HALF-YEAR

FINANCIAL REPORT

2020

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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 Enterprise 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.
Exito	Almacenes Exito S.A. and, where appropriate, its subsidiaries
Founding Shareholders	Casino, CBD, Via Varejo, Exito and certain former managers of Nova Pontocom
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."

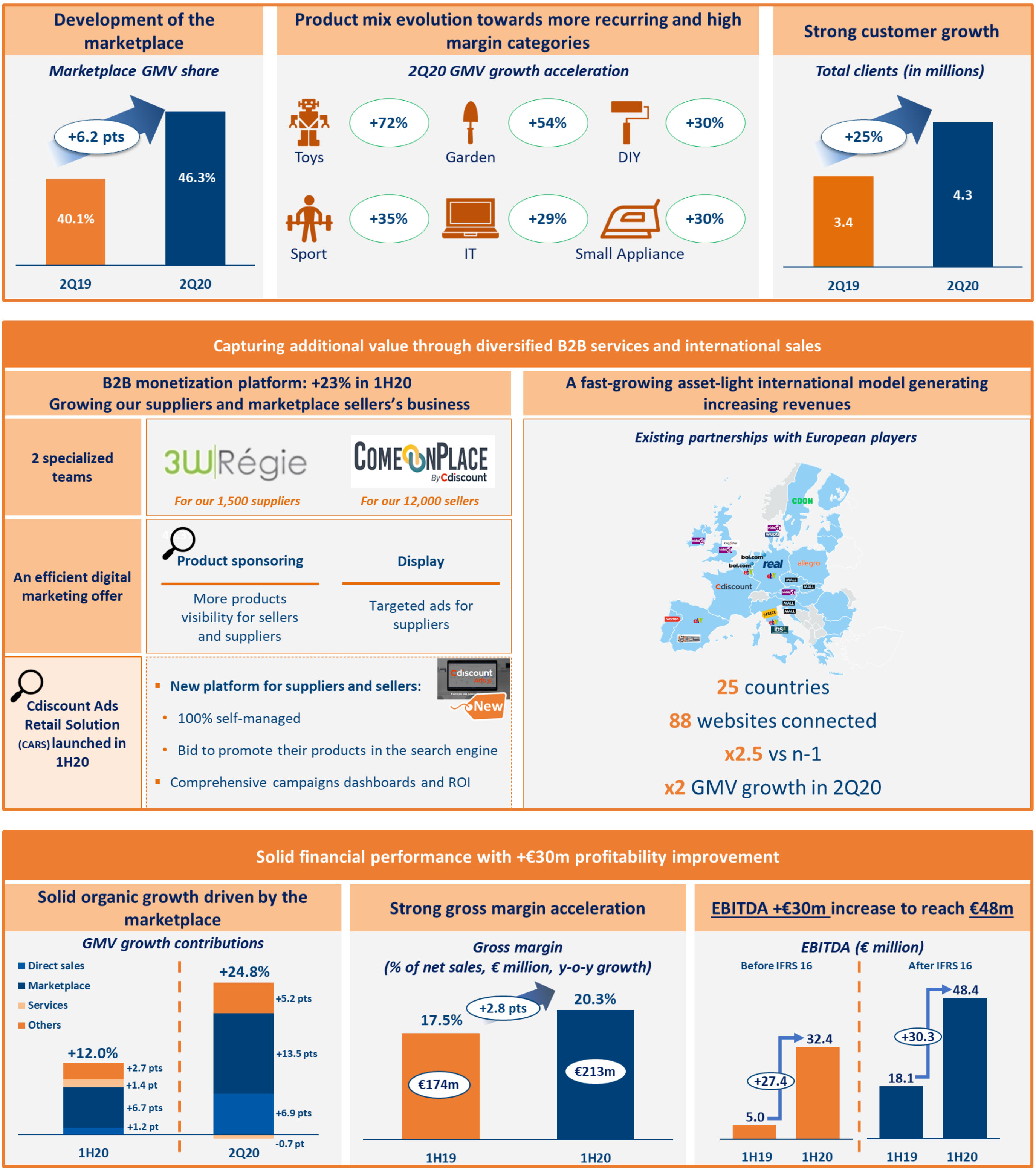
All of the forward-looking statements included in this semi-annual report are based on information available to us as of the date of this semi-annual report. Unless we are required to do so under applicable laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether 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, 2019 prepared in accordance with IFRS as adopted by the European Union, as well as with Book 2 Title 9 of the Dutch Civil Code as filed with the AFM on March 29, 2019 and adopted by the General Meeting of Shareholders of the Company on June 26, 2020 (the "2019 annual report"). In the 2019 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



1.2 FINANCIAL HIGHLIGHTS

The following tables set forth our selected consolidated financial data. The consolidated financial data for the 6-month periods ended June 30, 2020 and 2019 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 2019 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 nor reviewed by a Dutch statutory auditor, as defined in art 5:25a of the Dutch Finance Supervision Act (Wet Financieel Toezicht). Ernst & Young Audit has performed review procedures on the semi-annual financial statements.

Key Financial Figures	**First Half**		*Change*
€ in millions	**2020**	**2019**	
Net sales	**1,049.1**	**995.8**	**+5.4%**
Gross profit(2)	**212.7**	**174.5**	**+21.9%**
Gross margin(3)	20.3%	17.5%	+2.8 pts
SG&A(4)	**(203.2)**	**(188.3)**	**+7.9%**
% of net sales	-19.4%	-18.9%	+0.5 pts
EBITDA(5)	**48.4**	**18.1**	**+30.3**
Operating EBIT(6)	**9.5**	**(13.9)**	**+23.4**
% of net sales	0.9%	-1.4%	+2.3 pts
Net profit/(loss) from continuing operations	**(23.8)**	**(42.2)**	**+43.6%**
Adjusted EPS (from continuing activities)(7)	**(0.07)**	**(0.11)**	**+36.4%**

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

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

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

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

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

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

1.3 SIGNIFICANT EVENTS OF THE FIRST SEMESTER

- Development of the marketplace and its related services

Marketplace activity accelerated during the 2nd quarter, gaining +6.2 points of GMV share, to reach 46.3%.

Expansion of express delivery eligible marketplace SKUs (Stock Keeping Unit) is a key driver of growth, customer satisfaction and CDAV development. Its main contributor is the Fulfillment by Cdiscount service, which grew quickly with a +41% GMV increase this quarter, supported by an extended offering that now encompasses 100,000 SKUs (+57% vs last year).

- Expansion of the product offering

Following a rising demand for daily shop products, Cnova increased its existing offer with 2,000 products selected from Casino's best sellers.

Cnova affirmed its positioning on the fast-growing market of second-hand and refurbished goods. After implementing a dedicated category on the website, Cnova focused on quickly increasing the offer, with a x2.5 SKUs increase in the assortment quarter over quarter and a new secondhand offer: clothes, gaming in partnership with EasyCash and books with Cdiscount Librairie.

- Cdiscount à Volonté loyalty program enhancement

CDAV program reached 2.2 million members, a +10% growth compared to last year

The number of express delivery available SKUs increased by +19% this quarter compared to last year, to reach 1.3 million at the end of June.

- Improved delivery times and quality

Free home delivery is now available on all purchases of €25 or more, leading to a sustained high home delivery share at 63% in June, +16 pts vs February

Delivery times improved this semester, with a reduction of -11%[1] of the average delivery time between February 2020 (before lockdown) and June 2020 (after lockdown), thanks to a reduced packing time as well as an increased express delivery share.

Agrikolis opened 35 new pickup points during the 2nd quarter, to total 135 at end June 2020, thus improving our customer proximity. It reached a milestone by delivering the 100,000th package since the launch of the partnership in February 2019.

- B2C services showed solid performance despite Covid-19 negative impact

Cdiscount Energie experienced a solid +57% GMV growth this quarter, supported by a very dynamic recruitment which reached a record-high number in June, to achieve a +79% subscribers' base growth at the end of June compared to last year. In addition, Cnova expanded its offer by adding to its catalog a 100% green and French energy offer.

Cdiscount Mobile achieved in June its best month in terms of client recruitment since the launch of the offer and ended the semester with a +50% increase of customer base which in turn led to a doubling of GMV.

- International expansion plan well on track

International GMV experienced a significant x2 GMV growth in the second quarter.

The international platform encompassed 88 directly connected websites as of end June, x2.5 compared to last year, enabling delivery in 25 countries.

[1] Figures only include direct sales and Fulfilled by Cdiscount marketplace orders

♦ Launch of a new Cdiscount Pro website

A new website dedicated to professional customers was launched this quarter, already showing promising results. New dedicated services are now offered such as a Pro Ad agency, Energy as well as a CDAV Pro loyalty program.

♦ Monetization initiatives well advanced

The B2B monetization platform is a rising pillar of Cnova's profitable growth. This quarter, Cnova launched Cdiscount Ads Retail Solution (CARS), its own 100% self-care advertising platform enabling both sellers and suppliers to bid to promote their products in the search engine.

This new platform strongly contributed to the solid +23% growth of overall B2B monetization this semester.

♦ Corporate Social Responsibility: supporting people and the French economy during Covid-19

Cnova was also committed in supporting the French economy by:

- Being a lead B2B masks supplier, with 40m masks provided to SMEs, professionals and public institutions with the support of the French government.
- Maintaining French SMEs activity, with the implementation of a simplified marketplace enrollment along with a 6-month free offer

Cnova helped the people impacted by Covid-19 through several actions, among them:

- Donations: more than 60k masks as well as home appliances (kettles, microwaves, …) for nursing staff, in addition to 1k tablets for hospitals and nursing homes
- Logistic and supply support for the shipment of close to 10,000 tablets to isolated people across all France

♦ Covid-19 pandemic

The coronavirus pandemic is an ongoing outbreak of coronavirus disease (COVID-19). The outbreak was first identified in China in December 2019. The disease then expanded worldwide in the first quarter of 2020 and continues to expand to date.

In France, the main place of activity of Cnova, physical stores have been shut down with few exceptions (grocery and supermarkets, etc) and containment measures were implemented for the population from March 17 to May 11, 2020.

Cnova has implemented protective measures for its employees (home office, regular cleaning and disinfection of warehouses, social distancing and controls of procedures) and has continued to operate during the containment period. As of today Cnova remains fully operational and maintains high safety measures:

- Headquarter offices are gradually reopening, with only a fraction of staff being present at the same time and restricted access to shared areas
- All 10 warehouses are fully operational with still strict sanitary measures of distancing, disinfecting and protecting

Regarding business activity, Cnova experienced a strong GMV growth along with a solid margin increase, driven by great marketplace performances and an improved direct sales business model, despite low travel revenues.

- During the lockdown period, Cnova experienced a very strong +23%[2] product GMV growth compared to prior year with favorable product mix (MKP share and products) and significant increase in number of items sold (close to +40%)
- After the end of the lockdown, Cnova continues to maintain a strong product GMV growth (close to double digit) despite an unfavourable comparable period with summer sales starting in June in 2019 vs July in 2020

Regarding logistics, most of the pickup points are now available but the home delivery share remains higher than before lockdown as a direct consequence of Cnova's extended free home delivery policy. Besides, the carriers' capacity and therefore delivery time are going back to normal.

[2] Based on placed orders

1.4 BUSINESS REVIEW

Key operating data	First half 2018	Year 2018	First half 2019	Year 2019	First half 2020
Reported GMV (1) (€ million)	**1,613.7**	**3,645.7**	**1,752.2**	**3,899.2**	**1,946.4**
Reported GMV growth year-on-year	*13.7%*	*10.4%*	*8.6%*	*7.0%*	*11.0%*
Organic GMV growth year-on-year	*7.5%*	*9.3%*	*11.0%*	*9.1%*	*12.0%*
Marketplace share	**34.5%**	**34.4%**	**37.8%**	**38.1%**	**42.6%**
Net sales (€ million)	**968.8**	**2,174.2**	**995.8**	**2,194.9**	**1,049.1**
Net sales reported growth year-on-year	*14.6%*	*6.8%*	*2.8%*	*0.9%*	*5.4%*
Net sales organic growth year-on-year	*5.7%*	*5.1%*	*5.6%*	*3.5%*	*6.2%*
Traffic (visits in millions)	**433.1**	**956.7**	**490.7**	**1,021.2**	**562.4**
Mobile share in traffic	*62.9%*	*63.4%*	*69.9%*	*71.3%*	*71.6%*
Active customers(2) (million)	**8.7**	**8.9**	**9.2**	**9.2**	**9.6**
Orders(3) (million)	**12.3**	**26.9**	**12.5**	**26.6**	**13.9**

(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

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

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

Organic GMV (gross merchandise volume) posted a strong +24.8% increase in the 2nd quarter 2020 versus the same period in 2019, driven by the marketplace (+13.5 pts contribution to organic growth) and direct sales (+6.9 pts contribution).

The marketplace was the driving force of GMV with a +39% growth in the 2nd quarter 2020. Marketplace GMV share reached 46.3% in the 2nd quarter 2020, a +6.2 points increase. GMV fulfilled by Cdiscount again experienced a very high growth of +41% and reached 28.1% of the marketplace GMV.

Net sales amounted to €556 million in the 2nd quarter 2020, a +16.9% organic growth compared to the same period in 2019. The main drivers were the strong increase in marketplace commissions and the dynamism of direct sales.

Traffic at Cdiscount totaled 315 million visits in the 2nd quarter 2020, achieving a +34% growth compared to the same quarter last year. It was boosted by an improved SEO (Search Engine Optimisation) performance leading to a significant +47% growth of direct traffic. Regarding Unique Monthly Visitors (UMV), Cdiscount consolidated its #2 position and narrowed the gap with the leader by reaching close to 25 million UMV in May, a +25% growth compared to last year. Mobile GMV share kept growing to reach a 49.6% share (+0.7 points).

Client growth was very dynamic this quarter with +25% increase of total clients, boosted by 1 million new client recruitments, a +41% vs last year.

Cdiscount's loyalty program, Cdiscount à Volonté ("CDAV"), now encompasses 2.2 million members benefiting from 1.3 million SKUs available for express delivery, +19% compared to last year.

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, 2018 and 2019 and in section "2. Financial Overview", included in our 2019 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 2020 income statement

Consolidated Income Statement *€ in millions*	**First Half** 2020	2019	*Change (%, €m)*
Net sales	**1,049.1**	**995.8**	**+5.4%**
Cost of sales	(836.4)	(821.4)	+1.8%
Gross profit	**212.7**	**174.5**	**+21.9%**
% of net sales (Gross margin)	20.3%	17.5%	+2.8 pts
SG&A(1)	**(203.2)**	**(188.3)**	**+7.9%**
% of net sales	-19.4%	-18.9%	*+0.5 pts*
Fulfillment	(87.7)	(81.6)	+7.5%
Marketing	(38.7)	(39.0)	-0.7%
Technology and content	(51.9)	(45.2)	+14.8%
General and administrative	(24.8)	(22.5)	+10.5%
Operating EBIT(2)	**9.5**	**(13.9)**	**+23.4**
% of net sales	0.9%	-1.4%	
Other expenses	(10.0)	(4.4)	nm
Operating profit/(loss)	**(0.5)**	**(18.3)**	**+17.8**
Net financial income/(expense)	(25.2)	(24.0)	+4.9%
Profit/(loss) before tax	**(25.7)**	**(42.3)**	**+16.6**
Income tax gain/(expense)	1.9	0.1	+1.8
Net profit/(loss) from continuing operations	**(23.8)**	**(42.2)**	**+18.4**
Net profit/(loss) from discontinued operations	0.1	(0.3)	+0.4
Net profit/(loss) for the period	**(23.7)**	**(42.5)**	**+18.8**
% of net sales	-2.3%	4.3%	
Attributable to Cnova equity holders (incl. discontinued)	(25.2)	(42.9)	+17.7
Attributable to non-controlling interests (incl. discontinued)	1.5	0.4	+1.1
Adjusted EPS (€)(3)	**(0.07)**	**(0.11)**	**+0.04**

1) *SG&A: selling, general and administrative expenses.*
2) *Operating EBIT: operating profit/(loss) from ordinary activities.*
3) *Adjusted EPS: earnings per share.*

For detailed information on the components of income statement, please refer to "1.6 Financial review" of our 2019 annual report.

♦ *Net sales*

Our net sales increased by €53.3 million, or 5.4%, from €995.8 million from the 1st semester 2019 to €1,049.1 million in the 1st semester 2020 and included a +23% growth in monetization revenue streams. Net sales also include growing marketplace commissions with marketplace GMV share now reaching 46.3% in the 2nd quarter 2020 increasing over the same period of last year by 6.2 pts. Net sales organic growth was +6.2% along with the same drivers.

♦ *Cost of sales*

Cost of sales increased by €15.4 million, or +1.8%, from €821.3 million in the 1st semester 2019 to €836.4 million in the 1st semester 2020. This translates into a gross profit of €212.7 million, and a gross margin of 20.3%, a 2.8 points improvement compared to the 1st semester 2019. It benefited from the outstanding marketplace GMV share increase, an evolution of the product mix towards more recurring and high margins products along with the development of B2C and B2B monetization revenues.

♦ *Operating expenses*

Our operating expenses are classified into four categories: fulfillment, marketing, technology and content, and general and administrative costs. They amounted to €203.2 million and accounted for 19.4% of net sales during the 1st semester 2020, up 0.5 pt vs the same period in 2019.

Fulfillment costs

Fulfillment expenses increased by €6.1 million or 7.5%, from €81.6 million in the 1st semester 2019 to €87.7 million in the 1st semester 2020. As a percentage of net sales, our fulfillment expenses increased from 8.2% in the 1st semester 2019 to 8.4% of our net sales in the 1st semester 2020. This increase is mostly due to the full year impact of the July 2019 opening of a new 60,000 sqm warehouse in Andrézieux to handle the strong heavy products growth.

Marketing costs

Marketing costs decreased by €0.3 million, or 0.7%, from €39.0 million in the 1st semester 2019 to €38.7 million in the 1st semester 2020. As a percentage of net sales, our marketing expenses decreased from 3.9% in the 1st semester 2019 to 3.7% of our net sales in the 1st semester 2020. Marketing costs decrease is mainly related to limited offline media campaigns during lockdown combined with optimized SEO performance that led to increased free traffic.

Technology and content costs

Technology and content costs increased by €6.7 million, or 14.8%, from €45.2 million in the 1st semester 2019 to €51.9 million in the 1st semester 2020. As a percentage of net sales, our technology and content expenses increased from 4.5% in the 1st semester 2019 to 4.9% of our net sales in the 1st semester 2020. This increase was primarily driven by B2C and B2B monetization activities investments and associated costs (D&A).

General and administrative costs

General and administrative costs increased by €2.4 million, or 10.5%, from €22.5 million in the 1st semester 2019 to €24.8 million in the 1st semester 2020. As a percentage of net sales, our general and administrative expenses increased from 2.3% of our net sales in the 1st semester 2019 to 2.4% in the 1st semester 2020.

♦ *Other expenses*

Strategic and restructuring costs

As of June 30, 2019, strategic and restructuring expenses were €1.6 million, of which €0.8 million of strategic fees and €0.3m related to the implementation of the strategic plan.

As of June 30, 2020, we had €5.4 million on restructuring and strategic costs of which €1.2 million of head office restructuring and €4.2million related to non-recurring fulfilment costs. These non-recurring fulfillment costs are related to delivery partners limitations during the lockdown period, continuity of essential activity bonuses to DC employees and additional hygiene costs.

Litigation costs

As of June 30, 2019, litigation costs of 2.0m consisted mainly in tax risks over property tax.

As of June 30, 2020, litigation expense of €3.0 million consisted mainly of €2.3 million in tax risk on local taxes for our distribution centers as well as €0.7 million of litigation with suppliers related to customer indemnification.

Impairment and disposal of assets

As of June 30, 2019, €0.8m of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount.

As of June 30, 2020, €1.1m of impairment of software amount is mainly related to our bi-annual review of impairment indicators of Intangible assets.

- ***Net financial income (expense)***

Financial income and expenses, net consist primarily of our interest expense on our borrowings and costs we incur related to the sales of receivables. Customers can pay 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 Cnova and Banque Casino, Cnova fully transfers the credit risk of the instalments related to the instalment payment program in France to Banque Casino.

Net financial expense increased by €1.2 million, or 4.9%, from €24.0 million in the 1st semester 2019 to €25.2 million in the 1st semester 2020, reflecting the business growth.

- ***Income tax gain (expense)***

Income tax result increased from a tax gain of €0.1 million in the 1st semester 2019 to a tax profit of €1.9 million in the 1st semester 2020. The change in taxes is mainly related to additional €5.5 million deferred tax assets recognized in connection with the obtention of the final tax ruling related to the transfer of losses from Cdiscount to C-Logistics.

Cash-flows and working capital

Our principal sources of liquidity have traditionally consisted of cash flows from operating activities, loans or cash received from related parties and, to a lesser extent, capital increases and proceeds obtained from short- and long-term loans and financings from third-party financial institutions. Notes 22 and 24 to our consolidated financial statements, included in our 2019 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, 2020	June 30, 2019
Net cash from/(used in) continuing operating activities	**(75.4)**	**(84.1)**
Net cash from/(used in) discontinued operating activities	(1.9)	(1.0)
Net cash from/(used in) continuing investing activities	**(42.7)**	**(36.7)**
Net cash from/(used in) discontinued investing activities	-	-
Net cash from/(used in) continuing financing activities	**18.1**	**163.7**
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	**(100.0)**	**42.9**

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. This effect is also impacting negatively our last six months cash flow and working capital requirements at the end of June of each year.

We had net cash and cash equivalents[3] of €69.2 million and €(61.3) million as of June 30, 2019 and 2020, respectively. The decrease in our net cash and cash equivalents by €130.5 million represents our net cash flow over the last twelve months. Despite the improvement in net cash from continuing operating, net cash and cash equivalents were negatively impacted by €140.5 million decrease in changes in proceeds from loans received . We believe that 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 €665.7 million and €478.6 million as of December 31, 2019 and June 30, 2020, respectively.

Our net inventories of products amounted to €328.6 million and €321.9 million as of December 31, 2019 and June 30, 2020, respectively. Our inventory balances should gradually decrease over time thanks to the decreasing GMV share of the marketplace and product mix evolution towards recurring products with higher rotation.

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

Cash used in operating activities in the 1st semester 2020 was €(75.4) million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €181.4 million deterioration in trade payables. This decrease in trade payables relates to the seasonality of the business as mentioned above. Change in working capital was also positively impacted by €6.7 million decrease in inventories of products driven by assortment rationalization initiatives and product mix evolution towards recurring products with higher rotation, as well as a €34.7 million decrease in trade receivables.

Cash from operating activities in the 1st semester 2019 was €(84.1) million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €158.5 million deterioration in trade payables. This decrease in trade payables relates to the seasonality of the business as mentioned above. Change in working capital was

[3] *Net of bank overdrafts (of €70.1m as of 30/06/2020 and €9.2m as of 30/06/2019)*

also positively impacted by €7.1 million decrease in inventories of products driven by assortment rationalization initiatives and by a €80.9 million decrease in trade receivables.

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

Cash used in continuing investing activities was €42.7 million in the 1st semester 2020 and was related for €37.5 million to net acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in the implementation of the switch toward a fully integrated platform model, monetizing our client, suppliers, IT and logistics assets.

Cash used in continuing investing activities was €36.7 million in the 1st semester 2019 and was related for €34.4 million to net acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in the implementation of the switch toward a fully integrated platform model, monetizing our client, suppliers, IT and logistics assets.

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

Cash from financing activities was €18.1 million in the 1st semester 2020 and was primarily attributable to €62.9 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €22.2 million of interest paid, €15.9 million of repayments and interests paid on lease liabilities and €6.8 million of repayments of financial debt.

Cash from financing activities was €163.7 million in the 1st semester 2019 and was primarily attributable to €203.4 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €19.2 million of interest paid, €14.0 million of repayments and interests paid on lease liabilities and €7.4 million of repayments of financial debt.

Financial position

€ million	June 30, 2020	June 30, 2019
Free cash flows before interest (last twelve months)	**36.0**	**(8.1)**
Free cash flows before interest (last six months)	**(129.7)**	**(118.5)**
Current net financial debt	**(373.7)**	**(355.6)**
Less net non-current financial debt	**(0.7)**	**(2.4)**
Net financial debt	**(374.4)**	**(358.0)**
Group equity	**(273.1)**	**(159.6)**

♦ *Free cash flow before interest*

Considering IFRS 16 restatement, free cash flows before interest of the last twelve months were €(8.1) million at June 30, 2019 compared to €68.0 million at June 30, 2020.

This year-on-year change is primarily due to an increase of EBITDA but also relies on a positive change in working capital. Over the last twelve months, Cnova reached a significant positive EBITDA of €111.6 million (+€51.7 million vs. 2019) and had other cash operating expenses of €(18)m including exceptional Covid related costs for €(6.0) million in the 1st semester of 2020.

♦ *Net financial debt*

Current net financial debt went from €(355.6) million at June 30, 2019 to €(373.7) million at June 30, 2020. This change of €(18.1) million, in addition to the last twelve months free cash flow before interests of €68.0 million mentioned above is primarily due to the financial interests paid of €(49.5) million and the interest paid and debt repayment on lease liability for €(32.1) million.

- ***Group equity***

Group equity went from €(250.8) million at December 31, 2019 to €(273.1) million at June 30, 2020. This change of €(22.3) million is primarily due to the consolidated comprehensive loss for the 1st semester 2020 of €20.8 million.

Research and Development

Our research and development strategy is centred on building an open platform model for Cdiscount monetizing our client, suppliers, IT and logistics assets through B2C products and services as well as B2B revenues. In addition, we remain committed to enhance 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 incurred approximately €45.2 million and €51.9 million of research and development expenses in 1st semester 2019 and 1st semester 2020, respectively.

2. RISK FACTORS

Section 3 “Risk Management and Risk Factors” of the 2019 annual report describes the risk factors that might be or become applicable to the Company. We refer to this Section 3 of the 2019 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 June 26, 2020, 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.

Name	Date of initial appointment	Current term	Nationality	Year of birth
Non-executive directors				
Mr. Jean-Yves Haagen, Chairman	November 7, 2017	2018-2021	French	1964
Mrs. Josseline de Clausade	June 26, 2020	2020-2023	French	1954
Mr. Silvio J. Genesini (1)(2)	December 8, 2014	2018-2021	Brazilian	1952
Mr. Eleazar de Carvalho Filho	October 31, 2014	2019-2022	Brazilian	1957
Mr. Ronaldo Iabrudi dos Santos Pereira, Vice Chairman (2)	July 24, 2014	2020-2023	Brazilian	1955
Mr. Bernard Oppetit (1)	November 19, 2014	2019-2022	French	1956
Mr. Arnaud Strasser (2)	May 30, 2014	2020-2023	French	1966
Mr. Christophe José Hidalgo	January 13, 2017	2020-2023	French	1967
Executive director				
Mr. Emmanuel Grenier-CEO	June 29, 2016	2019-2022	French	1971

(1) Member of the Audit Committee.

(2) Member of the Nomination and Remuneration Committee.

3.2 RELATED PARTY TRANSACTIONS

In the 2019 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, 2020, the related party transactions completed after (and consequently not disclosed in) our 2020 annual report are summarized in Note 13 to the Unaudited Interim Consolidated Financial Statements as included in this report.

4. AUDITOR'S REPORT

Cnova N.V.

Period from January 1 to June 30, 2020

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, 2020, 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 presentation of this Interim Financial Information in accordance with IAS 34 Interim Financial Reporting. This Interim Financial Information was approved by the Board of Directors), on July 22, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19. 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 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 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Bordeaux, France, July 23, 2020

The Auditor
ERNST & YOUNG Audit

Laurent Chapoulaud

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2020

€ thousands	Notes	June 30, 2019	June 30, 2020
Net sales	6	995,821	1,049,119
Cost of sales	6	(821,362)	(836,399)
Gross Margin		**174,459**	**212,720**
Operating expenses			
Fulfillment	7	(81,638)	(87,728)
Marketing	7	(39,012)	(38,743)
Technology and content	7	(45,222)	(51,899)
General and administrative	7	(22,477)	(24,842)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs		**(13,890)**	**9,509**
Strategic and restructuring cost	8	(1,614)	(5,442)
Litigation costs	8	(1,994)	(2,956)
Change in scope of consolidation	8	-	(184)
Impairment and disposal of assets	8	(792)	(1,098)
Other non-recurring costs	8	-	(352)
Operating profit/(loss)		**(18,290)**	**(523)**
Financial income	9	95	134
Financial expense	9	(24,115)	(25,320)
Profit/(loss) before tax		**(42,310)**	**(25,710)**
Income tax gain/(expense)	10	143	1,942
Net profit (loss) from continuing activities		**(42,167)**	**(23,768)**
Net profit (loss) from discontinuing activities		(338)	108
Net profit/(loss) for the period		**(42,505)**	**(23,660)**
Attributable to Cnova equity owners		(42,871)	(25,163)
Attributable to non-controlling interests		366	1,503
Attributable to the owners continuing		(42,533)	(25,271)
Attributable to non-controlling interests continuing		366	1,503
Attributable to the owners discontinuing		(338)	108
Attributable to non-controlling interests discontinuing		-	-

Earnings (losses) per share (refer to Note 3)

In €	June 30, 2019	June 30, 2020
Basic earnings per share	(0.12)	(0.07)
Basic earnings per share – continuing operations	(0.12)	(0.07)
Diluted earnings per share	(0.12)	(0.07)
Diluted earnings per share – continuing operations	(0.12)	(0.07)

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, 2019 AND 2020

€ thousands	June 30, 2019	June 30, 2020
Net income/(loss) for the year	**(42,505)**	**(23,660)**
Items that may subsequently be recycled to profit or loss		
Foreign currency translation	*1*	*(1)*
Items that may not be recycled to profit or loss		
Actuarial gains and losses	*(7)*	*1,107*
Transactions with minority	-	-
Non-controlling interests	-	*45*
Other comprehensive income/(loss) for the year, net of tax	**(6)**	**1,151**
Total comprehensive income/(loss) for the year, net of tax	**(42,511)**	**(22,509)**
Attributable to Cnova equity owners	*(42,877)*	*(24,057)*
Attributable to non-controlling interests	*366*	*1,548*

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, 2019 AND JUNE 30, 2020

(€ thousands)	December 31, 2019	June 30, 2020
ASSETS		
Cash and cash equivalents	78,349	8,815
Trade receivables, net	163,771	137,823
Inventories, net	328,556	321,865
Current income tax assets	4,137	3,513
Other current assets, net	150,526	155,682
Total current assets	**725,339**	**627,698**
Other non-current assets, net	14,576	11,413
Deferred tax assets	41,652	46,384
Right of use, net	174,313	156,859
Property and equipment, net	32,805	33,955
Intangible assets, net	179,378	192,705
Goodwill	122,955	122,955
Total non-current assets	**565,680**	**564,271**
TOTAL ASSETS	**1,291,018**	**1,191,969**
EQUITY AND LIABILITIES		
Current provisions	9,271	3,556
Trade payables	665,691	478,579
Current financial debt	308,107	395,610
Current lease liability	31,260	31,711
Current tax liabilities	55,020	90,815
Other current liabilities	216,490	224,318
Total current liabilities	**1,285,839**	**1,224,589**
Non-current provisions	15,950	16,703
Non-current financial debt	2,428	720
Non-current lease liability	165,593	149,666
Other non-current liabilities	2,540	2,513
Deferred tax liabilities	1,781	1,721
Total non-current liabilities	**188,292**	**171,323**
Share capital	17,225	17,225
Reserves, retained earnings and additional paid-in capital	(267,993)	(290,372)
Equity attributable to equity holders of Cnova	**(250,768)**	**(273,147)**
Non-controlling interests	**67,665**	**69,205**
Total equity	**(183,113)**	**(203,943)**
TOTAL EQUITY AND LIABILITIES	**1,291,018**	**1,191,969**

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, 2019 AND 2020

€ thousands	June 30, 2019	June 30, 2020
Net profit (loss) attributable to equity holders of the Parent	(42,533)	(25,271)
Net profit (loss) attributable to non-controlling interests	366	1,503
Net profit (loss) continuing for the year	**(42,167)**	**(23,768)**
Depreciation and amortization expense	32,641	39,158
Expenses on share-based payment plans	-	-
(Gains) losses on disposal of non-current assets and impairment of assets	57	1,276
Other non-cash items	(274)	(41)
Financial expense, net	24,115	25,187
Current and deferred tax (gains) expenses	(143)	(1,942)
Income tax paid	(1,791)	(1,272)
Change in operating working capital	(96,528)	(113,945)
Inventories of products	*7,074*	*6,689*
Trade payables	*(158,508)*	*(181,426)*
Trade receivables	*80,894*	*34,664*
Other	*(25,987)*	*26,128*
Net cash from/(used in) continuing operating activities	**(84,089)**	**(75,363)**
Net cash from/(used in) discontinued operating activities	**(1,036)**	**(1,948)**
Purchase of property, equipment & intangible assets	(38,047)	(43,072)
Purchase of non-current financial assets	(2,379)	(57)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	3,661	5,597
Movement of perimeter, net of cash acquired	-	-
Investments in entities	-	-
Receipt (payment) of loans granted	42	(5,135)
Net cash from/(used in) continuing investing activities	**(36,723)**	**(42,667)**
Net cash from/(used in) discontinued investing activities	**-**	**-**
Transaction with owners of non-controlling interests	(2,442)	-
Proceeds from loans received	203,394	62,942
Additions to financial debt	3,276	-
Repayments of financial debt	(7,365)	(6,763)
Repayments of lease liability	(11,257)	(11,893)
Interest paid on lease liability	(2,698)	(3,974)
Interest paid, net	(19,221)	(22,253)
Net cash from/(used in) continuing financing activities	**163,687**	**18,059**
Net cash from/(used in) discontinued financing activities	**-**	**-**
Effect of discontinued changes in foreign currency translation adjustments	1	1
Change in cash and cash equivalents from continuing activities	**42,875**	**(99,971)**
Change in cash and cash equivalents from discontinued activities	**(1,036)**	**(1,947)**
Cash and cash equivalents, net, at beginning of period	27,334	40,614
Cash and cash equivalents, net, at end of period	**69,173**	**(61,304)**

€ thousands	June 30, 2019	June 30, 2020
Cash and cash equivalents	78,349	8,815
Bank overdrafts	(9,176)	(70,119)
Cash and cash equivalent, net	**69,173**	**(61,304)**

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, 2019 AND 2020

€ thousands (before appropriation of profit)	**Number of shares**	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Foreign currency translation**	**Actuarial gains and losses**	**Transaction with minority**	**Equity holders of the Parent**	**Non-controlling interests**	**Total consolidated equity**
As of December 31, 2018	**345,210,398**	**17,225**	**448,649**	**(647,300)**	**(59)**	**(2,046)**	**-**	**(183,531)**	**(44)**	**(183,575)**
Other comprehensive income/(loss) for the period					1	(7)		(6)	-	(6)
Net profit/(loss) for the period				(42,871)				(42,871)	366	(42,505)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(42,871)**	**1**	**(7)**	**-**	**(42,877)**	**366**	**(42,511)**
CCV Integration									66,776	66,776
Other movements				-		(321)		(321)	6	(315)
As of June 30, 2019	**345,210,398**	**17,225**	**448,649**	**(689,096)**	**(58)**	**(2,374)**	**-**	**(226,730)**	**67,104**	**(159,626)**
Other comprehensive income/(loss) for the period	-	-	-	-	(2)	(1,101)		(1,103)	(44)	(1,147)
Net profit/(loss) for the year	-	-	-	(23,238)	-	-		(23,238)	493	(22,745)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(23,238)**	**(2)**	**(1,101)**	**-**	**(24,341)**	**448**	**(23,893)**
CCV / Phoenix Integration									97	97
Other movements						303		303	5	308
As of December 31, 2019	**345,210,398**	**17,225**	**448,649**	**((713,409)**	**(61)**	**(3,172)**	**-**	**(250,768)**	**67,655**	**(183,113)**
Other comprehensive income/(loss) for the period					(1)	1,107		1,106	45	1,151
Net profit/(loss) for the year				(25,163)				(25,163)	1,503	(23,660)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(25,163)**	**(1)**	**1,107**	**-**	**(24,057)**	**1,548**	**(22,509)**
Other movements				-		(32)	**1,708**	1,676	3	1,679
As of June 30, 2020	**345,210,398**	**17,225**	**448,649**	**(738,572)**	**(61)**	**(2,097)**	**1,708**	**(273,149)**	**69,205**	**(203,943)**

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” or the “Company”) is a public limited liability company incorporated and domiciled in Netherlands. It is listed on Euronext Paris since January 23, 2015.

The Group consists of leading e-Commerce operations in France and Western Europe with headquarters in the Netherlands.

Note 1 Basis of preparation and changes to Cnova accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2020 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, 2018 and 2019 available on www.cnova.com website.

These financial statements are also prepared on a going-concern basis despite the negative equity of €204 million at June 30, 2020. 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 the next 12 months. At June 30, 2020 unused credit lines amount to €229 million.

Cnova is key for the e-commerce strategy of Casino Group. The company’s strong GMV growth (GMV of €1,754 million in H1 2019 and €1,946 in H1 2020) market share gains and improvement in financial performance 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, 2019.

On December 16, 2019, the IFRS IC published its decision in response to a request for clarification on the following matters:

- determination of the enforceable period of an automatically renewable lease, or of an indefinite term lease, that may be terminated by one of the parties subject to a specified notice period. The issue to be clarified concerned the notion of penalties on which the definition of the enforceable period is based;
- the relationship between the useful life of non-removable leasehold improvements and the lease term under IFRS 16.

The IFRS IC:

- concluded that the economics of a lease (rather than just the legal form) should be taken into account to determine the enforceable period of a lease;
- provided clarification on the relationship between the lease term under IFRS 16 and the useful life of non-removable leasehold improvements.

CNova did not apply this decision when preparing its Consolidated Financial Statements at December 31, 2019 and Interim Consolidated financial statements et June 30, 2020, since it is currently analysing the potential impacts of the guidance.

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, 2019.

The Group applied for the first time the following amendments to the standards, which are effective for annual periods beginning on or after 1 January 2020. The application of these amendments had no impact on the Consolidated Financial Statements:

- Amendments to IFRS 3 – Definition of a Business
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

In May 2020, the International Accounting Standards Board (Board) issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. This amendment has not yet been endorsed by the European Union. Cnova did not receive any rent concessions as a direct consequence of the covid-19.

Note 2 Significant events of the period

The 2019–20 coronavirus pandemic is an ongoing outbreak of coronavirus disease (COVID-19). The outbreak was first identified in China in December 2019. The disease then expanded worldwide in the first quarter of 2020 and continues to expand to date.

In France, the main place of activity of Cnova, physical stores have been shut down with few exceptions (grocery and supermarkets, etc) and containment measures were implemented for the population from March 17 to May 11, 2020.

Cnova has implemented protective measures for its employees (home office, regular cleaning and disinfection of warehouses, social distancing and controls of procedures) and has continued to operate during the containment period. As of today Cnova remains fully operational and maintains high safety measures:

- Headquarter offices are gradually reopening, with only a fraction of staff being present at the same time and restricted access to shared areas
- All 10 warehouses are fully operational with still strict sanitary measures of distancing, disinfecting and protecting

Regarding business activity, Cnova experienced a strong GMV growth along with a solid margin increase, driven by great marketplace performances and an improved direct sales business model, despite low travel revenues.

- During the lockdown period, Cnova experienced a very strong (20+%) product GMV growth compared to prior year with favourable product mix (MKP share and products) and significant increase in number of items sold (close to +40%)
- After the end of the lockdown, Cnova continues to maintain a strong product GMV growth (close to double digit) despite an unfavourable comparable period with summer sales starting in June 24 in 2019 vs July 15 in 2020

Regarding logistics,

- During the lockdown period, Cnova's warehouse were fully operational with strict sanitary measures but most of our pickup points were closed and carrier's capacity were reduced. This has resulted in a near 100% home delivery share and increased use of expedited shipping
- After the end of the lockdown, pick up points have gradually reopened and most of the pickup points are now available, but the home delivery share remains higher than before lockdown as a direct consequence of Cnova's extended free home delivery policy. Besides, the carrier's capacity and therefore delivery time are going back to normal.

On the cost side Cnova has incurred a significant number of costs related to the Covid 19. These costs were accounted as per Cnova accounting policies with no separate presentation in the consolidated in statement and can be summarized as follows:

€ thousands	**Covid Costs**
Cost of sales	(4,524)
Operating expenses	(1,368)
Operating loss before other costs	(5,892)
Other operating costs	(3,959)
Operating loss	**(9,941)**
Covid Costs	**(9,941)**

Cost of sales includes additional shipping costs during the lockdown period mainly related to the closure of pick up points and credit notes related to supplier penalties that were cancelled due to specific French regulation during health crisis period.

Operating expenses mainly includes costs to adapt our processes to the lockdown period.

Other operating costs mainly includes additional hygiene costs for our distribution centers, conversion of orders from regular shipping to express shipping due to carriers limitation during the lockdown period and bonuses to warehouse employees for the continuity of essential operations during the lockdown period.

Note 3 Earnings per share

Earnings per share for the half-year ended June 30, 2020 is €(0.07), which splits in €(0.07) for continuing operations and €0 for discontinued activities.

€ thousands	June 30, 2019	June 30, 2020
Losses (gains) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution	(42,871)	(25,163)

	June 30, 2019	June 30, 2020
Weighted average number of ordinary shares for basic EPS including DSU	**345,210,398**	**345,210,398**
Dilutive instruments	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**345,210,398**	**345,210,398**

Note 4 Business combinations, equity transactions and discontinued operations

From January 1, 2020 to June 30, 2020, Cnova did not enter into any business combination or equity transaction. The company remeasured the put option related to Neosys based on updated financial information, this has resulted in the reduction of the non-current financial debt by €1.7m with a corresponding increase in equity.

On January 1, 2019 Cdiscount has made an asset contribution of its logistics and transport business to a newly formed entity C-Logistics. On January 31, 2019, Easydis (a Casino group subsidiary) realized a share contribution of 99,9% of C Chez vous ("CCV") to C-Logistics.

CCV provides logistics services to Cdiscount, including delivery in metropolitan France (excluding Corsica and related islands) to Cdiscount customers of products purchased on our sites. CCV also provides CCV stores as Click and Collect locations for customers purchasing heavy or large products on our sites.

This transaction resulted in Easydis holding 16% of the share capital of C-Logistics. This percentage was determined based on valuations of C-Logistics and CCV performed by an external appraiser.

The fair values of the identifiable assets and liabilities of CCV as at the date of acquisition were:

€ thousands	**Fair value recognized on acquisition**
Assets	
Intangible assets	590
Tangible assets	128
Other non current assets	202
Inventories	119
Trade receivable	11,990
Other current assets	1,671
	14,700
Liabilities	
Trade payables	(5,214)
Dividends to be paid	(2,422)
Other current liabilities	(1,522)
Other Non-current liability	(299)
	(9,457)
Total identifiable net assets at fair value	**5,243**
Goodwill arising on acquisition	61,559
Purchase consideration transferred	**66,802**

The goodwill of €61,6 million comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the sole operating segment of Cnova. None of the goodwill recognized is expected to be deductible for income tax purposes.

Note 5 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). In 2020 the summer sale period in France was postponed to mid-July following Covid 19 outbreak.

Note 6 Breakdown of sales and cost of sales

€ thousands	**June 30, 2019**	**June 30, 2020**
Product sales.	875,074	913,421
Marketplace sales (commissions)	70,343	77,110
Other revenues	50,404	58,588
Net sales	**995,821**	**1,049,119**

Cost of sales

€ thousands	**June 30, 2019**	**June 30, 2020**
Purchases and shipping costs	(814,786)	(832,971)
Change in inventories	(6,576)	(3,428)
Cost of sales.	**(821,362)**	**(836,399)**

Note 7 Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2019
Employee benefits expense	(17,649)	(5,109)	(17,387)	(9,832)	(49,977)
Other expenses	(50,852)	(33,776)	(10,455)	(10,646)	(105,729)
Depreciation and amortization expense	(13,137)	(127)	(17,380)	(1,999)	(32,642)
Total as of June 30, 2019	**(81,638)**	**(39,012)**	**(45,222)**	**(22,477)**	**(188,349)**

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2020
Employee benefits expense	(19,812)	(6,483)	(18,614)	(11,544)	(56,453)
Other expenses	(52,654)	(32,102)	(11,816)	(11,029)	(107,601)
Depreciation and amortization expense	(15,263)	(157)	(21,469)	(2,269)	(39,158)
Total as of June 30, 2020	**(87,728)**	**(38,743)**	**(51,899)**	**(24,842)**	**(203,211)**

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

€ thousands	June 30, 2019	June 30, 2020
Operation of fulfillment centers	(31,302)	(33,470)
Payment processing	(5,457)	(5,892)
Customer service centers	(12,944)	(10,200)
Other fulfillment costs	(1,149)	(3,091)
Fulfillment costs	**(50,852)**	**(52,654)**
Online and offline marketing costs	(32,419)	(30,970)
Other marketing costs	(1,357)	(1,132)
Marketing costs	**(33,776)**	**(32,102)**
Technology infrastructure	(9,600)	(10,220)
Other technology and content costs	(855)	(1,595)
Technology and content costs	**(10,455)**	**(11,816)**

Note 8 Other operating costs

Strategic and restructuring costs

As of June 30, 2019, strategic and restructuring expenses were €1.6m, out of which €0.8m of strategic fees and €0.3m related to the implementation of the strategic plan.

As of June 30, 2020, we had €5.4 million on restructuring and strategic costs of which €1.2 million of head office restructuring and €3.4 million related to non-recurring fulfilment costs. These non-recurring fulfillment costs are related to Covid-19 and includes delivery partners limitations during the lockdown period, continuity of essential activity bonuses to distribution center employees and additional hygiene costs.

Litigation costs

As of June 30, 2019, litigation costs of €2,0 million consists mainly in tax risks over property tax.

As of June 30, 2020, litigation costs of €3,0 million consists mainly in tax risks over property tax.

Impairment and disposal of assets

As of June 30, 2019, €0.8 million of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount.

As of June 30, 2020, €1.1 million of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount.

Note 9 Financial income and expense

€ thousands	June 30, 2019	June 30, 2020
Revenue from cash and cash equivalents	-	-
Foreign exchange gain	36	57
Proceeds from sale of investments	-	-
Other financial income	59	77
Total finance income	**95**	**134**
Interest expense on borrowings (including cash pool balance with Casino)	(1,186)	(1,789)
Interest expense on lease liability	(2,698)	(3,974)
Foreign exchange loss	(55)	(108)
Costs related to sales of receivables	(19,807)	(18,951)
Book value of investments	-	-
Other financial expense	(369)	(499)
Total finance expense	**(24,115)**	**(25,320)**

Note 10 Taxes

Income tax expense

Analysis of income tax expense:

€ thousands	June 30, 2019	June 30, 2020
Current taxes	(957)	(1,170)
Other taxes on income (i)	(1,336)	(1,774)
Deferred taxes	2,436	4,886
Total income tax profit (loss) recognized in the income statement	**143**	**1,942**
Tax on other income recognized in "Other comprehensive income"	-	-
Tax on other income recognized in "Total comprehensive income"	**143**	**1,942**

(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, 2019	June 30, 2020
Profit (loss) before tax and share of profits of associates	**(42,310)**	**(25,710)**
Income tax rate (i)	**25.00%**	**25,00%**
Income tax benefit (expense)	**10,578**	**6,427**
Effect of tax rates in foreign entities (i)	2,847	929
Derecongition of deferred tax assets	-	-
Unrecognized deferred taxed assets arising from tax loss of the period	(15,441)	(9,551)
Non-deductible expenses	(87)	(143)
CVAE net of income tax	(908)	(1,261)
Tax credits	117	-
Non-taxation of CICE (ii)	-	-
Share based payments	-	-
Deferred tax assets arising from tax loss of previous period (iii)	1,450	5,577
Deferred tax assets arising from temporary differnces of previous period	1,654	-
Other	(66)	(36)
Actual income tax credit / (expense)	**143**	**1,942**

(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.
(iii) On July 8th 2020 C-Logistics received the final ruling from the French Tax Authority concerning the transfer of NOLs from Cdiscount to C-Logistics. As a consequence, an additional deferred tax asset has been recognized for €5.5m.

Note 11 Goodwill

As of June 30, 2020, indicators of potential impairment for goodwill and intangible assets with indefinite lives have been considered and no impairment was deemed necessary.

Note 12 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.

On August 8, 2016, Via Varejo S.A ("Via Varejo"), Cnova Comércio Eletrônico S.A. ("Cnova BR") (Via Varejo and Cnova BR jointly referred to as "Via Varejo") and Cnova N.V ("Cnova") entered into the Reorganization Agreement, aiming to combine the e-commerce business operated by Cnova BR with Via Varejo's brick and mortar activities. The Reorganization Agreement contained, inter alia, the customary indemnification clauses. In September 2019 , Via Varejo notified Cnova that it was of the opinion that an indemnification obligation pursuant to the Reorganization Agreement had been triggered for an undocumented amount of circa 65 million BR$, concerning labor and consumer claims that allegedly were of Cnova's responsibility and generated indemnifiable losses. Following this notification, Cnova and Via Varejo corresponded and exchanged information with the purpose to analyze the existence and, if present, extent of the alleged indemnification obligation. This analysis is still ongoing at this moment in time. Given the lengthy analysis in course and the potential discussions resulting therefrom, Cnova is not able to determine the extent of Cnova's risk and/or liability, if any. On July 20, 2020 Cnova received notice that Via Varejo initiated the arbitration procedure. To date no additional information has been provided as part of the arbitration process and therefore Cnova is still not able to determine the extent of Cnova's risk and/or liability, if any.

Note 13 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):

	2019		June 30, 2020	
€ thousands	**Transactions**	**Balance**	**Transactions**	**Balance**
Loans due from Parent Companies	8,292	9,116	4,767	13,883
Receivables	(16,904)	68,796	(8,503)	60,293
Loan due to Parent Companies	53,795	283,934	41,113	325,047
Payables	3,296	30,474	24,653	55,127
Expense	142,365	—	113,006	—
Income	215,656	—	138,470	—

Other related party transactions

On June 12, 2020, the Current Account Agreement with Casino Finance was amended. As per the amendment the termination date is now July 31, 2026 or such other date as mutually agreed upon in writing between parties.

Note 14 Subsequent events

On July 8, 2020, we have received the final ruling from the French Tax Authority concerning the transfer of NOLs from Cdiscount to C-Logistics. As a consequence, an additional deferred tax asset has been recognized for €5.5m in the first semester of 2020. (Note 11)

On July 20, 2020 Cnova received notice that Via Varejo initiated the arbitration procedure with regards to the Reorganization Agreement (Note 12)

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, 2020;

- 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 2020 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 2020 and is facing at June 30, 2020.

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)

Gautier Bailly (CFO)