit(2)	**142.9**	**115.6**	*+23.6%*
Gross margin(3)	*14.7%*	*13.7%*	*+107 bp*
SG&A(4)	**(163.0)**	**(138.0)**	*-18.1%*
Adjusted EBITDA(5)	**(4.3)**	**(10.4)**	*nm*
Operating EBIT(6)	**(20.1)**	**(22.4)**	*+10.2%*
Operating EBIT margin	*-2.1%*	*-2.7%*	*+60 bp*
Net profit/(loss) from continuing activities	**(53.3)**	**(48.9)**	*-8.9%*
Adjusted EPS (from continuing activities)(7)	**(0.12)**	**(0.12)**	*+3.0%*
Free cash flow – continuing activities LTM(8)	**1.2**	**(216.4)**	*nm*
Net cash/(Net financial debt)(9)	**(268.3)**	**(213.6)**	*+25.6%*

(1) IFRS 15 (new standard on revenues) came into force on January 1, 2018 with retroactive application. Main impact is that certain suppliers' contributions are now recognized as a reduction of purchase price and deducted from inventories instead of revenue in previous standard (refer to Note 1 to the Financial Statements).

(2) Gross profit is a non-GAAP financial measure that we calculate as net sales minus cost of sales

(3) Gross margin is a non-GAAP financial measure that we calculate as gross profit as a percentage of net sales

(4) SG&A: selling, general and administrative expenses

(5) Adjusted EBITDA: calculated as operating profit/(loss) from ordinary activities (Operating EBIT) before depreciation and amortization expense and share based payment expenses

(6) Operating EBIT: operating profit/(loss) from ordinary activities

(7) Adjusted EPS: earnings per share, excluding non-recurring items

(8) Net cash from/(used in) operating activities less net purchase of property and equipment and intangible assets as presented in the consolidated cash flow statement

(9) Net cash/(net financial debt) is a non-GAAP financial measure that we calculate as the sum of cash and cash equivalents and cash pool balances held in arrangements with Casino Group and presented in other current assets/financial debt, less current and non-current financial debt

€millions	For the six months ended, June.30, 2016[(1)]	Dec.31, 2016[(1)]	June.30, 2017	Dec.31, 2017	June.30, 2018
GMV	**1,370.3**	**1,624.0**	**1,418.7**	**1,887.7**	**1,613.7**
Net sales	**857.8**	**998.0**	**845.4**	**1,189.6**	**968.8**
Adjusted EBITDA	**7.0**	**10.7**	**(10.4)**	**3.7**	**(4.3)**
Cdiscount[(2)]	8.7	16.4	(7.1)	5.9	(2.4)
Holdings	(1.7	(5.6)	(3.3)	(2.2)	(1.9)
Operating profit/(loss) before other costs	**(3.2)**	**0.4**	**(22.4)**	**(10.9)**	**(20.1)**
Cdiscount[(2)]	(1.4)	6.0	(19.1)	(8.6)	(18.2)
Holdings	(1.8)	(5.6)	(3.3)	(2.3)	(1.9)
Net financial income (expense)	**(19.3)**	**(11.7)**	**(17.7)**	**(22.6)**	**(21.2)**
Cdiscount[(2)]	(18.7)	(18.0)	(18.0)	(22.9)	(21.4)
Holdings	(0.6)	(6.3)	0.3	0.3	0.2

(1) Contrary to 2017, 2016 financial figures have not been revised for the implementation of IFRS 15 (refer to Note 1 to the Financial Statements)
(2) Consolidated Cdiscount figures including Cdiscount Group and BeezUp

In addition, over the 2017-2018 period, Cnova – excluding Cnova Brazil- had half-year and end-of-year net cash/(net financial debt) positions as follows:

- €(1) million as of June 30, 2016,
- €178 million as of December 31, 2016,
- €(214) million as of June 30, 2017,
- €(193) million as of December 31, 2017,
- €(268) million as of June 30, 2018.

1.3 SIGNIFICANT EVENTS OF THE FIRST SEMESTER

♦ *New commercial B2C offerings and services*

Cnova strives to offer innovative and dynamic commercial offers. In 2018, Cnova initiated the *French Days*, a five-day commercial event gathering French e-merchants (over 200 banners participated to this 1st edition).

In addition to these commercial offers, Cnova provides an extended range of customer services, making daily services more affordable and placing its customers well-being at the heart of its concern. Leveraging on the success of the services previously launched (*Cdiscount Energie*, *Cinstallé*, …), Cnova now offers three new services to its customers with *Cdiscount Location* (long term leasing on TV, Telephony and Home Appliance categories), *Cdiscount Voyages* (flight and holiday rental packages) and *Cdiscount Assistance* (assistance in case of water leaks or electrical failures).

Besides, Cnova now offers international delivery, with the launch of small products delivery (around 200,000 SKUs) to Belgium, Germany, Italy and Spain (a new 200 million customer base). Belgium and Spain can be delivered within 48 hours, and Italy and Germany within 72 hours. Cnova also started to sell its products on local partner websites in those same 4 European countries and expect to add soon to this offer large parcels and SKUs fulfilled by Cdiscount. In addition, Cnova has partnered with ColisExpat to offer its customers delivery all around the world at preferential prices.

Cnova has also just signed in June 2018 of a strategic partnership with Mr. Bricolage on the Do-It-Yourself and Garden categories in two steps: the first one with the implementation of a joint-purchasing agreement

♦ *Improved customer experience*

➢ *A best-in-class mobile experience*

Mobile represented an increasing traffic share of 63% in the 1st half 2018 and Cnova strives to provide the best user experience both on its mobile site and its application. During the 1st half 2018 according to *Fasterize* data, Cdiscount's website stood in the top 5 of the fastest e-commerce mobile website in France. The application remains top-rated with 4.5/5 on the Appstore (based on more than 86,000 reviews) and uses best-in-class technologies such as the Progressive Web Application (PWA) that has just been implemented on Android.

➢ *Delivery innovations*

Cnova maintained its efforts to provide additional fast and innovative delivery options.

Customers now benefit from same-day delivery in the 6 largest French cities (8 by end 2018) and Sunday delivery in the 15 French largest cities. Cnova strengthened its position as the fast delivery specialist with the opening of a new 80,000 sqm warehouse for small products in Moissy, near Paris, bringing the total DC capacity up to 533,000 sqm at end June 2018.

The innovative real-time geolocation for large-product deliveries now covers 97% of the orders and was awarded the innovation first prize by the FEVAD.

The launch of the On-Demand delivery in June 2018 in Paris enables customers to activate a delivery within a 30-minute slot at any time starting the day after the order. Cnova is the only company to offer this innovative delivery service in France.

♦ *"Cdiscount à Volonté" loyalty program enrichment*

Cnova's loyalty program, *Cdiscount à Volonté* ("CDAV") is the key pillar of the marketing strategy and continues to attract more customers through additional dedicated services and offers.

In March 2018, CDAV transformed into a new package, offering, on top of free delivery, a free and unlimited access to more than 200 magazines/newspapers. Consequently, the annual fee increased from €19 to €29 but the program remains the most affordable on the market. In the 2nd quarter, a *Pass à Volonté* (exclusive offers from commercial partners), which includes a 5% discount in *Géant* hypermarkets and Casino supermarkets through Casino Max mobile payment app for members kept enriching the program. In addition, Cnova created the *Cdiscount Famille* program, a family loyalty program offering exclusive promotions and offers on specific categories such as Toys, Baby Care products and Children's Fashion. The increase in CDAV annual subscription fee has not negatively impacted the membership base.

- ***Multichannel enhancements:***

Cnova accelerated its multichannel strategy with Casino, initiated last year with the agreement putting Cnova in charge of Technical goods and Home category sales in Géant hypermarkets and Casino supermarkets and the opening of four Cdiscount showrooms in Géant hypermarkets. In the 1st semester 2018, Cnova opened 17 new showrooms, that now offer an enhanced customer experience: guarantee to get Cdiscount best prices, new features available on interactive terminals and ability to pay in 4 installments for Casino and Cdiscount credit card holders. In addition, showrooms contribute to increase Cdiscount's brand awareness, especially in the strategic Home category, benefiting from the mass daily customer flow in hypermarkets. The network is to be extended to almost all Géant hypermarkets by the end of the year.

- ***Increased monetization:***

Monetization revenues are a key pillar of Cnova profitable growth strategy.

B2B revenue growth included the strong performance from the data-driven advertising agency, with the deployment of a digital platform allowing Cdiscount suppliers and marketplace sellers to bid and buy advertising space on Cdiscount.com and other websites. Thanks to its unique customer database cumulating online non-food transaction and offline food transaction data (including all Group Casino stores), Cdiscount's advertising agency has the ability to precisely target thousands of customer profiles.Cnova also benefited from the increasing subscription rate to the marketplace services, with a strong growth in Premium Packs (bundled offers of high-value services) and the continued development of fulfillment services by Cdiscount. The acceleration of Cdiscount Transport and other several services (foreign exchange, …) also contributed to strengthen Cnova's marketplace ecosystem.

In addition to these B2B revenues, Cnova experienced a rapid increase in B2C service commissions received from third parties (Cdiscount Energie, Cinstallé, Cdiscount Voyages, …) and an acceleration in financial services (credit cards, "coup de pouce" instant consumer credits).

As mentioned above, three new services have been launched during this semester to reinforce this monetization strategy as well as customer satisfaction.

1.4 BUSINESS REVIEW

Key operating data	First half 2016[5]	Year 2016[5]	First half 2017[6]	Year 2017[6]	First half 2018
GMV[1] (€ million)	**1,370.3**	**2,994.3**	**1,418.2**	**3,306.3**	**1613.7**
GMV reported growth year-on-year	*15.6%*	*10.5%*	*8.8%*	*13.2%*	*13.7%*
Marketplace share[2]	*30.5%*	*31.4%*	*33.4%*	*32.0%*	*34.4%*
Net sales (€ million)	**857.8**	**1,855.7**	**845.3**	**2,034.9**	**968.8**
Net sales reported growth year-on-year	*12.4%*	*6.8%*	*6.2%*	*13.2%*	*14.6%*
Traffic (visits in millions)	**396.1**	**841.8**	**414.7**	**946.1**	**433.1**
Mobile share in traffic	51.1%	53.0%	58.3%	59.5%	62.9%
Active customers[3] (million)	**7.7**	**8.2**	**8.4**	**8.6**	**8.7**
Orders[4] (million)	**11.0**	**24.7**	**12.2**	**26.8**	**12.3**

(1) GMV (gross merchandise volume) is defined as, all included taxes, product sales + other revenues + marketplace business volumes (calculated based on approved and sent orders) + services GMV which contributed to growth for +1.0 pt in the 1st half 2018 and less than +0.01 pt in the 1st half 2017

(2) Marketplace share of GMV of Cdiscount.com in France, calculated on total GMV less businesses not eligible to marketplace (B2B, supplier contribution etc.)

(3) Active customers at the end of the period, having purchased at least once through Cdiscount.com during the 12 previous months.

(4) Total number of placed orders before cancellation due to fraud detection and/or customer non-payment.

(5) Figures before IFRS 15 restatements

(6) Figures after IFRS 15 restatements. However, year-on-year growth is calculated based on figures before IFRS 15 restatements both for 2016 and 2017

Cnova is one of the leading e-commerce companies in France. In the 1st half 2018, Gross Merchandise Volume (GMV) totalled €1.6 billion, a 13.7% year-on-year (y-o-y) reported growth. Organic growth accelerated quarter over quarter with +9.0% y-o-y in the 2nd quarter 2018 compared to +6.1% for the 1st quarter 2018. The Casino Group’s multichannel revenue streams, primarily related to the June 2017 agreement with Géant, contributed another 6.4 points to total GMV growth in the 1st half 2018.

Cnova net sales amounted to €969 million in 1st half 2018, i.e. +14.6% on a yearly basis and included a +35% growth in monetization revenue streams, that reached €29 million. Cnova experienced a dynamic growth of the several services provided to clients such as *Cdiscount Energie* (+47% in subscriber base between the 1st and the 2nd quarter 2018), *Cinstallé* (90,000 SKUs covered at end June 18, thousands of installations sold in the 1st half 2018), *Coup de Pouce* (over 100,000 instant credits granted since launch), and *Cdiscount Mobile*. New services were also launched in the first semester with promising starts: *Cdiscount Location*, *Cdiscount Voyages* and *Cdiscount Assistance*.

The marketplace GMV share continued to expand in the 1st half 2018 to 34.4%, an increase of +92 basis points year-on-year and accelerated in the 2nd quarter 2018 to reach 36.0%. The *Fulfillment by Cdiscount* service has been rolled out with a +36% growth in SKUs covered and a marketplace GMV share 8.2 points higher than June 2017. Marketplace has continuously improved its quality of service, which claim rate lowered to less than 1% on a sustainable basis.

Cnova traffic totaled 433 million visits in the 1st half 2018, driven by mobile which experienced a +12.7% growth and accounts for 63% of the traffic, 5 points higher than the 1st half 2017. Cnova strengthened its #2 status in terms of unique monthly visitors (“UMV”) on both desktop and mobile with 19 million UMV on average during the 1st half 2018, and, for the first time in April the number of UMV on mobile overtook desktop.

Cnova’s enriched the loyalty program *Cdiscount à Volonté* (see above 1.3 Significant Events Of The First Semester), gained +33% subscribers on average on average in the 1st half 2018 on a year-on-year basis and accounted for 34.2% of the GMV, +417 basis points compared to the 1st half 2017.

Cnova ranks 1st in France in terms of interactions in 2017 on social media among retail banners, with over 12.3m interactions (likes, shares, comments)[1]. During the 1st half 2018, Cnova continued to reinforce its leadership on social media through gamification. Leveraging on the 2018 World Cup, the "shouting" marketing campaign went viral and gathered 4.7m views. During summer sales, Cnova shared the most commented post on social media among e-merchants in 2018.

As part of Cnova marketing strategy and true to its bold DNA, *le Casse du Siècle* promotional campaign won the 2018 Brand Experience Award, presenting impressive results: +1.7m video views and +687,000 views on Facebook Live.

[1] According to a Sprinklr study released on January 31, 2018 and a Visibrain study released in March 2018

1.5 FINANCIAL REVIEW

Application of Critical Accounting Policies and Estimates

Our significant accounting policies and quantitative measures are set forth the note titled "Description of the reporting entity" and in the Notes to our audited consolidated financial statements for the years ended December 31, 2016 and 2017 and in section "2. Financial Overview", included in our 2017 annual report. The implementation of IFRS applicable from January 1, 2018 is disclosed in Note 1 to our condensed consolidated financial statement of the period included in this semi-annual report. We have identified those accounting policies and measures as the most critical to an understanding of our financial position and results of operations because the application of these policies requires significant and complex management estimates, assumptions and judgment, and the reporting of materially different amounts could result if different estimates or assumptions were used or different judgments were made. The preparation of our consolidated financial statements in accordance with IFRS requires our management to make judgments, estimates and assumptions that affect the amount reported in consolidated financial statements. Estimates and assumptions are periodically re-evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ significantly from those estimates and assumptions.

First-half 2018 income statement

Consolidated Income Statement *€ in millions*	**First Half** 2018	**First Half** 2017 Revised[(1)]	*Change*
Net sales[(1)]	**968.8**	**845.4**	*+14.6%*
Cost of sales	(825.9)	(729.7)	*+13.2%*
Gross profit	**142.9**	**115.6**	*+23.6%*
% of net sales (Gross margin)	*14.7%*	*13.7%*	
SG&A[(2)]	**(163.0)**	**(138.0)**	*+18.1%*
% of net sales	*-16.8%*	*-16.3%*	
Fulfillment	(81.7)	(64.2)	*+27.3%*
Marketing	(27.7)	(21.4)	*+29.5%*
Technology and content	(36.9)	(33.5)	*+10.1%*
General and administrative	(16.7)	(19.0)	*-11.9%*
Operating EBIT[(3)]	**(20.1)**	**(22.4)**	
% of net sales	*-2.1%*	*-2.7%*	
Other expenses	(11.9)	(7.7)	*+55.1%*
Operating profit/(loss)	**(32.1)**	**(30.1)**	*n.m*
Net financial income/(expense)	(21.2)	(17.7)	*+19.8%*
Profit/(loss) before tax	**(53.2)**	**(47.8)**	*+11.4%*
Income tax gain/(expense)	-	(1.1)	*n.m*
Net profit/(loss) from continuing operations	**(53.3)**	**(48.9)**	*+8.9%*
Net profit/(loss) from discontinued operations	(0.3)	(3.7)	*n.m*
Net profit/(loss) for the period	**(53.5)**	**(52.6)**	*n.m*
% of net sales	*-5.5%*	*-6.2%*	
Attributable to Cnova equity holders (incl. discontinued)	(53.4)	(52.4)	
Attributable to non-controlling interests (incl. discontinued)	(0.2)	(0.2)	
Adjusted EPS (€) from continuing operations	(0.12)	(0.12)	
Adjusted EPS (€) from discontinued operations[(4)]	-	-	
Adjusted EPS (€)	**(0.12)**	**(0.12)**	

1) *IFRS 15 (new standard on revenues) came into force on January 1, 2018. The main impact is that some suppliers' contributions are now recognized progressively (in proportion to merchandises being sold) vs. one-shot before. Consequently, GMV and net sales were adjusted in 2017 by respectively -€24 million and -€37 million to present comparable data.*
2) *SG&A: selling, general and administrative expenses.*
3) *Operating EBIT: operating profit/(loss) from ordinary activities.*
4) *Adjusted EPS: earnings per share.*

For detailed information on the components of income statement, please refer to "2.1 Financial review" of our 2017 annual report.

♦ *Net sales*

Our net sales increased by €123.4 million, or 14.6%, from €845.4 million from the first half 2017 to €968.8 million in the first half 2018 and included +35% growth in monetization revenue streams, that reached €29 million. Net sales also include market place commissions which now represent 34% of our total GMV increasing over the same period of last year by 75 bp. Organic growth was 7.5% while the Casino Group's multichannel sales contributed 7.1 points to the reported net sales growth.

♦ *Cost of sales*

Cost of sales increased by €96.2 million, or 13.2%, from €729.7 million in the first half 2017 to €825.9 million in the first half 2018. This translate into a gross profit of €142.9 million, and a gross margin of 14.7%, a 100 basis points improvement compared to the 1st half 2017. This reflects the increasing marketplace GMV share together with B2B value-added services, the optimized pricing strategy and the rise in monetization revenues, especially from the advertising agency.

♦ *Operating expenses*

Our operating expenses are classified into four categories: fulfillment, marketing, technology and content, and general and administrative costs. They amounted to €163.0 million and accounted for 16.8% of net sales, up 0.5% vs the same period in 2017.

Fulfillment costs

Fulfillment expenses increased by €17.5 million, or 27.3%, from €64.2 million in the first half 2017 to €81.7 million in the first half 2018. As a percentage of net sales, our fulfillment expenses increased from 7.6% in the first half 2017 to 8.4% of our net sales in the first half 2018. The increase reflects the c. 50% increase in storage surface and the resulting €8 million (ie 1% of net sales) increase in fixed logistic costs.

Marketing costs

Marketing costs increased by €6.3 million, or 29.5%, from €21.4 million in the first half 2017 to €27.7 million in the first half 2018. As a percentage of net sales, our marketing expenses increased from 2.5% in the first half 2017 to 2.9% of our net sales in the first half 2018. The cost of the company's launch of new brand strategy primarily explains the increase in marketing costs.

Technology and content costs

Technology and content costs increased by €3.4 million, or 10.1%, from €33.5 million in the first half 2017 to €36.9 million in the first half 2018. As a percentage of net sales, our technology and content expenses decreased from 4.0% in the first half 2017 to 3.8% of our net sales in the first half 2018. This decrease was primarily driven by a stricter cost control.

General and administrative costs

General and administrative costs decreased by €2.3 million, or 11.9%, from €19.0 million in the first half 2017 to €16.7 million in the first half 2018. As a percentage of net sales, our general and administrative expenses decreased from 2.2% of our net sales in the first half 2017 to 1.7% in the first half 2018. This decrease was primarily driven by a stricter cost control.

♦ *Other expenses*

Strategic and restructuring

As of June 30, 2018, strategic and restructuring expenses were €10.3 million, out of which €9.3 million of costs to implement the strategic plan initiated last year (including expansion of warehouses).

Litigation

As of June 30, 2018, litigation expense of €1.8 million consists mainly of €2.1 million tax risk issues over property tax and VAT and a reimbursement of €0.7 million from a settled dispute with a financial provider.

Impairment and disposal of Assets

As of June 30, 2018, impairment and disposal of assets are not significant.

♦ *Net financial income (expense)*

Financial income and expenses, net consist primarily of revenue from cash and cash equivalents held by us, our interest expense on our borrowings and costs we incur related to the sales of receivables. Approximately 40% of Cdiscount sales and GMV are paid for through four instalment payments (“the CB4X instalment payment service”), with one upfront payment and three subsequent interest-bearing payments 30, 60 and 90 days after the initial payment. Under the agreement implemented in August 2015 between Cdiscount and Banque Casino, Cdiscount fully transfers the credit risk of the installments related to the instalment payment program in France to Banque Casino.

Net financial expense increased by €3.5 million, or 19.8%, from €17.7 million in the first half 2017 to €21.2 million in the first half 2018, reflecting the business growth.

♦ *Income tax gain (expense)*

Income tax result went from an expense of €1.1 million in the first half 2017 to an expense of €nil million in the first half 2018. The change in taxes is mainly related to required minimum payments, including CVAE, French tax based on added value. No new deferred tax asset was recognized in first half 2018.

♦ *Net result from discontinued activities*

In September 30, 2015, Cnova sold its subsidiary MonShowroom to Monoprix. In December 2015, Cnova decided to sell its 80% share in Cdiscount Vietnam. The sale was effective on March 1, 2016. Similarly Cnova sold its subsidiary Cdiscount Thailand in April 2016. In addition, we closed our operations in Panama and Ecuador in the third quarter of 2015 and decided to discontinue our operations in Colombia, Cameroon and Senegal in June 2016 and Ivory Coast in November 2016; finally we sold Cnova Brazil on October 30, 2016. Pursuant to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the net results of these former subsidiaries, including the disposal results, were presented as discontinued operations for the periods ended June 30, 2015 and 2016. Their remaining impacts are similarly presented as discontinued operations for the periods ended June 30, 2017 and 2018.

Cash-flows and working capital

Our principal sources of liquidity have traditionally consisted of cash flows from operating activities, loans or cash received from our Parent Companies and, to a lesser extent, capital increases and proceeds obtained from short- and long-term loans and financings from third-party financial institutions. Notes 21 and 23 to our consolidated financial statements, included in our 2017 annual report, provide additional financial information regarding our liquidity and capital resources.

The following table presents the major components of net cash flows for the periods presented:

€ million	June 30, 2018	June 30, 2017
Net cash from/(used in) continuing operating activities	**(2,2)**	**(346,1)**
Net cash from/(used in) discontinued operating activities	(25,2)	(9,5)
Net cash from/(used in) continuing investing activities	**(26,1)**	**(21,4)**
Net cash from/(used in) discontinued investing activities	-	2,7
Net cash from/(used in) continuing financing activities	**66,1**	**385,8**
Net cash from/(used in) discontinued financing activities	-	-
Effect of continuing changes in foreign currency translation adjustments	-	-
Effect of discontinuing changes in foreign currency translation adjustments	-	-
Change in cash and cash equivalents continuing, net, at end of period	**37,8**	**18,3**

We work to optimize our working capital and we generated cash flow through, among other things, a one-time sale of a receivables portfolio, the factoring of receivables and a gradual increase in days of trade payables to suppliers. In the future, we expect an increase in net sales as well as further working capital optimization, to be primary drivers of cash flow generation.

Our cash flows and working capital fluctuate throughout the year, primarily driven by the seasonality of our business. At the end of December of each year, we experience high trade payables relative to the rest of the year following the peak sales volumes achieved in November and December associated with the holiday shopping period in France (Black Friday plus Christmas). In the first three quarters of each year, trade payables decrease due to seasonality leading to a cash balance reduction compared to the end of the prior year.

We had cash and cash equivalents of €15.8 million and €36.1 million as of June 30, 2017 and 2018, respectively. The increase in our net cash and cash equivalents by €20.3 million represents our net cash flow generation over the last twelve months. We believe that our existing cash and cash equivalents together with cash generated from operations, and our existing financial resources and credit lines suffice to meet our working capital expenditure requirements for the next 12 months. However, we may need additional cash resources in the future if we identify opportunities for investment (including investment in capacity or products assortment), strategic cooperation or other actions, which may include investing in technology, including data analytics and our fulfillment capabilities. If we determine that our cash requirements exceed our amounts of cash on hand, we may seek to issue debt or equity securities or obtain credit facilities or other sources of funding.

Our trade payables include accounts payable to suppliers associated with our direct sales business. Our trade payables amounted to €579.7 million and €502.8 million as of December 31, 2017 and June 30, 2018, respectively.

Our net inventories of products amounted to €390.1 million and €370.8 million as of December 31, 2017 and June 30, 2018, respectively. Our inventory balances will fluctuate over time due to a number of factors, including our sales performance, expansion in our product selection and changes in our product mix, but also to the potential changes in our strategy.

♦ *Cash From/(Used in) Operating Activities*

Cash used in operating activities in the first half year 2018 was €2.2 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €81.1 million decrease in trade payables. This decrease in trade payables relates to the seasonality of the business. Change in working capital was also impacted by €19.2

million decrease in inventories of products and by a €76.8 million decrease in trade receivables and other working capital elements.

Cash used in operating activities in the first half year 2017 was €346.1 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €166.3 million decrease in trade payables. This decrease in trade payables relates to the seasonal effect following the end-of-year festive period increased purchases in addition change in working capital was impacted by €150.5 million increase in inventories of products either in our fulfillment centers awaiting shipment to customers or in transit to customers and by a €13.3 million increase in trade receivables and other working capital elements.

- ***Cash From/(Used in) Investing Activities***

Cash used in continuing investing activities was €26.1 million in the first half 2018 and was related for €34.3 million to acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in our eCommerce platforms, mobile platforms and back office technology systems, improved investment in our supply chain infrastructure, offset by €8.4 million of proceeds from disposal of property, equipment and intangible assets and non-current financial assets.

Cash used in continuing investing activities was €21.4 million in the first half 2017 and was due for €21.5 million of acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in our eCommerce platforms, mobile platforms and back office technology systems, improved investment in our supply chain infrastructure.

- ***Cash From/(Used in) Financing Activities***

Cash from financing activities was €66.1 million in the first half 2018 and was primarily attributable to €96.2 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €20.8 million of interest paid and €10.4 million of financial debt decrease.

Cash from financing activities was €385.8 million in the first half 2017 and was primarily attributable to €401.5 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €17.4 million of interest paid.

Financial position

€ million	June 30, 2018	June 30, 2017
Free cash flows before interest (last twelve months)	**1,2**	**(216,4)**
Free cash flows before interest (last six months)	**(30,2)**	**(367,5)**
Net financial debt	**(268,0)**	**(213,6)**
Group equity	**(198,1)**	**(85,4)**

♦ *Free cash flow before interest*

Free cash flows before interest of the last twelve months were €(216.4) million at June 30, 2017 compared to €1.2 million at June 30, 2018. It also experienced a €337 million improvement between the 1st half 2018 and the 1st half 2017.

This improvement of the free cash flow before interest for the last twelve months of €217.7 million is primarily due to the change in working capital of €111.9 million and the non-cash, non-operating items of €71.2 million, partially offset by the net result over the last twelve months of €(107.0) million and €75.0 million of capital expenditures over the last twelve months.

♦ *Net financial debt*

Net financial debt went from €(213.6) million at June 30, 2017 to €(268.0) million at June 30, 2018. This change of €(54.4) million is primarily due to the financial interest paid of €(43.2) million and the net cash in the acquisition of BeezUP for €(2.4) million in addition to the cash used in discontinued activities for €(10.9) million , partially offset by the last twelve months free cash flow of €1.2 million.

♦ *Group equity*

Group equity went from €(85.4) million at June 30, 2017 to €(198.1) million at June 30, 2018. This change of €112.7 million is primarily due to the consolidated comprehensive loss for the second half 2017 of €58.2 million and the consolidated comprehensive loss for the first half 2018 of €53.6 million.

Research and Development

Our research and development strategy is centred on building and enhancing our eCommerce platforms, mobile platforms and applications, and fulfillment management systems, as well as other aspects of our IT infrastructure, such as customer facing and back office features for our sites. We focus on application, product, and platform development, category expansion, editorial content, purchasing, merchandising selection, systems support and digital initiatives.

We incurred approximately €33.5 million and €36.9 million of research and development expenses in first half 2017 and first half 2018, respectively.

2. RISK FACTORS

Section 3 “Risk Management and Risk Factors” of the 2017 annual report describes the risk factors that might be or become applicable to the Company. We refer to this Section 3 of the 2017 annual report, which report should be read in conjunction with this semi-annual report.

3. CORPORATE GOVERNANCE

3.1 BOARD OF DIRECTORS

In the Company's General Meeting of Shareholders, held on May 25, 2018, the shareholders (re)appointed several directors. As from October 31, 2016, our board of directors consists of nine directors. The individuals listed below are our current directors.

Antoine Giscard d'Estaing
Chairman of the Board of Directors

Ronaldo Iabrudi dos Santos Pereira
Vice-Chairman

Eleazar de Carvalho Filho
Director

Silvio J. Genesini
Independent Director

Bernard Oppetit
Independent Director

Arnaud Strasser
Director

Emmanuel Grenier
Executive Director

Jean-Yves Haagen
Director

Christophe José Hidalgo
Director

3.2 RELATED PARTY TRANSACTIONS

In the 2017 annual report, an extensive overview of the Company’s policy governing Related Party Transactions is given in section 7 and note 26 to the consolidated financial statements; setting forth the main characteristics of the Company’s material Related Party Transactions. We refer to such Related Party Transaction Overview, which review should be read in conjunction with this semi-annual report.

As of June 30, 2018, the related party transactions completed after (and consequently not disclosed in) our 2017 annual report are summarized in Note 12 to the Unaudited Interim Consolidated Financial Statements as included in this report.

4. INDEPENDENT AUDITOR'S REPORT

Cnova N.V.

Period from January 1 to June 30, 2018

Independent auditor's report on review of the interim financial information

To the Shareholders,

Introduction

We have reviewed the accompanying balance sheet of Cnova, N.V. as at June 30, 2018, the related consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows, as well as a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information") for the period then ended. Management is responsible for the preparation and fair presentation of this Interim Financial Information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. 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 International Standards on Auditing 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. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Paris-La-Défense, July 25, 2018

The Independent Auditor
/S/ ERNST & YOUNG Audit

Yvon Salaün

5. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2018

€ thousands	Notes	June 30, 2017 Revised, see Note 1	June 30, 2018
Net sales	5	845,353	968,769
Cost of sales	5	(729,710)	(825,878)
Operating expenses			
Fulfillment	6	(64,177)	(81,706)
Marketing	6	(21,392)	(27,707)
Technology and content	6	(33,498)	(36,873)
General and administrative	6	(18,982)	(16,726)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of asset costs		**(22,406)**	**(20,121)**
Strategic and restructuring cost	7	(4,509)	(10,266)
Litigation costs	7	(1,834)	(1,751)
Impairment and disposal of assets	7	(1,355)	81
Operating profit/(loss)		**(30,104)**	**(32,060)**
Financial income	8	49	168
Financial expense	8	(17,732)	(21,355)
Profit/(loss) before tax		**(47,787)**	**(53,246)**
Income tax gain (expense)	9	(1,117)	(6)
Net profit (loss) from continuing activities		**(48,904)**	**(53,252)**
Net profit (loss) from discontinuing activities	3	(3,682)	(295)
Net profit/(loss) for the period		**(52,586)**	**(53,546)**
Attributable to Cnova equity owners		(52,385)	(53,379)
Attributable to non-controlling interests		(201)	(167)
Attributable to the owners continuing		(48,747)	(53,085)
Attributable to non-controlling interests continuing		(156)	(167)
Attributable to the owners discontinuing		(3,638)	(295)
Attributable to non-controlling interests discontinuing		(44)	0

Earnings (losses) per share (refer to note 2)

In €	June 30, 2017 Revised, see Note 1	June 30, 2018
Basic earnings per share	(0.15)	(0.15)
Diluted earnings per share	(0.15)	(0.15)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2018

€ thousands	June 30, 2017 Revised, see Note 1	June 30, 2018
Net income/(loss) for the year	**(52,586)**	**(53,546)**
Items that may subsequently be recycled to profit or loss		
Foreign currency translation	*15*	*(9)*
Available for sale financial assets		
Items that may not be recycled to profit or loss		
Actuarial gains and losses	*(6)*	*(43)*
Non-controlling interests		
Other comprehensive income/(loss) for the year, net of tax	**9**	**(52)**
Total comprehensive income/(loss) for the year, net of tax	**(52,577)**	**(53,598)**
Attributable to Cnova equity owners	*(52,371)*	*(53,428)*
Attributable to non-controlling interests	*(206)*	*(170)*

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2017 AND JUNE 30, 2018

€ thousands	**December 31, 2017 Revised, see Note 1**	**June 30, 2018**
ASSETS		
Cash and cash equivalents	43,760	52,312
Trade receivables, net	155,404	79,937
Inventories, net	390,079	370,841
Current income tax assets	2,448	2,467
Other current assets, net	107,117	102,312
Total current assets	**698,810**	**607,868**
Other non-current assets, net	6,064	4,499
Deferred tax assets	4	487
Property and equipment, net	34,269	34,940
Intangible assets, net	99,837	113,637
Goodwill	58,245	58,245
Total non-current assets	**198,429**	**211,818**
TOTAL ASSETS	**897,228**	**819,676**
EQUITY AND LIABILITIES		
Current provisions	9,012	10,148
Trade payables	579,747	502,776
Current financial debt	237,926	321,147
Current taxes liabilities	48,793	37,499
Other current liabilities	146,441	124,647
Total current liabilities	**1,021,920**	**996,218**
Non-current provisions	13,998	12,677
Non-current financial debt	-	-
Other non-current liabilities	4,500	8,522
Deferred tax liabilities	362	333
Total non-current liabilities	**18,860**	**21,532**
Share capital	17,225	17,225
Reserves, retained earnings and additional paid-in capital	(160,567)	(214,915)
Equity attributable to equity holders of Cnova	**(143,342)**	**(197,690)**
Non-controlling interests	**(206)**	**(384)**
Total equity	**(143,549)**	**(198,074)**
TOTAL EQUITY AND LIABILITIES	**897,228**	**819,676**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2018

€ thousands	**June 30, 2017 Revised, see Note 1**	**June 30, 2018**
Net profit (loss) attributable to equity holders of the Parent	(48,747)	(53,085)
Net profit (loss) attributable to non-controlling interests	(156)	(167)
Net profit (loss) continuing for the year	**(48,903)**	**(53,252)**
Depreciation and amortization expenses	12,020	15,752
Expenses on share-based payment plans	32	107
(Gains) losses on disposal of non-current assets and impairment of assets	1,355	(81)
Other non-cash items	-	(72)
Financial expense, net	18,433	21,186
Current and deferred tax (gains) expenses	1,117	6
Income tax paid	(19)	(873)
Change in operating working capital	(330,088)	14,989
Inventories of products	*(150,542)*	*19,239*
Trade payables	*(166,264)*	*(81,115)*
Trade receivables	*23,742*	*75,118*
Other	*(37,024)*	*1,748*
Net cash from/(used in) continuing operating activities	**(346,053)**	**(2,237)**
Net cash from/(used in) discontinued operating activities	**(9,457)**	**(25,249)**
Purchase of property, equipment & intangible assets	(21,535)	(34,262)
Purchase of non-current financial assets	(9)	(618)
Proceeds from disposal of property, equipment, intangible assets & non-current financial assets	41	8,426
Movement of perimeter, net of cash acquired (Note 3 and 4)	-	-
Investments in entities	-	-
Changes in loans granted (including to related parties - refer to Note 26)	59	383
Net cash from/(used in) continuing investing activities	**(21,444)**	**(26,072)**
Net cash from/(used in) discontinued investing activities	**2,729**	**(9)**
Increase/(decrease) of capital of the holding company	-	-
Transaction with owners of non-controlling interests	(56)	-
Additions to financial debt	-	1,019
Repayments of financial debt	1,828	(10,375)
Change in loan received	401,482	96,223
Interest paid, net	(17,436)	(20,802)
Net cash from/(used in) continuing financing activities	**385,818**	**66,065**
Net cash from/(used in) discontinued financing activities	**(4)**	**-**
Effect of changes in foreign currency translation adjustments	-	-
Effect of discontinued changes in foreign currency translation adjustments	-	-
Change in cash and cash equivalents from continuing activities	**18,322**	**37,756**
Change in cash and cash equivalents from discontinued activities	**(6,781)**	**(25,253)**
Total change in cash and cash equivalents	**11,540**	**12,503**
Cash and cash equivalents, net, at beginning of period	**4,243**	**23,559**
Cash and cash equivalents, net, at end of period	**15,783**	**36,087**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2018

€ thousands (before appropriation of profit)	**Number of shares**	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Foreign currency translation**	**Actuarial gains and losses**	**Equity holders of the Parent**	**Non-controlling interests**	**Total consolidated equity**
As of December 31, 2016	**344,507,048**	**17,225**	**448,649**	**(484,461)**	**(84)**	**(1,354)**	**(20,024)**	**(1,221)**	**(21,245)**
IFRS15 impacts				(11,641)			(11,641)	(39)	(11,680)
As of January 1, 2017	**344,507,048**	**17,225**	**448,649**	**(496,102)**	**(84)**	**(1,354)**	**(31,665)**	**(1,260)**	**(32,925)**
Other comprehensive income/(loss) for the period					20	(6)	14	(5)	9
Net profit/(loss) for the period				(52,385)			(52,385)	(201)	(52,585)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(52,385)**	**20**	**(6)**	**(52,371)**	**(206)**	**(52,576)**
Share-based payments				32			32		32
Other movements				56			56		56
As of June 30, 2017	**344,507,048**	**17,225**	**448,649**	**(548,399)**	**(64)**	**(1,360)**	**(83,948)**	**(1,465)**	**(85,414)**
Other comprehensive income/(loss) for the period					13	(263)	(250)	6	(244)
Net profit/(loss) for the period				(57,926)			(57,926)	(121)	(58,047)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(57,926)**	**13**	**(263)**	**(58,175)**	**(116)**	**(58,291)**
Share-based payments				212			212		212
Movement on minority interests Cdiscount				(380)			(380)	380	-
Movement on minority interests African entities				(999)			(999)	999	-
Other movements				(51)			(51)	(5)	(56)
As of December 31, 2017	**344,507,048**	**17,225**	**448,649**	**(607,543)**	**(50)**	**(1,623)**	**(143,342)**	**(207)**	**(143,549)**
IFRS9 impacts				(954)			(954)	(3)	(957)
As of January 1, 2018	**344,507,048**	**17,225**	**448,649**	**(608,497)**	**(50)**	**(1,623)**	**(144,296)**	**(210)**	**(144,506)**
Other comprehensive income/(loss) for the period					(7)	(43)	(49)	(3)	(52)
Net profit/(loss) for the year				(53,379)			(53,379)	(167)	(53,546)
Consolidated comprehensive income/(loss) for the period	**-**	**-**		**(53,379)**	**(7)**	**(43)**	**(53,428)**	**(170)**	**(53,598)**
Share-based payments				107			107		107
Movement on minority interests Cdiscount				(72)			(72)		(72)
Other movements							-	(4)	(4)
As of June 30, 2018	**344,507,048**	**17,225**	**448,649**	**(661,841)**	**(57)**	**(1,666)**	**(197,690)**	**(384)**	**(198,074)**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Description of reporting entity and basis of preparation of Cnova consolidated financial statements

Cnova N.V. (hereafter "Cnova") is a public limited liability company incorporated and domiciled in Netherlands. It is listed on Euronext Paris since January 23, 2015. Cnova decided to voluntary delist from Nasdaq, which became effective on March 3, 2017.

The Group now consists of leading eCommerce operations in France with headquarters in the Netherlands.
The interim condensed consolidated financial statements of Cnova and its subsidiaries (collectively, the Group) for the six months ended June 30, 2018 were authorized for issue in accordance with the resolution of the Board of Directors on July 23, 2018.

<u>Reorganization steps of Cnova on 2016:</u>

In the first half of 2016, Cnova decided to withdraw:

- from all international markets and focus solely on its most promising market, France. This resulted in the reorganization of Cnova Brazil within Via Varejo as well as the sale or disposal of remaining international activities;
- in France, from its specialty sites to focus on its large and core Cdiscount platform. These specialty sites proved to be a significant cash-flow drain and management distraction for a limited commercial activity.

In conjunction with its strategic decision to refocus its activities on Cdiscount in France, Cnova sold or disposed of the following international operations during 2016:

- in the 1st quarter, Cnova sold Cdiscount Thailand and Cdiscount Vietnam,
- in the 2nd quarter, Cnova closed the operations of Cdiscount Cameroon and Cdiscount Senegal,
- in the 3rd quarter, Cnova closed the operations and subsequently sold Cdiscount Colombia via a reduction of share capital at the end of the year, and
- in the 4th quarter, Cnova closed the operations of Cdiscount Ivory Coast.

The comprehensive impact in 2016 of the termination of the Cdiscount International operations (including the closing of the operations in Ecuador, Panama and Uruguay in 2015) generated a gain of €9 million, excluding €7.2 million of related restructuring costs in France.

As Cdiscount specialty sites proved to be a significant cash flow drain and management distraction for a limited commercial activity, they were progressively merged into the Cdiscount.com site between the 3rd quarter of 2015 and the 3rd quarter of 2016, except for MonShowroom which was sold to Monoprix for €19 million in 2015 (with a possible earn-out in 2018). These specialty website activities were not reported as a separate segment but included in the information on Cdiscount in France.

On October 31, 2016, the Company executed a reorganization agreement (the "Reorganization Agreement") with Via Varejo regarding the transfer of Cnova Brazil, to Via Varejo. As a result of the reorganization, Cnova received approximately 97 million of its own shares held by Via Varejo (21.9% of its share capital) as well as a cash consideration of approximately €12 million. In addition, Via Varejo has reimbursed a debt owed by Cnova Brazil to Cnova equivalent to approximately €146 million (the "2016 Reorganization"). This transaction generated a gain on disposal of €534 million.

Following the completion of the 2016 Reorganization, Cnova is now entirely focused on Cdiscount, while Via Varejo has become the sole shareholder of Cnova Brazil and is no longer a shareholder of Cnova.

<u>Purchase offer from Casino on Cnova shares:</u>

Casino launched on December 27, 2016, an offer to purchase the outstanding ordinary shares of Cnova from its public shareholders at a price of $5.50 per share. This offer was completed on January 25, 2017.

Note 1 Basis of preparation and changes to Cnova accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with Cnova's consolidated financial statements as of and for the years ended December 31, 2016 and 2017 available on www.cnova.com website.

These financial statements are also prepared on a going-concern basis despite the negative equity of €198 million at June 30, 2018. In light of the cash flow forecasts and related projected cash needs over the next 12 months the Company has agreed with its parent Casino Guichard Perrachon to benefit from credit lines totalling €550 million set in order to sufficiently cover the needs of the Company planned for 2018. At June 30, 2018, unused credit lines amount to €251.8 million.

Cnova is key for the e-commerce strategy of Casino Group. The company's double-digit GMV growth, market share gains and improvement in financial performance in 2H17 demonstrate the relevance of its strategic plan that has reinforced its subsidiary Cdiscount's positioning as the leading French e-merchant.

The above supports the Company's ability to operate on a going concern basis.

Estimates and judgments are similar to those described in the audited consolidated financial statements as of December 31, 2017, with the addition of the related party transaction described in Note 12.

New standards, interpretations and amendments adopted by Cnova

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Cnova's annual consolidated financial statements as of and for the year ended December 31, 2017, except for the adoption of new standards and interpretations effective as of January 1, 2018.

- *IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. This standard is subject to retrospective application. It proposes a single, logical approach to the classification and measurement of financial assets which reflects the business model for managing them, as well as their contractual cash flows; a single, forward-looking impairment model based on "expected losses"; and a substantially reformed approach to hedge accounting. The information in the notes to the financial statements is also strengthened. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

- *IFRS 15 Revenue from Contracts with Customers*

Issued in May 2014, the standard establishes the principles for revenue recognition from contracts with customers (except for those covered by specific standards: leases, insurance contracts and financial instruments). The core principle is to recognize revenue so as to describe the transfer of control of goods or services to a customer for an amount that reflects the payment that the entity expects to receive in consideration of these goods or services. IFRS 15 is subject to retrospective application and is effective for annual periods beginning on or after January 1, 2018. The new standard will supersede all current revenue recognition requirements of IAS 18, IAS 11 and the corresponding interpretations IFRS 13, IFRIC 15.

- *IFRS 16 Leases*

Issued in January 2017, the standard lays down the principles of recognition, measurement, presentation and disclosure of leases for lessors and lessees. It replaces the current standard IAS 17 along with interpretations of this standard. IFRS 16 is subject to retrospective application and is effective for annual periods beginning on or after January 1, 2019. The group has not early adopted IFRS 16.

An initial analysis of the main impact of the application of IFRS 15, IFRS 9 and IFRS 16 on the Group's consolidated financial statements has been performed in 2017. The Group has decided to apply these new standards using the full retrospective method for IFRS 15 (leading to restate 2017 income statement and record the transition impacts in the opening equity as of January 1, 2017) and the simplified method for IFRS 9 (leading to record the transition impacts in the opening equity as of January 1, 2018). The Group has not early adopted IFRS 16.

The impacts of the full retrospective application of IFRS 15 on the consolidated financial statements as of January 1, 2017 and June 30, 2017 are the following:

Condensed Consolidated Income statement for the six months ended June 30, 2017:

€ thousands	**June 30, 2017 From 2017 Semi-Annual Report**	**IFRS15 impacts**	**June 30, 2017 Revised**
Net sales	882,271	(36,918)	845,353
Cost of sales	(759,091)	29,381	(729,710)
Operating expenses			
Fulfillment	(66,285)	2,108	(64,177)
Marketing	(21,392)		(21,392)
Technology and content	(33,498)		(33,498)
General and administrative	(18,982)		(18,982)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of asset costs	**(16,977)**	**(5,428)**	**(22,406)**
Strategic and restructuring cost	(4,509)		(4,509)
Litigation costs	(1,834)		(1,834)
Impairment and disposal of assets	(1,355)		(1,355)
Operating profit (loss)	**(24,674)**	**(5,428)**	**(30,104)**
Financial income	49		49
Financial expense	(17,732)		(17,732)
Profit/(loss) before tax	**(42,357)**	**(5,428)**	**(47,787)**
Income tax gain (expense)	(1,117)		(1,117)
Net profit (loss) from continuing activities	**(43,474)**	**(5,428)**	**(48,904)**
Net profit (loss) from discontinuing activities	(3,682)		(3,682)
Net profit/(loss) for the period	**(47,156)**	**(5,428)**	**(52,586)**

Condensed consolidated balance sheet as of January 1, 2017:

€ thousands	**January 1, 2017 From 2017 Semi-Annual Report**	**IFRS15 impacts**	**January 1, 2017 Revised**
ASSETS			
Cash and cash equivalents	15,264		15,264
Trade receivables, net	91,060		91,060
Inventories, net	224,834	(10,124)	214,710
Current income tax assets	1,336		1,336
Other current assets, net	346,220		346,220
Total current assets	**678,714**	**(10,124)**	**668,590**
Total non-current assets	**148,354**		**148,354**
TOTAL ASSETS	**827,068**	**(10,124)**	**816,944**
EQUITY AND LIABILITIES			
Current provisions	6,817		6,817
Trade payables	576,601		576,601
Current financial debt	93,620		93,620
Current taxes liabilities	46,396		46,396
Other current liabilities	110,667	1,556	112,223
Total current liabilities	**834,102**	**1,556**	**835,658**
Total non-current liabilities	**14,212**	**-**	**14,212**
Share capital	17,225		17,225
Reserves, retained earnings and additional paid-in capital	(37,249)	(11,641)	(48,891)
Equity attributable to equity holders of Cnova	**(20,024)**	**(11,641)**	**(31,666)**
Non-controlling interests	**(1,221)**	(39)	**(1,260)**
Total equity	**(21,245)**	**(11,680)**	**(32,925)**
TOTAL EQUITY AND LIABILITIES	**827,068**	**(10,124)**	**816,944**

Condensed consolidated balance sheet as of December 31, 2017:

€ thousands	December 31, 2017 From 2017 Semi-Annual Report	IFRS15 impacts	December 31, 2017 Revised
ASSETS			
Cash and cash equivalents	43,760		43,760
Trade receivables, net	155,404		155,404
Inventories, net	407,938	(17,859)	390,079
Current income tax assets	2,448		2,448
Other current assets, net	107,118		107,117
Total current assets	**716,669**	**(17,859)**	**698,810**
Total non-current assets	**198,429**		**198,429**
TOTAL ASSETS	**915,088**	**(17,859)**	**897,228**
EQUITY AND LIABILITIES			
Current provisions	9,012		9,012
Trade payables	579,745		579,745
Current financial debt	237,926		237,926
Current taxes liabilities	48,793		48,793
Other current liabilities	142,301	4,140	146,441
Total current liabilities	**1,017,777**	**4,140**	**1,021,917**
Total non-current liabilities	**18,860**	**-**	**18,860**
Share capital	17,225		17,225
Reserves, retained earnings and additional paid-in capital	(138,641)	(21,927)	(160,567)
Equity attributable to equity holders of Cnova	**(121,416)**	**(21,927)**	**(143,342)**
Non-controlling interests	**(134)**	(73)	**(206)**
Total equity	**(121,550)**	**(21,999)**	**(143,549)**
TOTAL EQUITY AND LIABILITIES	**915,088**	**(17,859)**	**897,228**

Condensed consolidated statement of cash flows for the six months ended June 30, 2017:

€ thousands	June 30, 2017 From 2017 Semi-Annual Report	IFRS15 impacts	June 30, 2017 Revised
Net profit (loss) attributable to equity holders of the Parent	(43,337)	(5,410)	(48,747)
Net profit (loss) attributable to non-controlling interests	(137)	(18)	(156)
Net profit (loss) continuing for the year	**(43,474)**	**(5,428)**	**(48,903)**
Depreciation and amortization expenses	12,020		12,020
Expenses on share-based payment plans	32		32
(Gains) losses on disposal of non-current assets and impairment of assets	1,355		1,355
Other non-cash items	-		-
Financial expense, net	18,433		18,433
Current and deferred tax (gains) expenses	1,117		1,117
Income tax paid	(19)		(19)
Change in operating working capital	(335,517)	5,428	(330,088)
Inventories of products	*(154,586)*	4,044	*(150,542)*
Trade payables	*(166,264)*	-	*(166,264)*
Trade receivables	*23,742*	-	*23,742*
Other	*(38,409)*	1,385	*(37,024)*
Net cash from/(used in) continuing operating activities	**(346,052)**		**(346,052)**
Net cash from/(used in) discontinued operating activities	**(9,458)**		**(9,458)**
Net cash from/(used in) continuing investing activities	**224,417**		**224,417**
Net cash from/(used in) discontinued investing activities	**2,729**		**2,729**
Net cash from/(used in) continuing financing activities	**139,957**		**139,957**
Net cash from/(used in) discontinued financing activities	**(4)**		**(4)**
Change in cash and cash equivalents from continuing activities	**18,322**		**18,322**
Change in cash and cash equivalents from discontinued activities	**(6,781)**		**(6,781)**
Cash and cash equivalents, net, at beginning of period	**4,243**		**4,243**
Cash and cash equivalents, net, at end of period	**15,783**		**15,783**

The impacts of the application of IFRS 9 consist in an additional depreciation of trade receivable on January 1, 2018 of €957 thousands, recorded against retained earnings (refer to the Consolidated Statement of Changes in Consolidated Equity for the period).

The adoption of IFRS 16 will affect the accounting for Cnova's operating leases warehouses and will result in the recognition of almost all leases on balance sheet. An optional exemption exists for short-term and low-value leases assets. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. Operating lease expense will be replaced with financial interest and depreciation, so key metrics like trading profit and EBITDA will change. Cnova believes that the consolidated income statement will also be affected because the total rental expense is generally higher at the beginning of the lease that is to say, a decreasing charge, unlike a straight-line charge under the current standard. Additionally, operating cash flows will be higher as cash payments for the principal portion of the lease liability and attached interest will be classified within financing activities. Cnova has started an initial assessment of the potential impact on Cnova's financial information. As at 31 December 2017, Cnova has off-balance sheet non-cancellable operating lease commitments (properties and equipment) of €70 million, which mainly corresponds to properties, such as warehouses used in its business that it does not own. Cnova is in the process of evaluating the impact of the application in 2019

Note 2 Earnings per share

Earnings per share for the half-year ended June 30, 2018 is €(0.15), which splits in €(0.15) for continuing operations and €0 for discontinued activities.

€ thousands	**June 30, 2017**	**June 30, 2018**
Losses (gains) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution (1)	(52,385)	(53,379)

	June 30, 2017	**June 30, 2018**
Weighted average number of ordinary shares for basic EPS including DSU	**344,507,048**	**344,507,048**
Dilutive instruments	**-**	**-**
Weighted average number of ordinary shares adjusted for the effect of dilution	**344,507,048**	**344,507,048**

(1) On November 19, 2014, Cnova granted to certain executives of Cnova deferred stock units (DSU). The DSU are non-forfeitable. As they are non-forfeitable, the expense related to the fair value of services rendered has been recorded in 2014.

No new dilutive or potentially dilutive instruments have been issued or granted by Cnova as of June 30, 2017 and 2018.

Note 3 Business combinations, equity transactions and discontinued operations

From January 1, 2017 to June 30, 2017 and from January 1, 2018 and June 30, 2018, Cnova did not enter into any business combination or equity transaction.

Discontinued operations are related to impacts of the reorganization of Cnova in 2016 described at the beginning of the Notes.

On July 5, 2017, Cnova acquired 60% of the share capital and voting rights of BeezUP S.A.S. with options to purchase the remaining 40% in 2020 or earlier under specific circumstances. On this basis, the purchases is considered under IFRS as an acquisition of 100% of the company with a deferred payment for 40%. Total price at that time is expected to be less than €10 million.

BeezUP is a technical SAAS (service as a software) company producing services for marketplace vendors, and has developed a software program that enables to spread catalogue feeds and orders flow on a wide range of partner channels, which will enable Cnova to propose additional services and improve its marketplace platform. For more information on the accounting treatment of this business combination, refer to Note 3 to the consolidated financial statements for the year ended December 31, 2017.

Note 4 Seasonality of interim operations

Cnova does not earn revenues and incur expenses evenly throughout the year, with a traditional peak demand around the end of the year. Additionally, Cnova historically experiences higher sales volume during January and July, the two seasonal sales periods in the country, as well as in November and December (Black Friday and Christmas periods).

Note 5 Breakdown of sales and cost of sales

Net sales

€ thousands	June 30, 2017	June 30, 2018
Product sales	753,412	862,502
Marketplace sales (commissions)	51,132	59,612
Other revenues	40,809	46,655
Net sales	**845,353**	**968,769**

Cost of sales

€ thousands	June 30, 2017	June 30, 2018
Purchases and shipping costs	(884,786)	(814,328)
Change in inventories	155,076	(11,550)
Cost of sales	**(729,710)**	**(825,878)**

The change in inventories is related to the strategic decision to increase our assortment of products as well as the new related party transaction described in Note 12.

Note 6 Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2017
Employee benefits expense	(16,278)	(4,181)	(14,118)	(7,847)	(42,424)
Other expenses	(46,548)	(17,073)	(9,149)	(10,839)	(83,608)
Depreciation and amortization expense	(1,352)	(138)	(10,231)	(296)	(12,017)
Total as of June 30, 2017	**(64,177)**	**(21,392)**	**(33,498)**	**(18,982)**	**(138,049)**

Fulfillment costs are positively impacted in 2017 by €2,108 thousands due to the implementation of IFRS 15 (refer to Note 1)

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2018
Employee benefits expense	(17,807)	(5,571)	(14,054)	(9,354)	(46,787)
Other expenses	(61,983)	(22,013)	(9,531)	(6,932)	(100,458)
Depreciation and amortization expense	(1,916)	(122)	(13,288)	(440)	(15,767)
Total as of June 30, 2018	**(81,706)**	**(27,707)**	**(36,873)**	**(16,726)**	**(163,012)**

The following table presents the breakdown of the other expenses included in fulfillment costs, marketing costs and technology and content costs:

€ thousands	June 30, 2017	June 30, 2018
Operation of fulfillment centers	(20,903)	(39,284)
Payment processing	(13,687)	(7,921)
Customer service centers	(11,003)	(7,739)
Other fulfillment costs	(955)	(7,039)
Fulfillment costs	**(46,548)**	**(61,983)**
Online and offline marketing costs	(14,744)	(20,473)
Other marketing costs	(2,329)	(1,540)
Marketing costs	**(17,073)**	**(22,013)**
Technology infrastructure	(8,047)	(9,314)
Other technology and content costs	(1,102)	(217)
Technology and content costs	**(9,149)**	**(9,531)**

Note 7 Other operating costs

1. Strategic and restructuring costs

As of June 30, 2018, strategic and restructuring expenses were €10.3 million, out of which €9.3 million of costs to implement the strategic plan initiated last year (including expansion of warehouses).

2. Litigation costs

As of June 30, 2018, litigation expense of €1.8 million consists mainly of €2.1 million tax risk issues over property tax and VAT and a reimbursement of €0.7 million from a settled dispute with a financial provider.

3. Impairment and disposal of assets

As of June 30, 2018, impairment and disposal of assets are not significant.

Note 8 Financial income and expense

€ thousands	June 30, 2017	June 30, 2018
Foreign exchange gain	49	147
Other financial income		22
Total finance income	**49**	**168**
Interest expense on borrowings	(464)	(399)
Foreign exchange loss	(19)	(61)
Costs related to sales of receivables	(17,015)	(19,445)
Other financial expense	(233)	(1,450)
Total finance expense	**(17,732)**	**(21,355)**

Interest on current accounts with Casino (included in caption "Other financial expenses") was €177 thousand as of June 30, 2017 and €902 thousand as of June 30, 2018.

Note 9 Taxes

Income tax expense

Analysis of income tax expense:

€ thousands	June 30, 2017	June 30, 2018
Current taxes	(4)	251
Other taxes on income (i)	(1,113)	(769)
Deferred taxes	-	512
Total income tax profit (loss) recognized in the income statement	**(1,117)**	**(6)**
Tax on other income recognized in ''Other comprehensive income''	-	-
Tax on other income recognized in ''Total comprehensive income''	**(1,117)**	**(6)**

(i) Include CVAE which is a French tax expense based on the value added. CVAE is considered to meet the definition of a tax on income as defined in IAS 12.

Reconciliation of theoretical and actual tax expense:

€ thousands	June 30, 2017	June 30, 2018
Proft (loss) before tax and share of profits of associates	**(47,786)**	**(53,246)**
Income tax rate (i)	**25.00%**	**25.00%**
Income tax benefit (expense)	**11,947**	**13,311**
Effect of tax rates in foreign entities	4,234	4,854
Derecognition of deferred tax assets		512
Unrecognized deferred taxed assets arising from tax loss of the period	(17,096)	(18,725)
Non-deductible expenses		
CVAE net of income tax	(730)	(504)
Tax credits		
Non-taxation of CICE (ii)		191
Share based payments	-	
Deferred tax reversal	375	
Other	153	355
Actual income tax credit / (expense)	**(1,117)**	**(6)**

(i) The tax rate corresponds to the rate applicable to Cnova NV
(ii) Competitiveness and employment tax credit (CICE) is a tax credit recognized by reducing employee expenses.

Note 10 Goodwill

As of June 30, 2018, indicators of potential impairment for goodwill and intangible assets with indefinite lives have been considered and no impairment is necessary.

Note 11 Contingent assets and liabilities

In the normal course of its business, Cnova is involved in a number of legal proceedings with third parties or with the tax authorities in certain countries. Provisions are set aside to cover these proceedings when Cnova has a legal, contractual or constructive obligation towards a third party at year-end, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Cnova, certain of its current and former officers and directors, and the underwriters of our U.S. initial public offering, were named as defendants in a securities class action (consolidated in the United States District Court for the Southern District of New York, and captioned as In re Cnova N.V. Securities Litigation, Case No. 16-CV-444) asserting claims arising out of the subject matter of an internal review at Cnova Brazil, including issues related to inventory management and a number of material misstatements and omissions in our registration statement on Form F-1 filed with the SEC in 2014 in connection with our initial public offering, concerning, among other issues, our net sales and other financial information. On March 19, 2018, the court entered an order giving final approval to the settlement including a payment of $28,500,000 and releasing defendants of the claims alleged against them. The vast majority of this settlement amount was funded by Cnova's insurers. The remainder as well as all expected related costs were covered by Cnova’s provision recorded in 2016 representing insurance deductible and total expected legal costs. Accordingly, the settlement has no material impact on Cnova's net results.

In a separate potential action the SEC might eventually take, sanctions might be imposed on the Company as a result of the analysis of facts from the internal review concluded at the end of the first half of 2016 by the Company and the advisors retained by the Board of Directors.

Note 12 Related party transactions

Related party transactions with parent companies

The following transactions were carried out with related parties (which are composed of Casino and its controlled subsidiaries):

	December 31, 2017		June 30, 2018	
€ thousands	**Transactions**	**Balance**	**Transactions**	**Balance**
Loans due from Parent Companies	(235,726)	11,009	(10,136)	873
Receivables	52,976	78,039	(38,827)	39,212
Loan due to Parent Companies	137,610	202,992	96,454	299,446
Payables	22,294	37,703	(6,541)	31,162
Expense	313,749	-	98,901	-
Income	125,439	-	84,033	-

Other related party transactions

As of June 30, 2018, the related party transactions completed after (and consequently not disclosed in) our 2017 annual report are the following:

<u>National and distributors brand products sale by Go Sport</u>

Under this agreement effective January 1, 2018 for a 10 years period with a termination notice of 24 months, Go Sport sells nationwide brand and distributor brand products to Cdiscount. The agreed price is the effective purchase price after rebates plus a margin ranging from 0 to 1.5% depending on the share represented by Cdiscount in the combined purchase volume.

<u>Sub-lease of warehouse space to Easydis</u>

Under this agreement effective January 1, 2018 and for a 12 years period, Cdiscount sub-leases to Easydis 3,765 sqm of the warehouse located in Andrézieux under the same lease commitments and obligations as the original third-party lease.

<u>Purchase of warehouse equipment from Easydis</u>

Cdiscount has agreed to purchase at market price €216 thousand of warehouse equipment located in Andrezieux from Easydis.

<u>Energy saving certificates with Greenyellow</u>

Under this agreement, effective January 1, 2018, Cdiscount carries out, on Greenyellow recommendations, energy saving actions that gives right to energy saving certificates (“ESC”), such ESC being then valued on the EMMY stock market by Greenyellow. Cdiscount promotes on its website domestic appliance products and lightnings that are A++ and A+++ energy class and communicates all documents necessary for Greenyellow to formulate and submit the ESC requests to relevant authorities. Greenyellow also promotes the energy saving with Cdiscount. This agreement has a term of 4 years.

Data value maximization with RelevanC

Under this agreement signed in April 2018, Cdiscount will provide RelevanC a right to use its advertising inventories and its data for its commercial activity and to maximize this way the value of Cdiscount data. In parallel Cdiscount through its 3W Régie subsidiary will be subcontractor or service provider of RelevanC for commercialization or execution of advertising campaigns. RelevanC is tasked with data and inventories, 3WRégie would be in charge of commercializing on behalf of RelevanC the products conceived by RelevanC. The agreement, which includes a pricing arrangement with a periodic evaluation to remedy any potential misalignment with market prices has a one-year renewable term.

Showrooms deployment in Casino hypermarkets

Cdiscount deploys a “Cdiscount corner” (or showroom) concept inside several DCF (Distribution Casino France) hypermarkets. This concept includes a showroom under Cdiscount brand used by DCF to sell non-food products purchased to Cdiscount and sold at Cdiscount’s website price. Tablets are available in the showrooms and may be used by purchasers to order Cdiscount products to be delivered at the hypermarket or at their home address. This one-year agreement with tacit one-year successive periods renewals unless terminated by one party with a 3-month notice sets provisional pricing including royalties of 1.5% paid by DCF to Cdiscount concerning license of Cdiscount brand, showroom placing arrangements expenditures shared equally by each party in each corner, 3% commissions paid by Cdiscount to DCF for sales made through tablets in the showroom for technical goods and 6% for non-technical goods.

Note 13 Subsequent events

None

6. RESPONSIBILITY STATEMENT AND IN CONTROL STATEMENT

In accordance with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Company's Chief Executive Officer and Chief Financial Officer declare that, to the best of their knowledge:

- These Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and results of the Company and its affiliated companies included in the Company's consolidation at June 30, 2018;

- The semi-annual report gives a true and fair view of the position as per the balance sheet date, the principal events during the first six months of the 2018 financial year for the Company and its affiliated companies included in the Company's consolidation, as well as the effect of those events on these Consolidated Financial Statements;

- The semi-annual report contains a true and fair view of the material Related Party Transactions entered into by the Company and its subsidiaries; and

- The semi-annual report describes the principal risks and uncertainties that the Company faced during the last six months of 2018 and is facing at June 30, 2018.

It should be noted that the foregoing does not imply that our systems and procedures provide any assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Emmanuel Grenier (Executive director and CEO)

Amandine Lezy (CFO)