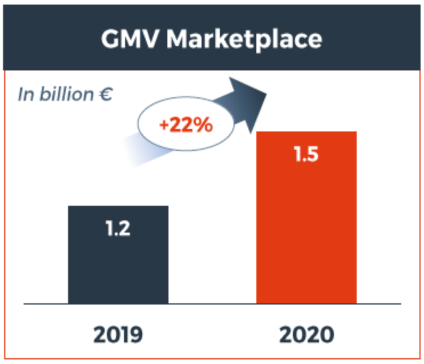
ANNUAL REPORT AND FINANCIAL STATEMENTS OF CNOVA N.V. FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

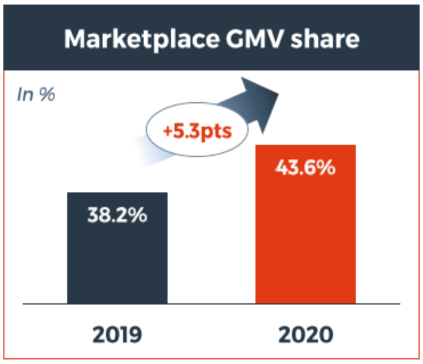
IN ACCORDANCE WITH BOOK 2, TITLE 9 OF THE DUTCH CIVIL CODE

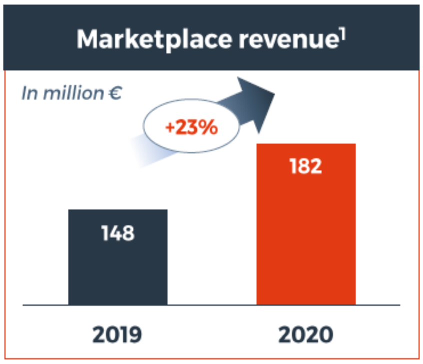
Table of contents

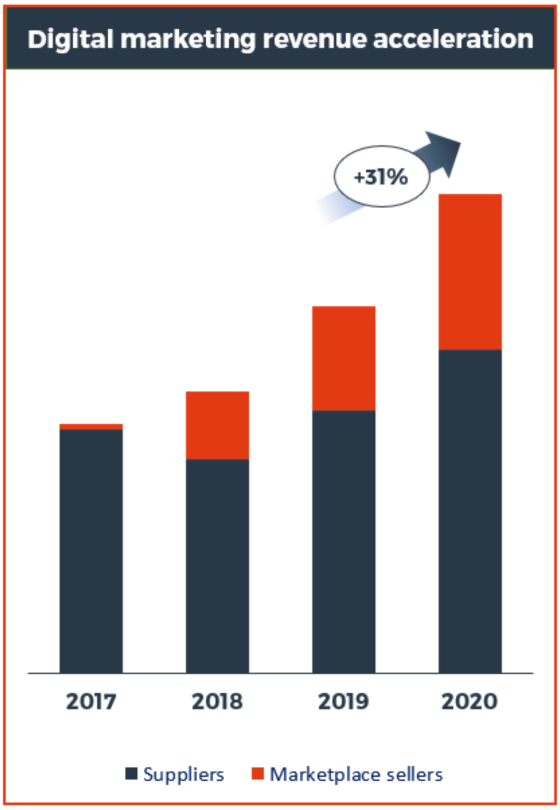
1. DIRECTORS REPORT

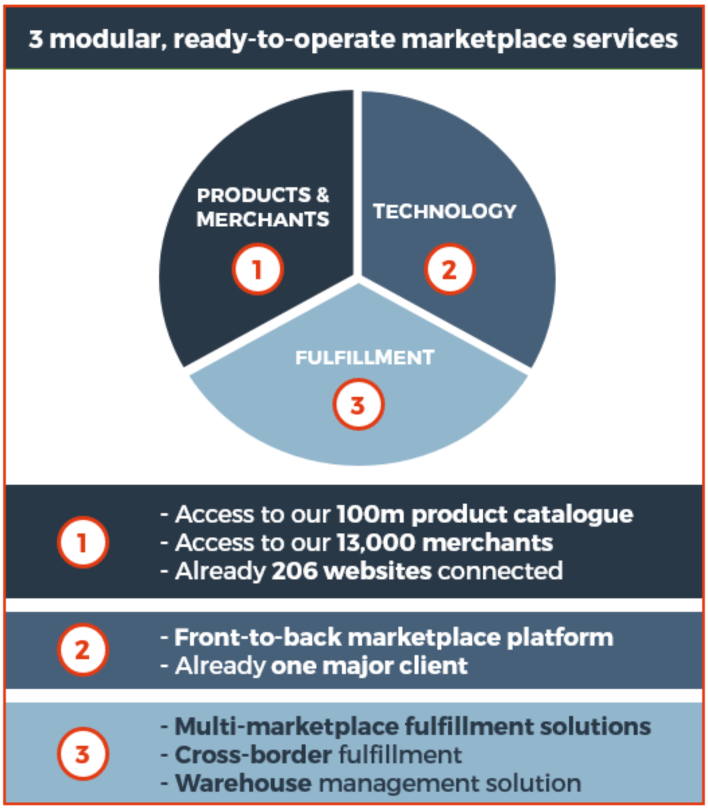
1.1 KEY FIGURES

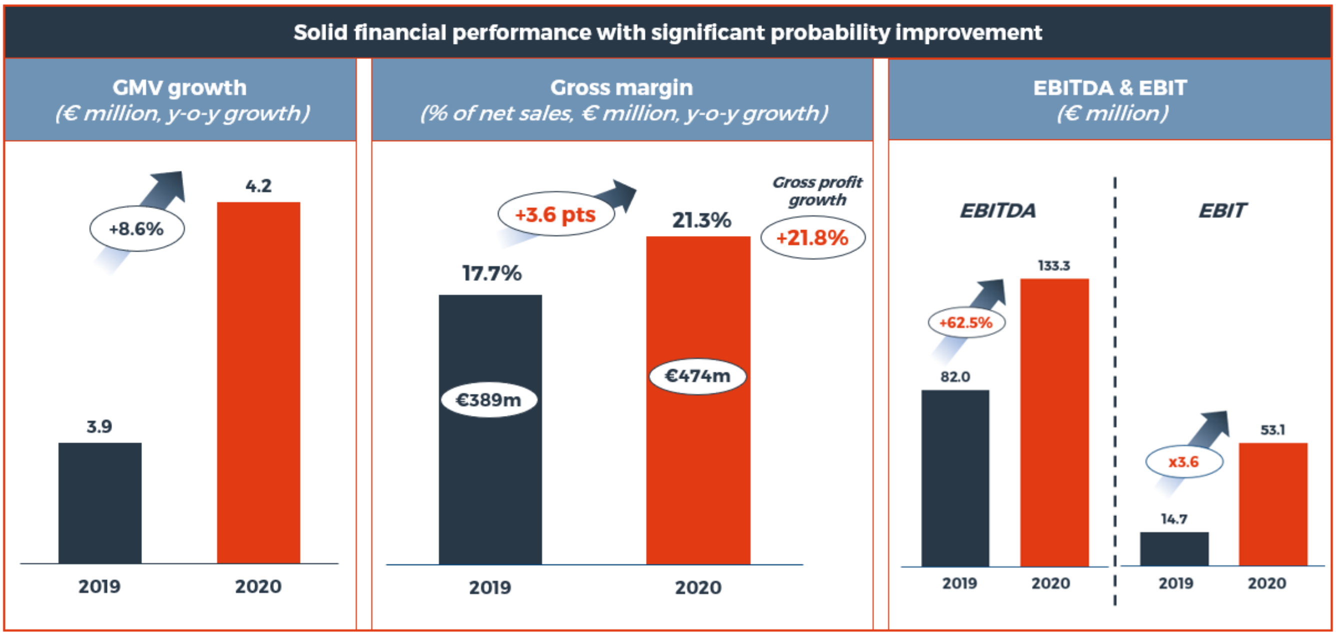












1.2 FINANCIAL HIGHLIGHTS

The following tables set forth our selected consolidated financial data. The consolidated income statement data for the years ended December 2019 and 2020 as well as the consolidated balance sheet data as of December 31, 2019 and 2020 are derived from our audited consolidated financial statements included in "Consolidated Financial Statements" section of this annual report.

The selected historical consolidated financial information should be read in conjunction with section “2.1 Financial Review,” our financial statements and the accompanying notes included elsewhere in this annual report. Our financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and also as approved by the European Union (“EU”) and have been audited by Ernst & Young Accountants LLP, an independent registered public audit firm.

Our results of operations in any period may not necessarily be indicative of the results that may be expected in future periods. See section “2 Risk Management and Risk Factors” of this annual report.

Key financial figures *€ in millions*	*Full year*		*Change*	
	2020	**2019** [4]	*Reported*	*Organic*
Total GMV	**4,207.4**	3,899.2	*+7.9%*	*+8.6%*
Total Net sales	**2,224.8**	2,194.2	*+1.4%*	*+2.2%*
Gross profit	**474.0**	389.1	*+21.8%*	
As a % of Net Sales	*21.3%*	*17.7%*	*+3.6 pts*	
SG&A[1]	**(420.9)**	(374.4)	+12.4%	
Operating EBIT	**53.1**	14.7	*+38.4*	
EBITDA[2]	**133.3**	82.0	*+51.3*	
Net profit/(loss) (from continued operations)	**(15.7)**	(61.6)	*+45.9*	
Adjusted EPS € (from continued operations)[3]	**(0.02)**	(0.14)	*+0.12*	
FCF before interest (continued operations)	**72.6**	39.6	*+83.1%*	

1 SG&A: selling, general and administrative expenses
2 EBITDA: operating profit/(loss) from ordinary activities (EBIT) adjusted for operating depreciation & amortization and share based payment expenses.
3 Adjusted EPS: earnings per share, excluding non-recurring items
4 Represented to consider Haltae (Stootie operations legal entity) financials reclassified in discontinued operations

1.3 SIGNIFICANT EVENTS OF THE YEAR

Enhanced customer experience and record high NPS[1]

- **Delivery times** improved by 0.3 day this year, thanks to the increase in express delivery, the *Cdiscount Fulfilment* and *Cdiscount Express seller* assortment enlargement, as well as improved marketplace quality control.
- Cnova also carried on its "say yes to the customer" policy, with now **80% positive** and immediate answers to *Cdiscount A Volonté* (CDAV) customers claims and proactive preventive actions for every abnormal event happening during the customer journey. The goal is to reach 100% in 2021.
- It led to a significant **+3 pts NPS improvement** over the year, pursuing Cnova's constant efforts over the past years (+8 pts over 3 years).

Marketplace of products growing double-digit, driving up revenues and profitability

- Marketplace activity accelerated during the 4th quarter, gaining **+7.5 points** of GMV share to reach **45.0%**, thanks to a strong +**34% GMV growth**. On a full year basis, it improved by **+5.3 points**, to **43.6%**.
- In addition to volume growth, revenue generation grew even faster: **+40%** in the 4th quarter and **+23%** on a full year basis, reaching **€182m**.
- **Expansion of express delivery eligible marketplace SKUs**[2] is a key driver of growth, customer satisfaction and CDAV development and is determinant to support the product mix re-orientation towards recurring products. CDAV eligible SKUs reached **1.5m**, a **+23%** growth thanks to *Cdiscount Fulfilment* and *Cdiscount Express Seller* assortment enlargement.

Product mix evolution towards recurring products building strong loyalty & increased profitability

- Cnova initiated in the 2nd quarter a strategic product mix evolution towards Home, Leisure and Beauty. These categories bring three major advantages in the product mix: higher recurring purchase rates, marketplace share and margins. As a consequence, the product mix evolution aims at generating more loyalty and repurchase on the one hand, and more profitability on the other hand. These categories (Home, Leisure & Beauty) experienced a strong +29% growth in the 4th quarter (+18% on an annual basis).
- To support this product mix evolution, Cnova extended free home delivery from March 2020, now available from €25 basket for non-CDAV customers and €10 for CDAV customers.

Dynamic digital marketing powered by Cdiscount Ads Retail Solution

- **Digital marketing** revenues increased by **+42%** in the 4th quarter compared to last year, and **+31%** on a full year basis, reinforcing our more profitable business model.
- It was supported by Cnova's proprietary solution launched in the 2nd quarter, **Cdiscount Ads Retail Solution (CARS)**, a 100% self-care advertising platform enabling both sellers and suppliers to promote their products and brands. Cnova also kept building complementary digital marketing features to reinforce its offer, such as the launch of Google Shopping campaign management for suppliers and marketplace sellers.

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

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[1] Net Promoter Score
[2] Stock Keeping Unit

- **B2C services** GMV amounted to **€194m**, **up +15%** on a full year basis
- ***Cdiscount Energie*** experienced a solid **+48%** GMV growth this quarter and **+65%** in on a full year basis, supported by a very dynamic recruitment which reached a record-high number in December (**+82%** yoy),
- ***Cdiscount Mobile*** achieved in December its best month in terms of client recruitment and ended the year with a **+62%** increase of customer base.

Fast-expanding international sales

- International GMV **doubled** in 2020 compared to the previous year and brought +1.0 point of Cnova total growth.
- The international platform encompassed **206 directly connected websites** as of end December, **+47** vs 3Q20, **x4** compared to last year, enabling delivery in **27 countries**.

Launch of a turnkey marketplace solution for EMEA retailers and e-merchants

- Built over 2020 and launched in early 2021, Cnova's **turnkey marketplace solution** aims at offering 3 modular and ready-to-operate marketplace services to international retailers and e-merchants:
    - **Products & merchants**: access to our 100m product catalogue and base of 13,000 merchants
    - **Technology**: front-to-back marketplace platform
    - **Fulfilment**: multi-marketplace fulfilment solution, including cross-border shipping and warehouse management solution
- Cnova is the only player on the market to fully handle these 3 assets, at a large scale, thus offering a unique value proposition to address a huge EMEA e-commerce market
    - First major EMEA client signed beginning of 2021

1.4 BUSINESS REVIEW

Key performance indicators	FY2020	FY2019
GMV[1] (€ millions)	4,207.4	3,899.2
Organic GMV growth year-on-year	*+8.6%*	*+9.1%*
Reported GMV growth year-on-year	*+7.9%*	*+7.0%*
Marketplace share[2]	43.6%	38.2%
Net sales *(€ millions)*	2,224.8	2,194.2
Organic net sales growth year-on-year	*2.2%*	*3.5%*
Reported net sales growth year-on-year	*1.4%*	*0.9%*
Traffic *(visits in millions)*	1,169.0	1,021.2
Active customers[3] *(millions)*	10.3	9.2
Orders[4] *(millions)*	30.4	26.6

(1) Gross merchandise volume (GMV) is defined as product sales + other revenues + marketplace business volumes + services GMV + taxes and is calculated based on approved and sent orders.

(2) Marketplace share of GMV of Cdiscount.com in France, calculated on total GMV less businesses not eligible for marketplace (B2B, Travel, Energy, etc.). Marketplace GMV shares have been adjusted to consider coupons and warranties and exclude CDAV subscription fees.

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

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

1.4.1 OUR HISTORY

Cnova N.V. is a Dutch public limited liability company (*naamloze vennootschap*) incorporated on May 30, 2014, under Dutch law. We are registered with the Dutch Trade Register, and our registration number is 60776676. Our registered office is located at Strawinskylaan 3051, 1077 ZX Amsterdam, the Netherlands.

Our principal place of business is located at Cdiscount S.A., 120-126 quai de Bacalan, 33067 Bordeaux, France, for which the telephone number is +33 5 55 71 45 00. Our website address is www.cnova.com. We have included our website address in this annual report solely for information purposes. The information contained on, or that can be accessed through, our website does not constitute a part of this annual report and is not incorporated by reference herein.

Cnova was created in 2014, combining French and Brazilian e-commerce assets of Casino, GPA, Via Varejo and Exito. Cnova was listed under the ticker symbol “CNV” on November 24th, 2014, on NASDAQ Global and on January 23rd, 2015, on Euronext Paris.

Following the 2016 Reorganization, Cnova’s Brazilian activities became wholly owned by Via Varejo, then a GPA subsidiary. As a consequence, Cnova refocused on its French e-commerce business, Cdiscount (see section 1.2 of the 2016 annual report for more details).

In December 2016, Casino simultaneously launched tender offers, one in USA and one in France, to acquire all outstanding ordinary shares of Cnova at a price of $5.50 per share.

In January 2017, Casino and Cnova announced the final results of the tender offers for the ordinary shares of Cnova

N.V. in the United States and France. Following the tender offers, Casino controlled circa 99% of Cnova's share capital and voting rights (see section 1.3 of this annual report for more details). On March 3rd, 2017, Cnova voluntarily delisted its ordinary shares from the NASDAQ. On the same day, Cnova filed a Form 15 with the SEC to suspend its U.S. public reporting obligations under the 1934 Securities Exchange Act. Cnova's ordinary shares continue to be listed on Euronext Paris.

On January 1st, 2019, Cnova carved-out its logistics activity and placed it in a new dedicated subsidiary, C-Logistics. In addition, C-Logistics received 100% of C Chez Vous equity, a Casino Group subsidiary (owned through Easydis) operating the delivery of most of Cdiscount's heavy products. In exchange for this asset, Casino Group received a 16% stake in C-logistics equity.

Since its reorganization in 2016, Cnova has continued to be focused on its French core geography but started developing its European sales in the second part of 2018, both through direct sales from cdiscount.com and through connected websites as a third-party seller.

In addition, Cnova's strategy has been to build, year after a year, a profitable growth supported by the development of its marketplace, the creation of several commission-based B2C services around daily life, leisure and finance, the expansion of services offered to its marketplace sellers and the monetization of its assets, starting with its logistics activity illustrated by the creation of C-logistics at the beginning of 2019.

In 2020, Cnova decided to put up for sale its Services subsidiary Haltae (commercial name: Stootie), acquired end of 2018 and that has been under restructuration since then. As a consequence, Haltae activity is classified as discontinued operations.

1.4.2 BUSINESS AND STRATEGY

Over the past few years, the French e-commerce market has constantly evolved with the rapid expansion of marketplaces, mobile share in traffic, express delivery, development of new services and value-added functionalities. In this context of strong acceleration of innovation and volumes which has led to the consolidation of the e-commerce market, Cnova's priority was to reach a critical size. In the last few years, Cnova reached a milestone towards building a profitable growth, in a more mature e-commerce market, with more loyal clients and an increased monetization strategy. Leveraging on its recent solid results, Cnova accelerated in 2020 its shift towards a platform model generating a profitable growth.

In 2020, gross merchandise volume (GMV) totaled €4.2bn with an 8.6% organic growth[(1)] (+7.9% on a reported basis). On an annual basis, the main contributors to this GMV growth were the marketplace (up +22%) and digital marketing revenues (up +31%). The 4th quarter was marked by a record-breaking Black Friday which brought c. €115m GMV in 3 days (+4% vs last year) despite Cdiscount decision to promote a "soft" and "fair trade" Black Friday due to the pandemic context. Home (+58%, Gardening & Do-it-yourself (+55%), Beauty and consumer goods (+88%) and Sport (+74%) showed strong performances.

The marketplace of products accelerated in 2020 (+22% GMV) and stands as one of Cdiscount's profitable growth main drivers. Marketplace GMV share increased to 43.6 in 2020, +5.3 points year-on-year (44.5% in 2H20). The marketplace GMV fulfilled by Cdiscount as well as the Express Seller service are key factors, driving marketplace quality and customer satisfaction and contributing to CDAV expansion by adding express delivery SKUs to the loyalty program. End of 2020, 1.5 million SKUs were eligible to express delivery (+23% vs. end of 2019).

Net sales amounted to €2,225 million in 2020, a +2.2% organic growth compared to 2019, driven by marketplace commissions. The slow-down of net sales growth pace illustrates Cdiscount transition towards a profitable platform model and commission-based revenues, while GMV continues to present a high growth rate.

Regarding traffic, Cdiscount totaled 1.2 billion visits in 2020, representing a 14.5% growth. In terms of Unique Monthly Visitors (UMV), Cdiscount was #2 in average over the year with around 23m UMV [(2)].

In terms of product offerings, the combination of direct sales and marketplace businesses allowed Cnova to offer a wide and growing product assortment of over 100 million references as of December 31, 2020, up +33% compared to December 31, 2019. In addition to this global offer, mainly driven by the marketplace growth, the number of SKUs eligible for CDAV free express delivery grew by +23% at 1.5 million, end of 2020.

In terms of services, Cnova experienced a growth of +15.1% despite the impact of Covid-19 on Travel. *Cdiscount Energie* (home energy) grew by +65% in 2020 (and +50% of commissions) with a strong acquisition of subscribers (+83% to 156k), confirming the great start of the new gas offer launched in December 2019. In the same time, *Cdiscount Mobile* (cell phone plans) reached a new record-high thanks to a strong +87% GMV performance. *Cdiscount Billetterie* (ticketing & leisure) performed well for its second full year of activity with +20% of GMV growth compared to 2019. *Cdiscount Occasion* was launched in 2020 to offer individuals the opportunity to sell their second-hand products to other individuals. Cdiscount services grew despite the impact of Covid-19 on Travel (-34%), which had been strongly contributing to Services GMV in 2019. The shrinkage of Travel was however limited by the focus on the French market.

2020 was also the occasion for Cnova to launch its new breakthrough and innovative model for e-commerce, an open solution to create a network of marketplaces. By using this new solution, thousands of e-merchants and retailers can create and accelerate their marketplace business.

- Websites will benefit from three ready-to-operate modules with easy integration:
  - ✓ An access to 100 million SKUs and over 13,000 selected merchants
  - ✓ A front-to-back marketplace high-end technology based on ten years of expertise and investments
  - ✓ Fulfilment solutions to accelerate their delivery
- Merchants will benefit from a one-click access to thousands of international websites and marketplaces.

Cnova is the only player to offer this unique solution in the market at scale and this new activity gives Cnova access to a huge untapped market with hundreds of billions of e-commerce GMV in the EMEA zone and almost 1 million e-commerce website clients in Europe alone. Cnova's ambition is to become the leading marketplace service provider in EMEA.

Digital Marketing has also been a major axis of development for Cnova in 2020 with an outstanding +31% in revenues. Digital marketing is now the 2nd most important profitability driver for Cnova.

- **Sponsored products:** provides increasing product visibility to a targeted and relevant audience
- **Sponsored brands:** offers premium Ads on strategic visibility spots to promote products and brands
- **Google Shopping:** optimizes marketing expenses on Google by leveraging Cdiscount's experience to drive traffic to Cdiscount's website

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[1] *Organic growth: figures include showroom sales and services but exclude technical goods and home category sales made in Casino Group's hypermarkets and supermarkets (total exclusion impact of +0.7 pt on GMV growth)*

[2] *February 2021 Médiamétrie study*

In terms of customer base, Cnova reached 10.3 million active customers (+12% vs. 2019), with a very dynamic 4th quarter (+21%). Cnova strives to offer the best services to retain its customers and attract new ones. Its loyalty program, CDAV, continues to capture more customers, experiencing a 10% membership growth at the end of 2020 with 2.3 million members. CDAV 2020 GMV share reached 41.5% in Q4 2020, down 0.4 point compared to Q4 2019. The extension of free home delivery from March 2020 (beginning of the pandemic restrictions in France), now available from €25 basket for non-CDAV customers, explains this light decrease. CDAV-eligible SKUs grew by +23%, reaching 1.5 million SKUs at the end of December 2020, boosted by the fast delivery options proposed to marketplace sellers (Fulfilment by Cdiscount and the Express Seller program).

In terms of logistic capacities, Cnova has a network of 10 warehouses (distribution centers) in France with a combined total of 544,000 sqm spread around three main regions: Paris, Saint-Etienne and Bordeaux. Out of those 10 warehouses, 2 are owned by Cdiscount at Cestas and Canéjan near Bordeaux.

The mechanization and automation of the warehouses is also part of Cnova's logistics strategy. First, to efficiently process the large number of orders received, Cnova has automated and custom-designed its warehouse space. Thanks to its new generation of 3D packing machines, more than 85% of Cnova light parcels are packed without any void in 2020, generating significant cost savings on packaging and transportation.

Since 2014, Cnova has been offering fulfilment services to third-party sellers in France to promote the competitiveness and growth of the Cnova marketplace as well as to shorten marketplace delivery times. Cnova offers to handle storage, preparation, shipping and customer service on behalf of its marketplace sellers, which enables sellers to increase their turnover, benefit from fast delivery and increased customer satisfaction. Cnova's fulfilment services to marketplace sellers strongly accelerated in 2020 with a related GMV that increased by 33% and gained 1.7 point in marketplace GMV share.

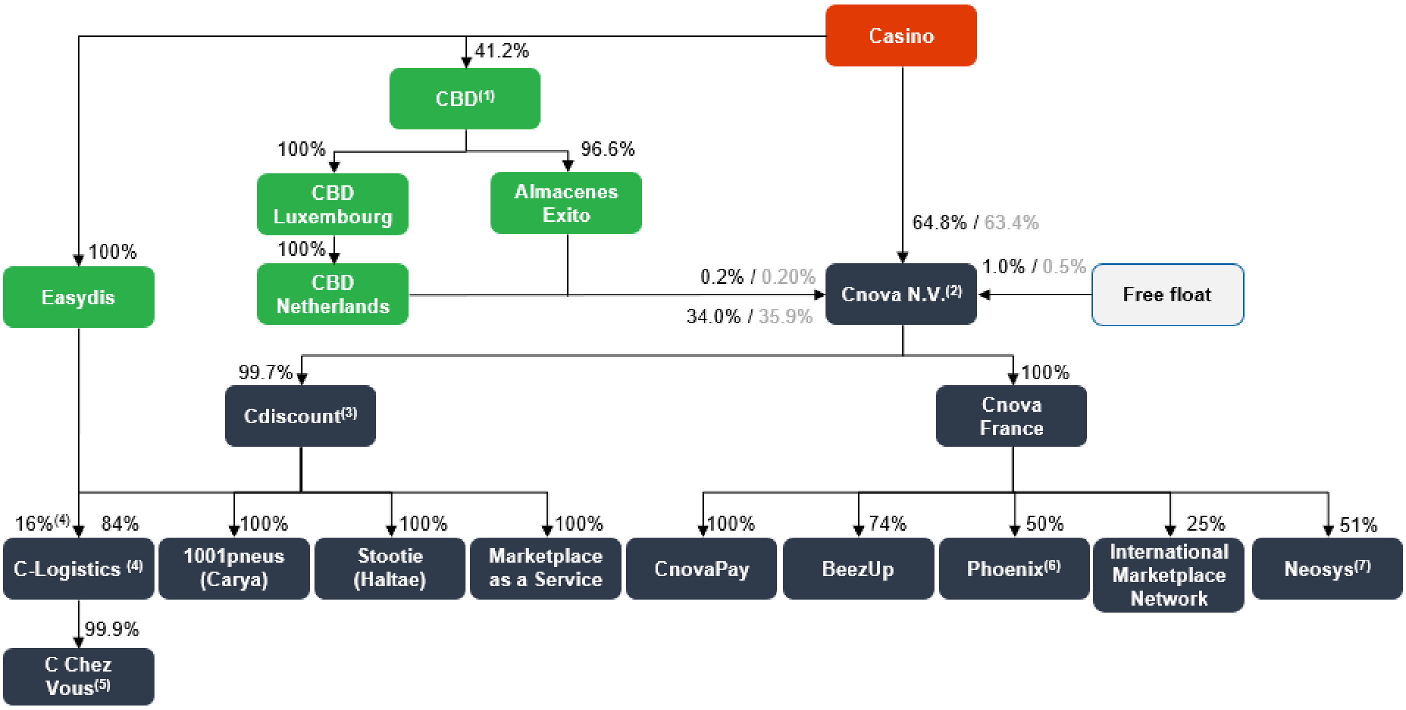
In parallel to this key platform strategy, Cnova is also committed to best-in-class Corporate Social Responsibility across all areas.

- By limiting its environmental impact: 85% of small parcels are packed without any empty space; launch of a C2C second-hand platform and of a second-life hub on Cdiscount.com front page (reparation, donation, second-hand, etc.)
- By supporting French SMEs during Covid: opening of the Cdiscount platform to all retailers impacted by Covid lockdowns, with 6-month free subscription; distribution of 70m masks to SMEs, professionals and public institutions
- By promoting solidarity and inclusion: fighting violence against women (product donation to equip 3 shelters, product-sharing operation, promoting basket donation)

1.5 ORGANIZATIONAL STRUCTURE

The legal name of our company is Cnova N.V., and we are organized under the laws of the Netherlands. We were formed on May 30, 2014. Following the 2016 Reorganization (completed on October 31, 2016 - please refer to section 2.3.4 of the 2016 Annual Report) and the Offers (please refer to section 2.3.5 of the 2016 Annual Report), our corporate structure consists of our Parent Companies and several subsidiaries. We also operate through Cdiscount S.A. in France at 120-126 quai de Bacalan, CS 11584, 33067 Bordeaux Cedex, France, for which the telephone number is +33 5 55 71 45 00.

Our corporate structure on December 31, 2020, based upon information known to us, is set out in the following graphic, where black numbers indicate percentage of ordinary shares held by such entity, and red numbers indicate the percentage of voting rights held by such entity:



Source: Company information as of 31.12.2020; Cnova shareholding as of 31.12.2020

Notes:
(1) Companhia Brasileira de Distribuição Netherlands Holding B.V.
(2) Stichting Cnova DSU Pooling (an SPV created to manage ordinary shares pursuant deferred stock unit awards) holds 0.02% of the share capital and 0.01% of voting rights of Cnova N.V.
(3) The remaining 0.32% of the share capital is held by Casino
(4) Shareholding resulting from the contribution of C Chez Vous by Easydis to C-Logistics in 2019
(5) The remaining 0.10% of the share capital is owned by Messidor (which is held by Casino)
(6) Wine cellar store in Paris, the remaining 50% of the share capital is owned by Casino
(7) Put-Call mechanism for Cnova to buy the remaining 49% of the share capital (exercise period: July to September 2022)

1.6 FINANCIAL REVIEW

Application of Critical Accounting Policies and Estimates

Our significant accounting policies are set forth in the Notes to our audited consolidated financial statements for the years ended December 31, 2019 and 2020 included in this annual report. 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. We have identified the accounting policies 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.

Income statement

Consolidated Income Statement *€ millions*	2020	2019*	*Change*
Net sales	**2,224.8**	**2,194.2**	*+1.4%*
Cost of sales	(1,750.8)	(1,805.1)	*-3.0%*
Gross margin	**474.0**	**389.1**	*+21.8%*
% of net sales	*21.3%*	*17.7%*	*+3.6 pts*
SG&A[1]	**(420.9)**	**(374.4)**	*+12.4%*
% of net sales	*-18.9%*	*-17.1%*	*+1.9 pt*
Fulfilment	(179.2)	(163.4)	*+9.7%*
Marketing	(87.0)	(81.5)	*+6.8%*
Technology and content	(108.6)	(90.3)	*+20.3%*
General and administrative	(46.0)	(39.2)	*+17.3%*
Operating EBIT [2]	**53.1**	**14.7**	*+38.4*
% of net sales	*2.4%*	*0.7%*	*+1.7 pt*
Other expenses	(12.3)	(16.5)	*-25.5%*
Operating profit/(loss)	**40.8**	**(1.9)**	*+42.7*
Net financial income/(expense)	(54.0)	(56.6)	*-4.6%*
Profit/(loss) before tax	**(13.2)**	**(58.5)**	*+45.2*
Income tax gain/(expense)	(2.5)	(3.1)	*+0.6*
Net profit/(loss) from continuing operations	**(15.7)**	**(61.6)**	*+45.9*
Net profit/(loss) from discontinued operations [3]	(5.7)	(3.6)	*-2.1*
Net profit/(loss) for the period	**(21.4)**	**(65.3)**	*+43.9*
% of net sales	*-1.0%*	*-3.0%*	
Attributable to Cnova equity holders (incl. discontinued)	(23.4)	(67.2)	*+43.8*
Attributable to non-controlling interests (incl. discontinued)	2.0	0.8	*+1.2*
Adjusted EPS *(€)* [4]	**(0.02)**	**(0.14)**	*+0.12*

** Adjusted Haltae (Stootie operations legal entity) financials in discontinued activities*

1) *SG&A: selling, general and administrative expenses.*
2) *Operating EBIT: operating profit/(loss) before other expenses (strategic and restructuring expenses, litigation expenses and impairment and disposal of assets expenses).*
3) *In accordance with IFRS5 (Non-current Assets Held for Sale and Discontinued Operations), HALTAE (formerly Stootie)'s post-tax net profit for the year ended 31 December 2020 and 2019 are reported under "Net profit/(loss) from discontinued operations"*
4) *Adjusted EPS: net profit/(loss) attributable to equity holders of Cnova before other expenses and the related tax impacts, divided by the weighted average number of outstanding ordinary shares of Cnova during the applicable period.*

Operating and Financial Review and Prospects

♦ ***Company Overview***

In 2020, Cdiscount consolidated its position among the leaders of e-commerce in France, with a €4.2 billion GMV, up 8.6% on an organic[3] basis, driven by the marketplace (+10.6 points contribution in the 4th 4Q20 and +7.0 points for the full year), International (x2) and B2C services (excluding Travel which has been strongly impacted by the pandemic). The GMV growth was also boosted by a strategic evolution initiated in the 2nd quarter towards Home, Leisure and Beauty, bringing more repurchase, loyalty and profitability thanks to higher margins. CDAV continues to capture more customers, experiencing a 10% membership growth at the end of 2020 with 2.3 million members.

Net sales totaled €2.2 billion in 2020, a 2.2% organic growth compared to the prior period, driven by the profitable shift of product sales towards marketplace sales.

We strive to provide our customers with a high value proposition through attractive pricing, extensive product assortment as well as highly differentiated delivery and payment solutions. We achieve this through our scalable and proprietary technology platforms. We also benefit from our parent company, Casino, which is part of the Casino Group, a leading global diversified retail group with €31.9 billion sales for the year ended December 31, 2020 including €17.2 billion in France.

As of December 31, 2020, we offered our 10.3 million active customers (+12% vs. 2019) access to a wide and growing assortment of more than 100 million product offerings through a combination of our direct and marketplace sales.

Our most significant product categories in terms of GMV are Home, Leisure and Beauty. Our branded site is among the most recognized in the markets in which we operate.

♦ ***Net sales***

Net sales consist primarily of revenue generated from product sales and related services from our business to consumer direct sales and our business to business (B2B) transactions, across the variety of our product categories. Our product categories include home appliances, consumer electronics, computers, home furnishings, leisure and personal goods. We do not include revenue from returned items or cancelled orders. Net sales also include revenues generated from commissions from our marketplaces on sales by third-party sellers selling products on our sites and application. We launched our first marketplace in France in 2011 and marketplace revenues represent an improving portion of our total net sales. Our goal is to expand marketplace business significantly in the coming years, including the expansion of our fulfilment services to marketplace sellers for a fee, as well as other services (marketing, financial and transportation services), which should contribute to our net sales. In addition, we generate revenue from shipping, extended warranties, advertising sales, data monetization, e-commerce services provided to third parties through our B2B sites, fees collected from customers using our customer service call centers and commissions from services offered to our customers through multiple partnerships (energy, mobile, travel, ticketing, etc.).

Net sales are primarily driven by growth in the number of our active customers, the frequency with which customers purchase products from our sites as well as average order value. Net sales are also impacted by incentive and discount offers we include on products sold from our direct sales sites. These include percentage discounts applied to current purchases, inducement offers for future discounts subject to a minimum current purchase and other similar offers.

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[3] Organic growth: figures include showroom sales and services but exclude technical goods and home category sales made in Casino Group's hypermarkets and supermarkets, as well as hygienic masks sold to Groupe Casino (total exclusion impact of respectively +0.1 pt and +0.7 pt GMV growth in 4Q20 and 2020).

Revenue from product sales is recognized when the control of the goods or services have passed to the customer, regardless of when the payment is made. Revenue from services is recognized once the service is rendered. We measure revenue at the fair value of the sale or commission price received or receivable, accounting for the terms of payment and excluding taxes and duties. Relating to Cnova's strategy to strongly develop its marketplace, net sales growth is also impacted by its increasing GMV share since only the commissions of marketplace orders are included in net sales.

Net sales increased by €47 million, up 2.2% in 2020 (organic growth), from €2,121 million to €2,168 million. Home, Leisure and Beauty represent Cnova's most developed categories and the majority of its direct sales. The expansion of net sales is mainly driven by the growth of marketplace commissions (marketplace GMV share reaching 43.6%, +5.3 points) and other monetization activities such as B2C and B2B services, in particular fast-growing energy sales.

- ***Cost of sales***

Cost of sales relates primarily to our direct sales business, including purchase price of products directly sold to customers, inbound shipping charges to our fulfilment centers and outbound shipping charges from our fulfilment centers to pick-up locations or directly to end customers, fees payable to pick-up locations, packaging supplies, gains related to discounts we obtain from our suppliers, costs associated with lost, stolen or damaged goods we receive and services trade. Shipping charges to receive products from our suppliers are included in our inventory and recognized as cost of sales upon sale of products to our customers.

Starting June 19, 2017, as part of the multichannel agreement with "DCF" (integrated Géant hypermarkets and Casino supermarkets), for goods sold via classic in-store sales, cost of sales includes the value of inventory sold to DCF for resale to the end customers.

The change in cost of sales is primarily driven by growth in orders placed by customers, the mix of the products available for sale on our direct sales sites and transportation costs related to delivering orders to our customers at the point of delivery they choose, including pick-up locations and postal addresses.

Our cost of sales decreased by 3.0% in 2020 from €1,805.1 million to €1,750.8 million. It represented 78.7% of our net sales in 2020, compared to 82.2% in 2019. The decrease was driven by the increased marketplace GMV share and the associated commissions, a continued growth in monetization revenues (especially B2C and B2B services) as well as an improvement in core business profitability.

- ***Operating expenses***

Our operating expenses are classified into 4 categories: fulfilment, marketing, technology & content, and general & administrative costs.

Fulfilment costs

Fulfilment costs are incurred in operating and staffing our fulfilment and customer service centers, after sales costs and extended warranties. The costs related to operating our fulfilment centers include reception, warehousing and preparation costs, which include picking, packaging and preparing customer orders as well as payroll and related expenses. After sales costs consist primarily of preparing and resending products that are returned to suppliers or third parties to be repaired. Extended warranty costs include costs to third parties who repair or replace products for which we have sold an extended warranty.

Starting June 19, 2017, as part of the multichannel agreement with DCF, for goods sold via classic in-store sales, as Cnova acts as principal in this transaction, the related margin of DCF, the agent, is recorded as an increase in fulfilment costs.

Fulfilment costs are primarily driven by the size of our operations. As our business grows in size and we invest in our fulfilment capabilities, we expect a corresponding increase in fulfilment costs in absolute terms and potentially a temporary increase as a percentage of our net sales. As we grow the size of our marketplace where we provide fulfilment services for our sellers for a fee, we expect an increase in fulfilment costs related to payment processing, credit card fees, related transaction costs and warehousing costs. We also expect an increase in fulfilment costs as the headcount of our customer service centers grows to handle additional customer contacts due to both the growth of our business and the specificities of the Covid period, especially regarding logistics.

Fulfilment expenses, at 8.1% of net sales (+0.6 pt vs. 2019), increased due to the *Cdiscount Fulfilment* acceleration and the cost related to reducing delivery times through express delivery.

Marketing costs

Marketing costs consist primarily of online and offline advertising, such as display advertising and search engine marketing, fees paid for third-party marketing services, costs related to the launch of new business activities and payroll and related expenses for personnel engaged in marketing. The change in marketing costs is primarily driven by the level of traffic we experience on our sites and the determination we make as to whether we need to attract traffic via paid marketing channels in order to grow and retain our customer base as well as our decisions regarding the volume of offline campaigns.

Marketing costs represented 3.9% of net sales (+0.2 pt) with optimized SEO[3] performance that led to increased free traffic, partly offsetting increasing media expenses to boost brand awareness.

Technology and content costs

Information technology (IT) and content expenses consist primarily of IT infrastructure expenses and payroll and related expenses for employees involved in application, product, and platform development, category expansion, editorial content, purchasing (including expenses and payroll related to our overall purchasing activity), merchandising selection, systems support and digital initiatives. We expense IT and content costs as they are incurred and amortize development costs over time, including software used to upgrade and enhance our websites and applications supporting our business. We expect an increase in IT and content expenses as we continue the development of our platforms, expand our product categories, and launch new disruptive services.

Technology & Content costs progressed at 4.9% of net sales (+0.8 pt) driven by B2C and B2B monetization activities investments. General & Administrative expenses slightly increased at 2.1% of net sales.

General and administrative costs

General and administrative expenses consist primarily of payroll and related expenses for management, including employees involved in general corporate functions (accounting, finance, tax, legal, and human resources), including our management equity incentive plans, as well as costs associated with use by these functions of facilities and equipment, such as depreciation expense and rent, and general labor costs. General and administrative costs also include management fees paid to our Parent Companies for shared services, such as accounting, finance, legal and human resources. We also include professional fees and litigation costs and other general corporate costs as general and administrative costs.

General & Administrative expenses slightly increased in 2020 at €46.2 million, reaching 2.1% of net sales, mainly driven by 2019 one-off effects, 2020 exceptional expenses (mainly new offices) and by the growth of new businesses and international.

[3] Search Engine Optimization

- ***Other expenses***

Strategic and restructuring expenses

In 2020, we had €7.5 million of restructuring and strategic costs, of which €1.6 million of head office restructuring, €1.6 million of strategic fees and €3.4 million related to non-recurring fulfilment costs. These non-recurring fulfilment costs are related to Covid-19 and include delivery partners limitations during the lockdown period, continuity of essential activity bonuses to distribution centers employees and additional hygiene costs.

Litigation costs

In 2020, we had €2.8 million of litigation costs of which mainly €1.2 million on a recoverable VAT on doubtful receivable impairment and €1.0 million on administrative fine balanced by provision reversals for €1.4 million on tax property on our DCs and for €1.4 million on commercial litigation.

Change in scope of consolidation

In 2020, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.4 million.

Impairment and disposal of Assets

In 2020, we had €1.5 million of impairments of certain IT development costs at Cdiscount in relation to projects that are no longer used or have been replaced by new IT developments and €3.0 million of account receivable impairment related to the finalization of our analysis on historical cash register differences.

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

Financial income and expenses (net) consist primarily of revenue from cash and cash equivalents held by us, our interest expenses on our borrowings and costs we incur related to the sale of receivables. More than 35% of Cdiscount sales and GMV are paid by our customers through 4-installment payments ("the CB4X installment 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 FLOA Bank, Cdiscount fully transfers the credit risk of the installments related to this program in France to FLOA Bank.

Net financial expenses decreased by €2.6 million, or -4.6%, from €56.6 million in 2019 to €54.0 million in 2020, mostly driven by an improvement of risk management.

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

Income tax went from €(3.3) million in 2019 to €(9.3) in 2020. This €6 million increase is due to the payment of 2 years of tax burden at C-logistics level.

- ***Net result from discontinued activities***

The net loss from discontinued activities increased from €(3.6) million in 2019 to €(5.7) million in 2020. This evolution mainly results from HALTAE's (formerly Stootie) post-tax net profit for the year ended 31 December 2020 that is reported under "Net profit/(loss) from discontinued operations" in accordance with IFRS5 (Non-current Assets Held for Sale and Discontinued Operations).

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 as well as financings from third-party financial institutions. Notes 22 and 24 of our consolidated financial statements, included in this 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:

€ millions	Dec. 31, 2020	Dec. 31, 2019
Net cash from/(used in) continuing operating activities	**175.4**	**140.2**
Net cash from/(used in) discontinued operating activities	(5.2)	(5.0)
Net cash from/(used in) continuing investing activities	**(205.8)**	**(86.4)**
Net cash from/(used in) discontinued investing activities	(0.6)	(0.8)
Net cash from/(used in) continuing financing activities	**(4.7)**	**(34.8)**
Net cash from/(used in) discontinued financing activities	0.0	0.0
Effect of continuing changes in foreign currency translation adjustments	-	-
Effect of discontinuing changes in foreign currency translation adjustments	0.0	-
Change in cash and cash equivalents & restricted cash, net, at period end	**(31.6)**	**13.3**

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 experienced in November and December associated with the end of the year shopping period in France (Black Friday at end-November followed by 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.

In general, throughout the year, the levels of trade receivables and inventory remain stable relative to our net sales, the level of our payables with suppliers in days of sales may vary from period to period.

We had cash and cash equivalents & restricted cash of respectively €9.0 million and €40.6 million as of December 31st, 2020 and December 31st, 2019. The decrease in our net cash and cash equivalents & restricted cash by €31.6 million represents our net cash flow during the period. 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, assuming we have continuous access to banks and credit card operators. However, we may need additional cash resources in the future if we identify opportunities for investment, strategic cooperation, or other similar actions, which may include investing in technology, including data analytics and fulfilment capacities. Our additional cash needs may also be impacted by COVID-19, see section "Risks Related to Our Business and Industry" as well as Notes 1 and 28 of the consolidated financial statements.

Our trade payables include accounts payable to suppliers associated with our direct sales business. Our trade payables amounted to respectively €658.3 million and €665.7 million as of December 31st, 2020 and December 31st, 2019. There is generally a higher level of days payable in the last two months of the year relative to the rest of the year due to higher volumes of purchasing from November and December in anticipation of holiday shopping. The purchasing is paid for in the first two months of the following year.

Our net inventories of products amounted to respectively €283.7 million and €328.6 million as of

December 31st, 2020 and December 31st, 2019. Our inventory balance decreased strongly in 2020, due to the growing weight of marketplace sales creating a transfer of stocks to our Vendors.

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

Cash from operating activities in the year ended December 31st, 2020, was €170.2 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €0.4 million increase in trade payables, a €10.6 million decrease in trade receivables and a €44.8 million decrease in inventories.

Cash from operating activities in the year ended December 31st, 2020, was €136.4 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €5.1 million decrease in trade payables, a €12.4 million decrease in trade receivables and a €27.5 million decrease in inventories.

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

Cash used in investing activities was €(206.4) million in the year ended December 31st, 2020 and was primarily attributable to €(80.3) million in acquisitions of property, equipment and intangible assets. This included capital expenditures mainly related to IT investments (mostly in improved state-of-the-art marketplace platform and turnkey marketplace solution for retailers and e-merchants).

Cash used in investing activities was €(87.2) million in the year ended December 31st, 2019 and was primarily attributable to €(82.0) million in acquisitions of property, equipment and intangible assets. This included capital expenditures mainly related to IT investments (mostly in the development of new business as B2C and B2B services and international) as well as upgraded logistics systems.

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

Cash used in financing activities was €(4.7) million in the year ended December 31st, 2020 and was primarily attributable to €(43.1) million of net interest paid primarily related to the installment payments. Other drivers were the repayment of financial debt for €(40.3) million, €(32.0) million of repayment of lease liabilities and €120.0 million of additional financial debt, corresponding to the state guaranteed loan.

Cash used in financing activities was €(34.8) million in the year ended December 31st, 2019 and was primarily attributable to €(49.2) million of net interest paid primarily related to the installment payments. Other drivers were €(27.0) million of repayment of lease liabilities, €45.0 million euros of credit lines received and the repayment of financial debt for €(3.1) million.

Financial position

€ millions	Dec. 31, 2020	Dec. 31, 2019
Free cash flows (last 12 months) before financial expenses	72.6	39.6
Net financial debt	(201.0)	(221.5)
Group equity	(272.7)	(250.8)

- ***Free cash flow***

Free cash flows before financial expenses and after net capital expenditures over the last twelve months were €72.6 million at December 31st, 2020 compared to €39.6 million at December 31st, 2019. This €72.6 million cash flow generation is primarily due to an operating profitability with a fast growing EBITDA at €133 million euros, limited other cash operating expenses and taxes of €(22) million and a positive change in working capital of +€59.7 million, notably driven by inventory optimization. In addition, capital expenditures amounted to €(71) million to support the implementation costs related to the strategic shift towards the platform model and monetization initiatives.

- ***Net financial debt***

€ millions	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents & restricted cash	15.8	78.3
Cash pool balances with Casino (in other current assets)	143.2	8.3
Less net current financial debt	(20.1)	(308.1)
Current net cash / net financial debt	**138.9**	**(221.5)**
Less net non-current financial debt	(340.6)	(2.4)
Net cash/(Net financial debt)	**(201.7)**	**(223.9)**

Net financial debt went from €(223.9) million at December 31st, 2019 down to €(201.7) million at December 31st, 2020. The debt decrease was mostly driven by EBITDA +63% growth and strong positive change in working capital covering more than the capital expenditures requirements to grow the business.

- ***Group equity***

Group equity went from €(250.8) million at December 31st, 2019 to €(272.7) million at December 31st, 2020, mainly due to a negative net result of €(21.4) million.

1.7 RESEARCH AND DEVELOPMENT

Our research and development strategy are centered on building and enhancing our e-commerce platform, fulfilment management, as well as supporting the implementation costs related to the strategic shift towards the platform model and monetization initiatives.

We incurred approximately €73.7 million and €70.9 million of research and development expenses in 2019 and 2020, respectively.

1.8 OUTLOOK

In 2020, Cnova's continued elevated growth combined with a strong increase in profitability once again showed the relevance of its strategic shift towards more marketplace and a better product mix throughout the year.

Cnova plans on carrying on its transformation, focusing on growth and profitability.

- Growth will be supported by:
  - the solid marketplace of products growth, driven by the Fulfilment by Cdiscount service ;
  - digital marketing
  - B2C services such as Energy, Mobile or Travel
  - the new turnkey marketplace solution for EMEA retailers and e-merchants
- Profitability will be driven by:
  - the marketplace GMV share continuous increase
  - the expansion of other commission-based and monetization initiatives and
  - assets monetization.

The COVID-19 pandemic and its impact on Cnova and the macro-economic conditions in France are having a negative effect on parts of the business. Impacts are separately assessed under section 2.2.1 "Risks Related to Our Business and Industry".

2. RISK MANAGEMENT AND RISK FACTORS

2.1 APPROACH TO RISK MANAGEMENT AND BUSINESS CONTROLS

The Board of Directors (the "Board") is responsible for reviewing the Company's risk assessments and risk management policies, including financial risks, internal controls, its Code of Business Conduct and Ethics as well as related policies. The Board has in turn mandated the Audit Committee with the periodic oversight of the Company's risk management program and providing periodic reports to the Board. As such, the Audit Committee assists the Board in monitoring (i) the Company's systems of disclosure controls and procedures as well as its internal controls over financial reporting; (ii) policies relating to risk assessment and risk management; (iii) compliance with recommendations and observations of internal and external auditors; (iv) the role and functioning of the internal audit function; (v) relations with the external independent auditor, including, in particular, the appointment and retention of the auditor and the auditor's independence, qualifications, remuneration and any non-audit services provided to the Company; and (vi) the Company's compliance with legal and regulatory requirements as well as ethical standards adopted by the Company.

Cnova's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. Based on our assessment, we have concluded that, as of December 31, 2020, the Company's internal control over financial reporting was effective.

In addition, the Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports is recorded, processed, summarized, and reported within the specified time periods. Cnova N.V.'s management evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2020. Based on this evaluation, the Company concluded that our disclosure controls and procedures were effective as of December 31, 2020. We are also able to conclude that the consolidated financial statements included in this report fairly present, in all material respects, the Company's financial position, results of operations and cash flows for the periods presented in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and as approved by the European Union ("EU").

2.2 RISK FACTORS

i) Risks Related to Our Business and Industry

Our business is highly competitive, which presents an ongoing threat to the success of our business.

Our business is highly competitive. We expect competition in e-commerce to continue to increase because the Internet facilitates competitive entry. We currently compete with, and expect to increasingly compete with, both e-commerce platforms becoming pure marketplace players and omnichannel retailers developing their online presence thanks to marketplace solutions and digitization acceleration generated by the sanitary crisis.

In France, competition is fierce and certain mergers, acquisitions and other business combination transactions that have occurred could strengthen some of our key competitors. Our main competitor is Amazon.com, Inc. ("**Amazon**"). We also compete against French or European specialist players with respect to some of our product categories, in particular small consumer electronics, such as mobile phones, cameras and computers; cultural products, such as books, music and DVDs; home appliances; and home furnishings. Other major international players, such as Alibaba.com or Wish.com, could become important competitors if they were to significantly expand their activities in Europe. We believe that our ability to compete depends upon many factors both within and beyond our control, including, but not limited to:

- the price and quality of products and services we offer relative to our competitors;
- the size, composition, and purchase frequency of our customer base;

- our shipping speed and cost as well as the convenience of our delivery options relative to our competitors;
- the number of products we feature on our sites;
- our ability to source and distribute our products as well as manage our operations in a cost-effective manner;
- our reputation and brand strength relative to our competitors;
- our ability to provide multiple payment options, including installment payments;
- the convenience of the shopping experience we provide; and
- our selling and marketing efforts.

Some of our current competitors have, and potential competitors may have, longer operating history, larger fulfillment infrastructures, greater technical, financial, and marketing capabilities, greater brand recognition and larger customer bases than we do. These factors may allow our competitors to derive greater net sales and profits from their existing customer base, acquire new customers at lower costs or respond more quickly than us to new or emerging technologies and changes in consumer habits. For example, greater financial resources may allow some of our competitors to enter markets in which we currently operate or may operate in the future and gain market share by acquiring and consolidating local competitors or by supporting a high level of net results and free cash flow losses. In addition, our competitors may engage in more extensive site development efforts and undertake more far-reaching marketing campaigns, which may allow them to build larger customer bases or generate net sales from their customer bases more effectively than we do. In addition to competition from established market participants, new entrants to the e-commerce industry could substantially reduce our market share. Increased competition may reduce our sales and profits.

Macro-economic conditions in France and Europe, as well as their impact on consumer spending patterns, particularly in the home appliances, consumer electronics, computers, and home furnishings product categories, could adversely impact our operating results.

Our business is highly dependent on our operations in France, and to a lesser extent on other European countries where Cnova operates. For the year ended December 31, 2020, approximately 91% of our net sales were generated from our operations in France.

In France, Europe and globally, unfavorable economic conditions due to the COVID-19 pandemic, including their impact on the availability of consumer credit and levels of consumer spending, particularly spending on home appliances, consumer electronics, mobile phones, computers and home furnishings, may negatively impact our business. Given the nature of our business (consumer non-food spending), our commercial activity is particularly affected by macroeconomic downturns. Some of the factors adversely affecting consumer spending include levels of unemployment, consumer debt levels, changes in net worth based on market changes, changes in home values, fluctuating interest rates, credit availability, government actions and regulations, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future economic environment. Reductions in credit availability and/or more stringent credit policies practiced by us and/or companies offering consumer credit may significantly reduce consumer expenditure and available financing, particularly in the lower income classes who may have relatively less access to credit compared to higher income classes and may negatively affect our sales.

The departure of the United Kingdom from the European Union, commonly referred to as “Brexit”, became effective in January 2021 and could adversely affect European or worldwide economic and market conditions, contribute to instability in global financial markets and cause a reduction in consumer spending. In addition, Brexit may lead to legal uncertainty and potentially divergent national laws and regulations and the United Kingdom determines which EU laws to replace or replicate, including those related to e-commerce. Although we have no material presence in the United Kingdom, Brexit may cause us to be exposed to disruptions, logistical problems and may have negative consequences on our vendors shipping merchandise from the United Kingdom with the reinstatement of customs.

Unfavorable economic conditions in any of the markets in which we currently operate or may operate in the future could reduce consumer confidence, negatively affect net sales, and have a material adverse effect on our operating results.

Our business depends on strong brands. We may not be able to maintain and enhance our brands, or we may receive customer complaints or negative publicity, which could adversely affect our brands.

We believe that our Cdiscount, 1001pneus, BeezUp, Cdiscount Voyages, La Nouvelle Cave and ComeOnPlace brands significantly contribute to the success of our business. We also believe that enhancing these brands is critical to maintain and expand our base of customers, vendors, and marketplace sellers. Maintaining and enhancing our brands will also largely depend on our ability to continue to create a quality customer experience, based on our competitive pricing, our large assortment of products, the range and convenience of the delivery options we offer and providing a user-friendly buying experience, including having dedicated customer service teams available, and our ability to provide a reliable, trustworthy and profitable market to our vendors and marketplace sellers. In addition, customers' perception of our brands will depend on our initiatives of being recognized as a responsible platform.

Maintaining and enhancing our brands may require making substantial investments, adapting our strategy to new trends in the market, lowering the prices of our product offerings and shipping charges, and these changes may not be successful. If we fail to promote and maintain our brands or if we incur excessive expenses in this effort, our business, financial condition, and operating results may be materially and adversely affected.

Furthermore, customer complaints or negative publicity about our sites, product offerings, services, delivery times, customer data handling, commercial pressure, security practices or customer support could harm our reputation and diminish consumer use of our sites, and consumer, vendor and marketplace seller confidence in us. A diminution in the strength of our brands and reputation could have a material adverse effect on our business, financial condition, and operating results.

If we fail to retain existing customers or acquire new customers, our business may not grow.

To increase net sales and profitability, we must retain existing customers and continue to acquire new customers, both of which we aim to accomplish by offering a quality customer experience. To attract new customers, we must appeal to and acquire customers who have historically used other means of commerce to purchase products and may prefer alternatives to our offerings, such as in-store shopping, retailer's own sites or sites of our e-commerce competitors.

We believe that many of our new customers originate from word-of-mouth and other non-paid referrals from existing customers, which is complemented by awareness we are creating through radio and television advertising and use of social media, including advertising implicating influencers. We must ensure that our existing customers remain loyal to continue to grow our business. Our ability to retain existing customers is supported by our customer loyalty programs. For example, we offer our customers free next-day shipping at the address or pick-up point of their choice on our direct sales orders for an annual fee, which at the date hereof is €29.00, through our *Cdiscount à Volonté* program ("**CDAV**"). Cdiscount has expanded CDAV to include marketplace offerings and cash back programs. However, if our efforts to create a quality customer experience and/or our customer loyalty programs are not successful, we may not be able to retain existing customers or acquire new customers to continue to grow our business.

In addition, customer loyalty efforts may be costly due to, among other factors, increased net shipping and customer service costs and could negatively impact our profit margins. Increased customer service may include, among other things, faster delivery times, which could require additional or expanded distribution centers, increased level of assortment, increased efficiency of our sites and enhanced level of service provided by our call centers, all of which could result in increased costs. The e-commerce business is highly competitive and retaining existing customers or acquiring new customers may become more difficult and costly than it has been in the past. If we have to increase our spending in marketing or other areas to retain existing customers or attract new customers, or if we are unable to retain existing customers or acquire sufficient new customers, our net income may stagnate or decrease, and our business, financial condition and operating results may be materially and adversely affected.

Customers loyalty depends as well on prices and we may lose customers to competitors on highly comparable products, such as technical goods from renowned brands. We make constant arbitration between attractive prices and contributive margin for those products. We are however developing the categories of less comparable products as well, for which the customers are looking for a specific and/or original product they cannot find elsewhere (such as home and furniture). Loyalty program, quality of delivery, and confidence into the Cdiscount platform are key to the development of Cnova.

Our relationships with sellers and suppliers subject us to several risks.

We seek to maintain good relations with our business partners, especially marketplace sellers and suppliers. As of December 31, 2020, we had more than more than 13 000 sellers on our marketplace and 1400 suppliers for our direct sales business. We continuously work on sellers' onboarding and experience to improve their satisfaction, keep, and attract sellers with best offers. We also focus on maintaining key historic suppliers and trade terms; our growing marketplace may generate arbitration from the management between the core business and the marketplace, which could damage our relations and trade terms with our historic suppliers and major brands. Failure to maintain good relations with sellers et suppliers could negatively affect our ability to offer a quality customer experience, offer new products and attract other qualitative business partners, which could have a material adverse effect on our business and growth prospects.

We do not have long-term arrangements with most of our vendors to guarantee availability of merchandise, particular payment terms, or the extension of credit limits. If our key vendors were to stop selling or licensing products or services to us on acceptable terms, or delay delivery, including as a result of bankruptcies, poor economic conditions, natural disasters disagreement on economic terms or for other reasons, we may lose customers and we may not have sufficient existing inventory to fulfill completed orders to our customers in a timely manner, or at all. In addition, in such circumstances we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms, or at all.

Certain suppliers may have us as sole customer or their business may be highly dependent on our commercial relationship. If a supplier is deemed to be in a situation of economic dependence with us, termination of our commercial relationship may subject us to financial sanctions. For example, under French Law, abuses of economic dependency are strictly prohibited and the French Competition Authority (*Autorité de la Concurrence*) and/or French courts may impose financial penalties on concerned companies or entities. These events could negatively affect our reputation and our relationships with other suppliers.

Furthermore, in case of a supplier or seller bankruptcy, we may not be able to recover any outstanding amounts such third parties owe us for rebates or for services rendered, such as preferred placement of their offers on our sites. These events could harm our reputation and have a material and adverse effect on our business, financial condition, and operating results.

We may be unable to prevent our marketplace sellers from selling goods in an unlawful manner and we could be liable for their fraudulent or unlawful activities.

Despite a strict and extensive content control program, we may be unable to prevent sellers offering offensive or non-compliant products through our marketplaces. Sellers may send inferior quality or materially different products to customers. In certain instances, we reimburse customers for payments in these situations and, as we expand our marketplace business, the cost of reimbursing customers could increase and could negatively affect our operating results. We also may be unable to prevent sellers on our marketplaces from selling goods in an unlawful manner without licenses, permits or otherwise, or selling counterfeit products or products whose sale violates the proprietary rights of others. Moreover, many of our marketplace sellers use their own facilities to store their products, and many of them use their own or third-party delivery systems to deliver their products to our customers, which makes it more difficult to ensure that our customers receive the same quality of service for all products sold on our website. In addition, we could face civil or criminal liability for unlawful activities by sellers on our marketplaces, as well as criminal liability for the introduction of dangerous or defective products on such marketplaces. Any of these events could have a material adverse impact on our reputation and business.

We believe we have hosting status with respect to our French marketplace. As a result, we believe we are only liable for unlawful activities by sellers on our French marketplace after we have been notified of such activities and do not take any action to remedy the situation. The European legislative proposal of Digital Services Act will reinforce the online platform obligations, including marketplaces. See "Regulation - Platform to Business (https://ec.europa.eu/digital-single-market/en/business-business-trading-practices)". However, if we were to lose our hosting status, we could face civil or criminal liability for unlawful activities by sellers on our French marketplace even if we were not aware of such unlawful activities.

We have experienced rapid growth in recent periods and plan to expand our operations by monetizing our assets, promoting new or complementary products, sales formats or services, each of which may increase our costs, create management and resource distraction and may not be successful.

We have significantly expanded our overall business, consumer traffic, employee headcount and operations in recent periods. Our numbers of active customers and monthly unique visitors have increased, respectively from approximately 9.2 million and 20.4 million as of December 31, 2019, to approximately 10.3 million and 26 million as of December 31, 2020. Our number of SKUs increased from approximately 75 million as of December 31, 2019, to approximately 100 million as of December 31, 2020.

In the future, our business will expand through assets' monetization (cybersecurity, logistics, marketplace solution), additional specialty sites, marketplaces, services, and other areas in which we may have limited or no experience. We may be unable to expand our operations in a cost-effective or timely manner and reach operational excellence expected by business and individual customers. Furthermore, any new business, site, product, promotion, sales format, or service we launch that is not favorably received by business customers could damage our reputation and brands.

Any expansion of our operations could also require significant additional expenses, strong focus from management and prioritization in the allocation of resources, which could impact our core activities and our operating results.

As a technology-driven business, expansion could require adding new hardware and software, improving and maintaining our technology, systems and network infrastructure and hiring additional qualified information technology ("**IT**") personnel in order to improve and maintain our technology and properly manage our growth. Our IT investment costs decreased from €74 million for the year ended December 31, 2019 to €72 million for the year ended of December 31, 2020. Failure to effectively upgrade our technology or network infrastructure to support our expected increases in traffic volume could result in unanticipated system disruptions, slow response times or poor experiences for customers. If we are unable to manage our growth successfully, our business, financial condition and operating results may be materially and adversely affected.

We use third-party couriers and postal services to deliver many orders, and our marketplace sellers may use similar delivery methods to deliver orders. If these third-party providers fail to provide reliable delivery services, our business and reputation may be materially and adversely affected.

We ship packages in France through C-logistics and maintain agreements with several third-party couriers and postal services to mainly deliver smaller-sized products to our customers in France and other countries. We may also use third-party service providers to ship products from our fulfillment centers to our large network of pick-up points. Marketplace sellers may also use third-party couriers if they do not utilize our delivery services, to the extent offered. Partial or complete interruptions of these third parties' delivery services could prevent the timely or proper delivery of our products to customers. These interruptions may be due to government restrictions to fight the COVID-19 pandemic or other events that are beyond our control or the control of these delivery companies, such as inclement weather, natural disasters, transportation disruptions or labor unrest including postal worker strikes.

In addition, if our third-party couriers fail to comply with applicable rules and regulations in the countries in which we operate, our delivery services may be materially and adversely affected. We may not be able to find alternative delivery companies to provide delivery services in a timely and reliable manner, or at all. Delivery of our products could also be affected or interrupted by the merger, acquisition, insolvency, or government shut-down of the delivery companies we hire to make deliveries, especially those local companies with relatively small business scales. If our products are not delivered in proper condition or on a timely basis, our business and reputation could suffer.

Our business depends on the continuous availability of our logistics and fulfillment infrastructure. Any significant interruptions, including work stoppage, could result in reduced demand, processing delays, loss of customers or vendors, and reduction of commercial activity.

We rely on the availability of our fulfilment centers and logistics platforms, as well as those of third parties. We also rely on call centers operated by third parties. If these centers or platforms were disrupted or disabled due to government restrictions related to the COVID-19 pandemic, or any of the events described above or for other reasons, our ability to accept and fulfill customer orders could be impaired, our reputation could be damaged, and our operating results could be adversely affected. Our systems are not fully redundant, and our disaster recovery planning may not be sufficient. We may also face inadequate insurance coverage to compensate for any related loss. Any of these events could be expensive to remedy and could have a material adverse effect on our business, financial condition, and operating results.

Although we have not been subject to any recent significant strikes and we believe that we have a good working relationship with our employees, if our workers were to engage in a significant strike, work stoppage or other slowdown in the future, we could experience a disruption of our operations. Such disruption could interfere with our ability to fulfill orders on a timely basis and could have other negative effects, including decreased productivity and increased labor costs. In addition, strikes, work stoppages or slowdowns experienced by our vendors, our suppliers, the shipping companies we use, could cause a delay in delivering products to our customers. To the extent any of these events occur, our business, financial condition and operating results could be materially and adversely affected.

We rely on the uninterrupted performance of our information technology to operate our business and maintain competitiveness. Any significant interruptions or delays in service or any undetected errors or design faults could result in limited capacity, reduced demand, processing delays and loss of customers or vendors and a reduction of commercial activity. Any failure to adapt to technological developments or industry trends could harm our business.

Our reputation and ability to retain, acquire and serve our customers depend upon the reliable uninterrupted performance of our sites and the underlying infrastructure of the Internet, including availability of our own systems as well as fixed-line and mobile communications networks operated by third parties over which we have no control. Interruptions in continuous operation of our sites may occur as a result of circumstances outside of our control, including fire, flood, power loss, telecommunications failure, acts of war, terrorism, natural disasters, computer disasters, physical or electronic break-ins, judicial injunctions, sabotage or similar events. Any interruptions in continuous operation of our sites may have a material adverse effect on our business and operations. In particular, if such interruptions were to occur at a time when our sites are expected to receive heavy traffic, such as during Black Friday sales or other highly promoted sales events that significantly contribute to our annual GMV and net sales, the impact on our results of operations could be exacerbated. We are dependent on the maintenance of reliable Internet and communications networks with the necessary speed, data capacity and security, as well as timely development of complementary products, for providing customers with reliable access to our sites. We also rely on third-party email service providers, Internet service providers, cloud computing service providers, mobile networks to deliver our email and "push" communications to customers and our sites. We do not have control over these providers or networks.

We currently utilize two data center hosting facilities, of which one is located in Paris and one in Bordeaux, France. The data centers simultaneously handle our global information systems and are substantially similar to one another in internal structure, such that in case of a system failure at one French data center, we expect to be able to rely on the other. A failure may occur at one or more of our data centers, and our back-up systems may not function properly. Any damage to, or failure of these third-party communication networks or our data centers, whether due to system failures, computer viruses, physical or electronic break-ins or other unexpected events or disruptions, could cause system interruption, delays and loss of critical data, prevent us from providing our services on a timely basis or limit or prevent access to our sites and cause partial or complete shutdowns of our sites.

We must continuously improve and upgrade our technology and infrastructure including adapting our systems and infrastructure to rapidly meet evolving consumer trends and demands as well as improving the performance, features, and reliability of our sites in response to competitive product offerings and services. Emerging technologies and technological trends, such as the use of cloud computing to replace or supplement physical infrastructure, could also make it easier for competitors to enter our markets due to lower up-front technology costs. In addition, increasing use of mobile platforms in e-commerce and the emergence of niche competitors who may be able to optimize product offerings, services or strategies for such platforms will require new investment in technology. For example, we developed a "responsive design" platform that will enable our websites to automatically adapt to the screen size of a computer or tablet, depending on what they are being viewed on, and we have improved the customer experience on our apps for iPad and Android tablets. We have also implemented new automation and robotics technologies in our fulfillment centers. However, any platform, apps, or other new technology we invest in, may not be successful, and we may face operational difficulties on the migration of systems, platforms, or technologies. If we are unable to keep up with technological developments and successfully implement them, our business, financial condition, and operating results could be materially and adversely affected.

Our failure or the failure of third-party service providers to protect our sites, networks and systems against security breaches or otherwise to protect our confidential information and that of our customers could damage our reputation and brands as well as substantially harm our business and operating results.

We depend on the efficient and uninterrupted operation of numerous systems, including our computer systems and software, as well as the data centers through which we collect, maintain, transmit and store data on our customers, vendors, marketplace sellers and others, including payment information and personally identifiable information, as well as other confidential and proprietary information. Because our technology systems are highly complex, they may be subject to failure.

Our cybersecurity measures may not detect or prevent all attempts to compromise our systems. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of client information, denial-of-service or other interruption to our business operations, which could result in a partial or complete shutdown of our sites for a short or extended period and have an adverse and material effect on our business. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate or implement adequate measures to protect against these attacks.

We have often been, and are likely again in the future to be, subject to these types of attacks, although to date no such attack has resulted in any material breach, damages, or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed, and we could sustain substantial revenue loss from lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our sellers, customers or other participants, or the communication infrastructure on which we depend. In addition, security breaches can also occur because of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships. Any compromise or breach of our security measures, or those of our third-party service providers, could result in us violating applicable privacy, data security and other laws, and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have an adverse and material effect on our business, financial condition and operating results.

Some of our software and systems contain open-source software, which may pose particular risks to our proprietary software and solutions.

We use, and plan to continue using, open-source software in our software and systems. The licenses applicable to open-source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open-source software continue to be licensed under open-source licenses. From time to time, we may face intellectual property infringement claims from third parties, demands for the release or license of the open-source software or derivative works that we developed using such software (which could include our proprietary source code) or claims that otherwise seek to enforce the terms of the applicable open-source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, be limited in the licensing of our technologies or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement or change the use of the implicated open-source software. In addition to risks related to license requirements, use of certain open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, non-infringement or functionality). Our use of open-source software may also present additional security risks because the source code for open-source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our sites and systems that rely on open-source software.

Any of these risks could be difficult to eliminate or manage and, if not addressed, could have a material and adverse effect on our business, financial condition, and operating results.

Our business depends in part on email and other messaging services as well as on third-party search engines, and any restrictions on the sending of emails or messages or an inability to timely deliver such communications or changes in the processes of search engines could adversely affect our net sales and business.

Our business partly depends upon email and other push messaging services for promoting our sites, product offerings and services. We send promotional emails to consumers in our customer database. For the year ended December 31, 2020, approximately 3% of the traffic to our sites were generated through sending such messages. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could materially and adversely impact our business. From time to time, Internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails or other messages to third parties. Changes in the laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications could also materially and adversely impact our business. See "*Risks Related to Legal, Regulatory and Tax Matters – Failure to comply with European, French and other laws and regulations relating to privacy and data protection could adversely affect our business, financial condition and operating results*". Our use of email and other messaging services to send communications about our sites, product offerings and services or other matters may also result in legal claims against us, which may cause us increased expenses and, if successful, might result in fines and orders with costly reporting and compliance obligations or might limit or prohibit our ability to send emails or other messages. In addition, changes in how webmail applications organize and prioritize email may reduce the number of our emails being opened, including if our email messages are delivered to "spam" or similar folders. We also use social media services to send communications and create a community of customers around our brands. Changes in the terms of use of social media services that would limit our ability to send promotional communications or our customers' ability to receive communications, disruptions or downtime experienced by these services or decline in the use of or engagement with social media by customers and potential customers could harm our business.

In addition, a portion of the organic traffic to our sites is generated through search engine optimization ("**SEO**"). Our SEO techniques have been developed to work with existing search algorithms utilized by the major search engines. However, major search engines may modify their search algorithms, and changes in these algorithms could cause our sites to receive less favorable placements, which could reduce the number of users who visit our sites. In addition, sites must comply with search engine guidelines and policies. These guidelines and policies are complex and may change at any time. If we fail to follow such guidelines and policies properly, search engines may rank our content lower in search results or could remove our content altogether from their results. If we are listed less prominently or fail to appear in search result listings for any reason, the number of visitors to our sites could decline.

If we do not operate our fulfillment centers effectively and efficiently, our business, financial condition and operating results could be negatively impacted.

Fulfillment is essential to our ability to provide a high-quality service to our customers. If we do not operate, manage and/or control our fulfillment centers effectively and efficiently, the consequences could be excess or insufficient fulfillment capacity, increased delivery delays, an impact on customer satisfaction or image perception, inventory shortages or high levels of out-of-stock products, an increase in costs or impairment charges and a reduction in our gross profit margin, excluding shipping cost, or harm to our business in other ways. If we do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, such as due to a failure of mechanized equipment at our fulfillment centers, or inefficiencies in the supply chain, or if certain products are out of stock, our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. In addition, processing customer returns, and cancelled orders adds complexity to our logistics operations, which may increase our costs and adversely affect customer response times. An increase in customer requests to return products or cancel orders could materially impact our results of operations.

We plan to continue to improve our fulfillment and warehouse capabilities on an ongoing basis, tracking any future expansion of our activities. From time to time, our commercial strategy may evolve, and we may change the mix of products that we offer, which may necessitate different fulfillment requirements. As a result, we expect that our fulfillment network will become increasingly complex and operating it will become more challenging.

We must obtain or from time-to-time review licenses, authorizations and permits necessary to operate certain of our fulfillment centers in France. In the event that we are unable to obtain or renew these licenses, authorizations and permits, our operations may be adversely affected.

We may face inventory risk in our direct sales business.

Our direct sales business is exposed to inventory risks because of seasonality, new product launches, rapid changes in product cycles, technology and pricing, defective merchandise, changes in consumer demand and consumer spending patterns as well as other factors. We endeavor to accurately predict these trends and avoid overstocking or understocking products we sell. Demand for products, however, can change significantly between the time inventory is ordered and the date of sale. The acquisition of certain types of inventory may require significant lead-time and prepayment, and they may not be returnable. Our direct sales business carries a broad selection and significant inventory levels of certain products, and we may be unable to sell products in sufficient quantities or during the relevant selling seasons. We may also be subject to occurrences of employee misconduct related to inventory management, such as those we faced at certain distribution centers in Brazil before we exited that market. Furthermore, in the future we may open additional warehouses and duplicate part of the inventory for our direct sales business that is stored at our current warehouses to increase our overall fulfillment efficiency as we grow our business, which will also increase the inventory risks our direct sales business faces. Failure to effectively manage our inventory risk could have a material adverse effect on our business, financial condition, and operating results. In 2016 we also identified a material weakness in our internal control over financial reporting relating to, among other things, inventory management. See "*Risk Related to the Company - We have been subject to a shareholder securities class action lawsuit concerning deficiencies in our financial reporting. If we do not adequately maintain and develop our financial reporting and internal controls, we may be unable to accurately report our financial results or prevent fraud and may be subject to sanctions or litigation*."

We face risks related to social media.

The considerable expansion in the use of social media in recent years has led to a significant increase in image and reputational risks. Social media constitutes a powerful tool for e-commerce platforms such as ours as it encourages customers to share their opinions, comments, and experiences to form a sense of community. In 2020, we have reached around 4 million subscribers on our social media accounts, of which 0.8 million subscribers on "Cdiscount Maison" account and 0.3 million subscribers on "Cdiscount Gaming" account.

However, the speed with which social media communications can be shared and commented poses risks, and even communications that we have initiated may spread or evolve in ways that are beyond our control. Our messages may be compromised by complaints, negative messages or false claims or may be coopted by individuals or organizations whose views we do not support or condone, all of which could diminish the effectiveness of our communications and damage our reputation. Although we have put in place policies and tools to monitor our social media presence, these policies and tools may be ineffective at limiting the impact of negative messages or false claims about us, and we may be unsuccessful in having such messages removed by the operators of social media sites. If we are unable to adequately monitor our social media presence and communications, or if we are the subject of unfavorable campaigns or messages, our reputation and brands may be harmed and our business, financial condition and operating results may be adversely affected.

Our success depends in large part on our ability to attract and retain high quality management and operating personnel, and if we are unable to attract, retain and motivate well qualified employees, our business could be negatively impacted.

Our success largely depends on the availability of and our ability to attract and retain high-quality management and operating personnel. Our business also requires skilled marketing and technical profiles, such as, among others, developers, data scientists and engineers, who are in high demand and are often subject to competing offers.

Competition for qualified employees, historically intense in our industry, may now be heightened by the generalization of home office due to the COVID-19 pandemic, as personnel affection towards the company and social links between coworkers may dissolve and competing companies could offer more remote jobs.

The loss of even a few qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the planned expansion of our business, could harm our operating results, and impair our ability to grow.

Misappropriation of money or products of the company by an employee or a third party could involve loss of revenues, damage our reputation and could have other significant negative consequences.

In the ordinary course of business, we are exposed to the risk of theft of products during their transportation or while stored in warehouses. We carry insurance for theft of our products, but there can be no guarantee that the coverage limits under our insurance will be adequate to cover potential future claims. Furthermore, we may from time to time experience a misappropriation of money at different levels of our business. Although we have put in place control mechanisms and systems to secure funds and merchandise, there can be no assurance that these controls and systems will be effective at discovering and preventing incidents of theft or fraud. Failure to effectively and efficiently handle thefts or misappropriation of funds could negatively affect our reputation and have a material adverse effect on our business, results of operations, cash flows, financial condition, or the price of our ordinary shares.

We are subject to payment-related risks, including fraud and unpaid receivables.

We accept payments using a variety of methods, including installment payments, credit cards, debit cards, PayPal, and similar services, wire transfers, our brand-name cards and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements and incidents of fraud. For certain payment methods, including installment payments and credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We are also subject to payment card association operating rules and certification requirements as well as rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply with. If we fail to comply with the rules or requirements of any provider of a payment method we accept, among other things, we may be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept installment payments, credit and debit card payments or other types of online payments from customers. A substantial portion of our sales is paid for in installment payments under arrangements with joint venture partners and third parties, and a change to the terms of these agreements may lead to a decline in sales. If any of these events were to occur, our business, financial condition and operating results could be materially and adversely affected.

We also may incur significant losses from fraud or unpaid receivables. We may incur losses from claims that the customer did not authorize the purchase, from merchant fraud, from erroneous transmissions and from customers who have closed bank accounts or have insufficient funds to satisfy payments. In addition to the direct costs of such losses, if they are related to credit card transactions or installment payments and become excessive, they could potentially result in our losing the right to accept credit cards for payment or increase our fees for the installment payment program. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. We do not currently carry insurance against this risk. The implementation of the two-factor strong authentication in compliance with the EU Payment Services Directive (PSD 2) could negatively impact our transformation rate, as issuing banks have the final say in the type of authentication they apply. To date, we have experienced minimal and decreasing losses from payment fraud, but we may face significant losses from other types of fraud. Our failure to adequately control fraudulent transactions could damage our reputation and brands and result in litigation or regulatory action, causing an increase in legal expenses and fees and substantial harm to our business, financial condition, and operating results.

In addition, increased level of unpaid receivables could translate into higher costs, including higher interest rates required by the banks.

We may from time to time pursue acquisitions, which could have an adverse impact on our business, as could the integration of the businesses following acquisition.

In the future, we may from time to time acquire other companies or businesses. Acquisitions involve numerous risks, any of which could harm our business, including difficulties in integrating technologies, operations, existing contracts and personnel of an acquired company; difficulties in supporting and transitioning vendors, if any, of an acquired company; diversion of financial and management resources from existing operations or alternative acquisition opportunities; failure to realize the anticipated benefits or synergies of a transaction; failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, revenue recognition or other accounting practices or employee or customer issues; risks of entering new markets in which we have limited or no experience; potential loss of key employees, customers and vendors from either our current business or an acquired company's business; inability to generate sufficient net sales to offset acquisition costs; additional costs or equity dilution associated with funding the acquisition; and possible write-offs or impairment charges relating to acquired businesses.

Moreover, merger control rules and antitrust limitations imposed by the EU, French and other laws and regulations could negatively impact our business if such laws and regulations prevent us from expanding our growth through the consummation of mergers or acquisitions in certain categories. At the same time, if smaller players in our markets can consolidate, this could increase the competitive pressure on our business due to an increase in such competitors' economies of scale and a reduction in their operating costs. These events could cause our business, financial condition, and operating results to be materially and adversely affected.

The COVID-19 pandemic and its impact on the macro-economic conditions in France and Cnova's business continuity may have a negative effect on our operating results.

The COVID-19 pandemic impacts most of the countries around the globe, including France, where most Cnova's activity takes place. In 2020, the French government implemented two lockdowns along with closures of "non-essential" physical stores, first from March to May 2020 and secondly from October to December 2020. During these closures, only a list of "essential" physical stores could continue their activity, notably food stores, pharmacies and banks. The obligation to close only affected physical stores and did not concern e-commerce, including nonfood e-commerce.

The French government encouraged the e-commerce industry to help French households to access to essentials and non-essential goods during the lockdowns and to therefore sustain the economy. Moreover, the French government asked main e-commerce players to help the physical stores digitizing their activity. Cnova designed a solution for physical stores (especially SMEs) to easily and freely onboard as professional merchant on its marketplace.

Cnova swiftly triggered its Business Continuity Plan on March 13th. All headquarters employees have been working from home since then (around 2,000 persons, including contractors). Cnova's 10 warehouses continued their activity and most warehouse employees were still working on site during lockdowns. Cnova mitigated the risk of employee strike with strict hygiene and safety measures (cleaning and disinfecting, social distancing and equipping employees with masks, gloves and hydroalcoholic gel). Headquarter volunteers provided support in communicating and controlling the respect of hygienic guidance.

To date, we did not observe any warehouse shutdown. We have more than 10 warehouses that operate in different regions and a regional shutdown of a warehouse could be compensated by warehouses in other regions. If some of our warehouses were to shut down, a great portion of orders will not be impacted, as directly delivered by marketplace merchants (circa 30% of GMV).

Transportation (supply and delivery) has been affected, especially during the first lockdown, as economic actors limited their activity:

- For supply, Cnova has multiple suppliers from different countries and could compensate the impact on European factories by sourcing products in Asia. Cnova could also rely on marketplace sales, as professional merchants are spread evenly between France, the rest of Europe and Asia.
- For delivery, one of the main carriers (Colissimo) limited its activities during the first lockdown. Cnova compensated by transferring the volume to express carriers. Cnova allocates its delivery volumes among all the existing carriers in France, which greatly mitigated the risk. Additionally, most pick-up points have been closed during the lockdowns; Cnova responded by offering free home delivery on light parcels.

The consumers' habits drastically changed in 2020, marked by a lower demand on non-essential products and services and a volume explosion on specific categories. The risk for Cnova is mitigated as we offer all categories of products. Cnova has recorded strong sales in food & pet food, Health, Beauty and Accessories (HBA), products for senior and computers & printers. On the contrary, we observed lower demand on some categories (fashion or home furniture; Cdiscount Voyages (travel)). The impact on cash is limited as Cdiscount Voyages is mainly a marketplace operation but could however impact negatively our GMV.

Government measures to contain the COVID-19 pandemic may result in a major economic crisis affecting purchasing power and customers' demand. In addition, an economic crisis may affect the financial health and service quality of Cnova's third-party ecosystem, including sellers, suppliers, and travel partners.

As the pandemic continues, new lockdowns and restrictions may be decided by the authorities. Cnova would be in capacity to trigger its Business Continuity Plan again. Cnova continuously strives to update its forecasts and preparations to anticipate and mitigate liquidity difficulties. As the time of this Report, no major risks on liquidity are assumed by the stressed scenario. The COVID-19 pandemic and its impact on Cnova and the macro-economic conditions in France, especially on our warehouses and carriers, may have a negative effect on our operating results, our strategy, and/or our ability to operate our business.

ii) Risks Related to our Relationships with our Parent Companies

Our business depends in part on our Parent Companies and, if we are no longer able to take advantage of our relationships with them, our business, financial condition, and operating results could be materially and adversely affected.

Our business depends in part on our ability to take advantage of our relationship with our Parent Companies to support our business. We continue to take advantage of our Parent Companies' purchasing power, data sharing and retail logistics infrastructure pursuant to various agreements, including ones we entered with them in connection with the 2014 and 2016 Reorganizations. In addition, our Parent Companies provide us with significant financial support through intercompany loans and bank guarantees. Approximately 78% of our financing comes from Casino through a cash pool agreement (as of December 31, 2020 unused credit lines under the cash pooling agreement amounted to €330 million). If we cease to be controlled by our Parent Companies, if the agreements referenced above are no longer in effect and not replaced with similar agreements, if our Parent Companies no longer wish to support or finance our business for any reason or if the business of our Parent Companies diminishes and we are no longer able to take advantage of our relationship, we could incur additional significant costs. We may be unable to replace in a timely manner or on comparable terms the services, know-how, financing and other benefits that our Parent Companies have historically provided us with, including the cash pooling agreement with Casino, which could have a material adverse effect on our business, financial condition and operating results.

We are currently party to, and may in the future be party to, related party transactions, including with our Parent Companies. Such transactions could involve potential conflicts of interest.

We have entered, and from time to time in the future we may enter, transactions with affiliated companies, including our Parent Companies. Our Parent Companies, including our Founding Shareholders, control a majority of our outstanding share capital, and certain officers of our Parent Companies serve on our board of directors and retain their positions with our Parent Companies. Our board of directors has adopted a written policy regarding the review and approval of related party transactions which requires that all related party transactions be entered into on arm's-length terms and, together with our other governance documents, also provides for the management of conflicts of interest. However, related party transactions between us and our Parent Companies or other related parties which we entered prior to becoming a public company and to which we remain a party may present conflicts of interest between our management and our Parent Companies or such related parties.

Certain of our directors may have actual or potential conflicts of interest because of their positions with our Parent Companies.

Certain officers of our Parent Companies serve on our board of directors while retaining their positions with one or more of our Parent Companies. On occasion, the interests of the Parent Companies, to which those officers owe fiduciary duties, may conflict with the interests of our company and you as a shareholder. Such officers may have to choose between the two and, as a result, may make decisions that conflict with your and our best interests in favor of the interests of the Parent Companies. In addition, some of these directors own Parent Company common stock, options to purchase Parent Company common stock or other Parent Company equity awards. These individuals' holdings of Parent Company common stock, options to purchase common stock of Parent Company or other equity awards may be significant for some of these persons compared to these persons' total assets. Their position at the Parent Companies and the ownership of any Parent Company equity awards may, on a case-by-case basis, create a possible conflict of interest.

iii) Risks Related to Legal, Regulatory and Tax Matters

Failure to comply with European, French, and other laws and regulations relating to privacy and data protection could adversely affect our business, financial condition, and operating results.

We strive to comply with all applicable laws, regulations and other legal obligations relating to privacy and data protection, including those relating to the use of data for marketing purposes. However, any failure, or perceived failure, by us to comply with our policies or with any European, French and other privacy related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal obligations could adversely affect our reputation, brands and business, and may result in claims, fines, civil or criminal proceedings or actions against us by governmental entities or others.

We may also be subject to fines or contractually liable to indemnify and hold harmless third parties, including our customers, from the costs or consequences of non-compliance with any laws, regulations or other legal obligations relating to privacy or consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Any of these events could compromise our ability to effectively pursue our growth strategy and may adversely affect our ability to retain and acquire customers, vendors and marketplace sellers or otherwise harm our business, financial condition, and operating results.

We rely on the collection of personal data from our customers to effectively promote our sites, product offerings, services, and pricing practices (targeted vouchers). Through our advertising sales agencies we use customer data, including personally identifiable information, to sell targeted advertising space to third parties. A variety of European, French and other laws and regulations govern the collection, use, retention, sharing and security of consumer data and the digital advertising business, including, in France, Law No.78 17 of January 6, 1978, as amended notably by Law No. 2004 801 dated August 6, 2004 (the "**French Data Protection Act**") and the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 (the "**General Data Protection Regulation**" or "**GDPR**") on the protection of natural persons with regard to the processing of personal data and on the free movement of such data. Laws and regulations relating to privacy, data protection, consumer protection and the digital advertising business are evolving and subject to potentially differing interpretations. Changes in these laws and regulations or their interpretation may force us to incur substantial costs or require us to change our business practices and may present challenges to our ability to collect customer data and promote our sites, product offerings and services through electronic communications and our online advertising sales agencies. European, French, and other governmental authorities continue to evaluate the privacy implications inherent in the use of "cookies" and other methods of online tracking for behavioral advertising and other purposes. Such authorities have enacted legislation to regulate the use of cookies, including the European Union Directive 2002/58/EC of July 12, 2002 (the "**e Privacy Directive**"), as amended by the European Union Directive 2009/136/EC of November 25, 2009, or are considering enacting legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. Additionally, some providers of consumer devices and web browsers have implemented means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could, if widely adopted, result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. If a consumer uses an Internet browser that automatically blocks all cookies, does not give consent to the use of cookies or otherwise opts to not allow persons to track their browsing activity, our ability to effectively promote our sites, product offerings and services may be impacted. Further, restrictions on the use of cookies may impact our ability to make effective use of services that employ such practices, which could negatively impact our business.

We may become subject to additional and unexpected laws and regulations, or changes to existing ones, which could materially and adversely affect our business, financial condition, and operating results.

We may become subject to additional and unexpected laws and regulations or changes to existing ones, which could create unexpected liabilities for us, cause us to incur additional costs or restrict our operations. For example, our customers can pay for products on our sites in four installments. These installment payment services are currently subject to limited formal requirements under applicable French consumer laws. However, if the services we offer were to become subject to more stringent regulations, our business, financial condition, and results of operation could be materially and adversely affected.

In addition, from time to time, we may be notified of or otherwise become aware of additional laws and regulations that governmental organizations or others may claim should be applicable to our business. If applicable general consumer laws or consumer laws specifically related to e-commerce sales or the rights and protections of consumers purchasing online became more stringent, these could require us to bear additional costs and operational constraints and limit our current promotional practices and therefore have a negative impact on our business. Furthermore, since October 2014, consumer class actions have been permissible in France. If we become subject to such an action, it could negatively impact our brand and our business. Moreover, our relationships with vendors are subject to regulation and changes to these regulations may affect us. Regulations in France and in Europe have been subject to periodic change in the past, and future change may affect the terms of our relationships with our vendors (including, for example, commercial conditions and payment terms), which may have an impact on our business and results of operations.

Furthermore, if environmental laws and regulations relating, in particular, to green technologies, become more stringent, these could require us to bear additional costs and operational constraints relating to, among other things, recycling unsold or returned products, including home appliances and other heavy weight products, and upgrading or replacing our existing facilities, which could have a negative impact on our business.

Complying with obligations laid out above could have a negative impact on our profit margins. Failure to comply with these obligations or failure to anticipate the application of these and other laws and regulations accurately could create liability for us, result in adverse publicity or cause us to alter our business practices, which may cause our business, financial condition and operating results to be materially and adversely affected.

We may not be able to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties.

We regard our trademarks, service marks, copyrights, trade dress, trade secrets, proprietary technology, and similar intellectual property as critical to our success. We rely on trademark, copyright and patent law, trade secret protection, confidentiality and/or license agreements and other methods with our employees, customers, marketplace sellers and others to protect our proprietary rights.

Effective intellectual property protection may not be available in every country in which our sites, product offerings and services are made available. We may not be able to discover or determine the extent of any unauthorized use of our proprietary rights. Third parties that license our proprietary rights in the future may also take actions that diminish the value of our proprietary rights or reputation.

In addition, third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their intellectual property rights. For example, we have received in the past, and we anticipate receiving in the future, communications alleging that certain items posted on or sold through our sites violate third-party copyrights, patents, marks and trade names or other intellectual property rights or other proprietary rights. Brand and content owners and other proprietary rights owners have actively asserted their purported rights against e-commerce companies, including Cdiscount. In addition to litigation from rights owners, we may be subject to regulatory, civil, or criminal proceedings and penalties if governmental authorities believe we have aided and abetted in the sale of counterfeit or infringing products. Such claims, whether or not meritorious, may result in the expenditure of significant financial, managerial, and operational resources, injunctions against us or the payment of damages by us. We may need to obtain licenses from third parties who allege that we have violated their rights, but such licenses may not be available on terms acceptable to us, or at all. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims.

The protection of our intellectual property rights may require the expenditure of significant financial, managerial, and operational resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. The loss of our ability to use our intellectual property, or if we are unable to protect our property rights, whether due to the termination or breach of the relevant licenses by Casino, trademark claims, failure to renew the applicable registrations or otherwise, could cause substantial harm to our brands and/or result in a material and adverse effect on our business, financial condition and operating results.

We may be unable to continue the use of our domain names or prevent third parties from acquiring and using domain names that infringe upon, are similar to or otherwise decrease the value of our brands, trademarks, or service marks.

Our domain names are core to our business as they are the electronic doorway through which customers enter our online shopping environment and are key to our brand recognition. If we lose the ability to use one of our key domain names, whether due to trademark claims, failure to renew the applicable registrations or otherwise, we may be forced to sell our product offerings under a new domain name, which could cause us substantial harm, or to incur significant expense in order to purchase rights to the domain name in question.

Our competitors and others have attempted and may in the future attempt to capitalize on our brand recognition by using domain names similar to ours. Domain names similar to ours have been and in the future may be registered by others in France and elsewhere, which may impede our rights to use our trademarks. We have a policy of defending our trademarks and we conduct trademark clearance searches to secure our rights over many of our trademarks. However, we may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our domain names and brands. Protecting and enforcing our rights in our domain names may require litigation, which could result in substantial costs and diversion of management's attention.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domain names or our current brands. Regulatory bodies also may establish additional requirements or may allow modifications of the requirements for registering, licensing, holding, or using domain names. As a result, we might not be able to register, license, use or maintain our domain names in all the countries in which we currently conduct business or may conduct business in the future.

Employment laws in France are relatively stringent and their application in a more aggressive manner by the French state could negatively impact our activity.

As of December 31, 2020, we had approximately around 2,000 full-time employees related to our continuing activities, almost exclusively based in France. In France, employment laws grant significant job protection to certain employees, including rights on termination of employment and setting maximum number of hours and days per week a particular employee is permitted to work. In addition, we are often required to consult and seek the advice of employee representatives and unions. These laws, coupled with the requirement to consult with any relevant employee representatives and unions, could impact our ability to react to market changes and the needs of our business.

We may be subject to litigation, tax proceedings or regulatory proceedings which could result in significant liability.

In the ordinary course of our business, we may be involved in a number of judicial, administrative, regulatory, criminal or arbitration proceedings, particularly regarding third party liability, competition, intellectual property, discrimination, tax, industrial or environmental matters. Claims for a significant amount may be made against us in connection with certain of these proceedings. Any corresponding potential provisions which we may make in our accounts may prove inadequate. In addition, it cannot be excluded that in the future, new proceedings, whether or not connected to existing proceedings, relating to risks currently identified by us or resulting from new or unforeseen risks, may be brought against us. If the outcome of these proceedings is unfavorable, it may damage the image of our brands and have a material adverse effect on our business, financial condition and operating results.

We may be subject to product liability claims if people or property are harmed by the products we sell.

Some of the products we sell or are offered on our sites through our marketplace activity are subject to regulation by consumer product safety and similar regulatory authorities. As a result, such products, as well as any other products, have been and could be in the future subject to recalls and other remedial actions. Products we sell for children are often subject to enhanced safety concerns and additional scrutiny and regulation. We have an internal product safety and quality team, and we may voluntarily remove selected products from our direct sales sites due to safety concerns. Such recalls and voluntary removal of products can result in, among other things, lost sales, diverted resources, potential significant harm to our reputation and brand image, increased customer service costs and legal expenses, which could have a material and adverse effect on our business, financial condition and operating results.

Although we may voluntarily recall and remove some products, we still may be exposed to reputational concerns or product liability claims relating to personal injury, death, or environmental or property damage alleged to have resulted from the products we sell, and product recalls or other actions may be required. In addition, our marketplaces increase our reputational and financial exposure to product liability claims, including if such sellers do not have sufficient protection from such claims. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. In addition, our vendors or marketplace sellers may not have sufficient resources or insurance to satisfy any indemnity or defense obligations owed to us.

Furthermore, we purchase our merchandise from numerous manufacturers. Our standard vendor terms and conditions require vendors to comply with applicable laws. Failure of our vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. In addition, the failure of any such vendors to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with consumers or result in legal claims against us.

Changes in tax treatment of companies engaged in e-commerce may adversely affect the commercial use of our sites and our financial results.

Due to the global nature of the Internet, it is possible that various countries or states may attempt to impose additional or new regulation on our business or levy additional or new sales, income or other taxes relating to our activities. Tax authorities at the international, national, and local levels are currently reviewing the appropriate treatment of companies engaged in e-commerce and mCommerce. New or revised international, national, or local tax regulations may subject our customers or us to additional sales, income, and other taxes. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. We cannot predict the effect of current attempts to impose additional sales, income, or other taxes on e-commerce or mCommerce. However, new, or revised taxes would likely increase the cost of doing business online and decrease the attractiveness of selling products over the Internet and/or in certain jurisdictions compared to others. For example, implementation of new regulations at the European level that aim to equalize competition between e-commerce retailers and “bricks and mortar” retailers may decrease the attractiveness of selling products over the Internet. In addition, France and other European countries are adopting regulations that will impose VAT collection and reporting responsibilities on marketplace operators, which may result in us paying the VAT owed on products sold via our marketplaces instead of our vendors and may decrease the attractiveness of our marketplaces compared to those located in other jurisdictions. More generally, recent concerns expressed by European authorities about the tax optimization practices of the largest global technology companies (notably Google, Amazon, Facebook, and Apple, commonly referred to as “GAFA”) may lead to new or revised tax laws and regulations. These changes may have direct or indirect impacts on our markets, vendors, sellers, customers, and operations which may be impossible to anticipate.

We may experience fluctuations in our tax obligations and effective tax rate, which could materially and adversely affect our operating results.

We are subject to taxes in France, the Netherlands, and other jurisdictions. We record tax expense based on current tax payments and our estimates of future tax payments, which may include reserves for estimates of probable settlements of international and domestic tax audits. At any one-time, multiple tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as taxable events occur, and exposures are reevaluated. Further, our effective tax rate in a given financial statement period may be materially impacted by changes in tax laws, changes in the mix and level of earnings by taxing jurisdiction, changes to existing accounting rules or regulations or by changes to our ownership or capital structures. Fluctuations in our tax obligations and effective tax rate could materially and adversely affect our results of business, financial condition, and operating results.

iv) Risks Related to the Company

We have been subject to a shareholder securities class action lawsuit concerning deficiencies in our financial reporting. If we do not adequately maintain and develop our financial reporting and internal controls, we may be unable to accurately report our financial results or prevent fraud and may be subject to sanctions or litigation.

As a result of these events, we incurred significant legal, accounting, and other professional fees and other costs in connection with the internal review, the preparation of restated consolidated financial statements, remediation efforts and related matters. Our board of directors, management and other key employees expended a substantial amount of time on matters relating to the internal review, the restatement and the subsequent litigation, diverting resources and attention that would otherwise have been directed toward our operations and implementation of our business strategy. In response to these events, management dedicated resources and took steps to remediate control processes and procedures to prevent a recurrence of the circumstances that resulted in the material weakness and the need to restate our consolidated financial statements. However, we cannot provide any assurance that these steps will be successful in preventing future material weaknesses or significant deficiencies in our internal control over financial reporting or in our ability to timely comply with the requirements of being a public company. Any such failure could affect our ability to report financial results on a timely and accurate basis, which could have material adverse effects on our business, reputation, results of operations, insurance costs, financial condition, or liquidity. In addition, any future weakness or deficiency in our internal controls or the accuracy of our financial reporting could subject us to investigations, enforcement actions and sanctions by regulatory authorities, as well to civil lawsuits by third parties. Furthermore, if investors were to lose confidence in the accuracy and completeness of our financial reports or the reliability of our financial statements, the price of our ordinary shares may suffer.

The requirements of being a public company may strain our resources and divert management's attention.

As a Dutch public company with shares listed on Euronext Paris, we are subject to various regulatory and reporting requirements and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs, made some activities more difficult, time-consuming, or costly, and increased demands on our systems and resources. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results.

Our ordinary shares have been admitted to listing and trading on the regulated market operated by Euronext Paris since 2015. Therefore, we are subject to regulatory obligations in France under the supervision of the French *Autorité des marchés financiers* (the "**AMF**"), and, because we are a public limited liability company (*naamloze vennootschap*) incorporated under Dutch law, we are subject to regulatory obligation in the Netherlands under the purview of the Stichting Autoriteit Financiële Markten, or the Dutch Authority for the Financial Markets (the "**AFM**"). These obligations concern publication of price-sensitive information under French law and filing of regulated information and notifications on share capital and voting rights under Dutch law. If we fail to comply with these obligations, we may face prosecution, or sanctions or investigations by regulatory authorities such as the AMF or AFM.

In addition, complying with public disclosure rules makes our business more visible to customers and competitors and could subject us to threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.

In the future, we could be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. We may sell ordinary shares, convertible securities, and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences, and privileges senior to those of holders of our ordinary shares. Debt financing, if available, may involve restrictive covenants and could reduce our operational flexibility or profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

The Company is exposed to a 6-year indemnification obligation as of October 31, 2016 to Via Varejo as part of the Reorganization Agreement, which indemnification limitation has, subject to all terms and conditions of the Reorganization Agreement, has been reduced to $50 million on October 31, 2017.

Pursuant to the 2016 Reorganization Agreement, Cnova Brazil was reorganized within Via Varejo with the consequence that Cnova Brazil became wholly owned by Via Varejo. As part of the 2016 Reorganization Agreement, we are exposed to a 6-year indemnification obligation as of October 31, 2016 to Via Varejo which indemnification limitation has been reduced, subject to all terms and conditions of the Reorganization Agreement, to $50 million on October 31, 2017. Any failure by the Company to satisfy indemnification obligations could result in potential claims and legal proceedings raised by Via Varejo. These events could potentially harm our reputation and/or have a material adverse effect on our business, financial condition, results of operations or prospects.

In respect of this indemnification obligation, Via Varejo commenced an arbitration procedure against Cnova NV on July 8, 2020. Depending on the outcome of this arbitration, Cnova may be held by the arbitral tribunal to indemnify Via Varejo for an amount as of yet unknown, but in any event not exceeding $50 million."

We do not comply with all the provisions of the DCGC. This may affect an investor's rights as a shareholder.

As a Dutch company, we are subject to the DCGC. The DCGC contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance, and enforcement standards. The DCGC applies to all Dutch companies listed on a regulated market and any equivalent third (non-EU) country regulated market, which includes Euronext Paris. The principles and best practice provisions apply to the board (in relation to role and composition, conflicts of interest and independence requirements, board committees and remuneration), shareholders and the general meeting of shareholders (for example, regarding anti-takeover protection and obligations of the Company to provide information to its shareholders) and financial reporting (such as external auditor and internal audit requirements). We do not comply with all the provisions of the DCGC. This may affect your rights as a shareholder, and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC.

We are a Dutch public company with limited liability. The rights of our shareholders may be different from the rights of shareholders governed by the laws of other jurisdictions.

We are a Dutch public limited liability company (*naamloze vennootschap*) organized under Dutch law. Our corporate affairs will be governed by our Articles of Association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of our board of directors may be different from the rights and obligations of shareholders in companies governed by the laws of other jurisdictions. In the performance of its duties, our board of directors is required by Dutch law to consider the interests of our company and our business, its shareholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder. See "*Description of Share Capital*".

Although the general meeting of the shareholders generally has the right to approve legal mergers or demergers, Dutch law does not grant appraisal rights to a company's shareholders who wish to challenge the consideration to be paid upon a legal merger or demerger of a company (except in a limited number of situations). In addition, if a third party is liable to a Dutch company, under Dutch law shareholders generally do not have the right to bring an action on behalf of the company or to bring an action on their own behalf to recover damages sustained as a result of a decrease in value, or loss of an increase in value, of their stock. Only in the event that the cause of liability of such third party to the company also constitutes a tortious act directly against such shareholder and the damages sustained are permanent, may that shareholder have an individual right of action against such third party on its own behalf to recover damages. The Dutch Civil Code provides for the possibility for a foundation or an association whose objective, as stated in its articles of association, is to protect the rights of persons having similar interests, to institute litigation. Such litigation cannot result in an order for payment of monetary damages but may result in a declaratory judgment (*verklaring voor recht*), for example, declaring that a party has acted wrongfully or has breached a fiduciary duty. The foundation or association and the defendant are permitted to reach (often on the basis of such declaratory judgment) a settlement which provides for monetary compensation for damages. A designated Dutch court may declare the settlement agreement binding upon all the injured parties with an opt-out choice for an individual injured party. An individual injured party, within the period set by the court, may also individually institute a civil claim for damages if such injured party is not bound by a collective agreement.

Certain provisions of Dutch corporate law and our Articles of Association have the effect of concentrating control over certain corporate decisions and transactions in the hands of our board of directors. As a result, holders of our shares may have more difficulty in protecting their interests in the face of actions by members of the board of directors than if we were incorporated in certain other jurisdictions.

v) Risks Related to Our Ordinary Shares

Due to the volume of ordinary shares of the Company that is traded on the regulated market of Euronext Paris on an average daily basis, the pricing of our ordinary shares may experience more volatility compared to other listed companies.

Due to the limited volume of our ordinary shares that is traded on Euronext Paris on an average daily basis, the market price of our ordinary shares may experience more volatility compared to other listed companies and may be significantly and adversely affected by a variety of factors that could impact us, our competitors, macroeconomic conditions and the e-commerce sector. These factors may include, among others, market reaction to:

- variations in our or our competitors' operating results, forecasts, or outlook from one period to another.
- announcements made by our competitors or other companies with similar activities, or announcements concerning the retail sales of consumer products in general or the e-commerce market relating to the financial and operating performance or outlook of those companies.
- adverse regulatory developments affecting markets where we do business or us directly.
- fluctuations in the stock markets in general and market prices for e-commerce companies in particular.
- publications of any research analysts.

- changes in our capital structure, including issuance of debt or equity securities.
- changes in our shareholding structure, our officers or key employees or the scope of our assets (acquisitions, sales, etc.).

In addition, many of the risks described elsewhere in the Risk Factors section could materially and adversely affect the price of our listed shares. Financial markets have recently experienced price and volume volatility that has affected many companies' stock prices, and such wide fluctuations have often been unrelated to the operating performance of those companies. Fluctuations such as these may materially affect the market price of our shares and / or the ability to trade these shares on the markets.

Future sales of our ordinary shares by our shareholders, or the perception that such sales could occur, may cause the market price of our ordinary shares to decline.

As of 31-12-2020, there were **345,210,398** of our ordinary shares outstanding. Sales by us or our shareholders of a substantial number of our ordinary shares in the public market, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of our equity securities.

Further, under the Cnova NV Omnibus Incentive Plan (the "**2014 Omnibus Incentive Plan**"), the Company has the option to create share based incentive plans for its directors and / or employees, which may result in the creation of new ordinary shares, causing a dilution of existing shareholders.

We have no present plan to pay any dividends on our ordinary shares and cannot provide assurances regarding the amount or timing of dividend payments, if any, in the future.

We currently intend to reinvest all future earnings, if any, to finance the operation and expansion of our business. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and other factors our board of directors may deem relevant from time to time. Payment of future dividends may be made only to the extent our shareholders' equity exceeds the sum of our paid-up and called-up share capital plus the reserves that must be maintained in accordance with provisions of Dutch law and our Articles of Association. We cannot provide assurances regarding the amount or timing of dividend payments and may decide not to pay dividends in the future. As a result, you should not rely on an investment in our ordinary shares to provide dividend income, and the success of an investment in our ordinary shares may depend upon an appreciation in their value. There is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which shareholders have purchased their ordinary shares.

Any shareholder acquiring 30% or more of our voting rights may be required to make a mandatory takeover bid.

Under Dutch law, if a party directly or indirectly, whether or not in concert with others, acquires predominant control of a Dutch company, all or part of whose shares are admitted to trading on a regulated market such as Euronext Paris, that party may be required to make a public offer for all other shares of the Dutch company. For this purpose, "predominant control" is defined as the ability to exercise at least 30% of the voting rights at a general meeting of shareholders. Controlling shareholders existing before admission to listing and trading on the regulated market concerned are generally exempt from this requirement unless their controlling interest drops below 30% and then increases again to 30% or more and no other exemption applies. The mandatory bid rule can be enforced by court order. The purpose of this requirement is to protect the interests of minority shareholders.

3. CORPORATE GOVERNANCE – THE DUTCH CORPORATE GOVERNANCE CODE

As a Dutch company that lists its ordinary shares on a government-recognized stock exchange, we are subject to the Dutch Corporate Governance Code 2016 ("DCGC"). The DCGC applies to all Dutch companies listed on a regulated market and any equivalent third (non-EU) country regulated market, which includes Euronext Paris. The text of the DCGC can be accessed at http://www.mccg.nl.

The code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual report filed in the Netherlands whether or not they are complying with the relevant rules of the DCGC and, if they do not apply those provisions, to give the reasons for such non-application.

We acknowledge the importance of good corporate governance and the statement contained in the DCCG's preamble that corporate governance requires a tailor-made approach. During the financial year to which this report pertains, we complied with the provisions of the DCGC except for the deviations listed below. The current deviations from the DCGC may be a legacy of structures and schemes created during our listing on NASDAQ, or emanate from the common governance practices applicable to companies that are part of Groupe Casino which includes the Company.

Cnova has adopted a Code of Business Conduct and Ethics. The text of Cnova's Code of Business Conduct and Ethics can be accessed at www.cnova.com. The Company does not voluntarily apply other formal codes of conduct or corporate governance practices.

The provisions from the DCGC we do not apply, do not comply with or deviate from, are the following:

Internal audit function (Principle 1.3 and associated best practice provisions)

As a company that is controlled by Casino, and pursuant to the management agreement entered into with Casino and Euris, internal audit support is provided by the internal audit function of Casino in cooperation with the Company's internal controls department. The Board has no approval or nomination rights with regards to the appointment or dismissal of the internal auditor of Casino under the terms and conditions of the aforementioned management agreement, but the Board does have control over the appointment and dismissal of the Company's internal controls department. The Board has concluded that the audit support provided by the internal audit function of Casino, together with the support provided by the Company's internal controls department, currently provides an adequate alternative to establishing a separate internal audit department for Cnova.

The findings of the internal audit function of Casino are (at least annually) reported to the Audit Committee, after which the findings are discussed and feedback is given on the future internal audit plan pertaining to Cnova.

Retirement schedule (best practice provision 2.2.4)

Cnova has not posted the retirement schedule for the members of the Board as a separate document on its website. However, all terms of office are disclosed annually in Cnova's annual report (see chapter 5.1), which is publicly available on the Company's website.

Contents of the Board Rules (best practice provision 2.3.1)

Our Board Rules do not contain specific provisions dealing with the Board's relations with the general meeting of shareholders. The Board will respect the rights of the general meeting of shareholders in accordance with our Articles of Association and the Dutch Civil Code.

Board Committees (best practice provision 2.3.2)

The Board has not established a separate remuneration committee and selection and appointment committee. Instead, our Nomination and Remuneration Committee fulfils the role and responsibilities of a remuneration committee and selection and appointment committee as set forth in the DCGC.

Oversight of misconduct and irregularities (best practice provision 2.6.4)

Actual or suspected misconduct or irregularities are being monitored by the Company and are reported to the Board along with the development of any ongoing investigation and the adequate follow-up of any recommendations for remedial actions related to them, when deemed necessary. The Board oversight is currently restricted to the most serious cases and does not encompass all reported actual or suspected misconduct or irregularities reported through the Company's proper channels.

Remuneration (Principle 3.1 and certain associated best practice provisions)

- *Remuneration Policy (best practice provisions 3.1.2 and 3.3.2)*

Our remuneration policy, adopted by our general meeting of shareholders before we were a publicly listed company, and amended thereafter, sets forth a remuneration structure designed to attract, retain and motivate Directors with the leadership qualities, skills and experience needed to support the management and growth of our business. The remuneration policy aims to drive strong business performance, promote accountability, incentivize Directors to achieve short- and long-term performance goals with the objective of substantially increasing our equity value, and assure that Directors' interests are closely aligned to those of our shareholders and other stakeholders. Consequently, our remuneration policy, and the remuneration granted based on that policy, does not comply with the remuneration related provisions from the DCGC in all respects. In addition, shares that were and might in the future be awarded to our Directors as part of either a long-term or short-term incentive plan, are not necessarily subject to a five-year lock up and options that were and might in the future be awarded to our executive directors are not necessarily subject to a three year vesting period, as recommended by best practice provision 3.1.2 and 3.3.2 of the DCGC because we do not believe that such restrictions necessarily align the interests of our Director(s) with the interests of the Company and its stakeholders.

4. BOARD OF DIRECTORS

4.1 BOARD MEMBERS

At the Company's AGM held on June 26, 2020, the shareholders (re)appointed several 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 (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.

The following paragraphs set forth biographical information regarding our directors:

Jean-Yves Haagen was initially appointed as replacement non-executive director on November 7, 2017, and subsequently was appointed as non-executive director on May 25, 2018. On November 22, 2018 Mr. Haagen was appointed as Chairman of the Board. Mr. Haagen, Casino's general counsel since September 2014, is a graduate of the Institut d'Etudes Politiques de Paris and the Centre Européen Universitaire of Nancy where he completed master's degrees in both European Community Law and Advanced European Studies. He also holds a Bachelor of Laws degree from the University of Nancy. He has been an in-house legal counsel since his early professional start and has held various legal and executive positions in France and overseas in the industry/engineering sector (Areva and Thales) and in a recent past in the international soft commodities trading sector (Louis Dreyfus Commodities BV).

Silvio J. Genesini was appointed to serve as a replacement director for Yves Desjacques effective December 8, 2014, and was subsequently appointed non-executive director in May 2015. Mr. Genesini acts as one of our independent directors. He currently serves as a member of the board of directors of Algar, (Brazilian conglomerate with telecom, IT and agribusiness operations), Anima (Education public company), brMalls (Malls public operator), Hortifruti (a fresh food and groceries supermarket) and Verzani & Sandrini (facilities and security services private company). He is also member of the advisory board of Salesforce Brasil and Gerando Falcões (an ONG dedicated to reduce poverty in the Brazilian favelas). Mr. Genesini previously served as Chief Executive Officer of Grupo Estado from 2009 to 2012, a Brazilian media group, as the managing director of Brazilian operations for Oracle Corporation from 2004 to 2009, and as a partner at Accenture and Andersen Consulting. Mr. Genesini holds a degree in industrial engineering from Universidade de São Paulo.

Eleazar de Carvalho Filho has served as one of our directors since October 31, 2014. He is a founding partner at Virtus BR Partners, an independent advisory firm, and at Sinfonia Capital, and currently is Chairman of Oi S.A., serves on the board of directors of TechnipFMC plc, Grupo Pão de Açùcar (GPA) and Brookfield Renewable Corporation. Previously, he served as chief executive officer of Unibanco Banco de Investimentos and president of the Brazilian Development Bank (BNDES) and managing director of Banco UBS - Brasil. He served as the chairman of the board of directors of BHP Billiton Brazil and as a member of the boards of directors of Petrobras, Centrais Elétricas Brasileiras, Vale, Tele Norte Leste Participações, Alpargatas, and others. He also is president of the board of trustees of the Brazilian Symphony Orchestra Foundation. He holds a bachelor's degree in economics from New York University and a master's degree in international relations from Johns Hopkins University.

*Ronaldo Iabrudi d*os *Santos Pereira* has served on the Company's Board as a Non-Executive director since May 2014, and was appointed Vice-Chairman in June 2015. Mr. Iabrudi was elected on April 27, 2018, Co-Vice-Chairman of GPA's Board of Directors, of which he is a member since 2016, also integrating the Committees of Corporate Governance and Sustainability, Human Resources and Compensation, and Innovation and Digital Transformation. The executive was elected, on January 23rd, 2020, as member of the Board of Directors of Grupo Éxito, in Colombia, participating in several Committees, and on December 31st, 2020, as Vice-Chairman of the Board of Directors of Assaí Atacadista, where he is member of the Strategic and Investment, Financial, Human Resources, Sustainability Committees. Between January 2014 and April 2018, he was CEO of GPA. Previously,he was Chairman of the Board of Directors of Via Varejo, Chairman of the Boards of Directors of Lupatech, Contax and Telemar, and member of the board of Estácio, Magnesita, Cemar, Oi/Telemar, RM Engenharia and Ispamar. He was CEO of Magnesita from 2007 to 2011 and, from 1999 to 2006, worked for Grupo Telemar, where he undertook several positions, including CEO of Telemar/Oi and Contax. From 1996 to 1999, Mr. Iabrudi was CEO of FCA (Ferrovia Centro-Atlântica) and from 1984 to 1996, Chief Financial & Management Officer and Chief Human resources Officer of Grupo Gerdau. Mr. Iabrudi is a partner at the technology companies VIAW and Meu Plano; an investor in the startups FestaLab, EducareBox and I.Rancho; and also in the agribusiness – he is farms owner and shareholder of Agrobanco, Banco da Lavoura and Agrobanco from Boa Esperança. Graduated in Psychology from PUC-MG, with master's degree in Organizational Development from Université Panthéon Sorbonne and master's degree in Change Management from Université Paris Dauphine, Paris – France.

Bernard Oppetit has served as one of our directors since November 2014, and is one of our independent directors. He is the chairman of Centaurus Capital LTD, a company he created in 2000 as an asset manager. Centaurus subsequently sold its hedge fund business is now a private investment company. Prior to 2000, Mr Oppetit held various positions at Paribas (now BNP Paribas) since 1979, in Paris, New York and London. He has been an independent direction of Natixis since 2009, and is chairman of the Risk Committee. mr Oppetit also serves as trustee of the Academy of St-Martin-in-the fields.
He graduated from École Polytechnique in Paris in 1978.

Arnaud Strasser has served as one of our directors since May 30, 2014. Mr. Strasser has served as Director, Corporate Development and Holdings of Casino and a member of the Casino Management Board since 2010. He has also served as a member of the board of directors of Éxito since 2010 (member of the Good Governance Code Assessment, Follow-up and Compensation Committee), member of the board of directors of GPA since 2010 and Vice Chairman since 2012 (member of the Human Resources and Compensation Committee), and a member of the board of directors and Vice Chairman of Via Varejo since 2012 and 2013, respectively (member of the Human Resources and Compensation Committee). Mr. Strasser also served as a member of the board of directors of Big C Supercenter until 2014. Mr. Strasser joined Casino in 2007 and served until 2009 as Advisor to the Chairman for International Development of Casino. Mr. Strasser is a graduate from the École Nationale d'Administration (ENA), he also holds a master's degree from the Hautes Études Commerciales (HEC), and a master's degree from the Institut d'Études Politiques de Paris.

Christophe José Hidalgo has served as one of our directors since January 13, 2017. Mr. Hidalgo has been Interim Chief Executive Officer since November 2020 and Vice President of Finance of GPA since 2012. He is also member of the Board of Directors of GPA, elected on December 28, 2020, also integrating the Audit, Finance and Innovation and Digital Transformation Committees. The executive was elected, on December 31st, 2020, as member of the Board of Directors Management of Assaí Atacadista, in which also integrates the Committees of Strategic and Investment, Financial, Human Resources, and Sustainability Committees. Worked as CFO of Éxito Group (Colombia), subsidiary of Casino Group, from

2010 to 2012, and is currently Member of its Board of Directors. After joining Casino, in 2000, he took several posts in finance and controllership in the Group. As previous experience in Brazil, he worked as CFO of the retailer Castorama, between 1996 and 2000. Christophe is French, with bachelor's degree in private law and degree in finance and accounting, both from the University of Bordeaux (France).

*Mrs. Josseline de Clausade w*as appointed as Non-Executive Director on June 26, 2020. Since 2012, Mrs. Josseline de Clausade serves as CEO advisor at Casino Group, she manages European and International Affairs for all strategic issues. She was member of the Board of Big C in Vietnam and Thailand, and subsequently as Executive Board member of Exito in Colombia where she currently serves as Board Member of Exito Foundation. Mrs. De Clausade is graduated of Institut d'Etudes Politiques de Paris and of Ecole Nationale d'Administration. She also holds a master degree of Economics from University of Paris-Dauphine. She has served as member of Conseil d'Etat in France. She was appointed as director of cabinet of deputy minister of foreign affairs, then, she served as diplomat at the French Permanent Representation at the European Union in Brussels, serving as Mission Head, responsible for Cultural Affairs and Scientific Cooperation at the Cabinet of Hubert Védrine (Foreign Affairs Minister) and, also as Consul-General of France in Los Angeles – USA. Mrs. Josseline de Clausade is Officer of the Légion d'Honneur

Emmanuel Grenier was appointed as our Co-CEO in June 2014 and subsequently appointed CEO on January 21, 2016. Mr. Grenier was initially appointed as replacement executive director on January 21, 2016, and was subsequently appointed as executive director at our AGM on June 29, 2019. Mr. Grenier has served as Managing Director and Chief Executive Officer of Cdiscount since 2008. Since joining Casino Group in 1996, Mr. Grenier has served in a variety of roles in supply chain and IT, including as President of Cdiscount Group and CD Africa S.A.S., director and President of E-Trend S.A.S., director of two former Cdiscount subsidiaries, C-Asia and C Distribution (Thailand) Ltd. Mr. Grenier holds a master's degree from ESC Chambéry in France.

4.2 BOARD STRUCTURE

Our Company has a single-tier board of directors. The Board consists of nine directors, including eight non-executive directors and one executive director. The terms of our directors will expire at the AGM in 2021 (for Silvio Genesini and Jean-Yves Haagen; 2022 (for Bernard Oppetit, Eleazar de Carvalho Filho and Emmanuel Grenier); and 2023 (for Josseline de Clausade, Christophe Hidalgo, Arnaud Strasser and Ronaldo Iabrudi dos Santos Pereira). Non-executive Directors are expected to serve three-year terms, although the internal rules for the Board and its committees (the "Board Rules") allow for other terms if proposed by the board of directors and approved by a resolution of our general meeting of shareholders. A director may be re-elected to serve for an unlimited number of terms.

According to the terms of the Commitment Letter entered into between Casino and GPA, dated August 8, 2016 (the "CGP-GPA Commitment Letter"), Casino has granted GPA the right to designate one or more directors to the Board to ensure that the ratio of (a) non-independent members of the Board appointed by GPA divided by (b) the total number of non-independent members of the Board shall be at least equal to the economic interest of GPA in the ordinary shares of the Company, for as long as CGP continues to control Cnova. The current GPA's designated directors are Ronaldo Iabrudi dos Santos Pereira, Eleazar de Carvalho and Christophe Hidalgo.

In accordance with Dutch law, our Articles of Association provide that our directors will be appointed by our general meeting of shareholders. A director may be removed or suspended, with or without cause, by a resolution of our general meeting of shareholders passed by a simple majority of the votes cast. In addition, our executive director may be suspended by the Board.

Our executive director, currently Emmanuel Grenier, is the CEO and executive director of the Company. In addition, under our Articles of Association, the Board may appoint other persons who are not members of the Board as Co-CEOs (each a "Non-Board Co-CEO"). A Non-Board Co-CEO attends and participates in meetings of the board of directors as an observer, but may not vote. The duties, responsibilities and powers of a Non-Board Co-CEO are subject to certain limitations under Dutch law. The Board may at any time determine that the specific circumstances require the Board to perform its duties through deliberation and decision-making among the directors only, without the Non-Board Co-CEOs being present. Currently no Non-Board Co-CEO is appointed.

The primary responsibility of our non-executive directors is to supervise the management, including the CEO, to oversee the functioning of the board of directors, and provide advice to our CEO and senior management, including supervising the execution of our Company's strategy by our CEO and senior management and monitoring the general affairs of our Company and the business connected with it. The primary responsibility of our CEO is to manage, subject to the limitations of Dutch law and without prejudice to the Board's collective responsibility, our Company's day-to-day operations, the general affairs of the Company and of the Company's group.

Decisions of the Board require the affirmative vote of a majority of the Directors present or represented at any meeting of the Board where at least a majority of the full board is present or represented. The chairman of the Board casts the deciding vote in the event that any vote of the Board results in a tie. The Board may also act by written consent, evidenced by a resolution of the Board signed by at least a majority of the full Board.

The Board has adopted internal rules concerning the organization, decision-making and other internal matters of the Board and the Board committees. The Board as a whole or the CEO (or, if appointed, any Non-Board Co-CEO) individually is authorized to represent us in dealings with third parties. The Board may elect to adopt additional lists of decisions by the CEO requiring prior approval by the Board as a whole, the Chairman or certain committees.

4.3 DIRECTOR INDEPENDENCE

All non-executive directors of Cnova are independent within the meaning of the DCGC. The recommendations under the DGCC with respect to the composition of the Board and its committees in terms of independence, have been complied with.[4]

4.4 BOARD EVALUATION

Pursuant to the Board Rules, the non-executive directors shall discuss at least once a year, without the CEO being present, their own functioning, the functioning of the Board committees and the individual non-executive directors, and the conclusions that must be drawn on the basis thereof. Moreover, the non-executive directors shall discuss at least once a year without the CEO being present both the functioning of the Board as a corporate body of the Company and the performance by the CEO of his duties, and the conclusions that must be drawn on the basis thereof. In accordance with the Board Rules, our Chairman shall see to it that the performance of the directors, including the CEO, is assessed at least once a year.

The last meeting of the Board without the CEO being present to discuss the functioning of the Board as a whole and the individual directors took place on December 3, 2020. The evaluation was carried out on the basis of a questionnaire and a discussion among the non-executive directors. In the context of this evaluation, the Board concluded that it, its committees and its members, are functioning properly.

Discussions by the non-executive directors on strategy, risks and risk management

[4] See non-executive directors' biographies above for more information on their roles with Parent Companies

As mandated by the Board Rules, our non-executive directors meet from time to time to discuss the corporate strategy and the main risks of the business, the results of the assessment by the Board of the design and effectiveness of the internal risk management and control systems, as well as any significant changes thereto.

5. REMUNERATION REPORT

Advisory vote

Pursuant to the implementation of the Revised Second European Shareholder Rights Directive in 2019, the remuneration report included in our 2019 Dutch Annual Report was placed as an advisory voting item on the agenda of our AGM in 2020. The vast majority of those shares represented during the AGM in 2020 voted to approve the remuneration report, which the Company considers as an encouragement to continue with its consistent approach with regard to the contents and structure of its remuneration reporting.

Remuneration policy

Under our Articles of Association, we must adopt a remuneration policy for our directors. Such remuneration policy was adopted by our general meeting of shareholders on October 30, 2014, and is available on our website. Pursuant to the implementation of the Revised Second European Shareholder Rights Directive in 2019, a revised remuneration policy was approved by our AGM in 2020 and can be found on https://www.cnova.com/wp-content/uploads/2020/06/10.-Cnova-Remuneration-policy.pdf. In addition, as from 2020, our remuneration policy will be placed as a voting item on the agenda for our AGM for re-approval at least once every four years.

Our current remuneration policy sets forth a remuneration structure designed to attract, retain and motivate directors with the leadership qualities, skills and experience needed to support the management and growth of the Company's business. Our remuneration policy aims to drive strong business performance, promote accountability, incentivize directors to achieve short- and long-term performance goals with the objective of substantially increasing the Company's equity value, and assure that directors' interests are closely aligned to those of the Company's shareholders and other stakeholders.

Our remuneration policy is intended to ensure the overall market competitiveness of the directors' remuneration packages, while providing the Board with enough flexibility to tailor its remuneration practices on a case by case basis. In determining the remuneration of directors, the Board (and the nomination and remuneration committee), in its discretion, shall consider what, if any, actions shall be taken with a view to preventing conflicts of interest. At its discretion, the Board (or the nomination and remuneration committee) may obtain independent advice from compensation consultants or counsel on the appropriate levels of compensation. The nomination and remuneration committee shall annually review and, if deemed appropriate, recommend to the Board changes to the individual directors' remuneration packages from time to time in a manner consistent with our remuneration policy.

The Board determines the remuneration of our directors in accordance with the remuneration policy and the remuneration paid to our directors in the 2020 fiscal year is consistent with our remuneration policy. Therefore, the remuneration paid to our directors in the 2020 fiscal year is consistent with the intentions of our remuneration policy and thus contributes to the long-term success performance of the Company. Our executive director may not participate in the deliberations or, if applicable, the determination of his remuneration.

The below table shows the compensation paid by us and our subsidiaries to our non-executive directors in the 2020 fiscal year. In determining the level and structure of the compensation of our directors, relevant scenario analyses and peer company analyses were carried out and have been considered in advance of setting the definitive level and structure of the compensation of our directors. We do not have any written agreements with any director providing for benefits upon the termination of such director's relationship with our company or our subsidiaries. Benefits upon termination will be fully governed by the applicable jurisdiction's legislation.

Amounts are in euro and are rounded up to whole euro amounts.

Name and title	**Fixed remuneration**			**Variable remuneration**					
	Base salary	**Fees (1)**	**Fringe benefits**	**One-year variable**	**Multi-year variable**	**Extraordinary items**	**Pension expense**	**Total remuneration**	**Proportion of fixed and variable remuneration**
Jean-Yves Haagen, Chairman		10,000							
Ronaldo Iabrudi dos Santos Pereira, Vice-Chairman		27,000							
Eleazar de Carvalho		50,000							
Christophe Hidalgo		10,000							
Silvio Genesini		107,000							
Arnaud Strasser		27.000							
Bernard Oppetit		93,000							
Franck-Philippe Georgin (2)		4,863							
Josseline de Clausade (3)		5.164							

(1) Consists of director fees, committee member fees and attendance fees.
(2) Mr. Georgin resigned as a non-executive director on June 26, 2020 and as such was entitled to a proportionate part of the annual non-executive Board member's fee of EUR 10,000.
(3) Mrs. De Clausade was appointed as a non-executive director on June 26, 2020 and as such was entitled to a proportionate part of the annual non-executive Board member's fee of EUR 10,000.

Remuneration for Executive director

During his tenure as executive director in the 2020 fiscal year, our executive director's total paid out remuneration (comprising a combination of fixed and variable compensation, excluding payroll taxes born by subsidiaries of the company and including long term incentive plans that became payable in 2020) amounted to €1,131,450 including a variable compensation related to 2019 based 50% on quantitative targets and 50% on qualitative targets. The Board has determined that those targets were 115.7% reached, setting the variable compensation paid at €260.000.

The Company performed an independent benchmark test of its executive director compensation in July 2020. The benchmark was based on a peer group, comprising European and Global peer companies, and was based on public 2019 remuneration data.

At present, the executive director's compensation does not include any Cnova equity based remuneration. For more information, reference is made to Chapter 6.3 *Equity Incentive Plans.*

The below table shows the compensation *paid out by* us and our subsidiaries related to our executive director in the 2020 fiscal year. Amounts are in euro.

Name and title	**Fixed remuneration**			**Variable remuneration**					
	Base salary	**Fees**	**Fringe benefits**	**One-year variable**	**Multi-year variable (1)**	**Extraordinary items**	**Pension expense**	**Total remuneration**	**Proportion of fixed and variable remuneration**
Emmanuel Grenier, CEO	450,000	120,000		260,000	301,450	0	0	1,131,450	Fixed: 50.4% Variable: 49.6%

(1) The Executive Director's Multi-year variable is based upon a multi-year incentive plan, subject to presence condition as well as performance conditions, set and measured on an annual basis and paid following the determination of the achieved target amount. The key performance indicators relating to this multi-year variable scheme are set out below.

The Board and the Nomination and Remuneration Committee are of the opinion that the selection of key performance indicators used for determining the executive director's variable compensation comprises an appropriate selection of incentives. More specifically, the key performance indicators incentivize the executive director to achieve the purposes as stated in our remuneration policy, by targeting a mixture of financial and non-financial metrics (GMV, trading profit, net financial debt); customer satisfaction (NPS, CDAV), long term strategic plans (services, and partnership development, technological know-how) and CSR (% of women in management). As such the component parts of the variable compensation address all the Company's stakeholders and are aligned with the long term strategic goals.

The following table sets forth the key performance indicators used to set the executive director's one year variable compensation; the realization of those key performance indicators as well as the realization of the results in 2020.

1 - Description of the performance criteria	**2 - Relative weighting of the performance criteria**	**3 - information on Performance Targets**		**4- a)Measured performance and b) actual outcome**
		a) Minimum target b) corresponding award	**a)Target b)corresponding award**	

Cdiscount GMV growth	10.0%	8.5%	11.5%	9.1%
		0	22,500	4,000
Cnova EBITDA (€m)	10.0%	45	60	50.6
		0	22,500	8,400
Cnova NFD as of end 2019 (€m)	10.0%	-230	-190	-221.0
		0	22,500	5,000
Average NPS	5.0%	42	44	44.5
		0	11,250	14,000
Services GMV (€M)	7.5%	140	160	168.8
		0	16,875	24,200
International GMV (€M)	7.5%	30	36	32.7
		0	16,875	7,600
% of women in management	5.0%	38.1%	38.50%	40.70%
		0	11,250	22,500
digitalization of Franprix*	5.0%		100%	100%
			11,250	11,200
Commercialize technological platform*	7.5%		100%	150%
			16,875	25,300
Develop AI Strategy*	7.5%		100%	150%
			16,875	25,300
Management attitudes & behaviors*	25.0%		100%	200%
			56,250	112,500
TOTAL				260,000

*: the achievement of these performance indicators was determined by the Company's Nomination and Remuneration Committee, by assessing the progress made during the financial year on these non-quantifiable targets as well as the completion of certain milestones.

The following table sets forth the key performance indicators for the year 2020 to be used to set the executive director's one year variable compensation concerning the performance in 2020. The target compensation to be achieved amounts to 50% of the executive director's 2020 base salary (450.000 euro), and is capped at 200% achievement rate. Due to the Company's and executive director's position within the Casino Groupe, the performance criteria combine Casino Groupe as well as Company related aspects. The performance against these objectives will be assessed by the Company's Nomination and Remuneration Committee and its Board, after which, all other things remaining equal, the variable remuneration will be paid out in 2021. It is expected that the variable compensation over 2020 will be in the range of 65-75% of the base salary.

1 - Description of the performance criteria for 2020	**2 - Relative weighting of the performance criteria**
EBITDA France (M€)*	7%
FCF France (M€)*	7%
Comparable Group Revenue Growth*	6%
CSR Performance*	5.0%
Cnova GMV Organic Growth (%)	6%
Cnova EBITDA (M€)	6%
Cnova Net Financial Debts at the end of December 2020 (M€)	6 %
Average NPS (%)	3%
Services GMV	4.5%

International GMV	4.5%
% of women in management	5%
Develop Marketplace as a Service	7.5%
Implement policy to reduce delivery times	7.5%
Management attitudes & behaviors*	25%
TOTAL	100%

*: measured at the level of Casino Groupe

The following table summarizes the key performance indicators used to set the executive director's multi-year variable compensation; the realization of those key performance indicators as well as the realization of the results in 2020 (all amounts in EUR).

The Company and its Board have determined that the executive director's long term commitment to the Company is a key element to successfully executing the Company's strategy and long-term goals and thereby the long-term value creation for the Company and its affiliated enterprise. As such, the performance criterion 'presence over 3 years' was included in the multi-year compensation plan.

1 - Description of the performance criteria	2 - Relative weighting of the performance criteria	3 - information on Performance Targets	4- a)Measured performance and b) actual outcome
Presence over 3 years as from 2017	**50%**	Presence for a period of three years, equal to the duration of the multi-year plan	**100%** **185,000**
Performance	**50%**	Performance indicators are related to relevant parameters such as GMV, EBITDA or Net financial debt. They are set on an annual basis for each three years period, as set forth in more detail in the below overview.	**62.9%** **116,450**

The following table specifies the targets contained in the executive directors' multi-year plan, as well as the measured performance of these targets during the relevant time period.

2017

For 2017, the performance conditions were:

- Prerequisite : positive annual Cdiscount operational income

- 2017 Cdiscount GMV annual growth

The prerequisite performance condition has not been achieved as 2017 Cdiscount operational income amounted to - €17 M.

Performance condition achievement rate	***0.0%***
Presence conditions achievement rate	***100.0%***

2018

	Achievement rate	Weight	Weighted achievement rate
2018 Cdiscount GMV growth	84.0%	25%	21.0%
2018 Cdiscount operational income	166.3%	25%	41.6%
Performance conditions achievement rate			***125.1%***
Presence conditions achievement rate			***100.0%***

2019

	Achievement rate	Weight	Weighted achievement rate
2019 Cnova GMV growth	82.0%	20%	16.4%
2019 Cnova EBITDA	103.0%	15%	15.5%
2019 change in Cnova Financial Net Debt	0.0%	20%	0.0%
Performance conditions achievement rate			***63.7%***
Presence conditions achievement rate			***100.0%***

Summary

Global performance conditions achievement rate (1)	*50%*	**62.9%**
Global presence condition achievement rate (2)	*50%*	**100.0%**

(1) Average of the 2017, 2018 and 2019 performance conditions achievement rate

(2) Average of the 2017, 2018 and 2019 presence condition achievement rate

Target amount attributed to E. Grenier	**370,000**
Amount paid to E. Grenier	**301,450**
inc. 62,9% as of global performance conditions	*116,450*
inc. 100% as of global presence condition	*185,000*

Development of remuneration and company performance over the last five reported fiscal years

The following table sets forth the development of our directors' remuneration and Company performance for the past 5 years:[5]

Annual change	**FY 20 vs. FY 19**	**FY19 vs. FY18**	**FY18 vs. FY17**	**FY17 vs. FY16**	**FY16 vs. FY15**	**Information regarding FY20**
Director's remuneration						
Executive Director (1)	+183.100 2019 remuneration = 1,211,900	+ 69,900 2018 remuneration = 1,142,000	+45,000 2017 remuneration =1,097,000	+401,200 2016 remuneration = 695,800	404,200 2015 remuneration= 1,100,000	1,395,000 (2)
Jean-Yves Haagen, Chairman	0	0	0	n/a	n/a	10,000
Ronaldo Iabrudi dos Santos Pereira, Vice-Chairman	0	0 2018 remuneration = 27,000	+6.000 (2017 remuneration = 19.000)	-5,000 2016 remuneration = 24,000	+3,000 2015 remunerarion = 21,000	27,000
Eleazar de Carvalho, non-executive director	0	0 2018 remuneration = 50,000	+10,000 2017 remuneration = 40,000	0 2016 remuneration = 40,000	0 2015 remuneration = 40,000	50,000
Christophe Hidalgo, non-executive director	0	0	0	n/a	n/a	10,000
Silvio Genesini, non-executive director	0	-/-3.000 2018 remuneration = 110.000	+32,500 2017 remuneration = 77,500	-59,500 2016 remuneration = 137,000	+33,000 2015 remuneration = 104,000	107,000
Arnaud Strasser, non-executive director	0	0 2018 remuneration = 27,000	+7.500 (2017 remuneration = 19.500)	-4,500 2016 remuneration = 24,000	+14,000 2015 remuneration = 10,000	27,000
Bernard Oppetit, non-executive director	0	- 3.000 (2018 remuneration = 96.000)	+26,000 2017 remuneration = 70,000	-58,000 2016 remuneration =128,000	+50,000 2015 remuneration = 78,000	93,000
Franck-Philippe Georgin, non-executive director	0	0	n/a	n/a	n/a	4,863

Josseline de Clausade	n/a	n/a	n/a	n/a	n/a	5,164
Year	**2020**	**2019**	**2018**		**2017**	**2016**
GMV in million EUR	4207	3899	3646		3391	2994
EBITDA in million EUR	133	51	26		4	18
Marketplace share	43.6%	38.1%	34.1%		32.0%	31.4%
Employees of the Company	321,875	202,992	336,618		116,094	76,930
Employees of the Company and its subsidiaries collectively	49,468	43,314	42,135		40,160	39,373

(1) Mr. Emmanuel Grenier succeeded Mr. German Quiroga as Board CEO in 2016, who held this role in 2014 and 2015.
(2) The remuneration included in this overview for the CEO is the amount booked as cost for the year 2020 and does not constitute the amount paid out in 2020.

Pay Ratio

As recommended by best practice provision 3.4.1 sub iv of the DCGC, this Annual Report contains a pay ratio, setting out the ratio between the remuneration of the Company's executive director(s) and a representative reference group, as selected by the Company. With reference to the guidance issued by the Monitoring Committee of the Dutch Corporate Governance Code in December 2020 pertaining to the financial reporting over 2019, the Company has decided to determine the pay ratio as follows:

the pay ratio will be the ratio between (i) total annual remuneration of the CEO; and the (ii) average annual remuneration of the Company and its subsidiaries which it consolidates.

- The total annual remuneration of the CEO will contain all remuneration's components, such as fixed and variable remuneration, both in cash and / or shares, the social premiums withheld, pension contributions, expense compensation etc, as included in the (consolidated) annual financial statements based on IFRS.
- The average annual remuneration of employees is calculated by dividing the total wage cost of the financial year (as included in the (consolidated) annual financial statements based on IFRS) with the average number of FTE during the financial year, whereby external employees will be included pro rata insofar these were retained for at least 3 months in the applicable financial year; and
- The value of the share-based compensation will be determined on the moment of awarding this in line with the applicable IFRS standards.

The Company is of the opinion that this constitutes a fair comparison between the total remuneration of its executive director and a representative group comprising junior, mid-level and senior employees employed by the Company and its subsidiaries. This ratio is as follows in 2020: Representative Group: CEO = 1: 35. This ratio was as follows in 2019: Representative Group: CEO = 1: 35.

Compensation of non-executive directors

For our eligible non-executive directors who do or did not serve within the Casino Group in any capacity other than as a director, namely Messrs. Oppetit, Genesini and De Carvalho, the annual Board fee is higher than for those directors that do or did serve the Casino Groupe as an executive. The Board fee is supplemented by fees for service as committee chairperson and/or committee-membership as described below. As illustrated in the above table, the fixed compensation in cash for these non-executive directors amounts to EUR 50,000 annually.

For all our other non-executive directors, that do or did serve the Casino Groupe as an executive namely Messrs. Hidalgo, Haagen, Iabrudi, Strasser, De Clausade and Georgin, a fixed annual Board fee of EUR 10,000 supplemented with fees related to committee memberships (if applicable) is awarded.

Members of our audit committee receive a fixed annual retainer of EUR 15,000 and the chairman of the audit committee receives a fixed annual retainer of EUR 25,000. Members of our nomination and remuneration committee receive a fixed annual retainer of EUR 8,000, and the chairman of the nomination and remuneration committee receives a fixed annual retainer of EUR 15,000. In addition, members of the audit committee receive an attendance fee of EUR 3,000 per meeting and members of the nomination and remuneration committee receive an attendance fee of EUR 3,000 per meeting.

Personal loans, advances and guarantees

The Company's current policy is not to grant any personal loans and guarantees to directors, and where the Company has appointed one, the Non-Board Co-CEO, except for travel advances, cash advances and use of a Company-sponsored credit card in the ordinary course of business and on terms applicable to the personnel as a whole. In addition, we have entered into indemnification agreements with our directors and certain of our executive officers.

5.1 ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

As recommended by best practice provision 2.4.4. DCGC, the below tables show the absenteeism rate from Board and Committee meetings of each non-executive Board member, where an 'X' marks attendance at the respective meeting. The Chairman has emphasized to all Board members the importance of presence at and actively participating during the meetings.

Board meetings 2020

Name	17 February	3 April	19 May	22 July	22 October	3 December
Ronaldo Iabrudi	X	X	X	X	X	X
Christophe Hidalgo	X	X	X	X	X	X
Arnaud Strasser	X	X	X	X	X	X
Eleazar de Carvalho	X	X	X	X	X	X
Silvio Genesini	X	X	X	X	X	X
Bernard Oppetit	X	X	X	X	X	X
Jean-Yves Haagen	X	X	X	X	X	X
Franck-Philippe Georgin	X	X	X			
Josseline De Clausade				X	X	X

Audit Committee Meetings

Name	14 February	1 April	19 May	20 July	20 October	2 December
Bernard Oppetit	X	X	X	X	X	X
Silvio Genesini	X	X	X	X	X	X

Nomination and Remuneration Committee Meetings

Name	27 March	28 July	20 October
Silvio Genesini	X	X	X
Ronaldo Iabrudi	X	X	X
Arnaud Strasser	X	X	X

5.2 DIRECTORS' SERVICE CONTRACTS

There are no arrangements or understandings between us, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their service as directors of our company.

5.3 BOARD AND OTHER MANAGEMENT COMMITTEES

We have two board committees: an audit committee and a nomination and remuneration committee. These committees are governed by our Board Rules as well as the Audit Committee Charter and Nomination and Remuneration Committee Charter respectively.

5.3.1 Audit Committee

Our audit committee consists of two independent directors, Mr. Bernard Oppetit and Mr. Silvio Genesini. Mr. Oppetit serves as the chair of the audit committee.

Our audit committee oversees our accounting and financial reporting processes and the audits of our consolidated financial statements. The role of the audit committee is described in the audit committee charter, which is available on our website at www.cnova.com under "Investor Relations."

The main items discussed at the meetings of our audit committee in 2020 included those listed in article 4 of the Company's Audit Committee Charter, as can be found on www.cnova.com.

5.3.2 Nomination and Remuneration Committee

Our nomination and remuneration committee consists of three directors, Mr. Ronaldo Iabrudi dos Santos Pereira, Mr. Arnaud Strasser and Mr. Silvio Genesini. Mr. Genesini serves as the chair of the nomination and remuneration committee. The role of our nomination and remuneration committee is to assist the Board in selecting individuals qualified to become our directors, determining the composition of the Board and its committees and reviewing and recommending our compensation structure, including compensation relating to our directors and senior management. Our CEO may not be present at any committee meeting in which his compensation is to be discussed. Our nomination and remuneration committee charter, which is available on our website at www.cnova.com under "Investor Relations," further describes the functions of our nomination and remuneration committee.

The main items discussed at the meetings of our nomination and remuneration committee in 2020 included those listed in the Company's Nomination and Remuneration Committee Charter, as can be found on www.cnova.com.

5.4 DIVERSITY POLICY

Cnova believes that diversity is important to support good decision making, and it is committed to supporting, valuing and leveraging diversity in the composition of the Board. In pursuing this goal, on December 8, 2017, the Board approved the Diversity Policy of Cnova, which sets out the company's targets relating to diversity in the composition of the Board. The Diversity Policy is available on our website. Since its approval, the Diversity Policy is used by the Board and its Nomination and Remuneration Committee during the selection, recommendation and nomination of the Company's directors.

The current composition of the Board diverges from the targets set out in the Diversity Policy. This is primarily due to the selection of the current members of the Board based on the required profile and their backgrounds, experiences, qualifications, knowledge, abilities and viewpoints without positive or negative bias on gender or other diversity aspects such as age or nationality. Compliance with the Diversity Policy's targets as to, among others, gender, will be featured on the agenda of the Nomination and Remuneration Committee meetings. The Nomination and Remuneration Committee will then inform the Board on the proposed steps to be taken to achieve compliance with the Diversity Policy.

5.5 CONFLICTS OF INTEREST

In accordance with the Board Rules, a Director shall not participate in the deliberations and decision-making of the Board on a matter in relation to which he or she has a conflict of interests within the meaning of the Dutch Civil Code. In addition, a Director may recuse him- or herself in case s/he believes to have a potential conflict of interest within the meaning of the Dutch Corporate Governance Code. A Director is not automatically barred from participating in any discussion or decision-making involving a matter in relation to which s/he may have an apparent conflict of interest. Pursuant to the Board Rules, a Director is required to report a potential conflict of interest to the Chairman of the Board and the Board (excluding the Director concerned) shall resolve whether the reported potential conflict of interests qualifies as an actual conflict of interests.

During 2020, we did not enter into transactions in respect of which there was a conflict of interests between us and any of our Directors which is (or was) of material significance to us or such Director(s).

5.6 CORPORATE VALUES

Our corporate values are described in our Code of Business Conduct and Ethics, which forms a set of guidelines that explain how all of our directors, officers and employees are expected to behave as they conduct the Company's affairs. Our Code of Business Conduct and Ethics addresses both ethical standards and obligations for complying with the laws and regulations of the countries where we conduct business, as well as how we are all expected to respond to unacceptable behavior. We urge our directors, officers and employees to give their full attention to reading and understanding the Code of Business Conduct and Ethics. We believe that compliance with that Code is not only good business, it is a requirement for all directors, officers and employees of Cnova and its subsidiaries. Our directors, officers and employees are expected to act with total transparency and report in good faith any violations of the Code.

The Company is exempt from the requirement to publish a Corporate Social Responsibility statement on non-financial information, as our consolidating parent company Casino publishes such statement as part of its annual report. Refer to this webpage for further information: https://www.groupe-casino.fr/en/commitments/.

6. EXECUTIVE OFFICERS

6.1 CURRENT EXECUTIVE OFFICERS

The individuals listed below were our executive officers at 31-12-2020:

Name	Age	Title
Emmanuel Grenier......	49	Chief Executive Officer and Executive Director
Gautier Bailly	41	Chief Financial Officer of Cnova N.V.; Chief Financial Officer of Cdiscount
Pascal Rivet..............	60	Chief Compliance Officer
Steven Geers	39	General Counsel

The following paragraphs set forth biographical information regarding our Non-Board executive officers. For biographical information regarding Emmanuel Grenier, please see "—Directors" above.

Gautier Bailly was appointed as Chief Financial Officer and CFO of Cdiscount Group on November 22, 2018. Mr. Bailly has served 10 years in the French Ministry for the Budget and public accounts, as a senior civil servant and deputy director at the Budget Department; he also served, during this period, as Advisor, then Deputy Chief of Staff at the private office of the Minister. He joined Groupe Casino in 2015, as Head of the Strategic Planning. He is a graduate from the École Nationale d'Administration (ENA), and also holds a master's degree from the Institut d'Études Politiques de Bordeaux (IEP).

Pascal Rivet was appointed as Chief Compliance Officer on March 17, 2016. Previously, Mr. Rivet served as our Interim General Counsel since March 2015. Since joining Casino Group in 1995, Mr. Rivet has served in several different roles in legal affairs and tax compliance, most recently as Deputy General Counsel and International Legal Affairs Officer, and prior to that as General Counsel, Legal and Tax Officer and Group Tax Manager. Mr. Rivet holds a Master of Laws degree from the Faculté de Droit et Science Politique of the Université de Toulouse 1 Capitole and a degree from the French National Tax School.

Steven Geers was appointed as our General Counsel on March 17, 2016, after having worked as our Assistant General Counsel since March 1, 2015. Prior to joining the Company, Mr. Geers worked as a senior lawyer at General Electric (GE) from 2011 to 2015. Additionally, he practiced corporate law at Greenberg Traurig in Amsterdam and at Bird & Bird in The Hague, the Netherlands, from 2007 to 2011 and at Greenberg Traurig in New York, United States, in 2007. Mr. Geers holds a master's degree in Corporate Law from the University of Groningen, the Netherlands.

6.2 COMPENSATION OF EXECUTIVE OFFICERS

The aggregate compensation expensed by us and our subsidiaries to our current executive officers, including for the avoidance of doubt our executive director for the year ended December 31, 2020 was approximately €2.770 million. This amount excludes compensation paid to Mr. Rivet, the Company's Chief Compliance Officer. Mr. Rivet's compensation is paid as part of the management support and strategic advisory agreement between Cnova, Casino, Guichard-Perrachon and Euris

6.3 EQUITY INCENTIVE PLANS

Existing Cdiscount Management Incentive Plan

Prior to the 2014 Reorganization, our subsidiary Cdiscount Group issued performance shares to certain managers and employees of Cdiscount. As a result, on March 5, 2014, such beneficiaries received, at the end of the vesting period, a total of 315,022 shares in Cdiscount Group, representing approximately 0.2% of Cdiscount Group's share capital and voting rights. No additional shares in Cdiscount Group are to be issued pursuant to this plan. These shares were subject to a lock up period as required by French law for a period of two years from the date of issuance, which ended on March 5, 2016.

Because Cdiscount Group's shares are not listed and are therefore illiquid, Casino and each beneficiary entered into reciprocal put and call arrangements that allowed Casino to acquire from the beneficiaries, and allowed each beneficiary to sell to Casino, after the expiration of the lock up period, the Cdiscount Group shares issued pursuant to such incentive plan at a price determined according to a formula based on the performance of Cdiscount. These arrangements were assigned to Cnova, enabling us to acquire eventually 100% of the outstanding share capital of Cdiscount Group.

2014 Omnibus Incentive Plan

On October 30, 2014, our general meeting of shareholders adopted the 2014 Omnibus Incentive Plan to give Cnova a competitive advantage in attracting, retaining and motivating officers, employees, directors and consultants, and to provide incentives for future performance of services directly linked to shareholder value. The 2014 Omnibus Incentive Plan provides the Board with the authority to grant stock options, stock appreciation rights (SARs), restricted stock awards, restricted stock units, performance units, deferred stock unit awards or other awards that may be settled in or based upon the value of our ordinary shares. Subject to adjustment for changes in capitalization and corporate transactions, up to 16,500,000 of our ordinary shares may be issued pursuant to awards granted under the 2014 Omnibus Incentive Plan. As of December 31, 2019, 1,272,156 ordinary shares had been utilized towards share based and 15,227,844 remained available for new grants under the 2014 Omnibus Incentive Plan. Pursuant to the 2016 Reorganization, certain share based long-term incentive awards granted to a number of (former) employees were absorbed into Via Varejo's long-term incentive plan. In total this affected 73,410 of the shares originally subject to outstanding awards under the Omnibus Incentive Plan.

Deferred Stock Unit Awards

Pursuant to the 2014 Omnibus Incentive Plan, on November 19, 2014, we granted to certain executives and employees of Cnova and its subsidiaries awards of deferred stock units with respect to 1,319,999 of our ordinary shares in the aggregate. Pursuant to the 2016 Reorganization, the deferred stock units granted to a number of (former) employees were absorbed into Via Varejo's long-term incentive plan. In total this affected 73,410 of the deferred stock units originally granted.

The deferred stock unit awards were settled, for no consideration (except for Dutch resident recipients for which the deferred stock units will be settled for €1.00 per share), on the fourth anniversary of the completion of our initial public offering. The Company issued 703,350 ordinary shares on November 20, 2018, to Stichting Cnova DSU Pooling, a special purpose vehicle created to administer, distribute and manage all ordinary shares issued pursuant the deferred stock unit awards. The Stichting Cnova DSU Pooling disposed of the vast majority of those shares in 2018 in accordance with the beneficiaries' instructions and administers the remaining shares.

Stock Appreciation Right (SAR) Awards

On November 19, 2014, Casino granted certain executives of Cnova an award of cash settled SARs with respect to 4,746,907 of our ordinary shares in the aggregate. Pursuant to the 2016 Reorganization, the SARs granted to a number of (former) employees were absorbed into Via Varejo's long term incentive plan. In total this affected 370,024 of the SARs originally granted.

Each SAR award vested in full on the fourth anniversary of the completion of our initial public offering, subject to the recipient's continued service through such date. As soon as practicable following the vesting date, each SAR subject to the award was settled by Casino for a gross amount in cash equal to the excess (if any) of (i) the lesser of the closing price of an ordinary share on the NASDAQ on the vesting date and 220% of the initial public offering price per ordinary share over (ii) 120% of the initial public offering price per ordinary share. The initial public offering price per ordinary share was $7.00.

Under certain conditions of termination of service by the recipient prior to the vesting date of the SARs, including in the event of termination without cause, an award recipient may have been entitled to retain some portion of the SARs to which he or she otherwise would have been entitled.

As the SARs are fully cash settled and do not give any right to receive ordinary shares of Cnova, the recipient of a SAR award has no rights as a shareholder in respect of the award, including voting rights. In addition, the SAR award may not be transferred except in case of the recipient's death.

Restricted Stock Awards

Pursuant to the 2014 Omnibus Incentive Plan, in November and December 2014, we granted to certain of our directors' awards of restricted stock with respect to 25,567 of our ordinary shares in the aggregate. Each award was determined by dividing $60,000 by the NASDAQ closing price per ordinary share on the date of grant. Such restricted stock awards vested on the first, second and third anniversaries of the grant date. Prior to vesting, the recipient had the rights of a shareholder in respect of the ordinary shares subject to the award, including voting rights, provided that any dividends or other distributions paid in respect of such ordinary shares will not become due until the ordinary shares that correspond to the dividends vest. In addition, restricted stock awards may not be transferred.

Additional grants of restricted stock may be made pursuant to the 2014 Omnibus Incentive Plan upon the appointment of any future independent directors and directors that have no affiliation with Casino Group other than service as a director of a group company.

7. RELATED PARTY TRANSACTIONS

The relationships we have with our Parent Companies, across areas such as purchasing, logistics and fulfillment, other operational areas and financing are an important part of our strategy and provide a significant competitive advantage.

Our Related Party Transaction Policy (the "RPT Policy"), in effect since the completion of our IPO, as amended from time to time, requires that all related party transactions be entered into on arm's-length terms and prevents the management of situations of potential conflicts of interest. The RPT Policy defines related party transactions as transactions between (i) Cnova (or any subsidiary of Cnova), on the one hand, and (ii) either (x) a direct or indirect holder (or deemed holder) of 10% or more of our issued ordinary share capital and/or voting rights in respect thereof or any subsidiary thereof (or any of their respective directors or officers or their immediate family members), or (y) a director or officer of Cnova, or any of their immediate family members, on the other hand.

In order to ensure compliance with the RPT Policy, we have retained the services of Grant Thornton France to review the terms of our related party transactions or arrangements then in effect, including those in effect prior to our IPO but excluding the Framework and IPO Agreement and related agreements, and agreements relating to our shares identified below. Grant Thornton reviewed all material terms that it believed should be considered in determining whether a transaction is entered on arm's-length terms, including pricing, duration and termination provisions. Grant Thornton's review was performed under International Standard on Assurance Engagements 3000 and concluded that no material element existed that would preclude the determination that (i) Cnova's framework is appropriate for establishing related party transactions on arm's-length terms and reviewing and approving such transactions, (ii) the framework has been properly applied to the related party transactions reviewed by Grant Thornton, and (iii) each such related party transactions was entered into on arm's-length terms, taking into account all material aspects of each transaction.

After this first review, Grant Thornton France tested the operating effectiveness of certain of Cnova's related party transactions for the fiscal year ended December 31, 2015, which were deemed significant based on amounts incurred during that year or their strategic business stakes. In total, 20 related party transactions were identified, and Grant Thornton tested material elements linked to each of these related party transactions' invoicing process, in particular pricing, invoicing frequency and payment deadline. This review was also performed under International Standard on Assurance Engagements 3000, and led to the conclusion that the related party transactions reviewed are operated at arm's-length terms, taking into account all material aspects of the tested transactions.

Since 2016 and continuing to date, Grant Thornton France has reviewed as of the end of each year, related party transactions that were subject to Board approval, and concluded that they were entered into at arm's-length terms. Further, Grant Thornton France has been testing operating effectiveness based on a sample of certain Cdiscount`s related party transactions, which are selected based on the same criteria compared to the previous review performed (amounts involved and strategic business stakes). The testing focused on adherence to contractual clauses through the testing of the pricing aspects of these related party transactions. Grant Thornton France has concluded on the absence of discrepancy between the contractual terms and the performance of the agreements.

In addition, starting in the fiscal year ended December 31, 2015, and continuing to date, Grant Thornton has reviewed proposed new transactions or amendments to existing transactions to ensure that such related party transactions are designed and will be entered into on arm's-length terms, taking into account all material aspects of each transaction and issues a report attesting that no material element existed which would preclude such related party transactions to be entered at arm's-length terms.

For 2020, 6 RPT transactions were submitted for Board Approval

- Amendment to RelevanC / Cdiscount Data Monetization contract: improvement of the commission rate applied

• Amendment to the Current Account Agreement: As per this agreement Cnova is authorized to use the current account to fund any cash shortfall for an outstanding amount of up to €400 million and is granted a Term loan of €150 million. The sum of the term loan and advances shall not be less than €220 million. Cash deposits made by Cnova to Casino Finance are governed by a separate Cash Deposit Agreement, under this agreement no deposits can be made if the sum of the Term Loan and advances under the current account agreement is above €220 million. Interest accrues on a daily basis (but does not compound). Interest is calculated on a monthly basis at a rate equal to the monthly average of the EONIA per annum plus a margin of 1.50% for the advances and deposit and 3.9% for the Term Loan. The terms of the agreements are July 31, 2026 or such other date as mutually agreed between parties.

• Partial sublease to Easydis, a group casino subsidiary, of the Verpilleux warehouse at market price

• Cashback financing with RelevanC: as per this agreement RelevanC will allow Cdiscount customers to benefit from cashback offers on Cdiscount when the customers make purchase of eligible offers on selected websites and brick & mortar stores. RelevanC retains a 20% to 25% commission on these transactions

• Gaz supply by Green Yellow for certain warehouses. Services are invoiced are market price and were subject to tender offer

• Electricity supply by Green Yellow for certain warehouses. Services are invoiced are market price and were subject to tender offer

These 6 RPT transactions were reviewed by Grant Thornton. Grant Thornton concluded that the terms and conditions of these transactions adhered in all material aspects to the at-arm's-length criterion. In line with the Company's Related Party Transaction Policy and Audit Committee Charter, these related party transactions were then validated by the Company's Audit Committee and upon their recommendation approved by the Board

As part of the annual operating effectiveness testing, Grant Thornton selected 8 existing related party transactions for testing including 4 of the 6 related party transactions that were entered into in 2020. The scope of this testing covered 89% of revenues and 90% of net income resulting from related party transactions. Grant Thornton concluded that they did not identify any material element likely to call into question the fact that Related Party Transactions were not operated satisfactorily following agreed principles and thus impairing arm's-length terms.

Based on several factors, including our experience in the business sectors in which we operate, the terms of our transactions with unaffiliated third parties and other market data, as well as the reviews conducted by Grant Thornton, we believe that all of the transactions described in Note 27 to our consolidated financial statements included elsewhere in the annual report meet the standards set forth in the RPT Policy and best practice provision 2.7.5 of the DCGC.

For a description of material related party transactions, or series of material related party transactions to which we are currently a party and in which the other parties included, include or are proposed to include our directors, executive officers, major shareholders or any member of the immediate family of any of the foregoing persons, please refer to Note 27 to our consolidated financial statements included elsewhere in this annual report.

8. SHARE CAPITAL

8.1 AUTHORIZED SHARE CAPITAL, ISSUANCE OF SHARES AND PREEMPTIVE RIGHTS

Pursuant to our Articles of Association, our authorized share capital is €100,000,000 divided into 1,200,000,000 ordinary shares and 800,000,000 special voting shares, each with a nominal value of €0.05. Under Dutch law, our authorized share capital is the maximum capital that we may issue without amending our Articles of Association and may be as high as five times the issued share capital.

As of December 31, 2020 the Company had an issued share capital consisting of 345,210,398 ordinary shares, par value € 0.05 per share and 308,937,115 special voting shares, par value €0.05 per share.

Under Dutch law, shares are issued and rights to subscribe for shares are granted pursuant to a resolution of the general meeting of shareholders. The general meeting of shareholders may authorize the Board (or another body) to issue new shares or grant rights to subscribe for shares. Such authorization can be granted and extended, in each case for a period not exceeding five years.

The most recent resolution adopted by our general meeting of shareholders in this respect was adopted in the AGM held on June 26, 2020, pursuant to which the Board is authorized to resolve on the issuance of ordinary shares and special voting shares up to the maximum number allowed to be issued under the Company's authorized share capital as stipulated in the articles of association of the Company from time to time, and to grant rights to subscribe for such ordinary shares and special voting shares up to such maximum number, for a period of five (5) years with effect from said AGM, which delegation includes the authority to determine the price and further terms and conditions of any such share issuance or grant.

Under Dutch law, in the event of an issuance of ordinary shares or granting of rights to subscribe for ordinary shares, each holder of ordinary shares will have a pro rata preemptive right in proportion to the aggregate nominal value of the ordinary shares held by such holder. A holder of ordinary shares does not have a preemptive right with respect to the issuance of, or granting of rights to subscribe for, (i) special voting shares, (ii) ordinary shares for consideration other than cash or (iii) ordinary shares to our employees or the employees of our group of companies. In addition, there are no preemptive rights in case of an exercise of a previously granted right to subscribe for shares.

The preemptive rights in respect of newly issued ordinary shares may be restricted or excluded by a resolution of the general meeting of shareholders. The general meeting of shareholders may authorize the Board (or another body) to restrict or exclude the preemptive rights in respect of newly issued ordinary shares. Such authorization can be granted and extended, in each case for a period not exceeding five years. A resolution of the general meeting of shareholders to restrict or exclude the preemptive rights or to designate the Board as the authorized body to do so requires a two-thirds majority of the votes cast, if less than one-half of our issued share capital is represented at the meeting. The most recent resolution adopted by our general meeting of shareholders in this respect was adopted in the AGM held on June 26, 2020, pursuant to which the Board is irrevocably authorized to limit or exclude the preemptive rights of holders of ordinary shares for a period five years with effect from said AGM.

Special voting shares do not carry preemptive rights in respect of newly issued ordinary shares or special voting shares, nor do holders of ordinary shares have preemptive rights in respect of newly issued special voting shares. Pursuant to the Special Voting Agreement, the Voting Depository will be granted a call option to acquire newly issued special voting shares in case of a capital increase of the Company in which one or more Founding Shareholders (or Permitted Transferees) participate. The Call Option is to be construed as an irrevocable right to subscribe for additional special voting shares. Pursuant to a resolution of the general meeting of shareholders on October 30, 2014, the Call Option was granted to the Voting Depository upon the completion of our initial public offering.

8.2 FORM OF SHARES

Pursuant to our Articles of Association, our ordinary shares and special voting shares are registered shares.

8.3 VOTING RIGHTS

In accordance with Dutch law and our Articles of Association, each issued ordinary share and each issued special voting share confers the right on the holder thereof to cast one vote at the general meeting of shareholders. The voting rights attached to any shares held by us or our direct or indirect subsidiaries are suspended as long as they are held in treasury. Dutch law does not permit cumulative voting for the election of directors.

Voting rights may be exercised by shareholders or by a duly appointed proxy holder (the written proxy being acceptable to the chairman of the shareholders' meeting) of a shareholder, which proxy holder need not be a shareholder. In accordance with the DCGC, we should give our shareholders the possibility to grant a proxy to an independent party prior to the general meeting of shareholders. Our Articles of Association do not limit the number of shares that may be voted by a single shareholder. If a usufruct or pledge over shares was granted prior to the time such shares were acquired by us, the holders of such rights shall have the voting rights attached to such shares if certain requirements are met.

In accordance with Dutch law and generally accepted business practices, our Articles of Association do not provide quorum requirements generally applicable to general meetings of shareholders.

Resolutions of the general meeting of shareholders are adopted by a simple majority of votes cast without quorum requirement, except where Dutch law or our articles of association provides for a special majority and/or quorum in relation to specified resolutions.

The chairman of the general meeting of shareholders decides on the method of voting and may determine the voting procedure. The determination made by the chairman of the general meeting of shareholders with regard to the results of a vote is decisive. However, where the accuracy of the chairman's determination is contested immediately after it has been made, a new vote shall take place if the majority of the general meeting of shareholders so requires or, where the original vote did not take place by response to a roll call or in writing, if any party with voting rights present at the meeting so requires.

The Board keeps a record of the resolutions passed at each general meeting of shareholders. The record is available at our office for inspection by any person entitled to attend general meetings of shareholders and upon request a copy of or extract from the record will be provided to such person at no more than the cost price.

Our Articles of Association and Dutch law provide that resolutions of the Board concerning a material change in the identity or character of the Company or our business are subject to the approval of the general meeting of shareholders. Such changes include in any event:

- transferring the business or materially all of the business to a third-party;
- entering into or terminating a long-lasting alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or partnership, if this alliance or termination is of significant importance for the Company; and
- acquiring or disposing of an interest in the capital of a company by the Company or by a subsidiary with a value of at least one-third of the value of the assets, according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.

The absence of such approval of the general meeting of shareholders does not affect the powers of representation of the Board or the CEO.

None of the shares in the capital of the Company has special control rights. There are no restrictions on voting rights.

8.4 SPECIAL VOTING SHARES

As explained in "Agreements Relating to Our Shares - *Special Voting Agreement*" (please refer to Note 27 to our consolidated financial statements included elsewhere in this annual report), a special voting structure allows Founding Shareholders and their Permitted Transferees, as those terms are defined in the Special Voting Agreement, to directly or indirectly receive twice as many voting rights in our general meeting of shareholders as the number of ordinary shares held by them and which are registered in our Founders Share Register (the "Double Voting Right Structure").

In order to facilitate the Double Voting Right Structure, the Voting Depository has been incorporated as a foundation (*stichting*) under Dutch law. The Voting Depository is required to observe the provisions of the Special Voting Agreement, its articles of association and the Terms and Conditions, in which organizational documents the Double Voting Right Structure will be "hard-wired" to the extent possible and appropriate.

The board of the Voting Depository is independent from the Company.

The members of the board of the Voting Depository are appointed, dismissed and suspended by a two-thirds supermajority of the holders of special voting depository receipts issued by the Voting Depository.

In order to allow our Founding Shareholders to directly or indirectly participate in the Double Voting Right Structure, certain Founding Shareholders and other parties thereto entered into the Special Voting Agreement setting out the contractual terms of the Double Voting Right Structure. The ordinary shares held by Casino, Dutch HoldCo CBD and Éxito were registered in a separate section (the "Founders Share Register") of our shareholders' register before entering into the Special Voting Agreement.

Any ordinary share so registered in the Founders Share Register is not included in the regular trading system. These ordinary shares cannot be transferred in book-entry form via the regular trading system for as long as they are recorded in the Founders Share Register. In case of a transfer of such ordinary shares, except to a Permitted Transferee, the related Double Voting Rights will be lost.

We issued one special voting share to the Voting Depository (and only to the Voting Depository) for each ordinary share registered in the Founders Share Register. The nominal value of the special voting shares was paid up by charging our special capital reserve. The Voting Depository in turn issued one special voting depository receipt to each of Casino, Dutch HoldCo CBD and Éxito (and only to them and certain other parties whose special voting depository receipts have been cancelled since then) for each ordinary share held by them and registered in the Founders Share Register. The special voting depository receipts were issued without a consideration being payable.

Special voting depository receipts may only be held by Founding Shareholders and other Permitted Transferees. For this purpose, a "Permitted Transferee" is:

- a Founding Shareholder and its legal successors, and
- any entity that is (and only for as long as it remains) at least 90% controlled, directly or indirectly, by one or more Founding Shareholders, meaning that at least 90% of the shares, units, memberships or participations, as well as the voting rights attached thereto, are held, directly or indirectly, by one or more Founding Shareholders (i.e. including Dutch HoldCo CBD and Exito and their respective legal successors as long as they remain 90% controlled by one or more Founding Shareholders).

New special voting shares may be issued by us to the Voting Depository only to the extent that Founding Shareholders (or their Permitted Transferees) (i) subscribe for additional ordinary shares in a capital increase of the Company (no additional special voting shares will be issued in relation to a purchase of additional ordinary shares from third parties), and (ii) register those ordinary shares in the Founders Share Register (making those ordinary shares non-tradable). For each special voting share thus issued, one additional special voting depository receipt will be newly issued by the Voting Depository to the relevant Founding Shareholder(s) (or Permitted Transferee(s)) participating in such capital increase of the Company.

The special voting shares vote together with the ordinary shares as a single class, such that our Founding Shareholders have Double Voting Rights. However, as a legal and technical matter, they are a separate security. The Voting Depository may not transfer the special voting shares (other than to the Company) and the special voting shares will not be listed. Similarly, special voting depository receipts may not be transferred (other than to Permitted Transferees or to the Company).

Each special voting depository receipt is "stapled" to the underlying special voting share. Each special voting share is, in turn, "stapled" to the ordinary share in respect of which it is issued.

The special voting depository receipts carry no economic rights and any (minimal) economic rights attached to the special voting shares will be waived by the Voting Depository, although Cnova agreed to reimburse the Voting Depository for reasonable costs incurred by it in connection with the administration and operation of the Double Voting Right Structure.

In respect of each general meeting of shareholders of the Company, each special voting depository receipt carries the right:

- to request and receive an ad hoc voting proxy for that particular general meeting of shareholders from the Voting Depository in order to exercise the voting rights in respect of the special voting share which is "stapled" to that special voting depository receipt; or
- to instruct the Voting Depository to vote the special voting share which is "stapled" to that special voting depository receipt as directed by the holder thereof

resulting in Double Voting Rights for the Founding Shareholders (directly or indirectly) and other Permitted Transferees in respect of the ordinary shares registered in the Founders Share Register.

To the extent that, at a general meeting of shareholders of the Company, no voting proxy is issued and no voting instruction is given in respect of one or more special voting shares (or if the Voting Depository holds special voting shares for which, for any reason, no special voting depository receipts are outstanding), the special voting shares concerned will not be voted by the Voting Depository (and shall not be taken into account for the computation of the presence of a quorum at such general meeting of shareholders).

Special voting depository receipts will be forfeited (and the "stapled" special voting share will be transferred by the Voting Depository back to the Company for no consideration) if:

- the holder of that special voting depository receipt transfers the "stapled" ordinary share to another party other than a Permitted Transferee or includes, or causes the inclusion of, the "stapled" ordinary share in a clearing, settlement or trading system of a stock exchange; or
- the holder of that special voting depository receipt ceases to be a Permitted Transferee (as the result of the Founding Shareholders failing to maintain the requisite level of control of that entity).

Special voting depository receipts may, together with the "stapled" ordinary shares, be transferred between Founding Shareholders and other Permitted Transferees.

Any amendment to the Terms and Conditions by the Board of the Voting Depository and any amendment to the Special Voting Agreement will require the approval of the Company and a resolution of the holders of special voting depository receipts adopted by two-thirds majority. The Double Voting Right Structure can be terminated by an affirmative vote of the holders of special voting depository receipts adopted by two-thirds majority, or at the request of a shareholder that, alone or together with its group companies, holds at least 95% of the issued and outstanding ordinary shares in our capital, provided such shareholder undertakes to start squeeze-out proceedings pursuant to Section 2:92a of the Dutch Civil Code as soon as practicable following termination of the Double Voting Right Structure.

8.5 REPURCHASE BY THE COMPANY OF ITS SHARES

Under Dutch law, we may not subscribe for newly issued shares in our own capital. We may acquire our shares, subject to applicable provisions and restrictions of Dutch law and our Articles of Association, to the extent that:

- such shares are fully paid up;
- such shares are acquired for no valuable consideration or such repurchase would not cause our shareholders' equity to fall below an amount equal to the sum of the paid-up and called-up part of the issued share capital and the reserves we are required to maintain pursuant to Dutch law or our Articles of Association; and
- after the acquisition of shares, we and our subsidiaries would not hold, or would not hold as pledgees, shares having an aggregate nominal value that exceeds 50% of our issued share capital.

Other than shares acquired for no valuable consideration or by universal succession, the Board may acquire shares only if our general meeting of shareholders has authorized the Board to do so. An authorization by the general meeting of shareholders for the acquisition of shares can be granted for a maximum period of 18 months. Such authorization must specify the number of shares that may be acquired, the manner in which these shares may be acquired and the price range within which the shares may be acquired. No authorization of the general meeting of shareholders is required if listed ordinary shares are acquired by us with the intention of transferring such ordinary shares to our employees or employees of a group company pursuant to an arrangement applicable to them.

The most recent resolution adopted by our general meeting of shareholders in this respect was adopted in the AGM held on June 26, 2020, pursuant to which the Board is authorized to acquire up to 50% of our issued share capital from time to time, by any means for an 18-month period from June 26, 2020, for a price per share not exceeding 110% of the market price of the ordinary shares (with the market price deemed to be the average of Euronext Paris closing price on each of the ten consecutive days of trading preceding the second day prior to the date the acquisition is agreed upon by the Company), exclusive of any fees, commissions or other expenses related to such acquisitions, and otherwise in accordance with the terms specified at the time of the authorization.

8.6 CAPITAL REDUCTIONS; CANCELLATIONS

At a general meeting, our shareholders may resolve to reduce our issued share capital by (i) cancelling shares or (ii) reducing the nominal value of the shares by virtue of an amendment to our Articles of Association. In either case, this reduction would be subject to applicable statutory provisions. A resolution to cancel shares may only relate to shares held by the Company itself or in respect of which the Company holds the depository receipts. In order to be approved, a resolution to reduce the capital requires approval of a simple majority of the votes cast at a general meeting of shareholders if at least half the issued capital is represented at the meeting or at least two-thirds of the votes cast at the general meeting of shareholders if less than half of the issued capital is represented at the general meeting of shareholders.

A reduction in the number of shares without repayment and without release from the obligation to pay up the shares must be effectuated proportionally on shares of the same class (unless all shareholders concerned agree to a disproportional reduction). A resolution that would result in a reduction of capital requires approval of the meeting of each group of holders of shares of the same class whose rights are prejudiced by the reduction. In addition, a reduction of capital involves a two-month waiting period during which creditors have the right to object to a reduction of capital under specified circumstances.

8.7 GENERAL MEETINGS OF SHAREHOLDERS

General meetings of shareholders are held in Amsterdam, Rotterdam, The Hague or in the municipality of Haarlemmermeer (Schiphol Airport), the Netherlands. All shareholders and others entitled to attend general meetings of shareholders are authorized to attend the general meeting of shareholders, to address the meeting and, in so far as they have such right, to vote, either in person or by proxy.

We must hold at least one general meeting of shareholders each year, to be held within six months after the end of our fiscal year. A general meeting of shareholders shall also be held within three months after the Board has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital and whenever the board of directors so decides. If the Board has failed to ensure that such general meetings of shareholders as referred to in the preceding sentences is held in a timely fashion, each shareholder and other person entitled to attend general meetings of shareholders may be authorized by the Dutch court to convene the general meeting of shareholders.

The Board may convene additional extraordinary general meetings of shareholders whenever the Board so decides. Pursuant to our Articles of Association, one or more shareholders and/or others entitled to attend general meetings of shareholders, alone or jointly representing at least (i) ten percent of our issued share capital or (ii) ten percent of the ordinary shares in our issued share capital, may on their application, be authorized by the Dutch court to convene a general meeting of shareholders. The Dutch court will disallow the application if it does not appear that the applicants have previously requested that the Board convenes a shareholders' meeting and the board of directors has not taken the necessary steps so that the shareholders' meeting could be held within eight weeks after the request.

General meetings of shareholders are convened by a notice which includes an agenda stating the items to be discussed. For the AGM the agenda is to include, among other things, the adoption of our annual accounts, the appropriation of our profits and proposals relating to the composition and filling of any vacancies of the board of directors and disclosure of remuneration. In addition, the agenda for a general meeting of shareholders includes such items as have been included therein by the Board. Pursuant to our Articles of Association, one or more shareholders and/or others entitled to attend general meetings of shareholders, alone or jointly representing at least (i) three percent of the issued share capital or (ii) three percent of the ordinary shares of our issued share capital (or, in each case, such lower percentage as the articles of association may provide), have the right to request the inclusion of additional items on the agenda of shareholders' meetings. Such requests must be made in writing, substantiated and received by us no later than on the 60th day before the day the relevant shareholder meeting is held. No resolutions are to be adopted on items other than those which have been included in the agenda.

We will give notice of each general meeting of shareholders by publication on our website, and in any other manner that we may be required to follow in order to comply with Dutch law, and applicable stock exchange requirements. The holders of registered shares may be convened for a shareholders' meeting by means of letters sent to the addresses of those shareholders as registered in our shareholders' register, or, subject to certain statutory requirements and restrictions, by electronic means. We will observe the statutory minimum convening notice period for a general meeting of shareholders, which is currently forty-two days, and we will publish the following information on our website, and leave such information available on our website for a period of at least one year: (i) the notice convening the general meeting of shareholders, including the place and time of the meeting, the agenda for the meeting and the right to attend the meeting, (ii) any documents to be submitted to the general meeting of shareholders, (iii) any proposals with respect to resolutions to be adopted by the general meeting of shareholders or, if no proposal will be submitted to the general meeting of shareholders, an explanation by the board of directors with respect to the items on the agenda, (iv) to the extent applicable, any draft resolutions with respect to items on the agenda proposed by a shareholder as well as particulars provided to us concerning the shares and short positions that are, or are deemed to be, at the disposal of such shareholder, (v) to the extent applicable, a format proxy statement and a form to exercise voting rights in writing and (vi) the total number of outstanding shares and voting rights in our capital on the date of the notice convening the general meeting of shareholders.

A record date (*registratiedatum*) of 28 calendar days prior to a general meeting of shareholders applies, with the purpose to establish which shareholders and others with meeting rights are entitled to attend and, if applicable, vote in the general meeting of shareholders. The record date and the manner in which shareholders can register and exercise their rights will be set out in the convocation notice of the general meeting. Our Articles of Association provide that a shareholder must notify the Company in writing of his or her identity and his or her intention to attend (or be represented at) the general meeting of shareholders, such notice to be sent after the 28th day prior to the general meeting and to be received by us ultimately on the third trading day prior to the general meeting. If this requirement is not complied with or if upon direction of the Company to that effect no proper identification is provided by any person wishing to enter the general meeting of shareholders, the chairman of the general meeting of shareholders may, in his sole discretion, refuse entry to the shareholder or his proxy holder.

Pursuant to our Articles of Association, the general meeting of shareholders is chaired by the chairman of the Board. If the chairman of the Board is absent, the directors present at the meeting shall appoint one of them to be chairman of the general meeting of shareholders. If none of the directors is present at the general meeting of shareholders, the general meeting of shareholders shall appoint its own chairman. Directors may attend a general meeting of shareholders and shall, in that capacity, have an advisory vote at these meetings. The chairman of the meeting may decide at his discretion to admit other persons to the meeting. The chairman of the meeting shall appoint another person present at the shareholders' meeting to act as secretary and to minute the proceedings at the meeting. Each director may instruct a civil law notary to draw up a notarial report of the proceedings at the Company's expense, in which case no minutes need to be taken. The chairman of the general meeting is authorized to eject any person from the general meeting of shareholders if the chairman considers that person to disrupt the orderly proceedings. The general meeting of shareholders shall be conducted in the English language.

8.8 AMENDMENT OF ARTICLES OF ASSOCIATION

The general meeting of shareholders may resolve to amend our Articles of Association. A resolution taken by the general meeting of shareholders to amend our Articles of Association requires a simple majority of the votes cast.

8.9 DIVIDENDS AND OTHER DISTRIBUTIONS

To date, we have never declared or paid cash dividends to our shareholders. We have no present plan to pay dividends on our ordinary shares for the foreseeable future and currently intend to reinvest all future earnings, if any, to finance the operation of our business and to expand our business. Under Dutch law, we may only pay dividends to the extent our shareholders' equity exceeds the sum of our paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or our

Articles of Association. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and other factors our board of directors may deem relevant from time to time.

8.10 DIVIDEND RIGHTS

To the extent any profits remain after reservation by our board of directors, a preferred dividend accrues on the special voting shares to an amount equal to one percent (1%) of the aggregate nominal value of the special voting shares that are issued and not held by the Company itself, which amount will not be distributed to the Voting Depository (the sole holder of the special voting shares) but will be added to a special dividend reserve of the Company. Any profits remaining thereafter will be at the disposal of the general meeting of shareholders for distribution to the holders of ordinary shares in proportion to the aggregate nominal value of their ordinary shares.

8.11 PROFIT APPROPRIATION

The Board proposes to appropriate the loss for the period to the “other reserves”.

8.12 MAJOR SHAREHOLDERS

Please refer to chapter 1.5 found elsewhere in this annual report.

9. AGREEMENT BETWEEN SHAREHOLDERS

9.1 AGREEMENTS KNOWN TO US WHICH MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SECURITIES AND/OR VOTING RIGHTS

In connection with the 2016 Reorganization, Casino and GPA made certain undertakings to each other pursuant to a letter agreement from GPA to Casino, dated August 8, 2016 (the "GPA Support Letter") and a letter addressed to the GPA independent committee and executed by Casino and GPA, dated August 8, 2016 (the "GPA Commitment Letter"). Pursuant to the CBC Support Letter, GPA committed (i) to cause its voting rights to be exercised at any Cnova shareholders meeting in favor of the 2016 Reorganization, (ii) not to tender its Cnova ordinary shares directly or indirectly into the Offers, nor otherwise dispose of or transfer the shares in any other manner or through any other instrument, including any derivative instruments, until completion of the Offers.

Pursuant to the GPA Support Letter, GPA agreed (i) not to tender the subject shares directly or indirectly into the Offers and (ii) not to sell the subject shares on the market or transfer the subject shares in any other manner, and represented that it has not performed any of the actions described in clause (ii) since May 12, 2016. Additionally, GPA agreed in the GPA Commitment Letter that in the event that GPA decides to sell any of the subject shares to a third-party, it agreed (i) to first offer the subject shares to Casino at the price offered by the third-party and (ii) if Casino does not wish to acquire the subject shares or Casino and GPA do not agree on a purchase price for the subject shares, to require the proposed transferee to acquire up to the same portion of Casino's in Cnova at approximately the same time and on the same conditions.

Casino agreed in the GPA Commitment Letter that as long as Casino controls Cnova:

(i) Casino will ensure that GPA has the right to designate at least one member of the Cnova board of directors so that the ratio of (a) non-independent members of the Cnova board of directors appointed by GPA divided by (b) the total number of non-independent directors is at least equal to GPA's economic interest in Cnova's outstanding ordinary shares (such director or directors the "GPA Directors");

(ii) Casino will ensure that GPA and/or the GPA Directors have access to the following information with respect to Cnova: (a) audited statutory and consolidated accounts, (b) annual budget and forecast, (c) half-year and quarterly accounts, (d) annual report, (e) details of any material change in business, financial position or affairs and (f) any other information that may be required for GPA to comply with Brazilian capital markets regulations. Casino also agreed to cause Cnova to make members of Cnova's senior management reasonably available to GPA or the GPA Directors;

(iii) if, as a result of the Offers, Cnova ordinary shares are no longer listed on the NASDAQ or Euronext Paris, Casino has agreed to consider in good faith the opportunity to launch, in due time and depending on Cnova's then-current strategic and financial objectives and then-prevailing market conditions, an initial public offering of Cnova or, as the case may be, any subsidiary thereof ("IPO");

(iv) if, following the Offers, Cnova ordinary shares continue to be listed on the NASDAQ or Euronext Paris, Casino agreed to consider in good faith the opportunity to launch a fully marketed offering ("FMO"), through the sale of a significant portion of Cnova's shares, aimed at increasing the free float and liquidity of Cnova ordinary shares;

(v) GPA may require Casino to engage a first-tier advising bank selected by Casino to assess in good faith the opportunity of an IPO or an FMO and in both cases the opportunity and feasibility of a secondary placement (*i.e.*, through the sale of existing shares of Cnova). GPA may not exercise such right more than once in any two-year period;

(vi) if Casino or Cnova decides to initiate an IPO or FMO (including any secondary offering), GPA has the right to sell all of its shares as part of such offering, with priority over Casino with respect to up to 90% of the total shares to be offered in such secondary offering, subject to certain exceptions;

(vii) Casino has agreed that, if it intends to transfer any or all of its Cnova ordinary shares to any third-party (except for sales among members of the Casino Group or the controlling affiliates of Casino), which transfer will constitute a change-in-control of Cnova, GPA will be entitled to require the transferee to acquire all of its shares in Cnova at approximately the same time and on the same conditions;

(viii) Casino agreed that if it intends to transfer any or all of its Cnova ordinary shares to any third-party (except for sales among members of the Casino Group or the controlling affiliates of Casino), which transfer will not constitute a change-in-control of Cnova, GPA will be entitled to require the transferee to acquire up to the same portion of the subject shares at approximately the same time and on the same conditions; and

(ix) Casino agreed that if it intends to transfer any or all of its Cnova ordinary shares to any third-party (except for sales among members of the Casino Group or the controlling affiliates of Casino), which transfer will not constitute a change-in-control of Cnova, GPA will be entitled to require the transferee to acquire up to the same portion of the subject shares at approximately the same time and on the same conditions; and

The undertakings of Casino and GPA in the GPA Commitment Letter survive until the earliest of (i) the day when Casino no longer controls, directly or indirectly, Cnova, (ii) the day when GPA is no longer a shareholder of Cnova and (iii) August 8, 2041.

Except for the abovementioned GPA Support Letter, the GPA Commitment Letter and the Special Voting Agreement (as described in "Agreements Relating to our Shares - *Special Voting Agreement*" in Note 26 to our consolidated financial statements included elsewhere in this annual report), there are – as far as the Company is aware – no agreements involving a shareholder of Cnova that could lead to a restriction of the transferability of share or of voting rights on shares.

9.2 MATERIAL AGREEMENTS TO WHICH THE COMPANY IS A PARTY AND WHICH ALTER OR TERMINATE UPON A CHANGE OF CONTROL OF THE COMPANY

Except for the Special Voting Agreement (as described in "Agreements Relating to our Shares - *Special Voting Agreement*" in Note 27 to our consolidated financial statements included elsewhere in this annual report), the GPA Support Letter and the GPA Commitment Letter, there are no material agreements to which we are a party that alter or terminate upon a change of control over the Company.

9.3 ANTI-TAKEOVER PROVISIONS

Under Dutch law, various protective measures against takeovers are possible and permissible, within the boundaries set by Dutch statutory law and Dutch case law. Our Articles of Association do not include or provide for any such protective measures, although the Double Voting Right Structure (as described in “Special Voting Shares”) may have an anti-takeover effect.

10. EVENTS AFTER THE BALANCE SHEET DATE

On January 29, 2021, Cnova's cybersecurity services detected an internal and isolated malicious act resulting from a data theft. Cnova's cybersecurity services quickly identified and controlled the effects of the act. Cnova immediately undertook investigations to identify the source. These investigations demonstrate an internal, isolated and malicious intrusion perpetrated by a manager, who was granted legitimate authorizations to our information system. The investigation demonstrated no deficiency of the information system security.

Neither bank details nor passwords of customers were affected by this event. Cnova does not store any bank details, as demonstrated by its PCI-DSS certification. The data concerned by this malicious act were the name, first name, gender, personal address, email, telephone and the total of the orders of the last two years. There is no evidence known to us at present that the data was sold or shared to a third party.

All due prosecutions were initiated. The swift and thorough internal investigations lead to the commencement of a rapid judicial prosecution that is still ongoing at this point of time.

For information regarding subsequent events, see Note 28 to the consolidated financial statements include elsewhere in this annual report.[6]

[6] NTD: See previous comment.

11. DEFINITIONS

In this 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 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 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.
Éxito	Almacenes Éxito S.A. and, where appropriate, its subsidiaries
Founding Shareholders	Casino, CBD, Via Varejo, Éxito 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
Voting Depository	Stichting Cnova Special Voting Shares

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 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 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 annual report is the property of its respective holder.

12. FORWARD-LOOKING AND OTHER INFORMATION

This annual report includes other statistical, market and industry data and forecasts which we obtained from publicly available information, 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 “Risk Management and Risk Factors” in this annual report.

This 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 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; 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 annual report reflect our views as of the date of this 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 highly-volatile market environments, subject to rapid technological or competition-driven changes and difficult 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 “4. Risk Management and Risk Factors.”

All of the forward-looking statements included in this annual report are based on information available to us as of the date of this 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.

13. RESPONSIBILITY STATEMENT AND IN-CONTROL STATEMENT

In accordance with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), the Board declares that, to the best of its knowledge:

- The Consolidated Financial Statements, together with the stand-alone Company Financial Statements, give a true and fair view of the assets, liabilities, financial position and results of Cnova N.V. and its affiliated companies included in the consolidated financial statements, taken as a whole, at December 31, 2020;
- The Annual Report gives a true and fair view of the position as per the balance sheet date, and the development and performance of the business during the 2020 financial year of Cnova N.V. and its affiliated companies included in the consolidated financial statements, taken as a whole; and
- The Annual Report describes the principal risks and uncertainties that Cnova N.V. and its affiliated companies included in the consolidated financial statements face.

For the purpose of complying with provision 1.4.3 DCGC, the Board believes that, to the best of its knowledge, on the basis of reports and information provided to the Board, (i) the Annual Report provides sufficient insight into any failings in the effectiveness of the internal risk management and control system, as described in “Risk Management and Risk Factors,” (ii) the internal risk management and control system, as described in “Risk Management and Risk Factors” provides reasonable assurance that Cnova's financial reporting does not contain any error of material importance, (iii) based on Cnova's state of affairs as at the date of the Annual Report, it is justified that Cnova's financial reporting is prepared on a going concern basis, and (iv) the Annual Report states those material risks and uncertainties that are relevant to the expectation of Cnova's continuity for a period of twelve months after the date of the Annual Report.

Any material failings in, material changes to, and/or material improvements of the risk management and control systems, as described in “Risk Management and Risk Factors,” which have been observed, made and/or planned, respectively, during 2020, have been discussed with the audit committee and with the Board.

It should be noted that the foregoing does not imply that this system and these procedures provide absolute 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.

Jean-Yves Haagen, Chairman

Ronaldo Iabrudi dos Santos Pereira, Vice Chairman

Silvio J. Genesini

Eleazar de Carvalho Filho

Bernard Oppetit

Arnaud Strasser

Christophe Hidalgo

Josseline de Clausade

Emmanuel Grenier, CEO

14. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF CNOVA N.V.

Consolidated income statements

for the years ended December 31, 2019 and 2020

€ thousands	Notes	December 31, 2019	December 31, 2020
Net sales	7	2,194,204	2,224,801
Cost of sales	7	(1,805,119)	(1,750,830)
Gross Margin		**389,085**	**473,971**
Operating expenses			
Fulfillment	7	(163,379)	(179,219)
Marketing	7	(81,500)	(87,027)
Technology and content	7	(90,326)	(108,582)
General and administrative	7	(39,242)	(46,047)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs		**14,639**	**53,096**
Strategic and restructuring cost	8	(4,183)	(7,453)
Litigation costs	8	(4,296)	32
Change in scope of consolidation	8	(1,266)	(368)
Impairment and disposal of assets	8	(6,764)	(4,328)
Other non-recurring costs	8	-	(198)
Operating profit/(loss)		**(1,870)**	**40,781**
Financial income	9	291	390
Financial expense	9	(56,920)	(54,382)
Profit/(loss) before tax		**(58,500)**	**(13,211)**
Income tax gain/(expense)	10	(3,104)	(2,455)
Net profit (loss) from continuing operations		**(61,603)**	**(15,666)**
Net profit (loss) from discontinuing operations	5	(3,647)	(5,746)
Net profit/(loss) for the period		**(65,250)**	**(21,412)**
Attributable to Cnova equity owners		(66,109)	(23,419)
Attributable to non-controlling interests		859	2,007
Attributable to the owners continuing		(62,468)	(17,689)
Attributable to non-controlling interests continuing		865	2,024
Attributable to the owners discontinuing		(3,641)	(5,730)
Attributable to non-controlling interests discontinuing		(6)	(17)

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

In €	2019	2020
Basic earnings per share	(0.19)	(0.07)
Basic earnings per share – continuing operations	(0.18)	(0.05)
Diluted earnings per share	(0.19)	(0.07)
Diluted earnings per share – continuing operations	(0.18)	(0.05)

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

Consolidated statements of comprehensive income

for the years ended December 31, 2019 and 2020

€ thousands	2019	2020
Net income/(loss) for the year	**(65,250)**	**(21,412)**
Items that may subsequently be recycled to profit or loss		
Foreign currency translation	*(1)*	*22*
Items that may not be recycled to profit or loss		
Actuarial gains and losses	*(1,152)*	*(214)*
Other comprehensive income/(loss) for the year, net of tax	**(1,153)**	**(192)**
Total comprehensive income/(loss) for the year, net of tax	**(66,403)**	**(21,604)**
Attributable to Cnova equity owners	*(67,218)*	*(23,614)*
Attributable to non-controlling interests	*815*	*2,010*

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

Consolidated balance sheets

as of December 31, 2019 and 2020

(€ thousands)	Notes	December 31, 2019	December 31, 2020
ASSETS			
Cash and cash equivalents	11	78,349	15,829
Trade receivables, net	12	163,771	167,211
Inventories, net	13	328,556	283,732
Current income tax assets		4,137	4,046
Other current assets, net	12	150,526	313,808
Total current assets		**725,339**	**784,626**
Deferred tax assets	10	41,652	45,068
Right of use assets, net	14	174,313	149,188
Property and equipment, net	15	32,805	28,491
Other intangible assets, net	16	179,378	206,553
Goodwill	17	122,955	122,295
Other non-current assets, net	12	14,576	11,353
Total non-current assets		**565,680**	**562,947**
Assets held for sale		-	**424**
TOTAL ASSETS		**1,291,018**	**1,347,998**
EQUITY AND LIABILITIES			
Current provisions	20	9,271	3,435
Trade payables		665,691	658,253
Current financial debt	22	308,107	20,095
Current lease liability	14	31,260	30,497
Current tax and social liabilities		55,020	83,862
Other current liabilities	22	216,490	248,370
Total current liabilities		**1,285,839**	**1,044,512**
Non-current provisions	20	15,950	14,939
Non-current financial debt	22	2,428	340,620
Non-current lease liability	22	165,593	145,160
Other non-current liabilities	22	2,540	3,734
Deferred tax liabilities		1,781	1,462
Total non-current liabilities		**188,292**	**505,915**
Liabilities directly associated with the assets held for sale		-	**613**
Share capital		17,225	17,225
Reserves, retained earnings and additional paid-in capital		(267,993)	(289,935)
Equity attributable to equity holders of Cnova		**(250,768)**	**(272,710)**
Non-controlling interests		**67,665**	**69,668**
Total equity	19	**(183,113)**	**(203,042)**
TOTAL EQUITY AND LIABILITIES		**1,291,018**	**1,347,998**

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

Consolidated statements of cash flows
for the years ended December 31, 2019 and 2020

€ thousands	2019	2020
Net profit (loss) attributable to equity holders of the Parent	(62,468)	(17,689)
Net profit (loss) attributable to non-controlling interests....	865	2,024
Net profit (loss) continuing for the year......................	**(61,603)**	**(15,666)**
Depreciation and amortization expense......................	67,765	80,319
(Gains) losses on disposal of non-current assets and impairment of assets...	6,764	3,912
Other non-cash items..	(22)	(54)
Financial expense, net	56,630	53,991
Current and deferred tax (gains) expenses	3,104	2,443
Income tax paid...	(3,343)	(9,269)
Change in operating working capital	70,954	59,733
Inventories of products....................................	*27,500*	*44,821*
Trade payables	*(5,080)*	*427*
Trade receivables..	*12,385*	*10,642*
Other..	*36,149*	*3,843*
Net cash from/(used in) operating activities of continuing operations..	**140,249**	**175,409**
Net cash from/(used in) operating activities of discontinued operation	**(5,004)**	**(5,214)**
Purchase of property, equipment & intangible assets........	(81,983)	(80,339)
Purchase of non-current financial assets	(3,669)	(33)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	8,320	9,485
Acquisition of subsidiaries, net of cash acquired (Notes 4 and 5)..	(902)	—
Payments of loans granted (including to related parties)....	(8,151)	(134,913)
Net cash from/(used in) continuing investing operations ..	**(86,385)**	**(205,800)**
Net cash from/(used in) discontinued investing operations	**(828)**	**(648)**
Transaction with owners of non-controlling interests	(2,393)	—
Proceeds from loans received	45,037	—
Additions to financial debt	1,901	120,000
Repayments of financial debt	(3,065)	(40,290)
Repayments of lease liability	(19,993)	(23,958)
Interest paid on lease liability	(7,032)	(8,020)
Interest paid...	(49,208)	(43,081)
Net cash from/(used in) continuing financing operations ..	**(34,753)**	**(4,651)**
Net cash from/(used in) discontinued financing operations	**—**	**(1)**
Effect of changes in foreign currency translation adjustments...	1	(1)
Change in cash and cash equivalents from continuing operations..	**19,111**	**(25,741)**
Change in cash and cash equivalents from discontinued operations..	**(5,831)**	**(5,862)**
Cash and cash equivalents, net, at beginning of period	27,334	40,614
Cash and cash equivalents, net, at end of period (Note 11)..	**40,614**	**9,011**

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

Consolidated statements of changes in equity

for the years ended December 31, 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	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)	(1,108)	(1,109)	(44)	(1,153)
Net profit/(loss) for the year	-	-	-	(66,109)	-	-	(66,109)	859	(65,250)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(66,109)**	**(1)**	**(1,108)**	**(67,218)**	**815**	**(66,403)**
CCV / Phoenix Integration	-	-	-	-	-	-	-	66,873	66,873
Other movements	-	-	-	-	-	(19)	(19)	11	(8)
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	-	-	-	-	22	(219)	(197)	5	(192)
Net profit/(loss) for the year	-	-	-	(23,417)	-	-	(23,417)	2,005	(21,412)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(23,417)**	**22**	**(219)**	**(23,614)**	**2,010**	**(21,604)**
Other movements	-	-	-	-	-	(36)	(36)	1	(35)
Revaluation of debt on minority interest of Neosys	-	-	-	1,708	-	-	1,708	-	1,708
As of December 31, 2020	**345,210,398**	**17,225**	**448,649**	**(735,118)**	**(38)**	**(3,427)**	**(272,710)**	**69,666**	**(203,043)**

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

Description of reporting entity

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.

At December 31, 2020 main shareholders are Casino Guichard Perrachon SA (64,8%) and Companhia Brasileira de Distribuição Netherlands Holding B.V. (34,0%).

Cnova’s ultimate beneficiary owner is Euris, from France

The Group consolidated financial statements of Cnova and its subsidiaries (collectively, the Group) for the year ended December 31, 2020 were authorized for issue in accordance with a resolution of the directors on March 31, 2021.

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

Note 1 Significant accounting policies, judgments, estimates and assumptions

1.1 Basis of preparation of Cnova consolidated financial statements

Cnova has prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”).

Cnova’s capital management objectives are to ensure the Company’s ability to continue as a going concern and to provide an adequate value creation and return to shareholders.

The Company monitors capital on the basis of the carrying amount of equity plus its loans (including loans due to Casino net of the current account related to the cash-pool due from Casino), less cash and cash equivalents as presented on the face of the balance sheet.

Management assesses the Company’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. Cnova manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust its dividend policy, issue new shares, or sell assets to reduce debt.

As of December 31, 2020, net current assets / liabilities is negative €260 million (€256million excluding the credit line with Casino). These financial statements are prepared on a going-concern basis despite the negative equity of €203 million at December 31, 2020. The negative equity is mainly caused by the decrease of capital and share exchange between Cnova NV / Cnova Brazil in 2016 for €474 million and accumulated losses. In 2020, Cnova’s continued to have a strong cash generation from operating activities at €175 million (€140 million in 2019).

The Company has a credit line of €550 million with its parent, Casino Guichard-Perrachon (cf. Note 27) set in order to cover the needs of the Company. As part of the cash pool agreement with Cnova and its subsidiaries, unused credit lines amount to €330 million as of December 31, 2020. In Q1 and Q3 the use of credit lines is higher due to seasonality. The term of the cash pool agreement is six year and can be terminated by mutual consent. Casino Group confirmed – through a written letter - that Cnova N.V. will continue to benefit from intragroup resources to cover its financing needs for the next twelve months after issuance of the financial statements. All related party agreements immediately terminate if Casino no longer controls, directly or indirectly, Casino Finance or Cnova or its European subsidiaries, as the case may be, or in case of bankruptcy of a party. At balance sheet date and at the date of preparation of these financial statements Management has no indications relating to the events as described above.

Cnova is key for the e-commerce strategy of Casino Group. The company's Gross Merchandise Volume ("GMV") organic growth (+8,6% from €3,811 million in 2019 to €4,139 million in 2020) and significant improvement in financial performance, both in terms of profitability and cash generation, demonstrate the relevance of its strategic plan that has reinforced its subsidiary Cdiscount's positioning as the leading French e-merchant.

As part of its assessment of the going concern principle when preparing the consolidated financial statements of the Company, management reviewed the 2021 cash flow forecasts and the cash needs over the next 12 months and evaluated this based on available financing. The main highlights of the developments in the coming year and key assumptions related to the cash flow forecast are continued increase of MKP share in the GMV, expansion of digital marketing revenues and development of B2B and B2C services. Management took the following factors into account for its sensitivity analysis: historical actuals vs forecast deviations, COVID-19 stress test scenarios and sensitivity to the main assumptions.

On this basis, management concluded that the credit line with Casino and the new €120 million state guaranteed loan will be sufficient to cover the cash needs of the group over the next 12 months after taking into consideration the working capital variation and the forecast cash generating operating perspective. As indicated in Note 2 and in the Risk factors section of the annual report, the COVID-19 pandemic impact on Cnova is uncertain and likely to have contrasting effects, since it can foster the growth of e-commerce, in the event of a prolonged closure of physical stores, but also adversely affect the macroeconomic environment and consumption, or even the operation of our warehouses and carrier's partners in a worst case. Given the uncertainties around future evolution of the pandemic, related consumer behavior and its impact on the global economy it is premature to quantify the financial impact for the Group.

All Cnova's entities have a December 31 year-end.

Standards and interpretations published with effect from January 1, 2020

The Group applies the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The application of the following standards, amendments or interpretations had no material impact on Cnova's Consolidated Financial Statements:

- Amendment to IFRS 16 Leases Covid 19- Related Rent Concessions
- Amendments to IFRS 3 – Business Combinations : Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

Standards and interpretations published but not yet mandatory

The following pronouncements from the IASB applicable to Cnova will become effective for future reporting periods and have not yet been adopted by the group:

- IFRS 17 – Insurance Contracts including Amendments to IFRS 17
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to:

    - IFRS 3 Business Combinations;
    - IAS 16 Property, Plant and Equipment;
    - IAS 37 Provisions, Contingent Liabilities and Contingent Assets
    - Annual Improvements to IFRS standards 2018-2020
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group does not expect the application of these standards, amendments or interpretations to have a material impact on its Consolidated Financial Statements.

1.2 Accounting convention and use of estimates

Accounting convention

The consolidated financial statements have been prepared using the historical cost convention on the basis described above in the "Description of reporting entity" and the "Basis of preparation of Cnova consolidated financial statements".

The consolidated financial statements are presented in thousands of euros. The figures in the tables have been rounded to the nearest thousand euros and include individually rounded data. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

Classification of assets and liabilities as current and non-current

Assets that are expected to be realized in, or are intended for sale or consumption in Cnova's normal operating cycle or within twelve months after the balance sheet date are classified as current assets, together with assets that are held primarily for the purpose of being traded and cash and cash equivalents. Liabilities that are due in the entity's normal operating cycle or within twelve months after the balance sheet date are classified as current. Cnova's normal operating cycle is less than twelve months.

All other assets or liabilities are classified as "non-current". All deferred tax assets and liabilities are classified as non-current assets or liabilities.

Use of judgments, estimates and assumptions

The preparation of Cnova's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying Cnova's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- Revenue recognition from marketplace transactions

Sales include transactions with customers through marketplaces. Cnova has analyzed facts and circumstances surrounding its revenue arrangements to determine if it was acting as a principal or an agent in those transactions. The indicators that Cnova considered include its primary responsibility in providing the goods to the customer, its latitude in establishing prices and the inventory risk before or after the customer order, during shipping or on return. Cnova concluded that in all those arrangements it is acting as an agent.

- Capitalized development costs

In accordance with IAS 38 "Intangible Assets", research and development expenses are recorded as expenses in the year in which they are incurred, except for development costs, which are capitalized as an intangible asset when the following criteria are met:

- the project is clearly defined, and the costs are separately identified and reliably measured;
- the technical feasibility of the project is demonstrated;
- the intention exists to finish the project and use or sell the products created during the project;
- a potential market for the products created during the project exists or their usefulness, in case of internal use, is demonstrated; and
- adequate resources are available to complete the project.

These development costs are amortized over the estimated useful life of the projects or the products they are incorporated within. The amortization of capitalized development costs begins as soon as the related product is released.
Specifically for software, useful life is determined over its probable service lifetime,

We must therefore evaluate the commercial and technical feasibility of these development projects and estimate the useful lives of the products resulting from the projects. Should a product fail to substantiate these assumptions, we may be required to impair or write off some of the capitalized development costs in the future.

- Provisions

Provisions comprise liabilities of uncertain timing or amount that arise from restructuring plans, litigation and other risks. Provisions are recognized when a legal or constructive obligation stemming from a past event exists and when the future cash outflows can be reliably estimated. Provisions are measured at the present value of the expenditures unless the impact of discounting is immaterial. Obligations arising from restructuring plans are recognized when detailed formal plans have been established and when there is a valid expectation that such plans will be carried out by either starting to implement them or announcing their main features. Obligations under litigation reflect Group Management's best estimate of the outcome based on the facts known at the balance sheet date.

- Contingencies

Contingent assets and liabilities are possible rights and obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Cnova based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of Cnova. Such changes are reflected in the assumptions when they occur.

- Impairment of goodwill, tangible and intangible assets

Impairment exists when the carrying value of an individual asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The method used by Cnova to perform its impairment tests is described in Note 18.

The key assumptions used to determine the recoverable amount for the different Cash Generating Units ("CGUs"), including a sensitivity analysis, are disclosed and further explained in Note 18. As of December 31, 2020, goodwill amounts to €122 million (2019: €123 million). Goodwill related to Stootie was impaired in 2020.

- Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets related to tax losses recognized in the consolidated financial statements amounts to € 45.1 million (see Note [10]).

Cnova has estimated the value of those assets based on future taxable profits and available tax planning opportunities that support the recognition of these losses as deferred tax assets. Other tax losses carried forward, not supported by the tax planning opportunities, are not recognized as deferred tax assets. Further details on taxes are disclosed in Note 10.

- Leases

The main judgements, estimates and assumptions related to lease contracts are the determination of discount rate and the lease term for the purpose of measuring the lease liability.

The discount rate used is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. It is calculated for each asset according to the lease term, using the incremental borrowing rate at inception of the lease. The discount rate is calculated using a risk-free yield curve and a spread. The risk-free yield curve, spread and rating are updated quarterly. The discount rate is tied to the weighted average date for repayment of the outstanding lease commitment.

The lease term corresponds to the non-cancellable period, together with the period covered by any option to extend the lease, if the Group is reasonably certain to exercise that option, and the period covered by any option to terminate the lease, if the Group is reasonably certain not to exercise that option.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or not to exercise the termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects whether it is reasonably certain to exercise the option to renew or not to exercise the option to terminate (for example, construction of significant leasehold improvements or significant customisation to the leased asset). Additional information on lease term used for French commercial leases ("3/6/9" contracts) is included in Note 14.

- Discontinued operations

In providing the criteria for meeting the definition of a “discontinued operation”, paragraph 32 of IFRS 5 refers to the notion of “a separate line of business or geographical area of operations”. However, IFRS 5 does not define what should be considered as a “separate major line of business”. As per Cnova accounting policies, a separate major line needs to be a cash generating unit, an operating segment as per IFRS 8 before aggregation and a contribution of net result of at least 1 million euros (positive or negative).
Refer to Note 2 for additional information on planned sale of Haltae.

Note 2 Significant events of the period

Covid-19

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. Due to the resurgence of the outbreak in the second semester a second lockdown was imposed by French authorities from October 29, 2020 to December 15, 2020. Similar to the first lockdown physical stores have been shut down with the same exceptions. Since December 15, 2020 a nightly curfew is in force in France between 6PM and 6AM,

Due to the emergence of new variants early 2021, additional restrictions were implemented in France, borders are closed to all, but essential travel and non-food shopping malls larger than 20,000 square meters have been shut down.

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 lockdown periods. As of today Cnova remains fully operational and maintains high safety measures:

- Headquarter offices have reopened, 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 high marketplace performances and an improved direct sales business model.

- During the first 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 first lockdown, Cnova continued 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
- In Q3, GMV remained stable compared to prior year as we focused on providing best-in-class experience, increasing our profitability and scaling up our international activities
- In Q4, Cnova’s GMV growth was 10.2% compared to prior year driven by the marketplace, during the second lockdown Cnova observed an additional circa 10% GMV growth

compared to preceding weeks

Regarding logistics,

- During the first lockdown period, Cnova's warehouse were fully operational with strict sanitary measures but most of our pickup points were closed and carrier's capacity was reduced. This has resulted in a near 100% home delivery share and increased use of expedited shipping
- After the end of the first 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 amount 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 costs before other costs	(5,892)
Other operating costs	(4,203)
Operating costs	**(10,095)**

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 first lockdown period.

An assessment was made of the impact on COVID-19 related to valuation of assets and the conclusion was that no impairment was necessary.

Planned Sale of Haltae (Stootie)

Refer to note 1 for use of judgments, estimates and assumptions concerning discontinued operations.

Since expected operational synergies have not been reached for Haltae activity, management decided to sell this subsidiary. A sale is expected on the next 12 months. Currently negotiations are in progress with interested parties.

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (Note 5):

- the assets and liabilities held for sale have been reclassified in the consolidated statement of financial position under "Assets held for sale" for €0,4 million and "Liabilities associated with assets held for sale" for €0,6 million.
- Haltae's post-tax net profit and cash flows for the years ended 31 December 2020 and 2019 are reported on a separate line in the consolidated income statement under "Net profit/(loss) from discontinued operations".

Financing

State guaranteed loan
To deal with the economic difficulties of French companies, the French State has incorporated a mechanism into its amended finance law for 2020 to provide a guarantee for obtaining a loan. Cdiscount has benefited from this mechanism for a loan amounting to € 120 million.

A decree of July 30, 2020, published in the Official Journal, announced the State guarantee for a loan of € 120 million granted to the company Cdiscount by BNP Paribas, Caisse d'Épargne et de Prévoyance Aquitaine Poitou-Charentes, Crédit Lyonnais, HSBC France and Société Générale. The State guarantee relates to 80% of the principal amount, interest and accessories remaining due from the debt until the maturity of the loan

The loan was issued on August 5, 2020. Refer to Note 22 for additional information.

Change in Casino Finance Financing

The Current Account Agreement with Casino Finance was amended in 2020. As per these amendments:

- The Current Account Agreement has a termination date at 31 July 2026 or such other date as mutually agreed upon between parties
- The Current Account Agreement includes a Term Loan of €150 million bearing interest at 3.9%
- Cnova is authorized to use the current account confirmed of up to €400 million bearing interest at Eonia 1 month +1.5%
- The sum of the Term Loan and the outstanding advances shall not be less than €220 million
- No repayment is required before July 31, 2026, as a consequence outstanding balance is classified as non-current financial liabilities.

Refer to Notes 27 and 22.2 for additional information.

Note 3 Earnings per share

Earnings per share for the year ended December 31, 2020 is €(0,07), which splits in €(0,05) for continuing operations and €(0,02) for discontinued operations.

€ thousands	2019	2020
Losses (gains) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution (1)	(66,109)	(23,417)

	2019	2020
Weighted average number of ordinary shares for basic EPS including DSU (1) (refer to Note 19)	**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**

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

The total number of shares after the cancellation of shares received as part of the 2016 reorganization is 345,210,398.

Note 4 Business combinations and equity transactions

1. Accounting policies

The consolidated financial statements include the accounts of all entities in which Cnova has a controlling financial interest.

Consolidated Entities

Control is achieved when Cnova is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, Cnova controls an investee if and only if Cnova has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When Cnova has less than a majority of the voting or similar rights of an investee, Cnova considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- Cnova's voting rights and potential voting rights.

Cnova re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when Cnova obtains control over the entity and ceases when Cnova loses control of the entity.

Associates

Associates are companies in which Cnova exercises significant influence over financial and operational policies without having control. They are accounted for by using the equity method. Goodwill related to these entities is included in the carrying amount of the investment in the associate.

Business combination

The consideration transferred in a business combination is measured at fair value, which is the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Acquisition-related costs are accounted for as expenses in the periods in which they are incurred.

Any excess of the aggregate of consideration transferred and the amount of non-controlling interests in the transaction over the fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill. For each business combination, Cnova may elect whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognized in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The provisional amounts recognized on the acquisition date may be adjusted retrospectively, if information about facts and circumstances that existed as of the acquisition date is still needed to finalize the measurement of the business combination. However, the measurement period shall not exceed one year from the acquisition date. The subsequent acquisition of non-controlling interests does not give rise to the recognition of additional goodwill.

2. Transactions in 2020

No business combinations have occurred in 2020.

3. Transactions in 2019

C Chez Vous

Cdiscount has made on January 1, 2019 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 website. CCV also provides 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.

Business combinations of entities under common control are currently excluded from the scope of IFRS 3 Business Combinations and the IASB has a project on its agenda to address this item. The most relevant accounting policies are pooling of interests-type method or the purchase method.

We have elected to use the purchase method for the following reasons:

- Cnova NV being listed with non-controlling interests, fair value measurements results in the financial statements providing more reliable and more relevant information about the effects of the transaction. Assets, liabilities would be recognized at fair value in the purchase method. Therefore, future transactions that may occur (Increase/Decrease in capital, entrance of a new shareholders, sale of subsidiary dividends…) would result in a more relevant presentation in accounting
- The transaction has substance as it serves a strategic objective, whereby the entities involved in the transaction have logistics and transportation activities, which are put in common.
- Acquisition of CCV is not material in prior year comparatives as most flows are intercompany transactions with Cdiscount and eliminates in consolidation
- C-Logistics was not existing in the comparative period. Therefore, non-controlling interests in C-Logistics in 2018 are unknown

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	61,562
Purchase consideration transferred	**66,805**

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. No customer relationship was recognized as Cnova acquire its supplier and the customer relationship has no market participant value.

In 2019, from the date of acquisition, CCV contributed €0.4m of revenue after intra-group eliminations (€43m before intra-group eliminations) and €2.8 million to profit before tax from continuing operationsof the Group.
Purchase consideration was capital contribution in C-Logistics.

In 2020, CCV contributed €0.5m of revenue after intra-group eliminations (€54.2m before intra-group eliminations) and €4.3 million to profit before tax from continuing operations of the Group.

As of December 31, 2020, C-Logistics non-controlling interests represent €69 million including its direct ownership in C Chez Vous

Note 5 Assets held for sale and discontinued operations

Accounting principle

A non-current asset (or disposal group) shall be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The asset (or disposal group) shall be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and shall be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the income statement.

A discontinued operation is a disposal group to be abandoned that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (c) is a subsidiary acquired exclusively with a view to resale. The results and cash flows of such disposal group shall be presented as discontinued operations at the date on which it ceases to be used. This presentation shall apply for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

Breakdown

Results from discontinued operations is the following:

2020

€ thousands	**International segment abandoned**	**Haltae**	**Total**
Net sales	-	827	827
Cost of sales	-	-	-
Operating expenses	(12)	(3,963)	(3,975)
Operating loss before other costs	**(12)**	(3,136)	**(3,148)**
Other operating costs	(408)	(2,069)	(2,477)
Operating loss	**(420)**	**(5,205)**	**(5,625)**
Financial net expense	(121)	-	(121)
Loss before tax	**(541)**	**(5,205)**	**(5,746)**
Income tax gain/(expense)	-	-	-
Net profit (loss) for the year	**(541)**	**(5,205)**	**(5,746)**
Net profit/(loss) from discontinuing operations	**(541)**	**(5,205)**	**(5,746)**

2019 result from discontinued operations is the following:

€ thousands	**International segment abandoned**	**Haltae**	**Total**
Net sales	-	689	689
Cost of sales	-	-	-
Operating expenses	(4)	(4,017)	(4,021)
Operating loss before other costs	**(4)**	(3,328)	**(3,332)**
Other operating costs	215	(498)	(283)
Operating loss	**211**	**(3,826)**	**(3,615)**
Financial net expense	(32)	-	(32)
Loss before tax	**179**	**(3,826)**	**(3,647)**
Income tax gain/(expense)	-	-	-
Net profit (loss) for the year	**179**	**(3,826)**	**(3,647)**
Net profit/(loss) from discontinuing operations	**179**	**(3,826)**	**(3,647)**

Assets held for sale and liabilities associated with assets held for sale:

The major classes of assets and liabilities of Haltae classified as held for sale as at 31 December 2020 are, as follows:

(€ thousands)	**December 31, 2020**
ASSETS	
Cash and cash equivalents	191
Debtors	233
Property and equipment, net	-
Intangible assets, net	-
Goodwill	-
Assets held for sale	**424**
LIABILITIES	
Creditors	(613)
Liabilities directly associated with disposal group	**(613)**
Net assets directly associated with disposal group	**(189)**

Cash flows of discontinued operations.

The net cash flows incurred by Haltae are, as follows:

€ thousands	**2019**	**2020**
Operating	(3,932)	(2,664)
Investing	(828)	(648)
Financing	-	-
Net cash (outflow) / inflow	**(4,760)**	**(3,312)**

Earnings per share of discontinued operations are presented in Note 3.

Note 6 Operating segments

In accordance with IFRS 8 – Operating Segments, segment information is disclosed on the same basis as the Group's internal reporting system used by the chief operating decision maker (the Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

The Group only has one reportable segment "E-commerce". This segment is comprising Cdiscount, C-Logistics, Cnova N.V. holding company and other subsidiaries of Cnova and corresponds to the consolidated financial statements of Cnova.

Management assesses the performance of this segment on the basis of GMV, Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs and EBITDA. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs plus recurring depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes, however as they correspond to consolidated balance sheet they are disclosed elsewhere in the financial statements.

Segment information is determined on the same basis as the consolidated financial statements.

€ thousands	2019	2020
GMV	3,899,181	4,207,366
Operating profit/(loss) before strategic and restructuring, litigation, impairment and dsiposal of assets costs	14,639	53,096
EBITDA	82,073	133,307

Note 7 Main components of operating profit

Accounting policies

Revenue recognition

Net sales include revenue from product sales and services (either business to consumer direct sales or business to business transactions), marketplaces sales (commissions) and other revenues. Revenue is measured at the contract price, corresponding to the consideration to which the Group expects to be entitled in exchange for the supply of goods or services. The transaction price is allocated to the performance obligations in the contract, which represent the units of account for revenue recognition purposes. Revenue is recognized when the performance obligation is satisfied, i.e. when control of the good or service passes to the customer. Revenue may therefore be recognized at a specific point in time or over time (based on the stage of completion).

The specific recognition criteria described below must also be met before revenue is recognized.

Product sales and services (Business to consumer direct sales and business to business transactions)

Business to business transactions consist of sales to retailers. Revenues from product and service sales and related shipping fees, net of promotional discounts, rebates, and return allowances, are recognized when the performance obligation is performed. The performance obligation is performed at receipt of the order by the customer or for our loyalty program CDAV (Cdiscount à volonté) over the length of the subscription

Consolidated entities periodically provide incentive offers to customers to encourage purchases. Such offers include current discount offers, such as percentage discounts off current purchases by customers, inducement offers, such as offers for future discounts subject to a minimum current purchase, and other similar offers. Current discount offers, when accepted by customers, are treated as a reduction to the sale price of the related transaction, while inducement offers, when accepted by customers, are treated as a reduction to sale price based on estimated future redemption rates. Redemption rates are estimated using Cnova’s historical experience for similar inducement offers. Current discount offers and inducement offers are presented as a net amount in product sales.

Marketplace sales (commissions)

As part of transactions through marketplaces, it is assessed whether it is appropriate to record the gross amount of the product sold and its related costs or the net amount as a commission based on the analysis of the obligation in the arrangement.

The recognition of revenue as a gross or net amount requires judgment taking into consideration facts and circumstances based on a list of indicators proposed by IFRS 15 “Revenue from Contracts with Customers”. In performing this analysis, Cnova reviews the following indicators, i.e. whether the entity:

- has the primary responsibility for providing the goods or services to the customer or for fulfilling the order;
- has inventory risk before or after the customer order, during shipping or on return;
- has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
- has control of a promised good or service before it is transferred to the customer

As of December 31, 2020, Cnova considers that it is acting as agent for Marketplace sales.

Other revenues

Pursuant to IFRS 15, advertising sales or marketing services to goods and services suppliers have been reclassified as a reduction of purchase price, Other revenues now mainly consist in advertising sales, client's instalment payments "CB4X" service fee, insurance sales for which we are acting as agent and MKP fulfilment revenue.

We exclude revenues from items that are returned and orders that are cancelled.

Cost of sales

Cost of sales consist of costs related to direct sales business, including purchase price of consumer products or services sold to customers from direct sales, inbound shipping charges to fulfillment centers and outbound shipping charges from fulfillment centers to pick-up locations or directly to end customers, fees payable to pick-up locations, packaging supplies, gains related to discounts obtained from suppliers, advertising and marketing services to suppliers and costs for lost, stolen or damaged goods received. Shipping charges to receive products from suppliers are included in inventory and recognized as cost of sales upon sale of products to customers. In addition, warehouse reception and storage costs are not incorporated into inventory valuation on the balance sheet but directly expensed through the income statement as fulfilment costs.

Supplier rebates, contributions to common marketing or advertising campaigns are measured based on contracts signed with suppliers. They are billed in installments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services rendered to the supplier and the sum of the installments billed during the year. They are considered as a reduction of the prices paid for the products and, therefore, recorded as a reduction of the inventory cost.

Fulfillment expenses

Fulfillment costs consist of costs incurred in operating and staffing our fulfillment centers and customer service centers, payment processing, after sales costs and extended warranties. The costs related to operating fulfillment centers include warehousing costs and preparation costs, which include picking, packaging and preparing customer orders, and payroll and related expenses. In addition, warehouse reception and storage costs are not incorporated into inventory valuation on the balance sheet but directly expensed through the income statement as fulfilment costs. Payment processing costs include credit card fees and fees paid to Banque Casino in relation to our payment-in-installments program in France on direct sales products. This program is administered internally by Cdiscount for both its direct sales and marketplace products. After sales costs consist primarily of preparing and resending products that are returned to suppliers to be repaired. Extended warranties costs include costs to third parties who repair or replace products for which an extended warranty was sold.

Marketing expenses

Marketing costs consist of online and offline advertising, such as display advertising and search engine optimization, fees paid to third party marketing services and payroll and related expenses for personnel engaged in marketing.

Technology and content expenses
Technology and content expenses consist of technology infrastructure expenses, payroll and related expenses for employees involved in application, product, and platform development, category expansion, editorial content, purchasing (including expenses and payroll related to the overall purchasing activity of the consolidated entities), merchandising selection, systems support and digital initiatives.

Technology and content costs are expensed as incurred. Capitalized development costs are amortized over time, including software used to upgrade and enhance Cnova's websites and applications supporting the business.

General and administrative expenses
General and administrative expenses consist of payroll and related expenses for management, including management equity incentive plans, management fees paid to Cnova's Parent Companies for shared services, employees involved in general corporate functions, including accounting, finance, tax, legal, and human resources, costs associated with use by these functions of facilities and equipment, such as depreciation expense, short-term or low value leases rent, and general labor costs. Professional fees and other general corporate costs are also included as general and administrative costs.

Breakdown

Net Sales

€ thousands	2019	2020
Product sales	1,929,115	1,909,557
Marketplace sales (commissions)	146,626	174,953
Other revenues	118,463	140,291
Net sales	**2,194,204**	**2,224,801**

The CB4X contract generated fees recorded in other revenues for €27.6 million in 2020 (€32.4 million in 2019).

Contract assets, costs and liabilities

€ thousands	2019	2020
Contract assets	-	-
Contract costs	**4,332**	**3,042**
Amounts received in advance of delivery	(10,038)	(8,060)
Amounts arising from customer loyalty programs	(1,003)	(2,777)
Refund liability	(613)	(690)
Deferred revenue	(24,140)	(24,686)
Total Contract liabilities	**(35,794)**	**(36,213)**

Contract costs:
Costs to obtain contracts relates to payments made to Distribution Casino France for the implementation of the Cdiscount corners in Hypermarkets. These costs are amortized on a straight-line basis over the contract period (in general, 5 years). In 2020, amortization amounting €1.1 million was recognized as part of cost of sales in the consolidated income statement. There was no

impairment loss in relation to the costs capitalized.

Contract liabilities:

For internet sales, revenue is recognized when control of the goods or services has transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the goods online the transaction price received at that point by the Group is recognized as contract liability until the goods have been delivered to the customer.

A contract liability arises in respect of vouchers applicable on future orders given to clients into a purchase contract as these vouchers provide a benefit to customers that they would not receive without entering into a purchase contract and the promise to provide vouchers to the customer is therefore a separate performance obligation. A contract liability is recognized for revenue relating to the vouchers at the time of the initial sales transaction.

The refund liability relates to customers' right to return products within 14 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Group uses its accumulated historical experience to estimate the amount of returns. A corresponding right to return goods asset is recognized in inventory with associated impact on cost of sales (Refer to Note [13]).

Deferred revenue relates mainly to our CDAV loyalty program for which revenue is recognized over time although the customer pays up-front in full for the service. A contract liability is recognized for revenue relating to the CDAV service at the time of the initial sales transaction and is released over the service period.

The following table shows how much of the revenue recognized in the current reporting period relates to brought – forward contract liabilities. There was no revenue recognized in the current reporting period that related to performance obligations that were satisfied in a prior year.

€ thousands	**2019**	**2020**
Amounts received in advance of delivery	6,539	10,038
Amounts arising from customer loyalty programs	727	1,003
Refund liability	672	613
Deferred revenue	22,851	24,140
Total revenue recognized that was included in the contract liability balance at the beginning of the period	**30,789**	**35,794**

Contract assets and costs are included in other current or non-current assets and contract liabilities in other current or non-current liabilities. (cf. Note 12 and 22)

Cost of Sales

€ thousands	**2019**	**2020**
Purchases and shipping costs	(1,772,022)	(1,706,725)
Change in inventories	(33,097)	(44,105)
Cost of sales	**(1,805,119)**	**(1,750,830)**

Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	2019
Employee benefits expense	(39,162)	(10,732)	(34,417)	(19,288)	(103,598)
Other expenses	(96,687)	(70,548)	(20,477)	(15,834)	(203,547)
Depreciation and amortization expense	(27,530)	(219)	(35,433)	(4,119)	(67,302)
Total as of December 31, 2019	**(163,379)**	**(81,500)**	**(90,326)**	**(39,242)**	**(374,446)**

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	2020
Employee benefits expense	(45,163)	(12,939)	(37,747)	(23,160)	(119,009)
Other expenses	(103,180)	(73,751)	(26,121)	(18,534)	(221,587)
Depreciation and amortization expense	(30,876)	(336)	(44,714)	(4,353)	(80,279)
Total as of December 31, 2020	**(179,219)**	**(87,027)**	**(108,582)**	**(46,047)**	**(420,875)**

The following table presents the breakdown of other fulfillment costs, other marketing costs and other tech and content costs.

€ thousands	2019	2020
Operation of fulfillment centers	(61,527)	(67,046)
Payment processing	(11,056)	(11,948)
Customer service centers	(23,362)	(20,842)
Other fulfillment costs	(742)	(3,344)
Fulfillment costs	**(96,687)**	**(103,180)**
Online and offline marketing costs	(70,349)	(73,729)
Other marketing costs	(199)	(22)
Marketing costs	**(70,548)**	**(73,751)**
Technology infrastructure	(18,856)	(21,064)
Other technology and content costs	(1,621)	(5,057)
Technology and content costs	**(20,477)**	**(26,121)**

Note 8 Other operating expenses

Accounting policy

This caption covers two types of items:

- Income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).
- Income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs) and provisions and

expenses for litigation and risks (including discounting adjustments).

1. Strategic and restructuring costs

In 2019, we had €4.7 million on restructuring and strategic costs of which €0.6 million related to the opening of the last Distribution Center included in our expansion strategic plan, €1.2 million of head office restructuring and €1.8m of inventory clearance in connection with our shift of strategy towards a platform model.

In 2020, we had €7.5 million on restructuring and strategic costs of which €1.6 million of head office restructuring €1.6 million of strategic fees 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

2. Litigation costs

In 2019, we had €4.4 million of litigation costs of which €3.8 million on tax property on our DCs.

In 2020, we had €2.8 million of litigation costs of which €1.2 million related to recoverable VAT on doubtful receivable impairment and €1.0 million to an administrative fine compensated by provision reversals for €1.4 million on tax property on our DCs and for €1.4 million on commercial litigation.

3. Change in scope of consolidation

In 2019, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.3 million and €0.9 million related to renegotiation of the put and call option in Beezup with founders.

In 2020, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.4 million.

4. Impairment and disposal of assets

In 2019, we had €2.5 million of impairments of certain IT development costs at Cdiscount in relation to projects that are no longer used or have been replaced by new IT developments and €4.3m account receivable impairment related to the write off of prior year's cash register differences.

In 2020, we had €1.5 million of impairments of certain IT development costs at Cdiscount in relation to projects that are no longer used or have been replaced by new IT developments and €3.0m account receivable impairment related to the finalization of our analysis on historical cash register differences.

Note 9 Financial income and expense

Accounting policy

Finance income and expense correspond to all income and expenses generated by cash and cash equivalents and loans and borrowings during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on loans and borrowings, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, interest expense on lease liability, trade payable – structured programme costs and costs related to the sale of receivables, including the fees related to the installment program CB4X at Cdiscount.

€ thousands	2019	2020
Interest income from cash and cash equivalents	-	-
Foreign exchange gain	93	81
Proceeds from sale of investments	-	-
Other financial income	198	309
Total finance income	**291**	**390**
Interest expense on borrowings (including cash pool balance with Casino)	(2,592)	(6,678)
Interest expense on lease liability	(7,032)	(8,022)
Foreign exchange loss	(101)	(234)
Costs related to sales of receivables	(46,133)	(38,647)
Book value of investments	-	-
Other financial expense	(1,063)	(800)
Total finance expense	**(56,920)**	**(54,381)**

Under IFRS 16, the lease liability is measured at amortised cost using the effective interest method. Accordingly, finance expense is negatively impacted by interest expense on lease liability (€7,032 thousands in 2019 and €8,022 thousands in 2020) (Refer to Note 14)

Note 10 Taxes

Accounting policy

Current income tax expense

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where Cnova operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax expense

Deferred taxes are recognized using the provisions of IAS 12 "Income Taxes." Balances of deferred taxes recognized in prior periods are adjusted for the effect of any enacted changes in the income tax rate. Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards and certain consolidation adjustments that are expected to be recoverable.

Deferred tax liabilities are recognized in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and

- taxable temporary differences related to investments in entities and associates, except when Cnova controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Breakdown

Income tax expenses

Analysis of income tax expense:

€ thousands	2019	2020
Current taxes	(2,887)	(2,394)
Other taxes on income (i)	(2,912)	(3,774)
Deferred taxes	2,695	3,713
Total income tax profit (loss) recognized in the income statement	**(3,104)**	**(2,455)**
Tax on other income recognized in "Other comprehensive income"	—	—
Tax on other income recognized in "Total comprehensive income"	**(3,104)**	**(2,455)**

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

Reconciliation of theoretical and actual tax expense

€ thousands	2019	2020
Profit (loss) before tax and share of profits of associates	**(62,326)**	**(13,210)**
Nominal income tax rate (i)	**25.00%**	**25.00%**
Income tax benefit (expense)	**15,581**	**3,303**
Effect of tax rates in foreign entities (i)	3,560	95
Unrecognized deferred taxed assets arising from tax loss of the period	(24,954)	(8,821)
Non-deductible expenses	(63)	(52)
CVAE net of income tax	(1,964)	(2,572)
Tax credits	9	17
Non-taxation of CICE (ii)	—	—
Share based payments	—	—
Deferred tax assets arising from tax loss of previous period	2,433	5,578
Deferred tax assets arising from temporary differences of previous period	2,238	—
Other	56	(3)
Actual income tax credit / (expense)	**(3,104)**	**(2,455)**

(i) The tax rate corresponds to the rate applicable to Cnova NV. The effect of tax rates in foreign entities is mainly related to the difference with the French income tax rate of 34%

(ii) France's third amended Finance Act for 2012 introduced a competitiveness and employment tax credit (CICE), a tax credit (repayable from the end of the third year) of 7% for salaries below or equal to 2.5 times the minimum wage. Cnova recognized this income by reducing employee expenses.

Deferred taxes

Change in deferred tax assets

€ thousands	2019	2020
As of January 1	**38,628**	**41,652**
Benefit (expense) for the period on continuing operations	2,839	3,211
Benefit (expense) recognized in equity	185	9
Translation differences and reclassifications	—	196
As of December 31	**41,652**	**45,068**

Change in deferred tax liabilities

€ thousands	2019	2020
As of January 1	**1,637**	**1,781**
Expense (benefit) for the period	144	(123)
Impact of changes in exchange rates and reclassifications	—	(196)
As of December 31	**1,781**	**1,462**

Recognized and unrecognized deferred tax assets

The tax loss carryforwards have no expiry date but their use is limited in France by law to €1 million plus 50% of the taxable income for the year.

In 2018, Cnova has reorganized its legal structure to create a subsidiary that operates the logistics for the group and performs the warehouse operations and shipments to customers.

This has resulted in the reverse merger of Cdiscount Group in Cdiscount SA and the creation of C-Logistics. C-Logistics has received:

- on January 1, 2019 a partial contribution of logistic's net assets from Cdiscount and,
- on February 1, 2019 C Chez Vous shares in a contribution from Easydis, a subsidiary of Casino in charge of logistics for Casino France

After this reorganization, C-Logistics is owned 84% by the Cnova Group and 16% by Easydis.

C-Logistics operates on a cost-plus basis, meaning that all costs incurred will be reinvoiced with a fixed rate margin for external and internal costs mainly to Cdiscount.

Cdiscount has requested (i) the transfer of net operating losses ("NOLs") from Cdiscount Group to Cdiscount SA through the reverse merger and (ii) the transfer of NOL from Cdiscount SA to C-Logistics. These transfers were both subject to obtaining a ruling from the French tax authorities ("FTA") for both steps: the reverse merger and the allocation to C-Logistics. The acceptance process encompasses the review by the FTA of the methodology applied to allocate losses between its logistics activity and core activities as well as the review of the losses allocated to the logistics. Such rulings were requested in September 2018, the first ruling was obtained in August 2019 and the second ruling was obtained in July 2020.

As per these rulings CDiscount requested the transfer of approximately €200 million of NOLs to C-Logistics.

Based on the IAS 12 analysis performed in 2018, €38 million of deferred tax assets related to tax losses were recognized in 2018 out of the €50 million requested in the tax rulings (€200 million at the French tax rate of 25% applicable from 2022). In 2020, an additional deferred tax asset has been recognized for €5.5m as a result of obtaining the second ruling as the amount agreed of €171m was higher than the originally estimated amount of €150m.

As of December 31, 2020, Cnova had €318 million of unused unrecognized tax loss carry forwards (€87 million of unrecognized deferred tax assets) compared with €288 million and €79 million respectively in 2019.

Note 11 Net cash, cash equivalents and restricted cash

Accounting policy

Cash and cash equivalents consist of cash on hand and short-term investments.

To be classified as a cash equivalent, investment securities must be short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Breakdown

€ thousands	2019	2020
Cash equivalents	—	—
Cash	78,349	15,829
Cash and cash equivalents (1)	**78,349**	**15,829**
Bank overdrafts (2)	(37,735)	(6,819)
Net cash and cash equivalents	**40,614**	**9,011**
Restricted cash (3)	—	56,757
Net cash and cash equivalents and restricted cash	**40,614**	**65,768**

(1) Cash equivalents are mainly composed of financial investments referred to as highly liquid Bank Certificate of Deposits. Bank overdrafts arise from settlement of promissory notes that are due to suppliers and are repayable on demand to banks when such promissory notes are presented by suppliers for settlement.

(2) Bank overdrafts involve four financial institutions with maturity from first demand repayment to three months. No financial covenants are attached to these bank overdrafts.

(3) We are required to pledge or otherwise restrict a portion of our cash, cash equivalents as collateral for amounts due to third party sellers in certain jurisdictions. For France this restricted cash is held by Cnova Pay, an entity under the supervision of ACPR, a French prudential supervision and resolution authority which monitor the bank and insurance companies in France. We classify cash, cash equivalents with use restrictions of less than twelve month as Other current assets, net.

Breakdown of cash and cash equivalents by currency

€ thousands	2018	%	2020	%
Euro	78,249	100 %	15,829	100 %
Other	—	— %	—	— %
Cash and cash equivalents	**78,249**		**15,829**	

Derecognition of financial assets

Cnova has set up receivables discounting programs with its banks. These programs meet the conditions for derecognition of financial assets under IFRS 9. Cnova considers that there is no risk of discounted receivables being cancelled by credit notes or being set off against liabilities. The other risks and rewards associated with the receivables have been transferred to the banks. Consequently, as substantially all the risks and rewards have been transferred at the balance sheet date, the receivables are derecognized.

Under the agreement between Cdiscount and Banque Casino, Cdiscount fully transfers the credit risk of the instalments related to the instalment payment program in France to Banque Casino. Continued involvement is limited to €8 million at December 31, 2020 (2019: €11.1 million) corresponding to the receivables not sold and to the insurance reserve contracted.

Note 12 Financial assets

1. Accounting policies

Financial assets are classified into three categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income
- financial assets at fair value through profit or loss.

Financial assets are classified as current if they are due in less than one year and non-current if they are due in more than one year.

Recognition and measurement of financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable acquisition costs of financial assets measured at fair value through profit or loss are recorded in the income statement

Financial assets at amortized cost

Financial assets are measured at amortized cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). They are subsequently measured at amortized cost, determined using the effective interest method, less any impairment losses. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement. This category primarily includes trade receivables, cash and cash equivalents as well as other loans and receivables. Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material.

Financial assets at fair value other comprehensive income

This category comprises debt instruments and equity instruments.

- debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss.
- equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss.

Cnova does not hold any material assets in this category

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortized cost or at fair value through

OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.

Cnova does not hold any material assets in this category

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments. To be classified as cash equivalents under IAS 7, investments must be:

- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Cnova typically uses interest bearing bank accounts.

Impairment of financial assets

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortized cost, contract assets and debt instruments at fair value through OCI.

The main financial assets concerned are trade receivables relating to B2B customers and Marketplace vendors. For trade receivables, Cnova applies the simplified approach provided for in IFRS 9. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.

Derecognition of financial assets

Financial assets are derecognized in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
    - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognized in full;
    - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognized in the statement of financial position for its total amount.

2. Breakdown of trade receivables

€ thousands	**2019**	**2020**
Trade receivables	185,532	177,512
Accumulated impairment losses on trade receivables	(21,761)	(10,301)
Trade receivables................................	**163,771**	**167,211**

Cnova carries out non-recourse receivables sale, refer to Note [8]

Accumulated impairment losses on trade receivables

€ thousands	2019	2020
Accumulated impairment losses on trade receivables		
As of January 1	**(17,577)**	**(21,762)**
Charge	(6,839)	(4,169)
Write off	2,655	15,630
As of December 31	**(21,761)**	**(10,301)**

3. Other current assets, net

€ thousands	2019	2020
Cash deposit with Casino Finance (Note [27])	-	130,494
Current accounts with other related parties	9,298	13,692
Other current assets included in net financial debt	**9,298**	**144,186**
Restricted Cash	-	56,757
Other receivables	129,588	101,377
Accumulated impairment losses on other assets	(1,674)	(1,765)
Prepaid expenses	12,024	11,963
Contract costs	1,290	1,290
Other current assets	**150,526**	**313,808**

Prepaid expenses mainly include prepaid purchases, other occupancy costs and insurance premiums.

Restricted cash is linked to Cnova Pay activity and corresponds to cash and cash equivalents pledged as collateral for amounts due to third party sellers in certain jurisdictions with use restriction of less than twelve month.

4. Other non-current assets, net

€ thousands	2019	2020
Financial assets at fair value through profit or loss	30	20
Other financial assets	7,935	9,079
Prepaid expenses	3,569	501
Contract costs	3,042	1,752
Other non-current assets	**14,576**	**11,352**

Financial assets at fair value through profit or loss

Movements for the period

€ thousands	2019	2020
At 1 January	**11**	**30**
Increases	19	—
Decreases	—	(10)
Gains and losses from remeasurement at fair value	—	—
Other	—	—
At 31 December	**30**	**20**

Note 13 Inventories, net

Accounting policies

Inventories, consisting of products available for sale, are recorded at cost, net of supplier discounts, including purchase costs, costs of conversion and other costs incurred in bringing inventories to their present location and condition. Costs of products sold are measured using the weighted average cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is lower than cost, a valuation allowance is recorded for the difference.

Breakdown

€ thousands	2019	2020
Products in warehouses	339,452	294,678
Right to return goods asset	357	436
Impairment of products held in inventory	(11,253)	(11,382)
Inventories	**328,556**	**283,732**

No reversal of unused write-down was recorded in 2020 and 2019.

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's 14 day returns policy. The Group uses its accumulated historical experience to estimate the amount of return.

Note 14 Leases

Accounting policies

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. he Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The discount rate is calculated using a risk-free yield curve and a spread. The risk-free yield curve, spread and rating are updated quarterly. The discount rate is tied to the weighted average date for repayment of the outstanding lease commitment.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease term corresponds to the non-cancellable period, together with the period covered by any option to extend the lease, if the Group is reasonably certain to exercise that option, and the period covered by any option to terminate the lease, if the Group is reasonably certain not to exercise that option.

The Group has French "3/6/9" type leases. Important characteristics of these lease are:

- the contract duration is 9 years (although 12 years for certain Cnova lease contracts)
- the lessee has the option to exit at the end of the third and sixth year, and
- the lessor has no cancellation option during contract duration.

At the end of the lease (in general end of the ninth year), the lessee has the right to ask for the renewal of the lease that the lessor can either accept or reject.

For this type of lease, unless a renewal option exercisable by the lessee alone is set out in the agreement, the lease term does not exceed the contract duration (9 or 12 years).

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery or real estate that have a lease term of 12 months or less and leases of low-value assets, including small IT and warehouse equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has opted for a separate presentation on the face of the statement of financial position under lease agreements related to the right of use and the lease debt.

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.

In 2020 the group finalized the analysis of the IFRS IC decision with no impact on the consolidated financial statements.

Right of use assets

Breakdown

	2019			2020		
€ thousands	**Gross**	**Depreciation and impairment**	**Net**	**Gross**	**Depreciation And impairment**	**Net**
Real estate	225,808	(72,263)	153,545	231,006	(94,853)	136,153
Vehicles and equipment	31,609	(10,841)	20,768	25,340	(12,305)	13,035
Right of use, net	**257,417**	**(83,104)**	**174,313**	**256,346**	**(107,158)**	**149,188**

Movements for the period

€ thousands	**Real estate**	**Vehicules and equipment**	**Total**
As of January 1, 2019	**154,019**	**10,521**	**164,540**
Additions related to new leases	22,074	15,351	37,425
Lease modifications	(1,907)	—	(1,907)
Depreciation for the period	(20,641)	(5,104)	(25,745)
Impairment reversal (losses) recognized during the period	—	—	—
As of December 31, 2019	**153,545**	**20,768**	**174,313**
Business combination or loss of control	—	—	—
Additions related to new leases	5,198	1,265	6,463
Lease modifications	—	(3,790)	(3,790)
Depreciation for the period	(22,590)	(5,208)	(27,798)
Impairment reversal (losses) recognized during the period	—	—	—
As of December 31, 2020	**136,153**	**13,035**	**149,188**

Real estate

The Group leases land, buildings and warehouses for its office space and fulfilment operations. The leases of office space and warehouses typically run for a period of 9 to 12 years.

Most of those leases are 3/6/9 type contracts, those contracts include:

- the option to exit at the end of the third and sixth years and ninth year (for 12 year contracts) except if it has been explicitly abandoned by the lessee in the contract
- No renewable option

The lease term retained for those contracts is the contract duration (9 or 12 years) unless we are reasonably certain to exercise our option to terminate the lease. As of December 31, 2020, the Group has not planned to exercise early exit option in its logistics master plans.

Other leases

The Group leases vehicles, warehouse equipment and IT equipment, with terms of three to five years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases small IT equipment's (laptop, warehouse notepads…) and small machinery with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Sale and leaseback

The group has 15 sale & leaseback contracts in which IT and warehouse equipment were sold and leased back for periods of 3 to 6 years. Certain contracts include the option to repurchase the assets at the ends of the contract term.

Lease Liabilities

€ thousands	2019	2020
Maturity analysis – contractual undiscounted cash flows		
Less than one year	31,260	30,497
One to five year	114,663	101,613
More than five years	85,848	66,440
Total undiscounted lease liabilities at December 31	**231,771**	**198,550**
Lease liabilities included in the statement of financial position at December 31	**196,853**	**175,657**
Of which current	**31,260**	**30,497**
Of which non-current	**165,593**	**145,160**

Amounts recognized in profit or loss

€ thousands	2019	2020
Interest on lease liabilities	(7,032)	(8,020)
Expenses related to short-term leases	(273)	(1,924)
Expense related to leases of low value assets,	(2,612)	(4,519)

excluding short-term leases of low value assets		
Total amount recognized in profit of loss	**(9,917)**	**(14,463)**

Amounts recognized in the statement of cash flows

Total cash outflow of leases were €32m for 2020 and €27m for 2019.

Note 15 Property and equipment, net

Accounting policies

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. All other items of property and equipment are depreciated on a straight-line basis over their estimated useful lives. The main useful lives are as follows:

Asset category	Depreciation period (years)
Building fixtures and fittings	5 to 10
Technical installations, machinery and equipment	5 to 10
Computer equipment	3 to 5

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognized in profit or loss when the asset is derecognized under "Gain (Loss) from disposal of non-current assets."

Breakdown

	2019			2020		
€ thousands	**Gross**	**Depreciation and impairment**	**Net**	**Gross**	**Depreciation And impairment**	**Net**
Buildings, fixtures, fittings and other*	49,505	(24,743)	24,762	54,585	(30,248)	24,337
Technical installations, machinery and equipment	12,170	(4,126)	8,044	9,397	(5,243)	4,154
Property, plant and equipment, net	**61,675**	**(28,870)**	**32,805**	**63,982**	**(35,491)**	**28,491**

*including assets in progress for €2,4m in 2020 and €3,5m in 2019.

Movements for the period

€ thousands	Buildings, Fixtures, Fittings and other	Technical installations machinery and equipment	Total
As of January 1, 2019	**33,140**	**5,981**	**39,121**
Business combination or loss of control	497	93	**590**
Increases and separately acquired property, plant and equipment	8,914	504	**9,418**
Property, plant and equipment disposed of during the period	(7,401)	(1,543)	**(8,944)**
Depreciation for the period	(5,751))	(1,726)	**(7,477)**
Impairment reversal (losses) recognized during the period	—	—	—
Translation adjustment	1	—	**1**
Reclassifications of assets in progress	(4,639)	4,639	—
Reclassifications and other movements	—	96	**96**
As of December 31, 2019	**24,762**	**8,044**	**32,805**
Business combination or loss of control	—	—	—
Increases and separately acquired property, plant and equipment	9,770	255	**10,025**
Property, plant and equipment disposed of during the period	(2,482)	(3,845)	**(6,237)**
Depreciation for the period	(5,966)	(1,972)	**(7,938)**
Impairment reversal (losses) recognized during the period	—	—	—
Translation adjustment	2	—	**2**
Reclassifications of assets in progress	(1,749)	1,749	—
Reclassifications and other movements	—	(77)	**(77)**
As of December 31, 2020	**24,338**	**4,154**	**28,491**

Note 16 Other intangible assets, net

Accounting policies

Intangible items are recognized as intangible assets when they meet the following criteria:

- the item is identifiable and separable;
- Cnova has the capacity to control future economic benefits from the item; and
- the item will generate future economic benefits.

Intangible assets consist mainly of purchased software, software developed for internal use, customer lists and trademarks.

Initial recognition

Intangible assets acquired separately by Cnova are measured at cost and those acquired in business combinations are measured at fair value.

Trademarks that are created and developed internally are not recognized on the balance sheet. Intangible assets are amortized on a straight-line basis over their estimated useful lives.

Development expenditures on internal use software and website development are recognized as an intangible asset when Cnova can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

Amortization

Following initial recognition of the intangible asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Development expenditures on internal use software and website development are amortized over periods ranging from 3 to 10 years.

Indefinite life intangible assets (including purchased trademarks) are not amortized, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognized in profit or loss when the asset is derecognized under “Gain (Loss) from disposal of non-current assets.”

Breakdown

	2019			**2020**		
€ thousands	**Gross**	**Amortization and impairment**	**Net**	**Gross**	**Amortization and impairment**	**Net**
Trademarks	9,459	—	9,459	9,459	—	9,459
Licenses, software and website	236,072	(131,358)	104,714	313,894	(175,984)	137,910
Other*.....................	69,379	(4,174)	65,204	63,188	(4,004)	59,184
Other intangible assets, net	**314,910**	**(135,532)**	**179,378**	**386,541**	**(179,988)**	**206,553**

*including assets in progress for €58,7m in 2020 and €64,1m in 2019.

Movements for the period

€ thousands	Trademarks	License, software and website costs	Other	Total
As of January 1, 2019	**9,459**	**80,106**	**49,998**	**139,564**
Business combination or loss of control	—	128	—	128
Increases and separately acquired intangible assets	—	3,099	74,373	77,472
Intangible assets disposed of during the period	—	(15)	—	(15)
Amortization for the period	—	(34,522)	(362)	(34,884)
Impairment reversal (losses) recognized during the period (continuing operations)	—	(2,466)	—	(2,466)
Translation adjustment	—	—	(1)	(1)
Reclassifications of assets in progress	—	58,372	(58,372)	—
Reclassifications and other movements	—		(420)	(420)
As of December 31, 2019	**9,459**	**104,702**	**65,216**	**179,378**
Business combination or loss of control	—	—	—	—
Increases and separately acquired intangible assets	—	2,908	72,268	75,176
Intangible assets disposed of during the period	—	—	—	—
Amortization for the period	—	(44,576)	(318)	(44,894)
Impairment reversal (losses) recognized during the period (continuing operations)	—	(3,171)	—	(3,171)
Translation adjustment	—	—	(20)	(20)
Reclassifications of assets in progress (internally developed intangible assets)	—	78,046	(78,046)	—
Reclassifications and other movements	—		84	84
As of December 31, 2020	**9,459**	**137,909**	**59,184**	**206,553**

Trademarks are composed of Continental Edison in France and 1001Pneus. As they are essential to the identity of the Cnova business and are used and maintained in the normal course of operations, an indefinite useful life is retained for those trademarks.

Note 17 Goodwill

Accounting policies

At acquisition date, goodwill is measured in accordance with Note 4. Goodwill is allocated to the cash generating unit or groups of cash-generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortized but is tested for impairment at each year-end, or whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversible. The method used by Cnova to test goodwill for impairment is described in Note 18 “Impairment of goodwill, tangible and intangible assets.” Negative goodwill is recognized directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree’s identifiable assets, liabilities and contingent liabilities have been verified.

Breakdown

€ thousands	2019 Gross	2019 Impairment	2019 Net	2020 Gross	2020 Impairment	2020 Net
E-Commerce	122,295	–	122,295	122,295	–	122,295
Haltae (Stootie)	660		660	660	(660)	–
Goodwill. . .	**122,955**	**–**	**122,955**	**122,955**	**(660)**	**122,295**

Movements for the period

€ thousands	2019	2020
Carrying amount As of January 1	**61,396**	**122,955**
Goodwill recognized during the period (see Note [4])	61,559	–
Impairment losses recognized during the period	–	(660)
Carrying amount As of December 31	**122,955**	**122,295**

Note 18 Impairment of goodwill, tangible and intangible assets

Accounting policies

Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least once a year, as of December 31 and when circumstances indicate that the carrying value may be impaired. Other assets are tested whenever there is an indication that they may be impaired.

Cash Generating Units (CGUs)
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Cnova has defined cash-generating units as business units.

Recoverable amount
The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flows projections contained in financial budgets/forecasts approved by management and cash flows beyond the projection period are estimated by applying a constant or decreasing growth rate; and
- the terminal value determined by applying a perpetual growth rate to the final cash flow projection.

The cash flow projections and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

For goodwill impairment testing purposes, the recoverable amounts of CGUs or groups of CGUs are determined at year end.

Impairment
An impairment loss is recognized when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under the caption "Impairment of assets" in the income statement.

Impairment losses recognized in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment losses on goodwill cannot be reversed.

Breakdown

Movements for the period

In addition to the annual test of impairment, an impairment analysis has been performed before the classification as held for sale of Haltae's assets. This analysis has resulted in the impairment of Haltae's goodwill and other intangible assets for €2.0 million.

As part of follow-up of impairment indicators, some intangible asset values were revised and resulted in the recognition of impairment losses of:

- €2,5 million in 2019 related to the write off of obsolete IT development costs for Cdiscount.
- €1,5 million in 2020 related to the write off of obsolete IT development costs for Cdiscount.

Impairment loss on intangible assets with an indefinite life

No evidence of impairment was noted regarding Continental Edison and 1001 Pneus brands.

Goodwill impairment losses

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This has been measured through the market capitalization of Cnova. As a result, the test consisted in comparing the net book value of its net assets with the market capitalization of Cnova which is significantly higher: the market capitalization of Cnova amounted to €1,036 million as of December 31, 2020

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flows projections contained in financial budgets/forecasts approved by management and cash flows beyond the projection period are estimated by applying a constant or decreasing growth rate; and
- the terminal value determined by applying a perpetual growth rate to the final cash flow projection.

The tests carried out as of December 31, 2019 and 2020 did not reveal any impairments of goodwill both from a fair value or value in use perspective.

Note 19 Consolidated equity

Accounting policies

Consolidated Equity is attributable to two categories of owners: the equity holders of Cnova and the owners of the non-controlling interests.

Transactions with the owners of non-controlling interests resulting in a change in the owners' percentage interest without loss of control only affect equity. Cash flows arising from changes in ownership interests in a fully consolidated entity that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated entity, Cnova recognizes the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Cnova. Transaction costs are also recognized in equity. The same treatment applies to transaction costs relating to disposals without loss of control.

In the case of disposals of controlling interests involving a loss of control, Cnova derecognizes the whole of the ownership interest and recognizes any investment retained in the entity at its fair value. The gain or loss on the entire derecognized interest (interest sold and interest retained) is recognized in income statement. Cash flows arising from the acquisition or loss of control of a consolidated entity are classified as cash flows from investing activities.

Foreign currency transactions and translation

The consolidated financial statements are presented in euros. Each Cnova entity determines its own functional currency and all their financial transactions are measured in that currency.

Foreign currency translation

The financial statements of entities that use a functional currency different from the reporting currency are translated into euros as described below:

- assets and liabilities, including goodwill and fair value adjustments, are translated into euros at the closing rate, corresponding to the spot exchange rate at the balance sheet date; and
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting exchange differences are recognized directly within a separate component of equity. When a foreign operation is disposed of, the cumulative amount of the exchange differences in consolidated equity relating to that operation is recycled to the income statement.

Intragroup loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the investment in that foreign operation and are accounted for as part of the investment and the exchange differences arising on these loans are recognized in the same component of equity as discussed above.

Foreign currency transactions are converted into the functional currency using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting exchange differences are recognized in the income statement under "Exchange gains and losses". Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate at the transaction date.

Capital management

Cnova's capital management objectives are to ensure Cnova's ability to continue as a going concern and to provide an adequate value creation and return to shareholders.

Cnova monitors capital on the basis of the carrying amount of equity plus its loans (including current account agreement with Casino Finance), less cash and cash equivalents as presented on the face of the balance sheet.

Management assesses Cnova's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. Cnova manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Cnova may adjust its dividend policy, issue new shares, or sell assets to reduce debt.

Breakdown

Share capital

At December 31, 2020, the share capital of Cnova is composed of 345,210,398 shares with a par value of €0.05.

Notes to the consolidated statement of comprehensive income

€ thousands	2019	2020
Exchange differences	**(1)**	**22**
Change in translation differences during the period	(1)	22
Actuarial gains and losses	**(1,152)**	**(214)**
Change during the period	(1,152)	(214)
Income tax (expense)/benefit	—	—
Total	**(1,153)**	**(192)**

Those items have no tax impact

Non-controlling interests

€ thousands	C-Logistics	Other	Total
As of December 31, 2018	**0**	**-44**	**-44**
% of non-controlling interests	*0,00%*		
C Chez Vous Integration	66 682		66 682
Net result	750	109	859
Other comprehensive Income	-44	0	-44
Dividends granted	0	0	0
Other	0	202	202
As of December 31, 2019	**67 388**	**267**	**67 655**
% of non-controlling interests	*15,96%*		
Net result	1 444	562	2 005
Other comprehensive Income	-2	7	5
Dividends granted	435	-435	0
Other	0	2	2
As of December 31, 2020	**69 264**	**403**	**69 667**

% of non-controlling interests *15,96%*

Financial information of main non-controlling interests
Amounts are presented before intercompany eliminations.

€ thousands	**C-LOGISTICS 2019**	**2020**
Net sales	355 127	398 556
Net profit (loss) from continuing operations	4 698	11 766
Net profit (loss) from discontinuing operations	0	0
Net profit/(loss) for the period	4 698	11 766
Other comprehensive Income	-44	-2
Total comprehensive income/(loss)	4 654	11 764
Non-current assets	649 563	626 500
Current assets	169 992	173 633
Non-current liabilities	161 735	141 351
Current liabilities	222 651	211 849
Net assets	435 169	446 933

Note 20 Provisions

A provision is recorded when Cnova has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within Cnova's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognized in the balance sheet (except when they are assumed through a business combination), but are disclosed in the notes to the financial statements.

Breakdown and movements

€ thousands	**January 1, 2019**	**Increases**	**Reversals (used)**	**Reversals (surplus)**	**Business Combination or loss of control**	**Translation adjustment**	**Other**	**December 31, 2019**
Pensions (Note [21]). .	5,674	1,164	(228)	(213)	150	—	938	7,485
Claims and litigation.	15,578	5,998	(1,462)	(2,488)	110	—	—	17,736
Total	**21,252**	**7,162**	**(1,690)**	**(2,701)**	**260**	—	**938**	**25,221**
of which short-term. .	*9,481*	*1,990*	*(968)*	*(1,264)*	*32*	—	—	*9,271*
of which long-term . .	*11,771*	*5,172*	*(722)*	*(1,437)*	228	—	*938*	*15,950*

€ thousands	January 1, 2020	Increases	Reversals (used)	Reversals (surplus)	Business combination or loss of Control	Translation adjustment	Other	December 31, 2020
Pensions (Note [21]) . .	7,485	893	(12)	(55)	—	—	285	8,596
Claims and litigation.	17,736	6,626	(7,236)	(6,964)	—	(35)	(249)	9,778
Total	**25,221**	**7,419**	**(7,248)**	**(7,019)**	—	**(35)**	**36**	**18,374**
of which short-term. .	*9,271*	*1,727*	*(6,817)*	*(712)*	—	*(33)*	—	*3,436*
of which long-term . .	*15,950*	*5,692*	*(431)*	*(6,307)*	—	*(2)*	*36*	*14,938*

Note 21 Pension and other post-employment benefit obligations

Under defined contribution plans, Cnova pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

Regarding defined benefit plans, mainly French consolidated entities are concerned as their employees are notably entitled to compensation paid on retirement. Cnova's obligation is measured using the projected unit credit method based on the provisions of existing plans. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other smaller plans. Assumptions include expected rate of future salary increases, estimated average working life of employees, life expectancy and staff turnover rates.

Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognized immediately in equity.

The past service cost referring to the increase in an obligation following the introduction of a new benefit plan or modification of an existing plan is immediately expensed.

Expenses related to defined benefit plans are recognized in operating expenses (service cost) or other financial income and expense (net of obligation and plan assets).

Curtailments, settlements and past service costs are recognized in operating expenses or other financial income and expense depending on their nature. The liability recognized in the balance sheet is measured as the net present value of the obligation

Overview of plans

Defined Contribution Plan

Defined contribution plans are retirement provisions through which an employer commits to such funding through the regular payment of contributions to a managing body. The employer's commitment to the payment of contributions is limited and therefore does not guarantee the pension amount that employees will receive. This type of plan predominantly concerns employees of Cnova's French entities. The latter come under the general social security system which is administered by the French state.

The expense for the year relating to defined contribution plans is €8 million in 2020 (2019: €7 million).

Defined Benefit Scheme

In France, an industry-specific agreement between employers and employees provides for the payment of allowances to employees at the date of retirement depending on the years of service rendered and their salary at the age of retirement.

Main assumptions used in determining total obligations related to defined benefit plans

Plans falling under defined benefit schemes are exposed to interest rate risk, rate of salary increase risk and mortality rate risk.

The following table summarizes the main actuarial assumptions used to measure the obligation:

	2019	2020
Discount rate	0.6 %	0.7 %
Expected rate of future salary increases	1.5 %	1.5 %
Retirement age	64	64

The discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

Sensitivity analysis

The impact of a variation of +/- 50 bp on the discount rate would generate a change of respectively -9.6% and +10.8% of the total amount of the commitment.

The impact of a variation of +/- 50 bp on the expected rate of future salary increases would generate a change of respectively +10.7% and –9.6% of the total amount of the commitment.

Reconciliation of liabilities in the balance sheet

€ thousands	2019	2020
As of January 1	**5,674**	**7,485**
Service cost for the period	638	826
Interest cost of the period	85	51
Actuarial gains or losses recognized in equity	938	170
Business combination or loss of control	150	64
Translation adjustment	—	—
Other movements	(1)	—
As of December 31	**7,485**	**8,596**

Note 22 Financial liabilities and other liabilities

1. Accounting policies

Financial liabilities are classified into two categories as follows:

- borrowings recognized at amortized cost; and
- financial liabilities at fair value through profit or loss.

Financial liabilities are classified as current if they are due in less than one year and non-current if they are due in more than one year.

Recognition and measurement of financial liabilities

Financial liabilities recognized at amortized cost

Borrowings and other financial debt are recognized at amortized cost using the effective interest rate method. These liabilities may be hedged.

Debt issue costs and issue and redemption premiums are included in the cost of borrowings and financial debt. They are added or deducted from borrowings, and are amortized using an actuarial method.

Financial liabilities at fair value through profit or loss

These are financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognized in profit or loss. For financial liabilities carried at fair value through profit or loss only loss arising from deterioration of company's own credit risk should be recognized through other comprehensive income.

2. Breakdown of financial debt

	2019			2020		
€ thousands	**Non-Current Portion**	**Current Portion**	**Total**	**Non-current Portion**	**Current Portion**	**Total**
Current account agreement with Casino Finance (Conditions in note 27)	—	259,305	259,305	220,000	4,336	224,336
Bank overdrafts...........	—	37,736	37,736	—	6,819	6,819
State Guaranteed loan...........	—	—	—	119,900	883	120,783
Commitment to buy back NCI..	2,428	—	2,428	720	—	720
Other financial liabilities .	—	11,066	11,066	—	8,057	8,057
Financial debt............	**2,428**	**308,107**	**310,536**	**340,620**	**20,095**	**360,715**

The Group has €70 million of bank overdraft available out of which €38 million were used at December 31, 2019.

Changes in liabilities arising from financing activities:

€ thousands	**Current account agreement with Casino Finance**	**State Guaranteed loans**	**Other financial liabilities**	**Total liabilities from financing activities**
As of January 1, 2019	**213,879**	—	**12,229**	**226,108**
Additions to financial debt	—	—	1,901	**1,901**
Repayments of financial debt (1) .	—	—	(3,065)	**(3,065)**
Change in loan received (2)	45,036	—	—	**45,036**
Change in loan received - discontinued operations.........	—	—	—	—
Accrued interests, net............	390	—	—	**390**
As of December 31, 2019	**259,305**	—	**11,066**	**270,371**
Additions to financial debt	—	119,900	—	**119,900**
Repayments of financial debt (1) .	—	—	(3,009)	**(3,009)**
Change in loan received (2)	(37,181)	—	—	**(37,181)**
Change in loan received - discontinued operations.........	—	—	—	—
Accrued interests, net	2,212	883	—	**3,095**
As of December 31, 2020.........	**224,336**	**120,783**	**8,057**	**353,176**

(1) Repayments of financial debt also includes the continued involvement in the instalment payment program for €11.1 million (see Note 11)
(2) Change in loan received also includes cash pool balances with Casino

Detail of main financial debt:

	Nominal Amount (K€)	Nominal Interest Rate	Effective Interest Rate	Issue date	Due date	2019 (K€)	2020 (K€)
Cash pool balances with Casino Term Loan	150,000	3.9%	3.9%	August 5, 2020	July 31, 2026	—	150,000
Cash pool balances with Casino	Maximum of 400,000	Eonia 1 month + 1,5%	Eonia 1 month + 1,5%	July 1, 2014	July 31, 2026	259,305	70,000
State Guaranteed loans...	120,000	Euribor + 0,6%*	1.78%	August 2020	August 2025	—	120,000

**0,6% for first year, 0,5% for second and third year and 0,3% for the three last years.*

The Group has €70 million of bank overdraft available out of which €6.8 million were used at December 31, 2020.

The State Guaranteed loan has an initial maturity of 1 year that can be extended to 5 years. Cnova can notify parties to extend the loan to 5 years only between April 7, 2021 and June 21, 2021. We believe it is more likely than not that we will use the extension option and have therefore calculated the Effective Interest rate based on this maturity and present the loan as a non-current financial debt.

3. Other liabilities

	2019			2020		
€ thousands	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Amounts due to suppliers of PP&E	—	17,632	17,632	—	21,847	21,847
Other liabilities*	825	161,373	162,198	910	187,445	188,355
Contract liabilities	—	35,794	35,794	—	36,213	36,213
Deferred income	1,715	1,691	3,406	2,824	2,865	5,689
TOTAL	**2,540**	**216,490**	**219,030**	**3,734**	**248,370**	**252,104**

*including debts towards marketplace sellers for €136,1m in 2020 and €120,3m in 2019.

Note 23 Fair value of financial instruments

1. Accounting principles

Fair value measurements are determined following the provisions of IFRS 13 "Fair Value Measurement" which defines the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the balance sheet date. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of Cnova's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

2. Financial assets

€ thousands Financial assets	2019 Carrying amount (A)	2019 Non financial assets (B)	2019 Total Financial assets (A – B)	Assets held for trading	Carrying amount Financial Asset at amortized cost	Carrying amount Financial Asset at fair Value	Total Fair value
Other non-current assets	14,576	10,296	**4,280**	–	4,250	30	4,280
Trade receivables	163,771	–	**163,771**	–	163,771	–	163,771
Other current assets*..............	150,526	13,201	**137,325**	–	137,325	–	137,325
Cash and cash equivalents	78,349	–	**78,349**	–	78,349	–	78,349

€ thousands Financial assets	2020 Carrying amount (A)	2020 Non financial assets (B)	2020 Total Financial assets (A – B)	Assets held for trading	Carrying amount Financial Asset at amortized cost	Carrying amount Financial Asset at fair Value	Total Fair value
Other non-current assets	11,353	2,254	**9,099**	–	9,079	20	9,099
Trade receivables	167,211	–	**167,211**	–	167,211	–	167,211
Other current assets*..............	313,808	55,915	**257,893**	–	257,893	–	257,893
Cash and cash equivalents	15,829	–	**15,829**	–	15,829	–	15,829

*including:

- receivables on rebates from suppliers for €27,7m in 2020 and €44,2m in 2019
- social and tax receivables for €42,8m in 2020 and €45,3m in 2019.

3. Financial liabilities

€ thousands Financial liabilities	2019 Carrying amount (A)	2019 Non financial liabilities (B)	2019 Total Financial liabilities (A – B)	Carrying amount Liabilities at amortized Cost	Carrying amount Liabilities at Fait Value	Carrying amount Hedging instruments	Total Fair value
Financial debt	310,534	–	**310,535**	310,535		–	310,535
Trade payables	665,691	–	**665,691**	665,691	–	–	665,691
Other current liabilities	216,490	25,831	**190,660**	190,660	–	–	190,660
Other non-current liabilities	2,540	1,385	**1,155**	1,155	–	–	1,155

€ thousands Financial liabilities	2020 Carrying amount (A)	2020 Non financial liabilities (B)	2020 Total Financial liabilities (A – B)	Carrying amount Liabilities at amortized Cost	Carrying amount Liabilities at Fait Value	Carrying amount Hedging instruments	Total Fair value
Financial debt	360,715	–	**360,715**	360,715		–	360,715
Trade payables	658,253	–	**658,253**	658,253	–	–	658,253
Other current liabilities	248,370	27,551	**220,819**	220,819	–	–	220,819
Other non-current liabilities	3,734	2,948	**786**	786	–	–	786

Assets and liabilities are classified at Level 3, except cash and cash equivalents, and bank overdrafts which are at Level 2.

Note 24 Financial risk management objectives and policies

The main risks associated with Cnova's financial instruments are market risks (interest rate, currency and equity), counterparty risk and liquidity risk.

Market risk

Interest rate risk

Interest rate risk refers to the risk that cash flows associated with financial instruments will be impacted due to changes in market interest rates. The Group's interest rate risk arises principally from borrowings issued at variable rates; they expose the Group to cash flow interest rate risk unless they are offset by cash and cash equivalents deposits (including short-term investments) earning interest at variable interest rates. In 2019 and 2020, most of the Group's gross debt balance was subject to floating interest rates.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact (before tax effect) on profit (loss) for the period of a 50 basis point increase or decrease in the Eonia interest rate, based on the variable rate financial instruments held by the Group, with all other variables held constant, was estimated to €2.1 million and €2.1 million respectively for the periods ended December 31, 2020 and December 31, 2019.

Exposure to foreign exchange risk

Exchange rates against the Euro

	2019		2020	
Exchange rates against the euro	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
US dollar (USD)	1.1234	1.1194	1.2271	1.1419

Equity risk

Cnova has no exposure to equity securities price risk as since mid-2015 we have no such investment.

Counterparty risk

Cnova is not exposed to significant counterparty risks in its operating activities and its short-term investment activities.

Counterparty risk related to trade receivable

Customer receivables are regularly monitored and Cnova's exposure to the risk of bad debts is considered as limited because of the number of customers Cnova has through its operations.

Trade receivables (gross amount) break down as follows by maturity:

		Receivables past due on the balance sheet date							
€ thousands	**Receivables not yet due not impaired (A)**	**Receivables not more than one month past due**	**Receivables between one and six months past due**	**Receivables more than six months past due**	**Receivables overdue (B)**	**Doubtful receivables (C)**	**GROSS TOTAL (D)=(A)+(B)+(C)**	**Impairment losses (E)**	**NET TOTAL (D) – (E)**
2019	*119,270*	*39,128*	*5,373*	*-*	*44,501*	***21,762***	*185,533*	*(21,762)*	*163,771*
2020	*136,123*	*16,138*	*9,558*	*5,392*	*31,088*	***10,301***	*177,512*	*(10,301)*	*167,211*

Receivables past due can vary substantially in length of time overdue depending on the type of customer, i.e. consumers or public authorities. Impairment policies are determined on an entity-by-entity basis according to customer type. As indicated above, Cnova believes that it has no material risk in terms of credit concentration.

Counterparty risk related to other assets

Other assets, mainly comprising tax receivables, and repayment rights are neither past due nor impaired.

Credit risk on other financial assets—mainly comprising cash and cash equivalents and financial assets at fair value through P&L—corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is equal to the instruments' carrying amount. Cnova's cash management policy consists of investing cash and cash equivalents with diversified first category counterparties.

Liquidity risk

Cnova manages liquidity risk through the daily follow-up of cash flows, control of financial assets and liabilities maturities and a close relationship with main financial institutions. As of December 31, 2020, Cnova's liquidity is also depending on the financing from its parent company Casino, see Note 27.

As part of current account agreement with Cnova and its subsidiaries, unused credit lines amounted to 330 million as of December 31, 2020.

Exposure to liquidity risk

The table below shows a maturity schedule for financial liabilities, including principal and interest but excluding discounting.

	Maturity						
€ thousands	**Due within one year**	**Due in one to two years**	**Due in two to three years**	**Due in three to five years**	**Due to beyond five years**	**2019–Total**	**Carrying amount**
Borrowings and bank overdrafts	37,736					**37,736**	37,736
Cash pool balances with Casino	259,305	—	—	—	—	**259,305**	259,305
Other financial liabilities	11,066	—	—	—	—	**11,066**	11,066
Trade payables and other liabilities	856,351	825	—	—	—	**857,176**	857,176
Total	1,164,458	825	—	—	—	**1,165,283**	1,165,283

	Maturity						
€ thousands	**Due within one year**	**Due in one to two years**	**Due in two to three years**	**Due in three to five years**	**Due to beyond five years**	**2020–Total**	**Carrying amount**
Borrowings and bank overdrafts	6,819					6,819	6,819
Cash pool balances with Casino	4,336				220,000	224,336	224,336
State guaranteed loan	883	60,000	30,000	24,000	5,900	120,783	120,783
Other financial liabilities	8,057					8,057	8,057
Trade payables and other liabilities	879,071	786				879,857	879,857
Total	899,167	60,786	30,000	24,000	225,900	**1,239,853**	1,239,853

Trade payables include €37,8m of liabilities related to reverse factoring arrangements in 2020 (vs €57m in 2019).

Accounting principle for reverse factoring
Reverse factoring is a type of supplier finance solution that companies can use to offer early payments to their suppliers based on approved invoices. Accounting policy for these operations depends on the potential modification of the characteristic of related debts. When these characteristics are not modified reverse factoring operations are accounted in trade payables. Otherwise these operations are accounted in financial debts.

Note 25 Off-balance sheet commitments

Management believes that, to the best of its knowledge, there were no off-balance sheet commitments as of December 31, 2019 and 2020, other than those described below, likely to have a material impact on Cnova's current or future financial position.

Commitments given

The amounts disclosed in the table below represent the maximum potential amounts (not discounted) that Cnova might have to pay in respect of commitments given. They are not netted against sums which Cnova might recover through legal actions or counter-indemnities received.

€ thousands	2019	2020
Firm purchase commitments(i)	92	—
Other commitments	—	—
Due:	—	—
Within one year	92	—
Due in one to five years	—	—
Due beyond five years	—	—
Total commitments given	**92**	—

(i) Reciprocal commitments

Note 26 Contingencies

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. On January 22, 2021 Via Varejo submitted its statement of claim as part of the arbitration procedure, this statement of claim did not produce any new evidence pertaining to the case and therefore Cnova is still not able to determine the extent of Cnova's risk and/or liability, if any.

Note 27 Related Party Transactions

2016 Reorganization Related Agreements

Reorganization Agreement

On May 12, 2016, we entered into a non-binding memorandum of understanding with Via Varejo regarding a possible reorganization of Cnova Brazil within Via Varejo and, on August 8, 2016, Cnova, Cnova Brazil and Via Varejo entered into the Reorganization Agreement, which provides for, among other things, the terms of the 2016 Reorganization (see section "2.3.4 The 2016 Reorganization"). Pursuant to the Reorganization Agreement, Cnova Brazil was reorganized within Via Varejo. As a result, Cnova Brazil became wholly owned by Via Varejo. Cnova received (i) all of the Cnova ordinary shares (approximately 97 million shares) held by Via Varejo Holding S.à.r.l. (approximately 21.9% of Cnova's ordinary shares), (ii) the cash balancing payment of approximately R$16.5 million, which, pursuant to the terms of the Reorganization Agreement, was subsequently adjusted to R$20.4 million at closing (an increase of approximately R$3.9 million) in connection with the completion of the 2016 Reorganization to reflect the working capital and financial net indebtedness levels of Cnova Brazil as of such time, and was further adjusted after the closing to R$43.3 million (an increase of approximately R$22.9 million from the initial adjusted amount at closing), and (iii) the special voting shares underlying the special voting depository receipts that were previously held by a wholly owned subsidiary of Via Varejo. In addition, on November 7, 2016, Via Varejo caused Cnova Brazil to repay to R$527.0 million in consideration of the outstanding loan obligations owed by Cnova Brazil to Cnova and one of its wholly owned affiliates, Cnova Finança, together with all interest and other accrued amounts as of the time of repayment.

Casino-Cnova Undertakings Letter

In connection with the 2016 Reorganization, Casino executed a letter addressed to the Cnova transaction committee, the Casino-Cnova Undertakings Letter, in which it was agreed to launch the Offers to acquire any and all outstanding ordinary shares of Cnova for USD 5.50 per share in cash, without interest, upon completion of the 2016 Reorganization. Pursuant to the Casino-Cnova Undertakings Letter, it was decided that two separate Offers would be made:

- the U.S. Offer: an offer to holders of Cnova ordinary shares who are located in the United States; and
- the French Offer: an offer open to holders of Cnova ordinary shares who are located in France and to holders of ordinary shares located anywhere outside the United States and France.

The Offers were made for all the issued and outstanding Cnova ordinary shares, it being understood that the shares held, directly or indirectly, by Casino or CBD were not tendered for purchase in the Offers. This was confirmed in the CBD Support Letter, as well as in the CBD Commitment Letter, which - in short - stated that CBD (i) shall cause its voting rights to be exercised at any shareholders meeting of Cnova in favor of the 2016 Reorganization, and (ii) will not tender any of its Cnova shares, held directly or indirectly, in the Offers, nor dispose or transfer, directly or indirectly, shares in any other manner or through any other instrument, in particular any derivative instruments, until the end of the Offers.

Agreements Relating to our Shares

Special Voting Agreement

On November 24, 2014, we, the Voting Depository, Casino, CBD, Via Varejo, Éxito, Mr. Germán

Quiroga, and Mr. Eduardo Chalita, with acknowledgment by Nova HoldCo, Lux HoldCo and Dutch HoldCo entered into Special Voting Agreement. This agreement includes the contractual terms of the Double Voting Right Structure as discussed in "Other Information - 4 Special Voting Shares").

Pursuant to the Special Voting Agreement, the Special Voting Shares were automatically issued when our initial public offering was completed in November 2014. The Special Voting Agreement also provides for the non-transferability of special voting depository receipts except to a Permitted Transferee as described in "Other Information - 4 Special Voting Shares"), and authorizes the Voting Depository to unilaterally cancel special voting depository receipts (for no compensation) in specified circumstances. The Special Voting Agreement also includes an acknowledgement of the terms and conditions (administratievoorwaarden, or the "Terms and Conditions") of the Double Voting Right Structure by each initial holder of special voting depository receipts. The Special Voting Agreement further includes an irrevocable power of attorney from each initial holder of special voting depository receipts to the Voting Depository and Cnova for acts required under the Terms and Conditions or the Special Voting Agreement.

Pursuant to the Special Voting Agreement, the Voting Depository is to be granted a call option (the "Call Option") to acquire newly issued special voting shares in the event of a capital increase of Cnova in which one or more Founding Shareholders (or their Permitted Transferees, as the case may be) participate(s). The Call Option will be an irrevocable right to subscribe for additional special voting shares, exercisable only by the Voting Depository. The Call Option will include circumstances in which the Voting Depository must exercise the Call Option. An issuance of special voting shares pursuant to the Call Option will not require prior authorization by our general meeting of shareholders. The Call Option will be non-transferable and cannot be encumbered in any way. The Call Option will be perpetual in nature, exercisable on more than one occasion and cannot be cancelled unless and until the Double Voting Right Structure is abolished. The Call Option will give no right to subscribe for special voting shares to the extent that our authorized share capital would be exceeded, as set forth in our Articles of Association from time to time. The Special Voting Agreement includes an undertaking by us to ensure that the Board will propose an amendment to our Articles of Association in order to increase the number of special voting shares comprised in our authorized share capital if it appears that the Voting Depository will likely need to hold special voting shares in excess of the number of special voting shares issuable under our authorized share capital.

The Special Voting Agreement also provides that the Voting Depository may not, directly or indirectly, sell, dispose of, transfer or encumber any special voting share or otherwise grant any right or interest therein (other than a transfer to Cnova or a statutory right of pledge in favor of the holders of the corresponding special voting depository receipts).

In the Special Voting Agreement, the Voting Depository waives all of its (de minimis) economic rights in connection with the special voting shares, although Cnova is required to reimburse the Voting Depository for reasonable costs incurred by it in connection with the administration and operation of the Double Voting Right Structure.

The Special Voting Agreement also provides that in case of dissolution of the Voting Depository, the special voting shares will be transferred back to Cnova for no consideration and, if so desired, the parties to the Special Voting Agreement will seek to implement an appropriate alternative to the Double Voting Right Structure.

The Special Voting Agreement may be amended by the holders of special voting depository receipts by two thirds majority vote, with our consent. The holders of the special voting depository receipts may also terminate the Double Voting Right Structure by a two thirds majority vote.

We have not been made aware of any changes in this agreement to date, however, with effect from July 14, 2016, the management board of the Voting Depository cancelled 384,057 special voting depository receipts previously held by Dutch HoldCo Camberra due to the fact that such entity was no longer qualified to hold such special voting depository receipts under the terms and conditions established by the Voting Depository. With effect from such cancellation, the Voting Depository transferred to the Company for no consideration 384,057 Special Voting Shares.

On a related procedure, with effect from October 31, 2016, the Voting Depository cancelled 96,790,798 special voting depository receipts held by Dutch HoldCo VV since it no longer met the requirements for holding such special voting depository receipts.

The Voting Depository then transferred to the Company for no consideration the 96,790,798 Special Voting Shares, to which the special voting depository receipts of Dutch HoldCo VV were stapled prior to the cancellation thereof. The General Meeting held on October 27, 2016, authorized the reduction of the Company's issued share capital by means of cancelation of the total of 97,790,798 Special Voting Shares held then by the Company in treasury, with effect from January 13, 2017. In addition, in January of 2017, the Voting Depository cancelled 6,002,981 special voting depository receipts and 1 special voting depository receipt previously held, respectively, by Dutch HoldCo QE and Casino due to the fact that such entities no longer qualified to hold such special voting depository receipts under the terms and conditions established by the Voting Depository after having placed the same number of their respective ordinary shares with the Depository Trust and Clearing Corporation in connection with the Offers.

Registration Rights Agreement

On November 25, 2014, the Founding Shareholders and certain other members of our management entered into a registration rights agreement with us. The registration rights agreement provides Casino and Dutch HoldCo with demand registration rights that can be exercised once per twelve-month period and provides all shareholders party to the agreement with piggyback registration rights, which, in either case, if exercised, would impose on us an obligation to register for public resale with the SEC our ordinary shares that are held by such shareholders. The demand registration rights can be exercised at any time, and include requests to register ordinary shares on a shelf registration statement once we become eligible to file a registration statement on Form F 3 or any successor or similar form and requests to effect takedowns from such shelf registration. The piggyback registration rights may be exercised when we propose to register any of our ordinary shares under the Securities Act by a preliminary prospectus, prospectus supplement or shelf registration statement (other than the registration statement we filed for our initial public offering, a registration on Form S 8 or F 4, or any successor or similar form relating to the ordinary shares issuable upon exercise of employee stock options or in connection with any employee benefit or similar plan or in connection with a direct or indirect acquisition by us of another entity). In each registration pursuant to the registration rights agreement, we are required to pay the registration expenses of the selling shareholders, other than underwriting discounts and commissions and applicable transfer taxes. In addition, we have agreed to indemnify the selling shareholders in any registration pursuant to the registration rights agreement against losses suffered by them in connection with any untrue or alleged untrue statement of a material fact contained in any registration statement, preliminary prospectus, final prospectus or summary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, except insofar as the same may be caused by or contained in any information furnished in writing to us by such selling shareholder for use therein.

Logistics and Fulfillment Agreements

Cdiscount Easydis Agreement

On January 24, 2013, Cdiscount entered into a logistics service agreement with Easydis S.A.S. (“Easydis”), which is an affiliate of Casino. Under the terms of the agreement, Easydis manages and operates the fulfillment center located in Andrézieux, France. Easydis handles receipt of inventory at the center, inspection of products from Cdiscount’s suppliers, storage of products, preparation of customer orders, management and conservation of inventory and shipping. The parties subsequently amended the agreement on May 16, 2014 to extend the scope of the services and on March 27, 2015, to provide for reviews of the pricing terms based on prevailing market rates.

The term of the agreement is six years, from June 1, 2014, until June 1, 2020. It is automatically renewable for successive six-year periods.

Cdiscount Pick-Up Point Agreements

Cdiscount has entered into a number of agreements, which have been amended from time to time, with members of the Casino Group relating to pick up point and related services provided to us by such related parties.

The agreements terminate on June 1, 2024, and will be automatically renewed for successive 10-year periods unless terminated by either party with written notice sent two years prior to the expiration of the relevant period.

Operational and Synergy Agreements

Management Support and Strategic Advisory Agreement

On June 4, 2014, we entered into a management support and strategic advisory agreement with certain companies of the Casino Group pursuant to which the relevant Casino Group companies agree to provide certain management support services, including general management, planning, financial and treasury planning and control, human resources, institutional promotion, legal and tax and public relations, as well as strategic advisory services. In consideration for these support and advisory services, we agreed to pay fees on a pro rata basis from the date of the 2014 Reorganization through the end of the year. The fees are assessed on a cost-plus basis, to be invoiced biannually. The estimated fees under the agreement are to be revised annually. To the extent that the relevant Casino Group companies incur costs or expenses either below or in excess of the estimated fee paid during the year, the relevant Casino Group companies will issue to us an additional invoice or a credit note. The management support and strategic advisory agreement is entered into for an indefinite term and may be terminated upon mutual consent, or by any party with 90 days' prior written notice. Additionally, in the event of a material breach, the non-breaching party may terminate the agreement with 15-day prior written notice to the breaching party (unless the breach is cured during this period). The agreement may also immediately terminate in the case of liquidation or bankruptcy of any of the parties.

Cdiscount EMC Commercial Partnership Agreement

On May 14, 2014, EMC Distribution S.A.S. ("EMC"), the central purchasing entity for the Casino Group, and Cdiscount entered into a commercial partnership agreement, which was subsequently amended on March 27, 2015. Under this agreement, both parties undertake to implement buying synergies to increase the volume of everyday consumer goods ordered from certain suppliers. Each party also agrees to act on behalf of the other to negotiate the terms and conditions of certain frameworks agreements with suppliers. This agreement is effective until June 1, 2024, and is automatically renewable for another five-year period unless terminated with an 18-month prior notice.

DCF Commercial Partnership Agreements

On May 19, 2014, Cdiscount and Distribution Casino France ("DCF") entered into two supply agreements, whereby DCF sells to Cdiscount Casino Group private label products and products from other suppliers and Cdiscount sells to DCF Cdiscount private label products and products from other suppliers. Pursuant to verbal binding agreements memorialized in draft agreements, the supply agreements were subsequently amended in 2015, to modify financial conditions. The agreements were subsequently amended on June 28, 2016 to detail and clarify financial conditions. Neither party has a purchase volume obligation under the agreements. Each party shall pay for the products “at cost” plus a decreasing margin (1.5% to 0%) depending on the portion represented by the purchasing entity purchase volume into the global non-food purchase volume made by the purchasing entity and the supplying entity. The agreements terminate on June 1, 2024, and are automatically renewable for successive 10-year periods unless terminated by either party with written notice sent two years prior to the expiration of the initial period.

DCF Purchasing Synergies

On June 30, 2015, Cdiscount and DCF entered into a Purchase Synergy Agreement, whereby DCF, due to lower volumes compared to Cdiscount volumes, remunerates Cdiscount for the purchase conditions obtained through such grouped purchases for non-food products. DCF pays commission to Cdiscount at a rate based on the respective volumes purchased by DCF and Cdiscount compared to the total volume with common suppliers. In particular, (i) when DCF share in total volume is less than 20%, then the rate is at 1.5% of the total volume; (ii) when DCF share in total volume is between 20% and 35%, the rate is at 0.7%. If DCF share in total volume is higher than 35%, no remuneration is due. The agreement terminates on January 1, 2025, and is automatically renewable for successive five-year periods unless terminated by either party with written notice sent two years prior to the expiration of the initial period.

Cross Canal Agreement with Distribution Leader Price

On June 20, 2015, Cdiscount and Distribution Leader Price, duly represented by Franprix Leader Price Holding S.A.S. (“Franprix Holding”), entered into an agreement pursuant to which Cdiscount agrees to sell products to Leader Price and to render related services to Leader Price. These products are sold by Leader Price in Leader Price’s stores. The fees to be paid for the services rendered are based on market prices. The agreement was subsequently amended on May 21, 2016, to include changes relating to the products’ price and payment terms under the original agreement.

Financing Agreements

Cdiscount Banque Casino Cooperation Agreements

On December 30, 2011, Cdiscount and Banque Casino, a French credit institution of which Casino and Crédit Mutuel S.A. each owns 50.0% of the share capital, entered into a cooperation agreement. The agreement provided for the development, distribution and promotion in French metropolitan areas, exclusively for Cdiscount’s customers, via Cdiscount’s sites or other channels of marketing and distribution used by Cdiscount, certain financial products and services offered by Banque Casino. The parties then amended the agreement on December 20, 2012, and June 28, 2013, to entrust Banque Casino with the distribution and the management of financial services relating to the payment in installments option offered on Cdiscount’s sites, whereby customers are subject to the general terms and conditions of Banque Casino, and on December 15, 2015, and December 16, 2015, to reallocate the financial services provided by Banque Casino to Cdiscount (in-house).

In December of 2016, the parties entered into a new general framework agreement concerning the rendering, distribution and management of banking and insurance services, and agreed to develop specific agreements in connection with the various financial services under this framework agreement, including CUP card and CB4X payment to the benefit of Cdiscount’s customers. Previous agreements regarding these services, including the previously disclosed Cartes et Crédits Joint Venture Agreement, were terminated and replaced by these new agreements, except for the joint venture agreement between the parties.

The framework agreement has a term of 6 years and is automatically renewable for successive 3-year periods. The termination of the framework agreement shall cause the termination of the other related specific contracts as well as the dissolution of the existing joint venture (SEP Cdiscount) with Banque Casino within 2 years. Termination clauses can be triggered for various reasons (early termination after 3 years following unsuccessful renegotiation of the terms of the framework agreement, in case of breach of some contractual provisions, such as confidentiality, and in case of a force majeure event).

CB4X Payment Agreement to Cdiscount's customers

The CB4X Payment Agreement is one of the specific agreements between Cdiscount and Banque Casino linked to the above framework agreement and is subject to its general terms and conditions. The agreement was entered into in December of 2016 and further details the 4-installment payment plan offered to Cdiscount's customers for payments made with credit card.

Under this agreement, the parties offer credit to Cdiscount's customers who opt for a payment plan in 4 installments. Cdiscount will receive the first installment directly from the customer at the time of the purchase and assign the remaining receivables (of the remaining 3 installments) to Banque Casino. Banque Casino, in turn, pays the remaining purchase price to Cdiscount and assumes substantially all of the credit risk for the payment of the remaining 3 installments against the payment by Cdiscount of (i) a portion of the receivables at 3.70% discount rate on the assigned amount (3.55% discount base rate with the addition of a provision for exceptional risk of 0.15%, which is refundable after 12 months, and including cost of equity remuneration), which is subject to potential updates and (ii) a fee for insurance reserve at 10% of the estimated rate of losses based on assigned purchased amount - the rate of losses is 2.10% as of January 1, 2021, and is revised every 4 months. A possible cashback will occur if amount of losses is less than expected for the month.

Banque Casino will issue a monthly invoice with the amount due by Cdiscount in connection with discounts related to monthly activity and associated insurance reserve fee (calculated based on the total amount of the assignments).

Term and termination clauses are similar to the ones of the framework agreement, except that the termination of this agreement shall not cause the termination of framework agreement.

CUP Credit Card Agreement to Cdiscount's customers

The CUP Credit Card Agreement is one of the specific agreements between Cdiscount and Banque Casino linked to the above framework agreement and is subject to its general terms and conditions. The agreement was entered into in December of 2016. The agreement further details the rendering and management of banking services linked to the commercialization of the CUP credit card by Banque Casino to Cdiscount's customers.

The remuneration will consist of (i) a fixed fee per new card issued set at €8.40/card up to 70,000 cards issued on a yearly basis and €15.60/card that will be issued above 70,000 cards per year; and (ii) a fixed fee per activated card set at €0.29/card payable each month.

Term and termination clauses are similar to the ones of the framework agreement, except that the termination of this agreement shall not cause the termination of framework agreement. One specific provision gives Cdiscount the option to acquire the contract's portfolio in case the agreement is terminated and the associated joint venture (SEP Cdiscount) is dissolved.

CB4X Payment Agreement to third-party's customers

The CB4X Payment Agreement to third party's customers is an independent agreement not subject to the framework agreement's general terms and conditions. This agreement between Cdiscount and Banque Casino is in effect since January of 2017 and sets out the rules for the promotion, rendering, development and management of financial services in connection with the offer of the 4-installment payment plan option (CB4X) to third parties' sellers (in France mainland and Corsica) for the benefit of their own final customers. Operations will be managed through a joint venture newly created by Cdiscount and Banque Casino.

Rights on the joint venture assets are 60% for Cdiscount and 40% for Banque Casino and the joint venture's results will be split according to the respective ownership of the parties (50.1% for Banque

Casino and 49.9% for Cdiscount,) after privileged allocation (préciputs).This agreement has an initial 6-year term and is automatically renewable for successive 3-year periods. Banque Casino granted exclusivity to Cdiscount for the entire duration of the agreement. Termination clauses can be triggered for various reasons (early termination after 3 years following unsuccessful renegotiation of the terms of the agreement, in case of breach of some contractual provisions, such as exclusivity, and in case of a force majeure event).

Cash Pooling Agreements

On July 1, 2014, Cnova entered into a Current Account Agreement with Casino Finance (previously named Polca Holding S.A.), a member of the Casino Group and the centralizing entity of a cash pool implemented among certain members of the Casino Group. Certain of Cnova's European subsidiaries, including Cdiscount, Cdiscount Group and Cdiscount International, also acceded to the Current Account Agreement, respectively on August 1, 2014, October 17, 2014, and August 1, 2014. The purpose of the current account agreement is to improve the management of the parties' working capital through: (i) obtaining cash advances from Casino Finance International to Cnova and its European subsidiaries and (ii) making Cnova and its European subsidiaries' cash surplus available to Casino Finance International. The parties have acknowledged that the cash flows under the agreement is driven by a common economic, social or financial interest in accordance with the global policy developed for the whole Casino Group and will take into account the interest of each party. The current accounts are designed to record the cash flows between the parties on a daily basis, with all recorded claims netted off on a continuous basis, resulting in a single account balance. In connection with the increase of our net sales from the year ended December 31, 2013, to the year ended December 31, 2014, and working capital needs associated with our growth, the current account agreement between Cnova and Casino Finance International was amended on March 11, 2015, to increase the maximum size of the cash pool from €70 million to €250 million. There is no cap on the size of any given drawing from the cash pool. Taking into account Cnova and its European subsidiaries that have acceded to the current account agreement, the maximum size of the cash pool increased from €260 million to €440 million and an increase to €550 million was approved on December 8, 2017. On June 3, 2019 (i) all receivables and ancillary rights were assigned by Casino Finance International to Casino Finance, (ii) the cash pool was terminated and (iii) simultaneously Cnova acceded to a Cash Pool arrangement with Casino Finance.

On June 12, 2020, the parties entered into a Current Account Agreement Confirmation followed by a first amendment on July 7, 2020 and a second on December 21, 2020. The purpose of this agreement is to confirm, formalize and record the terms and conditions governing the advances made by Casino Finance to Cnova as well as to govern the granting a Term Loan of €150 million.

As per this agreement Cnova is authorized to use the current account to fund any cash shortfall for an outstanding amount of up to €400 million and is granted a Term loan of €150 million. The sum of the term loan and advances shall not be less than €220 million. Cash deposits made by Cnova to Casino Finance are governed by a separate Cash Deposit Agreement, under this agreement no deposits can be made if the sum of the Term Loan and advances under the current account agreement is above €220 million.

Interest accrues on a daily basis (but does not compound). Interest is calculated on a monthly basis at a rate equal to the monthly average of the EONIA per annum plus a margin of 1.50% for the advances and deposit and 3.9% for the Term Loan.

The terms of the agreements are July 31, 2026 or such other date as mutually agreed between parties.

Casino Finance and the Casino Group entities participating in the cash pools including Cnova and certain of its European subsidiaries, are parties to a service agreement dated November 25, 2013, as amended from time to time, with Société Générale S.A. in order to implement the cash pool and ensure automatic cross border cash centralization between each participating company and Casino Finance International as the pool leader. The agreement has been entered into for an indefinite period of time. Société Générale S.A. or Casino Finance International may terminate the agreement at any time subject to a 30-day notice period.

Licensing Agreements

Cdiscount Finlandek Trademark License Agreement

Pursuant to a licensing agreement dated May 16, 2014, Casino has granted a non-exclusive license to Cdiscount for the use of the Finlandek trademark in order to manufacture, distribute, trade, promote and sell certain products in France. Under the terms of the agreement, the license was granted for free until March 1, 2016. For periods thereafter, the parties have agreed to negotiate in good faith the amount of royalties to be paid by Cdiscount to Casino.

The agreement terminates on February 29, 2024, and is automatically renewable for successive ten-year periods unless terminated by either party with written notice sent two years prior to expiration of the initial period.

The agreement will automatically terminate if Cdiscount is no longer part of the Casino Group. In case of termination, other than resulting from the fault of Cdiscount, Cdiscount will be entitled to distribute its remaining Finlandek inventory for 12 months.

Other Corporate Agreements

Cdiscount Casino International Agency Agreement

Cdiscount and Casino International S.A.S. ("Casino International"), entered into an agency agreement that became effective on January 10, 2008. Under the terms of the agreement, Casino International, on an exclusive basis, (i) negotiates and sells on behalf of Cdiscount, but through International Retail and Trade Services ("IRTS"), a Swiss subsidiary of Casino acting itself as agent of Casino International, to international suppliers and small and medium sized companies, services offered by Cdiscount such as marketing studies and the sale of data; (ii) advises Cdiscount notably on international synergies and (iii) collects the sums paid by international suppliers and small and medium sized companies for services sold by Casino International on behalf of Cdiscount.

Under the terms of the agreement, Cdiscount reimburses Casino International each fiscal year for a portion of the expenses set forth in the financial statements of Casino International for the previous fiscal year.

Casino International undertakes to pay Cdiscount all the sums it collects on behalf of Cdiscount from international suppliers and small and medium sized companies for the services rendered by Cdiscount (after having retained its own remuneration). Subject to Casino International's and IRTS' prior consent, Cdiscount may directly invoice the international suppliers or small and medium sized companies and collect the applicable payments.

The agreement is automatically renewable each year for successive one-year periods unless terminated by either party with three months' notice. Each party may terminate the agreement (i) in case of insolvency of a party or dissolution of IRTS, (ii) with 30 days' notice in case of uncured breach and (iii) with three months' notice in the following cases: change in the shareholding structure of Cdiscount leading to a decrease of the direct or indirect participation of Casino in Cdiscount, or the sale of the share capital or the business of Cdiscount to a third party outside of the Casino Group.

Pursuant to a verbal arrangement entered into on March 27, 2015, effective as of January 1, 2015, this agreement has been extended to benefit certain additional Cnova subsidiaries, certain of which were disposed of since that date.

EMC Distribution Supply Agreement

On May 19, 2014, Cdiscount and EMC entered into a supply agreement, whereby EMC sells to

Cdiscount imported Casino Group private label products and imported products from other suppliers. Cdiscount has no purchase volume obligation under the agreement.

Neither party is entitled to assign its rights and advantages under the agreement without the prior written consent of the other party. The agreement terminates on June 1, 2024, and is automatically renewable for successive 10-year periods unless terminated by either party with written notice sent 18 months prior to expiration of the initial period.

On October 1, 2016, EMC and Cdiscount entered into an agreement related to after-sale services in connection with the EMC Distribution Supply Agreement. The after-sale services include indemnification and the provision of spares parts by EMC to Cdiscount. The indemnification shall be calculated according to the formula: effective after-sale-costs / annual EMC's revenue generated with Cdiscount's private label products. Cdiscount will issue an invoice to EMC of an amount equivalent to 3% of the net sale price paid under the EMC Distribution Supply Agreement for private label products purchasing. At year end, Cdiscount will calculate the cost incurred with private label products after-sales activities during the respective year and either issue a credit note - if the amount already invoiced exceeds the cost actually incurred - or issue an invoice - if the amount invoiced is less than the cost actually incurred by Cdiscount – to EMC.

Cdiscount—Saint Mard 1 Warehouse

Pursuant to certain verbal arrangements, Distribution Franprix entered into a sublease agreement with Cdiscount for the sublease of approximately 50,000 square meters of a warehouse in Saint Mard, France. This sublease commenced on December 15, 2014, and provided for a fixed monthly rent per square meter to be readjusted annually. The agreement with Distribution Franprix terminated on February 29, 2016, and Cdiscount entered into a lease agreement for the same space directly with a lessor, Goodman Saint Mard 1 Logistics (France) ("Goodman Saint Mard"). Goodman Saint Mard is not a related party of us. The current lease with Goodman Saint Mard, which took effect on March 1, 2016, has a term of 11 years and eight months, and may be terminated on its ninth anniversary subject to a termination payment by Cdiscount as lessee. The annual rent is approximately €2.6 million (excluding taxes and charges), subject to indexation, which may be reduced by approximately €7.0 million spread over the duration of the lease.

Cross-canal transaction with DCF (Distribution Casino France)

Under this agreement Cdiscount will become the Casino group multi-channel leader for technical (audio, video, telecommunication and IT products) and home products (including garden furniture). Cdiscount will continue to sell these products directly from its online store through direct shipment (at home or pick-up points) and will then allow customers to collect available products nearly immediately at Géant hypermarkets or Casino supermarkets based on local inventory, or via classic in-store sales. Géant hypermarkets and Casino supermarkets will benefit from Cdiscount experience and expertise in such goods (assortment, pricing, promotion and sales) and on the other hand Cdiscount will reinforce its assortment of goods and provide an additional convenient distribution channel. Cdiscount will define the supply strategy (inventory volume, coverage objective by reference and by store, etc.).

For goods sold via classic in-store sales, the pricing of the product sold by Cdiscount to DCF is based on the purchase price net of 3net rebates, which will be deemed the internal sales price plus a margin of 1.33% net of costs. In addition, the applicable internal sales price is adjusted in case of obsolescence impairment based on Cdiscount guidelines which will be invoiced on a semi-annual basis to DCF.

As part of this agreement, Cdiscount and DCF have agreed that Cdiscount would acquire the DCF inventory of those goods, which total value amounted to €68 million before taxes (or €82 million after taxes), of which €78 million including taxes was paid at end June 2017. Goods were acquired at the Casino internal sales price and with a discount calculated using Cdiscount obsolescence guidelines for products labelled as showing a degree of obsolescence. An additional amount of €10.5 million before taxes of similar DCF inventory was acquired by Cdiscount in December 2017 under the same terms and conditions.

The agreement as a one-year term and is automatically renewable for successive one-year periods unless terminated by either party with written notice sent 6 months prior to expiration of the initial period.

In accordance with IFRS, Cnova has to recognize the sales to the final customers through all canals (including classic in-store sales) as Cnova is acting as principal in this transaction, with the related margin of DCF, the agent, being recorded in fulfilment costs.

As of December 31, 2020, inventories related to this agreement amounted to €36 million.

An additional agreement was signed in 2018 related to Cdiscount Corners opened in Géant hypermarkets. Under this agreement DCF will pay Cdiscount a 1.5% brand fee on all corner sales and Cdiscount will pay a commission of between 3% and 6% to DCF for cross canal sales (client ordering on Cdiscount.com on tablets located in the corner) originated in hypermarkets. In addition, Cdiscount will support half of the implementation cost of the corners.

RelevanC / Cdiscount Data Monetization

Cdiscount has entered into an agreement with RelevanC (a Casino Group subsidiary) for maximizing the value of its data along with other Casino group companies.

As per this agreement 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 will be subcontractor or service provider of RelevanC for commercialization or execution of advertising campaigns.

Under this agreement, Cdiscount grants RelevanC a license for the use of its advertising inventories and customer data and receives 70% of revenues generated by these inventories and 42% of the revenues generated by these customer data. In addition, when Cdiscount performs the commercialization of advertising campaigns or the purchasing of external inventories (trading desk activity) it receives a 15% to 20% commission.

The agreement as a one-year term and is automatically renewable for a same duration unless terminated by either party with a 3 months prior notice

C Chez Vous Share Contribution

In connection with the Cnova group reorganization presented in Note 4. Cdiscount has made on January 1, 2019 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 our 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.

Agreements with Directors and Officers

We have entered into indemnification and insurance agreements with our directors and certain of our executive officers. We and our subsidiaries have also granted various forms of equity-based compensation to certain executives and directors of our company and/or our subsidiaries. For further discussion, see “Equity Incentive Plans” in the Annual Report.

Key management personnel compensation

€ thousands	2019	2020
Salaries and other benefits excluding payroll taxes(i)	1,979	2,083
Payroll taxes on salaries and other benefits.	653	687
Termination benefits.	–	–
Share-based payments	–	–
Total	2,632	2,770

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and director’s fees.

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. It relates to 3 managers in 2019 and 2020.

The following transactions were carried out with related parties (consisting of Casino and its subsidiaries):

	2019		2020	
€ thousands	Transactions	Balance	Transactions	Balance
Loans due from Parent Companies	8,292	9,116	135,025	144,141
Receivables.	(16,904)	68,796	2,783	71,579
Loan due to Parent Companies	53,795	283,934	(33,788)	250,146
Payables	3,296	30,474	8,838	39,312
Expense	142,365	—	185,378	—
Income	215,656	—	138,025	—

Note 28 Subsequent events

On January 29, 2021, Cnova's cybersecurity services detected an internal and isolated malicious act resulting from a data theft. Cnova’s cybersecurity services quickly identified and controlled the effects of the act. Cnova immediately undertook investigations to identify the source. These investigations demonstrate an internal, isolated and malicious intrusion perpetrated by a manager, who was granted legitimate authorizations to our information system. The investigation demonstrated no deficiency of the information system security.
Neither bank details nor passwords of customers were affected by this event. Cnova does not store any bank details, as demonstrated by its PCI-DSS certification. The data concerned by this malicious act were the name, first name, gender, personal address, email, telephone and the total of the orders of the last two years. At the stage of the investigation, there is no evidence that the data has been neither sold nor shared to a third party.
All due prosecutions were initiated. The swift and thorough internal investigations lead to the commencement of a rapid judicial prosecution that is still ongoing at this point of time.
No financial impact is expected in Cnova financial statements.

Note 29 Main consolidated companies

The holding company

The next senior company is CBD, owning indirectly 33.98% of Cnova shares and 35.86% of Cnova voting rights and the ultimate holding company is Casino, owning directly and indirectly, 98.96% of Cnova shares and 99.45% of Cnova voting rights.

Subsidiaries

The main companies are listed below:

Company	2019			2020		
	% control	% interest	Consolidation method	% control	% interest	Consolidation method
C'Nova	**100,00**	**Parent**		**100,00**	**Parent**	
Cdiscount	100,00	99,68	FI	100,00	99,68	FI
Cdiscount Afrique	100,00	100,00	FI	100,00	100,00	FI
Cdiscount International BV	100,00	100,00	FI	100,00	100,00	FI
Cdiscount LATAM	100,00	70,00	FI	100,00	70,00	FI
C'nova France SAS	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Côte d'Ivoire	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Sénégal	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Cameroun	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Panama	100,00	70,00	FI	100,00	70,00	FI
Cdicount Uruguay	100,00	70,00	FI	100,00	70,00	FI
Cdiscount Equateur	100,00	69,99	FI	100,00	69,99	FI
Cnova Pay	100,00	100,00	FI	100,00	100,00	FI
BeezUP	100,00	74,44	FI	100,00	74,44	FI
C-Logistics	100,00	84,04	FI	100,00	84,04	FI
CChezVous	100,00	83,87	FI	100,00	83,96	FI
Carya (1001pneus)	100,00	99,68	FI	100,00	99,68	FI
Haltae (Stootie)	100,00	99,68	FI	100,00	99,68	FI
Neosys	100,00	51,00	FI	100,00	51,00	FI
Neotech Solutions	100,00	51,00	FI	100,00	51,00	FI
Neosys Tunisie	100,00	51,00	FI	100,00	51,00	FI
Phoenix (La Nouvelle Cave)	50,00	50,00	FI	50,00	50,00	FI
C-Shield	N/A	N/A	N/A	100,00	99,68	FI
C-Payment	N/A	N/A	N/A	100,00	99,68	FI
MAAS	N/A	N/A	N/A	100,00	99,68	FI
CLR	N/A	N/A	N/A	100,00	84,04	FI

FI: fully integrated

15. COMPANY FINANCIAL STATEMENTS OF CNOVA N.V AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

Balance sheet at December 31, 2020

€ thousands	Notes	December 31, 2019	December 31, 2020
Financial fixed assets	8	653,747	653,747
Loans granted to subsidiaries	8	-	9,931
Total non-current assets		**653,747**	**663,678**
Other current assets	10	10,472	132,991
Cash and cash equivalents	11	559	144
Total current assets		**11,031**	**133,135**
Total assets		**664,778**	**796,813**
Share capital	12	17,225	17,225
Additional paid in capital		404,625	404,625
Retained earnings and reserves		(42,589)	(48,545)
Total equity		**379,261**	**373,305**
Other non-current liabilities	14	-	220,000
Total non-current liabilities		**-**	**220,000**
Trade payables and other	13	7,168	2,618
Other current liabilities	14	278,349	200,890
Total current liabilities		**285,517**	**203,508**
Total equity and liabilities		**664,778**	**796,813**

The accompanying notes are an integral part of these financial statements

Income statement for the year ended December 31, 2020

€ thousands	December 31, 2019	December 31, 2020
General and administrative expenses	(1,267)	(1,684)
Financial income	791	957
Financial expense	(2,118)	(4,336)
Foreign currency exchange result	6	(42)
Other income/ (expense)	(323)	(311)
Income tax (expenses)/benefit	-	-
Net result from continuing operations	(2,911)	(5,416)
Net result from discontinued operations*	300	(540)
Net profit (loss) for the year	**(2,611)**	**(5,956)**

See Note 14

** Net result from discontinued operations is composed of:*

- *Legal counsel fees for Via Varejo litigation in 2020*
- *Provision reversal on legal counsel fees for SEC investigation in 2019.*

Statement of comprehensive income for the year ended December 31, 2020

€ thousands	December 31, 2019	December 31, 2020
Net profit (loss) for the year	**(2,611)**	**(5.956)**
Items that may subsequently be recycled to profit or loss	-	-
Foreign currency translation	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(2,611)**	**(5,956)**

See Note 16

The accompanying notes are an integral part of these financial statements

Cash Flow Statement for the year ended December 31, 2020

€ thousands	December 31, 2019	December 31, 2020
Net result from continuing operations	(2,911)	(5,416)
Depreciation and amortization expenses	1	-
(Gains)/losses on disposal of non-current assets	-	-
Financial income/(expenses), net	1,321	3,421
Change in operating working capital	(1,434)	(4,600)
Net cash from (used) in continuing operating operations	**(3,023)**	**(6,595)**
Net cash from (used) in discontinued operating operations	**(1,155)**	**(540)**
Interest received	1,788	757
Change in cash advance granted to subsidiaries	(989)	(130,496)
Net cash from (used) continuing investing operations	**799**	**(129,739)**
Net cash from (used) discontinued investing operations	-	-
Change in cash advance received (including with related parties and subsidiaries)	4,981	138,577
Interest paid	(1,736)	(2,118)
Net cash from (used) continuing financing operations	**3,245**	**136,459**
Net cash from (used) discontinued financing operations	-	-
Change in cash and cash equivalents	**(134)**	**(415)**
Cash and cash equivalents at beginning of period	*693*	*559*
Cash and cash equivalents at end of period	*559*	*144*

The accompanying notes are an integral part of these financial statements

Statement of changes in Equity for the year ended December 31, 2020

€ thousands	Statutory capital	Additional paid in capital	Net result of the period	Retained earnings and other reserves	**Total Equity**
As of December 31, 2018	**17,225**	**404,625**	**460**	**(40,438)**	**381,872**
Allocation of prior year result	-	-	(460)	460	-
Net profit (loss) for the period	-	-	(2,611)	-	(2,611)
As of December 31, 2019	**17,225**	**404,625**	**(2,611)**	**(39,978)**	**379,261**
Allocation of prior year result	-	-	2,611	(2,611)	-
Net profit (loss) for the period	-	-	(5,956)	-	(5,956)
As of December 31, 2020	**17,225**	**404,625**	**(5,956)**	**(42,589)**	**373,305**

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

The company financial statements should be read in conjunction with the consolidated financial statements

1. Description of reporting entity

Cnova N.V. (hereafter “Cnova”) is a public limited liability company incorporated and domiciled in Netherlands (Strawinskylaan 3051, Amsterdam). It is listed on Euronext Paris from January 23, 2015 under ISIN NL0010949392. Cnova NV is registered with the Dutch Trade Register under registration number 60776676.

The financial statements of Cnova for the year ended December 31, 2020 were authorized for issue in accordance with a resolution of the directors on March 31, 2021.

Cnova and its subsidiaries (the “Group) consist of leading global e-commerce operations with headquarters in the Netherlands.

The next senior company is Companhia Brasileira de Distribuiçao Netherlands Holding BV, owning indirectly 33.98% of Cnova shares and 35.86% of Cnova voting rights and the ultimate holding company is Casino, owning directly and indirectly, 98,96% of Cnova shares and 99,45% of Cnova voting rights.

Casino is ultimately controlled by Jean-Charles Naouri, via Euris S.A.S and other intermediate entities.

2. Significant accounting policies

2.1. Basis of preparation

The financial statements of Cnova have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as issued by the International Accounting Standards Board (IASB) and Part 9 of the Dutch Civil Code.

The company financial statements have been prepared on a historical cost basis and are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Foreign currency transactions and translation

Foreign currency transactions are converted into the functional currency using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting exchange differences are recognized in the income statement under “Foreign currency exchange result”. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate at the transaction date.

Capital management

Cnova’s capital management objectives are to ensure Cnova’s ability to continue as a going concern and to provide an adequate value creation and return to shareholders.

Cnova monitors capital on the basis of the carrying amount of equity plus its Cash pool balance with Casino, less cash and cash equivalents as presented on the face of the balance sheet.

€ thousands	December 31, 2019	December 31, 2020
Carrying amount of equity	379,261	373,305
Current account balance with Casino Finance (including Long term portion)	257,180	220,000

Less: Cash and cash equivalents	(559)	(144)
Less : Cash deposit agreement with Casino Finance	-	(130,493)
Capital under management of Cnova	**635,882**	**462,668**

The decrease is related to the State Guaranteed Loan granted to Cdiscount.

Management assesses Cnova's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. Cnova manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Cnova may adjust its dividend policy, issue new shares, or sell assets to reduce debt.

2.2. Main accounting policies

The following are the significant accounting policies applied by Cnova in preparing its company financial statements:

2.2.1. Current versus non-current classification

Cnova presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
  It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Cnova classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.2. Assets held for sale and discontinued operations

A non-current asset (or disposal group) shall be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The asset (or disposal group) shall be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease.

A discontinued operation is a disposal group to be abandoned that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (c) is a subsidiary acquired exclusively with a view to resale. The results and cash flows of such disposal group shall be presented as discontinued operations at the date on which the criteria of discontinued operation are met. This presentation shall apply for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

2.2.3. Revenue recognition

In 2019 and 2020 Cnova did not generate revenue as it has acted only as a holding of its Group.

2.2.4. Interest income

For financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate method).

2.2.5. Dividends

Revenue is recognized when Cnova's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.2.6. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for: all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. The carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year

when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.7. Investments in subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are carried in the company financial statements at cost less any impairment loss. The Company recognizes a dividend from a subsidiary in financial income when its right to receive the dividend is established.

Impairment

The Company determines at each reporting date whether there is objective evidence that the value of share on equity of subsidiaries is impaired. In case investments in subsidiaries are impaired, the impairment loss is presented in the line financial expenses in income statement.

2.2.8. Financial instruments

i) Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable acquisition costs of financial assets measured at fair value through profit or loss are recorded in the income statement.

Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

Financial assets are classified in the following three categories:
- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss.

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

Financial assets at amortized cost

Financial assets are measured at amortized cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).

They are subsequently measured at amortized cost, determined using the effective interest method, less any impairment losses. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.

This category primarily includes other receivables, cash and cash equivalents as well as other financial assets at amortized cost

Financial assets at fair value through other comprehensive income (OCI)

This category comprises debt instruments and equity instruments.

- debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to profit or loss.
- equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss.

Cnova does not hold any assets in this category

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.

Fair value measurement

Fair value measurements are determined following the provisions of IFRS 13 "*Fair Value Measurement*" which defines the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the balance sheet date. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of Cnova's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments.

To be classified as cash equivalents under IAS 7, investments must be:

- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Impairment of financial assets

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortized cost, contract assets and debt instruments at fair value through OCI. Cnova applies the simplified approach provided for in IFRS 9 for other receivables. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.

Derecognition of financial assets

Financial assets are derecognized in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
    - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognized in full;
    - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognized in the statement of financial position for its total amount

ii) Financial liabilities

Financial liabilities recognized at amortized cost

Borrowings and other financial liabilities at amortized cost are initially measured at the fair value of the consideration received, and subsequently at amortized cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortized over the life of the liability by the effective interest method.

Financial liabilities at fair value through profit or loss

They are measured at fair value and gains and losses arising from remeasurement at fair value are recognized in the income statement. Cnova does not hold any financial liabilities at fair value through profit of loss including derivatives.

2.2.9. Impairment of non-financial assets

Cnova assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Cnova estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Cnova estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.2.10. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.2.11. Provisions

General

Provisions are recognized when Cnova has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Cnova expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Restructuring provisions

Restructuring provisions are recognized only when Cnova has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

3. Significant accounting judgments, estimates and assumptions

The preparation of Cnova's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

3.1. Accounting standards and interpretations published with effect from January 1, 2020

The company applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2020. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The application of the following amendments had no impact on the company's financial statements:

- Amendment to IFRS 16 Leases Covid 19- Related Rent Concessions
- Amendments to IFRS 3 – Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

3.2. Accounting standards and interpretations published but not yet mandatory

The following pronouncements from the IASB applicable to Cnova will become effective for future reporting periods and have not yet been adopted by the Company:

- IFRS 17 – Insurance Contracts including Amendments to IFRS 17
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current
- Amendments to:
  - IFRS 3 Business Combinations;
  - IAS 16 Property, Plant and Equipment;
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets
  - Annual Improvements 2018-2020
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Company does not expect the application of these standards, amendments or interpretations to have a material impact on its Financial Statements.

3.3. Judgments

In the process of applying Cnova's accounting policies, management has made the judgments, which could have the most significant effect on the amounts recognized in the financial statements.

3.4. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Cnova based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of Cnova. Such changes are reflected in the assumptions when they occur.

3.4.1. Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

3.4.2. Common control transactions

Common control transactions are accounted for at the book value.

4. Significant events

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.

There was no direct financial impact on Cnova NV which has continued to operate normally.

Refer to Note 2 of Consolidated financial statements for more details on impacts in France, the main place of activity of Cnova Group.

This context had no impact on financial fixed assets impairment.

As indicated in Note 2 and in the Risk factors section of the consolidated annual report, the COVID-19 pandemic impact on Cnova is uncertain and likely to have contrasting effects, since it can foster the growth of e-commerce, in the event of a prolonged closure of physical store, but also adversely affect the macroeconomic environment and consumption, or even the operation of our warehouses and carrier's partners in a worst case. Given the uncertainties around future evolution of the pandemic, related consumer behavior and its impact on the global economy it is premature to quantify the financial impact for the Company.

5. Discontinued operations

Result from discontinued operations is only related to costs incurred to support entities that are classified as discontinued operations.

Breakdown of result from discontinued operations is the following:

€ thousands	**December 31, 2019**	**December 31, 2020**
General and administrative expenses	300	(540)
Impairment gain (loss) on financial instruments	-	-
Gains (loss) on disposals	-	-
Net profit/(loss) from discontinuing operations	**300**	**(540)**
Net impact on other comprehensive profit/(loss)	**300**	**(540)**

** Net profit/(loss) from discontinuing operations is composed of :*

- Legal counsel fees for Via Varejo litigation in 2020

- Provision reversal on legal counsel fees for SEC investigation in 2019.

6. Segment information

Cnova being a holding entity, it has no reportable segments.

7. Financial assets

€ thousands	**December 31, 2019**	**December 31, 2020**
Investments in subsidiaries	653,747	653,747
End of year	**653,747**	**653,747**

7.1. Investments in subsidiaries

€ thousands	December 31, 2019	December 31, 2020
Beginning of the year	653,747	653,747
Contribution in kind	-	-
Increase in capital	-	-
Disposal (note 4)	-	-
End of year	**653,747**	**653,747**

Cnova N.V. holds directly the following subsidiaries:

- Cdiscount SA, Bordeaux France
- Cnova France, Saint Etienne, France.

Recoverable value of investments is based on value in use. This value was determined by the discounted cash flows method, based on after-tax cash flows. In performing the estimation of cash flows, Cnova used internal and external analysis. No impairment is required based on recoverable value. The valuation of Cdiscount shares is derived from Group impairment testing, headroom is material and a change of 10% of critical assumptions (WACC, Growth rate, revenue and free cash flow projections) will not change the outcome of the test.

Company	2019 % owned	2020 % owned	Cost *(€ thousands)*
Cdiscount SA	99,68	99,68	653,737
Cnova France SAS	100	100	10

For a list of indirectly owned subsidiaries, joint ventures and associates and shareholding percentages, refer to Note 29 to the consolidated financial statements.

7.2. Loans granted to subsidiaries

€ thousands	December 31, 2019	December 31, 2020
Beginning of the year	-	-
Conversion of Cnova France cash advance to Long term loan	-	9,931
Issued (repayment) net	-	-
End of year	**-**	**9,931**

Long term loan to Cnova France has a maturity of 6 years and bears interest at 3.9%

8. Deferred tax assets

Cnova has derecognized all its deferred tax on losses carried forward in 2015 and 2016. These losses related to IPO cost directly recorded in equity and expire after 9 years. Cnova has determined that it cannot recognize deferred tax assets on the tax losses carried forward. If Cnova was able to recognize all unrecognized deferred tax assets, equity would have increased by €13.5 million.

In 2019 and 2020, no tax is due. 2020 tax result is expected to be negative €3.5m

At December 31, 2020 the total unrecognized deferred tax assets was €13.5 million at the 21,7% tax rate applicable for Dutch companies from 2021 onwards.

Tax losses:

€ thousands	**Proft/(loss) begin**	**Movement**	**Profit/(loss) end**
2015	(52,583)	2,200	(50,383)
2016			
2017	(8,934)		(8,934)
2018	2,200	(2,200)	
2019	(2,611)		(2,611)
2020	(3,494)		(3,494)
Total	(65,422)		(65,422)

On 15 December 2020 the Senate (Eerste Kamer) adopted the 2021 tax plan and the legislative proposals that were presented on Budget Day (Prinsjesdag), which are considered (substantively) enacted as of 31 December 2020 for IFRS purposes, with one exception that is discussed below.
The proposal to cap the tax loss relief for corporate income tax at 50% of taxable profit (for amounts in excess of EUR 1 million) and to allow existing losses on 1 January 2022 to be set off indefinitely, was not substantively enacted as of 31 December 2020 for IFRS purposes. These requirements only become effective upon adoption of a Royal Decree (Koninklijk Besluit) after consideration as to whether the new requirements are implementable (uitvoeringstoets). This means that these proposed changes are not taken into account when determining the current and deferred tax position as per 31 December 2020., Changes in tax legislation have no material impact on Cnova NV financial statements as no deferred tax assets related to Cnova NV are recognized

9. Other current assets, net

€ thousands	**December 31, 2019**	**December 31, 2020**
Other receivables	586	2,498
Including management fees with other entities of Cnova group		
Current cash advance granted to subsidiaries	9,886	-
Cash deposit agreement with Casino Finance	-	130,493
Other current assets	**10,472**	**132,991**

The Current Account Agreement with Casino Finance was amended in 2020. As per these amendments:

- The Current Account Agreement has a termination date at 31 July 2026 or such other date as mutually agreed upon between parties
- The Current Account Agreement includes a Term Loan of €150 million bearing interest at 3.9% to be repaid on 31 July 2026
- Cnova is authorized to use the current account confirmed of up to €400 million bearing interest at Eonia 1 month +1.5% to be repaid on 31 July 2026
- The sum of the Term Loan and the outstanding advances shall not be less than €220 million

A separate Cash deposit agreement was entered into with Casino Finance where Cnova is authorized to make cash deposits. These deposits bear interest at Eonia 1 month +1.5%. No deposits shall be made by Cnova if the Term Loan and advances under the Current Account Agreement is above €220 million.

As Cnova has an unconditional right to defer the settlement of both the term loan and advances with Casino Finances the amount outstanding are presented as non-current financial liabilities.

Current cash advance granted to subsidiaries bear interest at Eonia 1 month +1.5%.

Change in Cash advance granted subsidiaries:

€ thousands	December 31, 2019	December 31, 2020
Beginning of the year	8,897	9,886
Issued (repayment) net – continued operation	989	45
Issued (repayment) net – discontinued operation	-	-
Conversion of cash advance to long term loan	-	(9,931)
End of year	**9,886**	**-**

10. Cash and cash equivalents

Cash and deposits of €144 thousand consist of time deposits and amounts held as bank balances. All bank balances and deposits are freely available.

11. Share capital

On November 20, 2018, 703,350 ordinary shares were issued pursuant to Deferred Stock Units (DSU), as a consequence, the share capital of Cnova is now comprised of 345,210,398 shares with a par value of €0.05 at December 31, 2019 and December 31, 2020.

The Board of the Company proposes to appropriate the result for the period to the retained earnings.

12. Trade payables and other

Trade payables are amounts due to suppliers and are payable within 3 months.

Other current liabilities consist of sundry payables and mature within one year.

13. Other liabilities

€ thousands	December 31, 2019	December 31, 2020
Other liabilities	-	3,981
Cash pool balance with Casino – Short term	257,181	-
Cash advance received from subsidiaries	21,168	196,909
Other current liabilities	**278,349**	**200,890**

Change in Cash advance received from subsidiaries and cash pool balance with Casino

€ thousands	December 31, 2019	December 31, 2020
Beginning of the year	273,368	278,349
Issued (repayment) net – continued operation	4,981	138,560
Issued (repayment) net – discontinued operation	-	-
Reclassification as non-current liabilities		(220,000)
End of year	**278,349**	**196,909**

Cash pool balances with Casino and cash advance received from subsidiaries bear interest at Eonia 1 month +1.5%.

€ thousands	December 31, 2019	December 31, 2020
Cash pool balance with Casino – Term loan	-	150,000
Cash pool balance with Casino – Advances		70,000
Other noncurrent liabilities	**-**	**220,000**

Please refer to note 10 for the disclosure of the conditions of the Term loan and Advances.

Change long term cash pool balance with Casino

€ thousands	December 31, 2019	December 31, 2020
Beginning of the year	-	-
Conversion of portion of cash pool balance to Term Loan	-	150,000
Reclassification of cash pool balance with Casino – Advance to non-current		70,000
End of year	**-**	**220,000**

Term Loan with Casino bear interest at Eonia 1 month +3.9%.
Advances have been reclassified as non-current as Cnova now has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

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. On January 22, 2021 Via Varejo submitted its statement of claim as part of the arbitration procedure, this statement of claim did not produce any new evidence pertaining to the case and therefore Cnova is still not able to determine the extent of Cnova's risk and/or liability, if any.

€ thousands Financial liabilities	2019 Carrying amount (A)	2019 Non financial liabilities (B)	2019 Total Financial liabilities (A – B)	Liabilities at amortized Cost	Fair value
Trade payables	7,168	–	**7,168**	7,168	7,168
Other current liabilities.....	278,349	–	**278,349**	278,349	278,349
Other non-current liabilities.....	–	–	–	–	–

€ thousands Financial liabilities	2020 Carrying amount (A)	2020 Non financial liabilities (B)	2020 Total Financial liabilities (A – B)	Liabilities at amortized Cost	Fair value
Trade payables	2,618	–	**2,618**	2,618	2,618
Other current liabilities.....	200,890	–	**200,890**	200,890	200,890
Other non-current liabilities.....	220,000	–	**220,000**	220,000	220,000

14. Notes to the income statement

14.1. Employees

The average number of employees of Cnova N.V. in full-time equivalents during 2020 was 2 (2019: 2). Salaries, social security charges and pension expenses amounted to €250 thousand for 2020 (2019: €264 thousand), €15 thousand for 2020 (2019: €19 thousand), and €17 thousand for 2020 (2019: €18 thousand), respectively. Those employees are within the Netherlands.

14.2. Auditor fees

The following table presents fees for professional services rendered by Ernst & Young ("EY") for the audit of our financial statements as well as fees billed for other services rendered by EY.

€ thousands	2019	2020
Audit fees for Ernst & Young Accountants LLP	171	287
Audit fees for EY network	725	724
Audit related fees for Ernst & Young Accountants LLP	-	-
Audit-related fees for EY network	14	70
Tax fees	-	-
All other fees	-	-
Total	**910**	**1,081**

14.3. Financial income and expense

The current cash advances to subsidiaries (see Note 9) generated net gain of €957 thousands in 2020 and €791 thousands in 2019

The cash advance received from subsidiaries and cash pool balance with Casino (see note 17) generated an expense of €4,336 thousands in 2020 and €2,118 thousands in 2019.

14.4. Taxes

The taxable result for 2020 is estimated to be a loss of €3.5 million and no tax is due. Difference between domestic (25%) and effective tax rate (0%) is related to unrecognized deferred tax assets

15. Note to the statement of comprehensive income

No items are recognized in other comprehensive income.

16. Reconciliation between company and consolidated information

In accordance with 2:289-10 of Dutch Civil Code, the reconciliation of equity is the following:

€ thousands	December 31, 2019	December 31, 2020
Total company's equity	**379,260**	**373,305**
Retained earnings of subsidiaries	(562,373)	(576,347)
Total consolidated group equity	**(183,113)**	**(203,042)**

In accordance with 2:289-10 of Dutch Civil Code, the reconciliation of net result is the following:

€ thousands	December 31, 2019	December 31, 2020
Company's net profit (loss)	**(2,611)**	**(5,956)**
Net profit (loss) of subsidiaries	(62,639)	(15,492)
Gain (loss) on disposal	-	-

Impairment of cash advance to subsidiaries	-	36
Total consolidated net profit (loss)	**(65,250)**	**(21,412)**

17. Related party transactions

Cnova N.V. has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements and were conducted at arm's length. Unless stated otherwise, the balances and transactions on the table below are mostly with subsidiaries.

	2019		**2020**	
€ thousands	**Transactions**	**Balance**	**Transactions**	**Balance**
Loan granted to subsidiaries	0	0	9,931	9,931
Other current asset	(1,922)	9,951	(7,620)	2,331
Cash Pool balance to Parent Company	45,037	257,181	(185,266)	71,915
Cash deposit with Casino	0	0	130,493	130,493
Cash advance from subsidiaries	(40,056)	21,168	175,741	196,909
Term Loan	0	0	152,421	152,421
Payables	(1,677)	1,105	42	1,147
Expenses	1,672		3,831	
Income	871		1,033	

18. Off-balance sheet commitments

Cnova has no off-balance sheet commitment apart from the lease of its head office for a short-term lease expense of €21 thousands.

19. Financial risk management objectives and policies

The main risks associated with Cnova's financial instruments are market risks (currency, interest rate risk).

Market risk
Exposure to foreign exchange risk

Cnova is no longer exposed to currency translation risk as all its operations outside the Eurozone have been sold or closed since 2016.

Interest rate risk

Interest rate risk refers to the risk the cash flows associated with financial instruments will be impacted due to changes in market interest rates. Cnova's interest rate risk arises principally from borrowings issued at variable rates expose Cnova to cash flow interest rate risk. As of December 31, 2019 most of Cnova's gross debt balance was subject to floating interest rates, as of December 31; 2020, the Term loan has a fixed interest rate of 3.9%, other debt are subject to floating interest rates

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact (before tax effect) on profit (loss) for the period of a 50 basis point increase or decrease in the Eonia interest rate, based on the variable rate financial instruments held by Cnova, with all other variables held constant, was estimated to €1.0 million for 2020 and €1.9 million for 2019.

Counterparty risk

Cnova is not exposed to significant counterparty risks in its operating activities and its short-term investment activities. All receivables (see Note 10) are with Group companies.

Other current assets break down as follows by maturity:

2019		Other current assets past due on the balance sheet date				
€ thousands	Receivables not yet due (A)	Receivables not more than one month past due	Receivables between one and six months past due	Receivables more than six months past due	Receivables overdue (B)	GROSS TOTAL (C)=(A)+(B)
Expected credit loss rate.................	0%	0%	0%	0%		
Estimated total gross carrying amount at default	10,472	-	-	-	-	10,472
Expected credit loss. .	-	-	-	-	-	-

2020		Other current assets past due on the balance sheet date				
€ thousands	Receivables not yet due (A)	Receivables not more than one month past due	Receivables between one and six months past due	Receivables more than six months past due	Receivables overdue (B)	GROSS TOTAL (C)=(A)+(B)
Expected credit loss rate................	0%	0%	0%	0%		
Estimated total gross carrying amount at default	10,472	-	-	-	-	10,472
Expected credit loss.	-	-	-	-	-	-

Liquidity risk

Cnova manages liquidity risk through the daily follow-up of cash flows, control of financial assets and liabilities maturities and a close relationship with main financial institutions. As of December 31, 2020, Cnova's liquidity is also depending on the financing from its parent companies (mostly Casino).

As part of cash pool agreement with Cnova and its subsidiaries, unused credit lines amounted to €480 million as of December 31, 2020. Current account with Casino bears interest at EONIA +1.5pt

The term of the agreement is July 31, 2026. to the agreement can be terminated by mutual consent. Casino Group confirmed that Cnova NV will continue to benefit from intragroup resources to cover its financing needs for the next twelve months after issuance of the financial statement. Each agreement immediately terminates if Casino no longer controls, directly or indirectly, Casino Finance or Cnova or its European subsidiaries, as the case may be, or in case of bankruptcy of a party.

20. Directors' remuneration

The below tables show the compensation paid by us and our subsidiaries to our executive and non-executive directors in the 2020 fiscal year. We do not have any written agreements with any director providing for benefits upon the termination of such director's relationship with our company or our subsidiaries. Amounts are in euros unless otherwise stated.

Remuneration for executive director

During his tenure as executive director in the 2020 fiscal year, Mr. Grenier's total remuneration (comprising a combination of fixed and variable compensation) amounted to €1,437,631, including a variable compensation related to 2019 based 50% on quantitative targets and 50% on qualitative targets. The Cnova Board of directors has determined that those targets were 116% reached, setting the variable compensation paid at €260,000.

For 2019 fiscal year, Mr. Grenier's total remuneration (comprising a combination of fixed and variable compensation) amounted to €1,211,900, including a variable compensation related to 2018 based 50% on quantitative targets and 50% on qualitative targets. The Cnova Board of directors has determined that those targets were 113% reached, setting the variable compensation paid at €256,100.

Remuneration for non-executive directors in €

Name and title	Director fees in 2019	Committee membership fees in 2019	Attendance fees in 2019
Non-executive directors			
Antoine Giscard d'Estaing, Chairman	8,905		
Ronaldo Iabrudi dos Santos Pereira, Vice Chairman	10,000	8,000	9,000
Eleazar de Carvalho Filho	50,000		
Christophe Hidalgo	10,000		
Jean-Yves Haagen	10,000		
Arnaud Strasser	10,000	8,000	9,000
Franck-Philippe Georgin	1,096		
Independent non-executive directors			
Bernard Oppetit	50,000	25,000	21,000
Silvio Genesini	50,000	30,000	17,500

Compensation of non-executive directors

Name and title	Director fees in 2020	Committee membership fees in 2020	Attendance fees in 2020
Non-executive directors			
Jean-Yves Haagen	10,000		
Ronaldo Iabrudi dos Santos Pereira, Vice Chairman	10,000	8,000	9,000
Eleazar de Carvalho Filho	50,000		
Christophe Hidalgo	10,000		
Jean-Yves Haagen	10,000		
Arnaud Strasser	10,000	8,000	9,000
Franck-Philippe Georgin (1)	4,863		
Jocelyne de Clausade (2)	5,164		
Independent non-executive directors			
Bernard Oppetit	50,000	25,000	18,000
Silvio Genesini	50,000	30,000	27,000

(1) Mr. Georgin resigned as a non-executive director on June 26, 2020 and as such was entitled to a proportionate part of the annual non-executive Board member's fee of EUR 10,000.
(2) Mrs. De Clausade was appointed as a non-executive director on June 26, 2020 and as such was entitled to a proportionate part of the annual non-executive Board member's fee of EUR 10,000

For our eligible non-executive directors who do or did not serve within the Casino Group in any capacity other than as a director, namely Messrs. Oppetit, Genesini and De Carvalho, the annual Board fee is higher than for those directors that do or did serve the Casino Groupe as an executive. The Board fee is supplemented by fees for service as committee chairperson and/or committee-membership as described below. The fixed compensation in cash amounts to € 50,000 annually.

For all our other non-executive directors, that do or did serve the Casino Groupe as an executive namely Messrs. Giscard d'Estaing, Hidalgo, Haagen, Iabrudi, Strasser and Georgin, a fixed annual Board fee of € 10,000 supplemented with fees related to committee memberships (if applicable) is awarded.

Members of our audit committee receive a fixed annual retainer of €15,000 and the chairman of the audit committee receives a fixed annual retainer of €25,000. Members of our nomination and remuneration committee receive a fixed annual retainer of €8,000, and the chairman of the nomination and remuneration committee receives a fixed annual retainer of €15,000. In addition, members of the audit committee receive an attendance fee of €3,000 per meeting and members of the nomination and remuneration committee receive an attendance fee of €3,000 per meeting.

Personal loans, advances and guarantees

The Company's current policy is not to grant any personal loans and guarantees to directors, and where the Company has appointed one, the Non-Board Co-CEO, except for travel advances, cash advances and use of a Company-sponsored credit card in the ordinary course of business and on terms applicable to the personnel as a whole. In addition, we have entered into indemnification agreements with our directors and certain of our executive officers.

21. Subsequent events

None.

16. OTHER INFORMATION

16.1 INDEPENDENT AUDITOR'S REPORT

To: the shareholders and board of directors of Cnova N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Cnova N.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cnova N.V. as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheets as at 31 December 2020
- The following statements for 2020: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Cnova N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Our understanding of the business
Cnova N.V. is at the head of a number of companies operating in the non-food retail industry – as part of the French Casino Guichard-Perrachon S.A. group - through an e-commerce platform primarily focused on France. We tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We started by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In 2020 we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures. This limited our observation and increased the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 8.5 million (2019: € 7.7 million)
Benchmark applied	1.8% of Gross margin (2019: 2% of gross margin)
Explanation	We consider an earnings based benchmark to be most appropriate considering the interest of stakeholders and the way the Group is managed. As the profit before tax and EBIT(DA) have been volatile in recent years, we consider the gross margin to be the most appropriate benchmark to determine materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee of the board of directors that misstatements in excess of €425,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
Cnova N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Cnova N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. We identified two group reporting entities which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed for two group reporting entities. An overview of full and specific scope entities is presented in below table.

Entity	**Country**	**Scope**
Cdiscount	France	Full scope
C-Logistics	France	Full scope
Cnova Pay	France	Specific scope
Cnova N.V.	Netherlands	Specific scope

We have used the work of the Ernst & Young Global Member firm in France which operated under our instructions and performed the work for all French entities in scope. The Netherlands group engagement team was in close contact with management and the auditors of the in-scope components. We reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed. Our procedures on the full and specific scope components represent approximately 99% of the total group revenues, gross margin and total assets. On other component entities we performed analytical procedures.

Because of the international travel restrictions and social distancing due to the Covid-19 pandemic, we have been unable to visit management and component auditors located in France to discuss, among others, the business activities and the identified significant risks or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation on site. In these extraordinary circumstances we predominantly used communication technology and written information exchange e.g. intensified communication with our component team including videoconferences, reviewed and discussed selected working papers and requiring more granular reporting in order to obtain sufficient and appropriate audit evidence.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the non-food retail industry. We included specialists in the areas of IT audit, forensics, financial services income tax and business valuation..

Our focus on fraud and non-compliance with laws and regulations
Our responsibility
Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.
Non-compliance with laws and regulations may result in fines, litigation or other consequences for the Group that may have a material effect on the financial statements.

Our audit response related to fraud risks
In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, finance, compliance and human resources) and the audit committee. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption assisted by our forensic specialists.

In our process of identifying fraud risks, we considered whether the Covid-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working and management overrides.

In our risk assessment we considered the potential impact of performance based bonus schemes which the Group has in place that may impact revenue recognition (see **key audit matter Revenue recognition and the role of IT**) and rebate agreements with suppliers (see **key audit matter Recognition of rebates and similar agreements from suppliers**) as fraud risks.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 1.1 and 1.2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern
We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the Group's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the Group's operations and forecasted cash flows, with a focus on whether the Group will have sufficient liquidity to continue to meet its obligations as they fall due.
We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Group to cease to continue as a going concern. We refer to the key audit matter **'Going concern assessment, availability of financing, and COVID-19'**).

General audit procedures
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee and the other members of the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matters "Implementation of IFRS 16" and "C Chez Vous acquisition" which were included in our last year's auditor's report, are not considered as key audit matters for this year as both the IFRS 16 implementation and the C Chez Vous acquisition were completed in 2019.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern assessment, availability of financing and COVID-19 (see notes 1, 2, 22 and 27)	
Risk	As of 31 December 2020 the Group has a negative consolidated equity of €203 million, mainly due to a history of operating losses. The Group also has a negative consolidated net working capital amounting to €260 million as of 31 December 2020. These facts trigger the need for an analysis of the reasonableness of the application of the going concern assumption. For its financing the Group is largely depending on the credit line facilities with its parent Casino Guichard-Perrachon comprising of current account financing of € 400 million and a long term loan of € 150 million (total usage per balance sheet date of € 224 million in total for both facilities). In addition the Group obtained a state guaranteed loan of € 120 million which is fully drawn per balance sheet date. Furthermore, the developments around the Corona (Covid-19) pandemic have a profound impact on people, society and on the economy. This also impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The impact may continue to evolve, causing complexity and inherent uncertainty. Cnova N.V. and its parent Group Casino Guichard-Perrachon are confronted with this uncertainty, that is disclosed in the notes to the financial statements in section 1.1. Management prepared a going concern assessment based on the forecasted cash flows and available financing lines to which changes were made during 2020 as disclosed in note 1.1 and 2. Main changes for the credit lines with Casino Guichard-Perrachon relate to an extended termination date of 31 July 2026 or such other date as mutually agreed upon between parties, while in the past a 10 days notice period applied. Also a minimum amount of € 220 million is to be drawn at any time. In addition a new state guaranteed loan of € 120 million has been drawn following government measures to support companies as a result of the COVID-19 pandemic. Furthermore a support letter has been requested and obtained from Casino Guichard-Perrachon similar to previous year. In addition management evaluated Casino Guichard-Perrachon's ability to provide the continued financing for the 12 months period after the date of the financial statements as committed to in the support letter. Considering the most recent budgets, cash flow forecasts and the credit facilities available to the Group, the board of directors concluded that there is no material uncertainty about the Group's ability to continue as a going concern and consequently the financial statements have been prepared on a going concern basis. Based on the above factors we consider the going concern assessment a key audit matter.
Our audit approach	We obtained and evaluated management's going concern analysis, including its analysis of the COVID-19 impact and the related disclosures in the financial statements and the annual report. As part of our evaluation of management's assessment of the going concern

Going concern assessment, availability of financing and COVID-19 (see notes 1, 2, 22 and 27)	
	assumption, we evaluated the 2021 cashflow forecast, the solidity of the financial forecast preparation process, the reasonability of the 2021 forecast with support of valuation and restructuring specialists and performed an assessment of the historical accuracy of management's estimates through retrospective review. We analyzed the Group's financing arrangements as part of our audit, which included the evaluation of access to and conditions of the relevant credit lines. We evaluated the ability of Casino Guichard-Perrachon to provide continued financing to the Group based on the aforementioned support letter. In this respect, we obtained, evaluated and discussed the going concern assessment of Casino Guichard-Perrachon performed by EY France, one of the joint auditors of Casino Guichard-Perrachon. We assessed the adequacy of the disclosures included in notes 1, 22 and 27 of the consolidated financial statements as well as in the directors report.
Key observations	We deem management's forecast assumptions reasonable including the continued availability of the credit facility from the Casino Guichard-Perrachon Group. We consider the disclosures in the consolidated financial statements to be sufficient and in accordance with EU-IFRS. We agree with management's conclusion that the use of the going concern assumption is appropriate.

Revenue recognition including the role of IT (Note 7)	
Risk	The Group operates an IT platform for the sale of consumer products and services. The appropriate recognition of revenues is highly depending on the IT infrastructure considering the complexity of and reliance on IT infrastructure to process transactions and related revenues. In 2020 the Group implemented a significant upgrade to its ERP system to support the business to consumer processes and hence also data was migrated from the existing legacy systems to the new IT system. Net sales include revenue from product sales (either business to consumer direct sales or business to business transactions), marketplaces sales (commissions) and other revenues. Those revenues are recognized when the performance obligation is satisfied, i.e. when control of the goods or service pass to the customer. In addition, as part of the transactions flow through the marketplaces, it is assessed whether it is appropriate to record the gross amount of the products sold and its related costs (acting as principal) or the net amount as a commission (acting as agent) based on the analysis of the obligation in the arrangement and applicable IFRS 15 criteria. There is a risk of inappropriate revenue recognition when relevant IT systems do not work properly. In addition, there is a risk that revenue may be overstated due to fraud resulting from the pressure management may feel to achieve performance targets at the reporting period end. The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before control has been transferred. Based on the above factors we consider IT and revenue recognition a key audit matter.
Our audit approach	Our audit procedures included, among others, the use of IT audit experts throughout the audit process. We critically assessed the design and operating effectiveness of general IT controls (including related to cybersecurity) and

Revenue recognition including the role of IT (Note 7)	
	application controls especially related to transaction processing and revenue recognition. We specifically focused on the implementation of the significant upgrade to the ERP system data migration from the existing legacy systems to the new IT system. Specific procedures were performed by the Group, and tested by EY, to conclude on the quality of the project management and the governance thereof, as well as verifying the modality and procedures for data recovery. In addition, our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable accounting standards including the "principal versus agent" presentation for part of commission revenues. We tested the effectiveness of the Group's controls over the correct timing of revenue recognition. We assessed sales transactions taking place before and after balance sheet date as well as credit notes issued after the year-end date to assess whether that revenue was recognized in the correct period. We performed testing over manual journals posted to revenue to identify unusual or irregular items. We used data analytics in the execution of the abovementioned procedures. We also considered the adequacy of the Group's disclosures in respect of revenue.
Key observations	We did not identify evidence of material misstatements in the revenues recognized in the year. We assessed that the Group's revenue recognition accounting policies were appropriately applied and disclosed in note 7.

Recognition of rebates and similar agreements from suppliers (Note 7)	
Risk	The Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These benefits, generally paid on the basis of a percentage defined contractually, and applied on purchases made from suppliers, are recorded as a deduction of the inventory costs and therefore reduce cost of sales. Considering the material impact of these accounting entries on net result for the year, the large number of contracts involved and the necessity for management to estimate the related purchases for each supplier, we considered the recognition of rebates to be received from suppliers at year-end to be a fraud risk and key audit matter.
Our audit approach	Our audit procedures included the update of our understanding of the process and evaluating the design of controls in this area. We also tested relevant controls over applications registering the purchase conditions with suppliers and identifying the purchases object of rebates and reviewed a sample of agreements with suppliers allowing an adequate coverage, checking agreements' terms and signatures. We compared the amounts accrued to the cash received and analyzed the amounts released We verified that the accounting policy for the reduction of inventory cost related to rebates is appropriate and has been applied correctly.

Recognition of rebates and similar agreements from suppliers (Note 7)	
Key observations	We did not identify material exceptions and we found management's recognition of rebates to be reasonable. Additionally, we found the related disclosures in note 7 to the financial statements to be appropriate.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Directors report
- Risk management and risk factors
- Corporate governance report
- Board of directors report
- The remuneration report
- Executive offers
- Related party transactions
- Share capital
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the audit committee of the board of directors as auditor of Cnova N.V. on 17 March 2015, as of the audit for the year 2014 and have operated as statutory auditor ever since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of management and the board of directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the financial statements.

The non-executives of the board of directors are responsible for overseeing the Group's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication
We communicate with the audit committee of the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee of the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the board of directors , we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 31 March 2021

Ernst & Young Accountants LLP

G.A. Arnold

16.2 DIVIDENDS AND OTHER DISTRIBUTIONS

To date, we have never declared or paid cash dividends to our shareholders. We have no present plan to pay dividends on our ordinary shares for the foreseeable future and currently intend to reinvest all future earnings, if any, to finance the operation of our business and to expand our business. Under Dutch law, we may only pay dividends to the extent our shareholders' equity exceeds the sum of our paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or our Articles of Association. Any future determination relating to our dividend policy will be made at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and other factors the Board may deem relevant from time to time.

16.3 DIVIDEND RIGHTS

To the extent any profits remain after reservation by the Board, a preferred dividend accrues on the special voting shares to an amount equal to one percent (1%) of the aggregate nominal value of the special voting shares that are issued and not held by the Company itself, which amount will not be distributed to the Voting Depository (the sole holder of the special voting shares) but will be added to a special dividend reserve of the Company. Any profits remaining thereafter will be at the disposal of the general meeting of shareholders for distribution to the holders of ordinary shares in proportion to the aggregate nominal value of their ordinary shares.

16.4 PROFIT APPROPRIATION

The Board proposes to appropriate the loss for the period to the retained earnings.

Signature page to the 2020 Annual Report and Financial Statements of Cnova N.V.

THE BOARD OF DIRECTORS OF CNOVA N.V.

/signed/

Jean-Yves Haagen

/signed/

Ronaldo Iabrudi dos Santos Pereira

/signed/

Silvio Genesini

/signed/

Bernard Oppetit

/signed/

Christophe Hidalgo

/signed/

Eleazar de Carvalho Filho

/signed/

Arnaud Strasser

/signed/

Josseline de Clausade

/signed/

Emmanuel Grenier