



HALF-YEAR
FINANCIAL REPORT
2021

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INTRODUCTION

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

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

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

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

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

This semi-annual report contains forward-looking statements that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth

opportunities, potential market opportunities and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions that convey uncertainty of future events or outcomes and the negatives of those terms. These statements include, but are not limited to, statements regarding:

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

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

Cnova operates in a highly volatile market environment, subject to rapid technological or competition-

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

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

DIRECTORS' REPORT

We refer to the Annual Report of Cnova N.V. for the Fiscal Year Ended December 31, 2020 prepared in accordance with IFRS as adopted by the European Union, as well as with Book 2 Title 9 of the Dutch Civil Code as filed with the AFM on April 01, 2021 and adopted by the General Meeting of Shareholders of the Company on April 1, 2021 (the “2020 annual report”). In the 2020 annual report, an extensive Business Overview and Business Model report was given, setting forth the main characteristics of the Company's business. We refer to such Business Overview and Business Model report, which report should be read in conjunction with this semi-annual report.

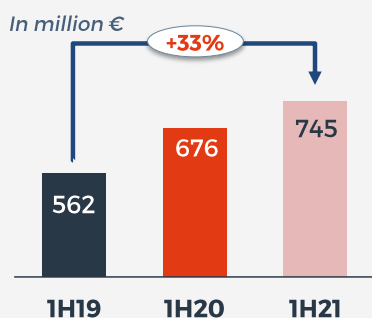
1 DIRECTORS REPORT

1.1 KEY FIGURES

Marketplace & Digital Marketing at the heart of our ecommerce platform success

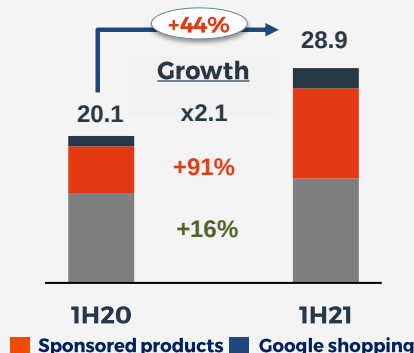
Fast-expanding marketplace

2-year Marketplace GMV evolution



Digital Marketing acceleration

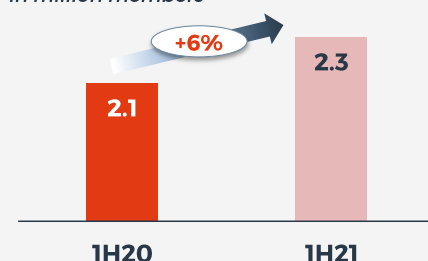
Digital marketplace evolution



Enhanced customer experience

2.3m CDAV members & higher NPS

In million members



"Yes, to the client" Policy: 90% (+14pts vs. N-1)
CDAV claims get an immediate answer
+12 points overall NPS improvement in 4 years

Growing our B2B platform with the commercial acceleration of C-logistics and Octopia

C-Logistics

Turnkey transport solution for large parcels

- 13 new clients signed
- 6 agreements in principle
- Record-high customer review of 4.8/5 for BUT & Miliboo

Full service of supply e-commerce operations

- 1 client signed,
- 1 agreement in principle
- 4 prospects in final stage of tenders
- Reflections in progress to open warehouses to support the growth

octopia

Products-as-a-Service

Live since 2018

- 1H21 GMV: €46m
- +50% y-o-y

Merchants-as-a-Service

Live since 2Q21

- 4 Merchants-as-a-Service LOIs signed in H1

Marketplace-as-a-Service

Live since 2Q21

- 3 Marketplace-as-a-Service deals signed in H1

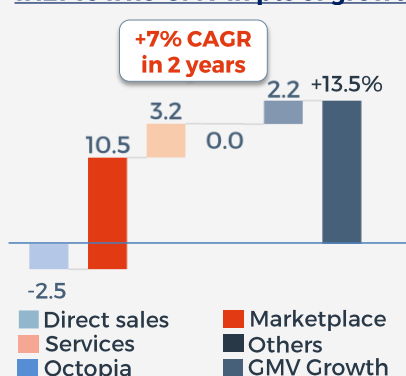
Fulfilment-as-a-service

Live since 2019

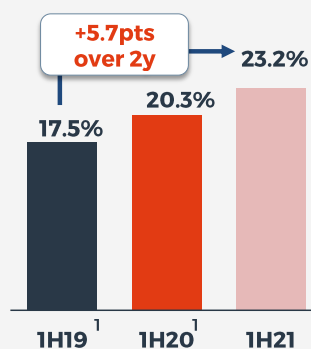
- 1H21 Parcels 424k
- +137% y-o-y

GMV Growth over 2 years (in contribution points to growth)

1H21 vs 1H19 GMV in pts of growth

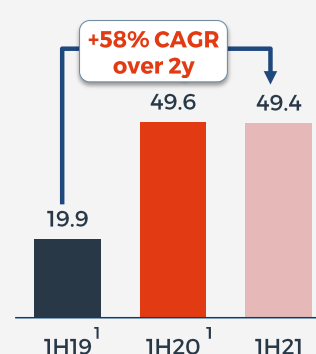


Gross margin (% of net sales, increase in points)



1. Re-presented to consider Haltaa (Stootie operations legal entity) financials reclassified in discontinued activities

EBITDA (€ million, 2-year CAGR in %)



1.1 FINANCIAL HIGHLIGHTS

The following tables set forth our selected consolidated financial data. The consolidated financial data for the 6-month periods ended June 30, 2021 and 2020 are derived from our unaudited interim condensed consolidated financial statements for such periods, included elsewhere in this semi-annual report.

The selected consolidated historical financial information should be read in conjunction with our financial statements and the accompanying notes included elsewhere in this semi-annual report as well as our 2020 annual report. Our financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the European Union ("EU") and have not been audited nor reviewed by a Dutch statutory auditor, as defined in art 5:25a of the Dutch Finance Supervision Act (Wet Financieel Toezicht). Ernst & Young Accountants LLP has performed review procedures on the semi-annual financial statements.

Financial performance (€ millions)	2021 1 st Half	2020 1 st Half	Change vs 1H20	Change vs 1H19
Total GMV¹	1,991	1,946	+2.3%	+13.5%
Ecommerce Platform	1,938	1,913	+1.3%	+11.4%
Octopia	53	33	+60.1%	+255.5%
Total Net sales	1,009	1,049	-3.8%	+1.4%
EBITDA²	49.4	49.6	-0.2	+148.4%
% of net sales	4.9%	4.7%	+0.2pt	+2.9pts
Operating EBIT	6.5	10.9	-4.4	+18.4
% of net sales	0.6%	1.0%	-0.4pt	+1.8pts
Net Financial Results	(24.2)	(25.2)	+1.0	-0.2
Net Profit from cont. operations	(19.2)	(22.4)	+3.2	+21.0

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 Operating profit/(loss) from ordinary activities (EBIT) adjusted for operating depreciation & amortization

1.2 SIGNIFICANT EVENTS OF THE FIRST SEMESTER

Development of the marketplace and its related services

- The marketplace gained +4 points of GMV share in the 1st half 2021 compared to 2020 to reach 46%, thanks to a strong +10% GMV growth.
- Marketplace revenues amounted to €97m in the 1st half 2021 growing +17% to reach €199m over the last twelve months.
- Expansion of express delivery eligible marketplace SKUs is a key driver of growth, customer satisfaction and contributes to the development of our loyalty program, Cdiscount à Volonté (CDAV). It also supports the product mix re-orientation towards recurring product categories.
 - Fulfilment by Cdiscount kept growing at a fast pace, with a +5.4 points increase in marketplace GMV share in the first half 2021 to reach 34.7% on average.
 - Cdiscount Express Seller, launched in 2019 for sellers able to offer express delivery to CDAV customers, extended its offering by +88% at end June 2021 compared to last year, to reach 2.0 million eligible SKUs.

Product mix evolution towards recurring product categories building strong loyalty as well as increased profitability

- Cnova initiated at the start of last year a strategic product mix evolution towards Home, DIY & Leisure. These categories bring higher recurring purchase rates as well as higher marketplace share and higher margins. Consequently, the product mix evolution aims at generating more loyalty, repurchases and profitability. These categories experienced a +7% GMV growth in the 1st half 2021 vs 2020, representing a +2.7 points increase of global product GMV. Marketplace for these categories was even more dynamic with +15% GMV growth in the 1st half vs last year to reach 62% share (+4.4 points vs N-1).

B2C services high growth with Cdiscount Voyages (Travel) rebound

- B2C services GMV amounted to €128m in the 1st half 2021, up +35% vs last year with a +107% take-off in the 2nd quarter alone.
- Cdiscount Voyages (Travel) experienced a significant rebound in the 2nd quarter
 - Quadrupling of travel GMV in the 2nd quarter 2021 with +160% growth in the month of June
 - Flight tickets supported this performance with x4.6 GMV increase compare to last year in the 2nd quarter 2021
- Cdiscount Energie (home energy) GMV grew by +68.5% in the 1st half 2021 vs. 2020, supported by a strong subscriber growth of +79% compared to last year
- Cdiscount Mobile (cell phone plans) activity performed well during the 1st half 2021 with an increase in sales of +38.5% vs. last year

Enhanced customer experience and record high NPS

- Cnova also carried on its "say yes to the customer" policy, with 90% positive and immediate answers to Cdiscount à Volonté customers claims at end of June (+15 points compared to June last year) and proactive preventive actions to ease customer journey. The goal is to reach 100% by the end of the year.
- It led to a significant +9 points NPS average improvement during the 1st half 2021 (+11 points over 2 years) leading to a record high NPS compared to the same period last year, through intensified efforts to improve customer experience before, during and after the sale.

Dynamic digital marketing powered by Cdiscount Ads Retail Solution

- Digital marketing revenues increased by +44% in the 1st half quarter 2021 compared to last year, reinforcing Cnova's most profitable activity.
- It was supported by Cnova's proprietary solution launched in the 2nd quarter 2020, Cdiscount Ads Retail Solution (CARS), a 100% self-care advertising platform enabling both sellers and suppliers to promote their products and brands. Products sponsored through this platform grew by +91% in the 1st half 2021.
- Cnova also kept adding complementary digital marketing features to reinforce its offer
 - Google Shopping campaign management for suppliers and marketplace sellers, benefiting from a x2.1 y-o-y increase in the 1st half 2021.
 - Very promising start of Live shopping offer to our merchants & suppliers, providing to our customers qualitative content and live shopping experience with influencers, already streaming 51 live videos in the 1st half 2021.
- Creation of a new brand, Cdiscount Advertising, encapsulating all in-house digital marketing services, for brands and marketplace sellers.

Octopia is growing fast, imposing itself as the turnkey marketplace solution for EMEA retailers and e-merchants

- Cnova's turnkey marketplace solution offers 4 modular and ready-to-operate marketplace services to international retailers and e-merchants with a +60% growth in the 1st half to €53m GMV:
 - Products-as-a-Service to bring products to small/medium websites and marketplaces in Europe grew +50% in the 1st half 2021. Commercial teams have been materially reinforced to support this acceleration (x3 staff increase in the 1st half 2021).
 - Merchants-as-a-Service to bring sellers to existing marketplaces and Marketplace-as-a-service to transform e-commerce websites into marketplaces for its 1st semester of commercial ramp-up benefits from a promising start with 3 contracts and 4 LOIs signed.
 - Fulfilment-as-a-Service to bring multi-marketplace fulfilment solutions including cross-border shipping and warehouse management solution grew more than +230% in GMV and +130% in parcels, delivering more than 420k parcels in the 1st half 2021.
- Octopia has launched a concrete action plan to increase brand awareness and visibility:
- Implementation of a digital strategy with a dedicated team
- Octopia has committed to a series of 7 major events between now and the end of 2021 to develop its reputation directly with retailers in France, Germany, the UK and Spain.

C Chez Vous and C-Logistics commercial acceleration, aiming to become leading transportation & logistics service providers in Europe

- Launch of the third Exotec cell (35 robots and 22,000 racks) in Bordeaux region warehouse of Cestas to support B2B expansion and fulfilment by Cdiscount.
- C-Logistics aims at being a leading e-commerce third-party logistics player with
- 13 clients signed for the C Chez Vous Turnkey transport solution and 6 agreements in principle
- 1 client signed the C-logistics full service of supply e-commerce operations and 1 agreement in principle

Cnova, the pioneer of sustainable logistics

- Already carbon-neutral on delivery, through actions to reduce our carbon footprint (3D packaging machines, bulk loading...) and the sequestration of residual emissions (partnership with the endowment fund Plantons pour l'Avenir).
- Industrialization of our partnership with the start-up Hipli, to propose reusable packaging to our customers before the end of the year

A long-term commitment to support our ecosystem

- Support to merchants to face the sanitary crisis, by extending our program dedicated to SMEs (free access to our marketplace ; dedicated team) and by donating €100k to the charity Fonds de Solidarité des Consommateurs et des Citoyens.
- External study to measure the socio-economic impact of Cnova: 47k jobs backed in France (92k in Europe) according to the study led by the B-corp consulting firm Utopies.

1.3 BUSINESS REVIEW

Key performance indicators	First Half 2021	First Half 2020
GMV⁽¹⁾ (€ millions)	1,990.7	1,946.3
<i>Reported year-on-year GMV growth</i>	+2.3%	+11.0%
Marketplace share⁽²⁾	46.3%	42.7%
Net sales (€ millions)	1,009.0	1,048.8
<i>Reported year-on-year net sales growth</i>	(3.8)%	5.4%
Traffic (visits in millions)	549.9	553.7
Active customers⁽³⁾ (millions)	10.5	9.6
Orders⁽⁴⁾ (millions)	14.2	13.9

(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](https://www.cddiscount.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.

GMV reached nearly €2bn, increasing by +2% compared to 2020 and +14% vs. 2019. This solid performance was supported by a very strong first quarter, delivering a +13% GMV growth and a +34% marketplace increase. The second quarter performance demonstrated resilience as compared to the exceptional second quarter last year, with a -6% decrease in GMV or -3% when adjusting Q2 2020 for mask sales. Comparing this first half of 2021 to H1 2019 performance, GMV Compound Annual Growth Rate ("CAGR") amounts to +7%.

Marketplace performance at the heart of Cnova's strategy to achieve profitable growth. The marketplace represents 46% of GMV share (+4 points), with +10% in the first half 2021 compared to last year. Comparing marketplace performance to first half 2019, GMV CAGR increased +15% and GMV marketplace share increased by +8 points. Last twelve months ("LTM") marketplace revenues at the end of June reached €199m, supported by a +17% growth in marketplace revenues in the 1st half 2021. This growth was supported by the acceleration of Cdiscount Fulfilment, which represented 35% of marketplace GMV in the first half 2021, increasing by +5 points y-o-y.

Digital marketing revenues increased by +44% in the first half 2021 compared to last year, reinforcing Cnova's most profitable activity. It was powered by Cdiscount Ads Retail Solution (CARS), a 100% self-care advertising platform enabling both sellers and suppliers to promote their products and brands.

Octopia, Cnova's turnkey marketplace solution for EMEA retailers and e-merchants, showed strong growth with its solutions now fully operational for commercial roll-out: historical Products-as-a-Service and Fulfilment-as-a-Service solutions increased by +60% y-o-y. Merchant- and Marketplace-as-a-Service solutions benefited from a strong start with 3 contracts signed and 4 LOIs signed since the beginning of the year and with many other qualified prospects identified.

As a result, and in light of exceptional circumstances during the second quarter of last year, EBITDA remains stable at €49m in 1H 2021. Comparing EBITDA performance to first semester 2019, CAGR reaches +58% over the last two years driven by +18% CAGR for marketplace revenues and +31% CAGR for digital marketing.

Application of Critical Accounting Policies and Estimates

Our significant accounting policies and quantitative measures are set forth the note titled “Description of the reporting entity” and in the Notes to our audited consolidated financial statements for the years ended December 31, 2019 and 2020 and in section “1.6 Financial Overview”, included in our 2020 annual report. We have identified those accounting policies and measures as the most critical to an understanding of our financial position and results of operations because the application of these policies requires significant and complex management estimates, assumptions and judgment, and the reporting of materially different amounts could result if different estimates or assumptions were used or different judgments were made. The preparation of our consolidated financial statements in accordance with IFRS requires our management to make judgments, estimates and assumptions that affect the amount reported in consolidated financial statements. Estimates and assumptions are periodically re-evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ significantly from those estimates and assumptions.

**Unaudited interim condensed consolidated income statements
for the six months ended June 30, 2021 and 2020**

Consolidated Income Statement € millions	First Half 2021	First Half 2020*	Change
Net sales	1009.0	1048.8	-3.8%
Cost of sales	(774.5)	(836.4)	-7.4%
Gross margin	234.5	212.5	+10.4%
% of net sales	23.2%	20.3%	+3.0pts
SG&A⁽¹⁾	(228.0)	(201.6)	+13.1%
% of net sales	-22.6%	-19.2%	(3.4pts)
Fulfillment	(84.6)	(87.5)	-3.2%
Marketing	(51.2)	(38.5)	+33.1%
Technology and content	(65.7)	(51.2)	+28.3%
General and administrative	(26.4)	(24.4)	+8.2%
Operating EBIT⁽²⁾	6.5	10.9	(€13.9m)
% of net sales	0.6%	1.0%	(0.4pts)
Other expenses	0.9	(10.0)	-109.3%
Operating profit/(loss)	7.4	0.9	+€6.6m
Net financial income/(expense)	(24.2)	(25.2)	-3.9%
Profit/(loss) before tax	(16.8)	(24.3)	+€7.6m
Income tax gain/(expense)	(2.4)	1.9	-224.9%
Net profit/(loss) from continuing operations	(19.2)	(22.4)	-14.3%
Net profit/(loss) from discontinued operations ⁽³⁾	(1.3)	(1.3)	+2.4%
Net profit/(loss) for the period	(20.5)	(23.7)	n.m
% of net sales	-2.0%	-2.3%	+0.2pt
Attributable to Cnova equity holders (incl. discontinued)	(20.9)	(25.2)	n.m
Attributable to non controlling interests (incl. discontinued)	0.4	1.5	-74.3%
Adjusted EPS (€)⁽⁴⁾	(0.06)	(0.07)	

* 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 half-year ended June 30, 2021 and 2020 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.

For detailed information on the components of the income statement, please refer to "1.6 Financial review" of our 2020 annual report.

◆ Net sales

Our net sales decreased by €39.9 million, or 3.8%, from €1,048.8 million from the 1st semester 2020 to €1,009.0 million in the 1st semester 2021. The decrease in net sales reflected the impact of the acceleration of the shift from product sales towards higher margin marketplace sales, which are only recognized in net sales for the amount of the

associated commissions. Octopia together with marketplace revenues & digital marketing brought 3.0 pts contribution to net sales in the 1st half 2021, which, together with the increase in marketplace sales, partially offset the decrease in product sales.

◆ **Cost of sales and gross margin**

Cost of sales decreased by €61.9 million, or -7.4%, from €836.4 million in the 1st semester 2020 to €774.5 million in the 1st semester 2021. This translates into a gross margin of €234.5 million, representing 23.2% of net sales, a 3.0 points improvement compared to the 1st semester 2020. Gross margin benefited from a strong marketplace GMV share increase (+3.6 pts) and associated revenues as well as a product mix evolution towards more recurring and higher margin products (+2.7 pts GMV share for Home, DIY & Leisure categories in the 1st half 2021, supported by marketplace performance with +14.8% growth for these categories), as well as the development of B2C and B2B monetization revenues, in particular digital marketing.

◆ **Operating expenses**

Our operating expenses are classified into four categories: fulfillment, marketing, technology and content, and general and administrative costs. They amounted to €228.0 million and accounted for 22.6% of net sales during the 1st semester 2021, up 3.4 pt vs the same period in 2020.

Fulfillment costs

Fulfillment expenses decreased by €2.8 million or 3.2%, from €87.5 million in the 1st semester 2020 to €84.6 million in the 1st semester 2021. As a percentage of net sales, our fulfillment expenses increased from 8.3% in the 1st semester 2020 to 8.4% of our net sales in the 1st semester 2021. This slight decrease in absolute value compared to last year despite the continued growth of Fulfilment by Cdiscount activity is explained by exceptional circumstances of last year's first semester: this cost line was significantly impacted in 2020 by the first lockdown imposed in France as a result of the Covid-19 pandemic, which ran from March 16 to May 11, and benefited in the 1st half 2021 from a normalized situation in terms of logistics. Last year was mostly impacted by exceptional high share of home delivery.

Marketing costs

Marketing costs increased by €12.7 million, or 33.1%, from €38.5 million in the 1st semester 2020 to €51.2 million in the 1st semester 2021. As a percentage of net sales, our marketing expenses increased from 3.7% in the 1st semester 2020 to 5.1% of our net sales in the 1st semester 2021. This significant increase was driven by (i) limited advertising expenses in H1 2021 due to the full lockdown situation, notably in the 2nd quarter and (ii) a major TV media campaign launched in 2021 dedicated to Home category that brought Cdiscount's brand awareness up by 4pts y-o-y.

Technology and content costs

Technology and content costs increased by €14.5 million, or 28.3%, from €51.2 million in the 1st semester 2020 to €65.7 million in the 1st semester 2021. As a percentage of net sales, our technology and content expenses increased from 4.9% in the 1st semester 2020 to 6.5% of our net sales in the 1st semester 2021. This increase was primarily driven by B2B monetization activities investments and associated costs (D&A), mainly due to the acceleration of the product & commercial development of Octopia solutions.

General and administrative costs

General and administrative costs increased by €2.0 million, or 8.2%, from €24.4 million in the 1st semester 2020 to €26.4 million in the 1st semester 2021. As a percentage of net sales, our general and administrative expenses increased from 2.3% of our net sales in the 1st semester 2020 to 2.6% in the 1st semester 2021. This slight increase was driven by growing head office costs to support the acceleration of the new B2B activities

◆ Other expenses

Strategic and restructuring costs

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

For the six months ended June 30, 2021, we have €2.6 million on restructuring and strategic costs of which €2.3 million of fees for financing projects and €0.5 million of head office restructuring.

Litigation costs

For the six months ended June 30, 2020, litigation costs of €3.0 million consisted mainly in tax risks over property tax.

For the six months ended June 30, 2021, provisions for tax risks were reversed for €5.2 million. These reversals of local property taxes provisions are linked to the end of tax audit on fiscal years 2016, 2017 and 2018.

Change in scope of consolidation

For each of the six months ended June 30, 2020 and June 30, 2021, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.2 million.

Impairment and disposal of assets

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

For the six months ended June 30, 2021, €1.0 million of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount and €0.5 million of impairment on tangible assets was recognized and related to the departure of the Canéjan warehouse site.

◆ Net financial income (expense)

Net financial income and expenses consist primarily of our interest expense on our borrowings and costs we incur related to the sales of receivables. Customers can pay through four instalment payments ("the CB4X instalment payment service"), with one upfront payment and three subsequent interest-bearing payments 30, 60 and 90 days after the initial payment. Under the agreement implemented in August 2015 between Cnova and

Floa Bank, Cnova fully transfers the credit risk of the instalments related to the instalment payment program in France to Floa Bank.

Net financial expense decreased by €1.0 million, or 3.9%, from €25.2 million in the 1st semester 2020 to €24.2 million in the 1st semester 2021, slightly decreasing despite GMV growth thanks to risk management improvement & enhanced scoring algorithms.

◆ Income tax gain (expense)

Income tax result decreased from a tax profit of €1.9 million in the 1st semester 2020 to a tax expense of €2.4 million in the 1st semester 2021. Tax profit last year was due to a €5.5 million deferred tax assets recognized in connection with the final tax ruling related to the transfer of losses from Cdiscount to C-Logistics. The first half of 2021 returned to a normalized situation with taxes paid at C-logistics level.

◆ Net profit (loss)

Net loss for the period improve from a loss of €23.7 million in the 1st semester 2020 to a net loss €20.5 million in the 1st semester 2021. This increase is mostly resulting from the items mentioned above, a slightly decreasing operating EBIT offset by a strong improvement in other expenses while net financial expenses were broadly stable.

◆ Cash-flows and working capital

Our principal sources of liquidity have traditionally consisted of cash flows from operating activities, loans or cash received from related parties and, to a lesser extent, capital increases and proceeds obtained from short- and long-term loans and financings from third-party financial institutions. Notes 22 and 24 to our consolidated financial statements, included in our 2020 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	Half Year	Half Year
	2021	2020
Net cash from/(used in) continuing operating activities	(132.8)	(74.3)
Net cash from/(used in) discontinued operating activities	(1.0)	(3.0)
Net cash from/(used in) continuing investing activities	75.9	(42.3)
Net cash from/(used in) discontinued investing activities	(0.2)	(0.3)
Net cash from/(used in) continuing financing activities	5.6	18.1
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)	0.0
Change in cash and cash equivalents & restricted cash, net, at period end	(52.5)	(101.9)

Our cash flows and working capital fluctuate throughout the year, primarily driven by the seasonality of our business. At the end of December of each year, we experience high trade payables relative to the rest of the year following the peak sales volumes achieved in November and December associated with the holiday shopping period in France (Black

Friday plus Christmas). In the first three quarters of each year, trade payables decrease due to seasonality leading to a cash balance reduction compared to the end of the prior year. This effect also negatively impacts our last six months cash flow and working capital requirements at the end of June of each year.

We had net cash and cash equivalents³ of €(61.3) million and €(43.5) million as of June 30, 2020 and 2021, respectively. The improvement in our net cash and cash equivalents position by €17.8 million represents our net cash flow over the last six months. Despite the negative impact from change in working capital, net cash and cash equivalents were favorably impacted by the €129.9 million increase in changes in loans granted. This change is related to cash deposit with Casino Finance to cover seasonal working capital needs at end of June. We believe the credit line with Casino and the €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. However, we may need additional cash resources in the future if we identify opportunities for investment (including investment in capacity or products assortment), strategic cooperation or other actions, which may include investing in technology and our fulfillment capabilities to support the accelerated growth of our new B2B turnkey marketplace solution Octopia. If we determine that our cash requirements exceed our amounts of cash on hand, we may seek to issue debt or equity securities or obtain credit facilities or other sources of funding.

Our trade payables include accounts payable to suppliers associated with our direct sales business. Our trade payables amounted to €658.3 million and €504.5 million as of December 31, 2020, and June 30, 2021, respectively.

Our net inventories of products amounted to €283.7 million and €310.2 million as of December 31, 2020, and June 30, 2021, respectively. Our inventory balances should gradually decrease over time thanks to the decreasing GMV share of the marketplace and product mix evolution towards recurring products with higher rotation. The increase compared to end of 2020 is due to the fact that the start date of the sales period was delayed in France to June 29, 2021 and that the company had to adjust its stock accordingly to face this dynamic commercial period.

◆ Cash From/ (Used in) Operating Activities

Cash used in operating activities in the 1st semester 2021 was €(132.8) million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €152.4 million deterioration in trade payables. This decrease in trade payables relates to the seasonality of the business as mentioned above. Change in working capital was also negatively impacted by €26.5 million increase in inventories of products as mentioned above to face the upcoming dynamic commercial period of summer sales. It was also positively impacted by €53.5 million decrease in trade receivables. Non-trade working capital was negatively impacted by the decrease of marketplace volume compared to Christmas period.

Cash used in operating activities in the 1st semester 2020 was €(74.3) million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €181.4 million deterioration in trade payables. This decrease in trade payables relates to the seasonality of the business as mentioned above. Change in working capital was also positively impacted by €6.7 million decrease in inventories of products driven by assortment rationalization initiatives and product mix evolution towards recurring products with higher rotation, as well as a €34.7 million decrease in trade receivables.

³ Net of bank overdrafts (of €65.5 million as of 30/06/2021 and €70.1million as of 30/06/2020)

◆ Cash From/(Used in) Investing Activities

Cash from continuing investing activities was a positive €75.9 million in the 1st semester 2021 and was related to €53.9 million used for net acquisitions of property, equipment, and intangible assets, including capital expenditures related to the acceleration of Octopia B2B solutions product development, which was more than compensated by a positive impact of +€129.9 million in loans granted.

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

◆ Cash From/(Used in) Financing Activities

Cash from financing activities was €5.6 million in the 1st semester 2021 and was primarily attributable to €46.6 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €19.6 million of interest paid, €16.6 million of repayments and interests paid on lease liabilities and €4.9 million of repayments of financial debt.

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

Financial position

€ millions	June 30,2021	June 30,2020
Free cash flows (last 12 months) before financial expenses	(5.8)	34.9
Net financial debt	(425.7)	(373.7)
Group equity	(293.5)	(272.7)

- Free cash flow before interest

Considering rents payment, free cash flow before interest of the last twelve months was €(5.8) million at June 30, 2021 compared to €34.9 million at June 30, 2020.

This year-on-year negative change is primarily due to a lesser positive change in working capital despite a significant increase in the last 12 months EBITDA of +19.0%. Over the last twelve months, Cnova reached a significant positive EBITDA of €133.1 million (+€21.3 million vs. 2020) and had other cash operating expenses of €(5)m representing a significant improvement compared to last year as 2020 first semester was impacted by Covid-19 related costs of €(6.0) million.

- Net financial debt

Current net financial debt went from €(373.7) million at June 30, 2020 to €(425.7) million at June 30, 2021. This change of €(52.0) million, is primarily due to the last twelve months free cash flow before interests of €(5.8) million mentioned above as well as financial interests paid of €(41.7) million and the interest paid and debt repayment on lease liability for €(32.1) million.

- **Group equity**

Group equity went from €(272.7) million at June 30, 2020 to €(293.5) million at June 30, 2021. This change of €(20.8) million is primarily due to the consolidated loss for the 1st semester 2021 of €19.2 million.

Research and Development

Our research and development strategy is focused on building an open platform model for Cdiscount monetizing our client, suppliers, IT and logistics assets through B2C products and services as well as B2B revenues, primarily dedicated to our new turnkey marketplace solution Octopia. In addition, we remain committed to enhancing our eCommerce platforms, mobile platforms and applications, and fulfillment management systems, as well as other aspects of our IT infrastructure, such as customer facing and back-office features for our sites.

We incurred approximately €51.2 million and €65.7 million of research and development expenses in 1st semester 2020 and 1st semester 2021, respectively.

2. RISK FACTORS

Section 2 “Risk Management and Risk Factors” of the 2020 annual report describes the risk factors that might be or become applicable to the Company. We refer to this Section 2 of the 2020 annual report, which report should be read in conjunction with this semi-annual report.

3. CORPORATE GOVERNANCE

3.1 BOARD OF DIRECTORS

In the Company's General Meeting of Shareholders held on May 28, 2021, the shareholders (re)appointed several directors. As from October 31, 2016, our board of directors consists of nine directors. The individuals listed below are our current directors.

Name	Date of initial appointment	Current term	Nationality	Year of birth
Non-executive directors				
Mr. Jean-Yves Haagen, Chairman	November 7, 2017	2021-2024	French	1964
Mrs. Josseline de Clausade	June 26, 2020	2020-2023	French	1954
Mr. Silvio J. Genesini (1)(2)	December 8, 2014	2021-2024	Brazilian	1952
Mr. Eleazar de Carvalho Filho	October 31, 2014	2019-2022	Brazilian	1957
Mr. Ronaldo Iabrudi dos Santos Pereira, Vice Chairman (2)	July 24, 2014	2020-2023	Brazilian	1955
Mr. Bernard Oppetit (1)	November 19, 2014	2019-2022	French	1956
Mr. Arnaud Strasser (2)	May 30, 2014	2020-2023	French	1966
Mr. Christophe José Hidalgo	January 13, 2017	2020-2023	French	1967
Executive director				
Mr. Emmanuel Grenier-CEO	June 29, 2016	2019-2022	French	1971

(1) Member of the Audit Committee.

(2) Member of the Nomination and Remuneration Committee.

The individuals listed below were our executive officers at 30-06-2021:

Name	Age	Title
Emmanuel Grenier	49	Chief Executive Officer and Executive Director
Maxime Dubarry	40	Chief Financial Officer of Cnova N.V.; Chief Financial Officer of Cdiscount
Pascal Rivet	61	Chief Compliance Officer
Steven Geers	39	General Counsel

3.2 RELATED PARTY TRANSACTIONS

In the 2020 annual report, an extensive overview of the Company's policy governing Related Party Transactions is given in section 7 and note 27 to the consolidated financial statements: setting forth the main characteristics of the Company's material Related Party Transactions. We refer to such Related Party Transaction Overview, which review should be read in conjunction with this semi-annual report.

As of June 30, 2021, the related party transactions completed after (and consequently not disclosed in) our 2020 annual report are summarized (if any) in Note 16 to the Unaudited Interim Consolidated Financial Statements as included in this report.

4. AUDITOR'S REPORT

Independent auditor's review report

To the shareholders and board of directors of Cnova N.V.

Our conclusion

We have reviewed the interim condensed consolidated financial statements included in the accompanying half year financial report of Cnova N.V. based in Amsterdam for the period from 1 January 2021 to 30 June 2021.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Cnova N.V. for the period from 1 January 2021 to 30 June 2021, are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated financial statements comprise:

- The interim condensed consolidated balance sheets as at 30 June 2021
- The following interim condensed consolidated statements for the period from 1 January 2021 to 30 June 2021: the interim condensed consolidated income statements and comprehensive income, changes in equity and cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim condensed consolidated financial statements' section of our report.

We are independent of Cnova N.V. in accordance with 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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter relating to going concern and COVID-19

We draw attention to notes 1, 2 and 14 in the interim condensed consolidated financial statements, which describe the going concern assessment, COVID-19 developments and financing available and used as per 30 June 2021. Our conclusion is not modified in respect of this matter.

Responsibilities of management for the interim financial information

Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim financial information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the condensed interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of Cnova and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim condensed consolidated financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of management and others within Cnova group
- Applying analytical procedures with respect to information included in the interim condensed consolidated financial statements
- Obtaining assurance evidence that the interim condensed consolidated financial statements agree with, or reconcile to, Cnova's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the interim condensed consolidated financial statements
- Considering whether the interim condensed consolidated financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement

Amsterdam, 26 July 2021

Ernst & Young Accountants LLP

G.A. Arnold

5. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited interim condensed consolidated income statements

for the six months ended June 30, 2020 and 2021

€ thousands	Notes	June 30, 2020	June 30, 2021
Net sales	8	1,048,849	1,008,964
Cost of sales	8	(836,399)	(774,496)
Gross Margin		212,450	234,468
Operating expenses			
Fulfillment	9	(87,471)	(84,629)
Marketing	9	(38,501)	(51,248)
Technology and content	9	(51,192)	(65,685)
General and administrative	9	(24,394)	(26,405)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs		10,893	6,502
Strategic and restructuring cost	10	(5,443)	(2,598)
Litigation costs	10	(2,956)	5,245
Change in scope of consolidation	10	(184)	(183)
Impairment and disposal of assets	10	(1,098)	(1,533)
Other non-recurring costs	10	(352)	0
Operating profit/(loss)		861	7,433
Financial income	11	134	225
Financial expense	11	(25,320)	(24,422)
Profit/(loss) before tax		(24,326)	(16,765)
Income tax gain/(expense)	12	1,942	(2,413)
Net profit (loss) from continuing operations ..		(22,384)	(19,178)
Net profit (loss) from discontinuing operations ..	6	(1,276)	(1,307)
Net profit/(loss) for the period		(23,660)	(20,486)
Attributable to Cnova equity owners		(25,163)	(20,873)
Attributable to non-controlling interests		1,503	387
Attributable to the owners continuing		(23,891)	(19,570)
Attributable to non-controlling interests continuing		1,507	391
Attributable to the owners discontinuing		(1,272)	(1,303)
Attributable to non-controlling interests discontinuing		(4)	(4)

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

In €	June 30, 2020	June 30, 2021
Basic earnings per share	(0.07)	(0.06)
Basic earnings per share – continuing operations	(0.07)	(0.06)
Diluted earnings per share	(0.07)	(0.06)
Diluted earnings per share – continuing operations	(0.07)	(0.06)

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

**Unaudited interim condensed consolidated statements of comprehensive income
for the six months ended June 30, 2020 and 2021**

€ thousands	June 30, 2020	June 30, 2021
Net income/(loss) for the year	<u>(23,660)</u>	<u>(20,486)</u>
Items that may subsequently be recycled to profit or loss		
<i>Foreign currency translation</i>	<i>(1)</i>	<i>(7)</i>
Items that may not be recycled to profit or loss		
<i>Actuarial gains and losses</i>	<i><u>1,107</u></i>	<i><u>19</u></i>
Other comprehensive income/(loss) for the year, net of tax	<u>1,152</u>	<u>13</u>
Total comprehensive income/(loss) for the year, net of tax	<u>(22,509)</u>	<u>(20,472)</u>
<i>Attributable to Cnova equity owners</i>	<i>(24,057)</i>	<i>(20,861)</i>
<i>Attributable to non-controlling interests</i>	<i>1,548</i>	<i>388</i>

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

**Unaudited interim condensed consolidated balance sheets
as of December 31, 2020 and June 30, 2021**

(€ thousands)	December 31, 2020	June 30, 2021
ASSETS		
Cash and cash equivalents	15,829	21,984
Trade receivables, net	167,211	122,977
Inventories, net	283,732	310,205
Current income tax assets	4,046	3,232
Other current assets, net	313,808	184,959
Total current assets	784,626	643,358
Deferred tax assets	45,068	44,547
Right of use assets, net	149,188	139,209
Property and equipment, net	28,491	29,979
Other intangible assets, net	206,553	219,791
Goodwill	122,295	122,295
Other non-current assets, net	11,353	9,904
Total non-current assets	562,947	565,725
Assets held for sale	424	289
TOTAL ASSETS	1,347,998	1,209,372
EQUITY AND LIABILITIES		
Current provisions	3,435	3,178
Trade payables	658,253	504,518
Current financial debt	20,095	80,539
Current lease liability	30,497	31,200
Current tax and social liabilities	83,862	87,624
Other current liabilities	248,370	193,672
Total current liabilities	1,044,512	900,732
Non-current provisions	14,939	10,832
Non-current financial debt	340,620	381,100
Non-current lease liability	145,160	135,262
Other non-current liabilities	3,734	2,946
Deferred tax liabilities	1,462	1,389
Total non-current liabilities	505,915	531,529
Liabilities directly associated with the assets held for sale	613	414
Share capital	17,225	17,261
Reserves, retained earnings and additional paid-in capital	(289,935)	(310,806)
Equity attributable to equity holders of Cnova	(272,710)	(293,545)
Non-controlling interests	69,668	70,241
Total equity	(203,042)	(223,304)
TOTAL EQUITY AND LIABILITIES	1,347,998	1,209,372

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

**Unaudited interim condensed consolidated statements of cash flows
for the six months ended June 30, 2020 and 2021**

€ thousands	June 30, 2020	June 30, 2021
Net profit (loss) attributable to equity holders of the Parent	(23,891)	(19,570)
Net profit (loss) attributable to non-controlling interests	1,507	391
Net profit (loss) continuing for the year	(22,384)	(19,179)
Depreciation and amortization expense	39,158	42,137
(Gains) losses on disposal of non-current assets and impairment of assets	1,061	2,130
Other non-cash items	(41)	0
Financial expense, net	25,172	24,201
Current and deferred tax (gains) expenses	(1,942)	2,413
Income tax paid	(1,272)	(686)
Change in operating working capital	(114,034)	(183,779)
<i>Inventories of products</i>	6,689	(26,465)
<i>Trade payables</i>	(181,426)	(152,358)
<i>Trade receivables</i>	34,664	53,462
<i>Other</i>	26,039	(58,418)
Net cash from/(used in) operating activities of continuing operations	(74,282)	(132,763)
Net cash from/(used in) operating activities of discontinued operation	(3,027)	(1,036)
Purchase of property, equipment & intangible assets	(42,742)	(54,262)
Purchase of non-current financial assets	(57)	(104)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	5,597	364
Changes in loans granted (including to related parties) (1)	(5,135)	129,924
Net cash from/(used in) continuing investing operations	(42,337)	75,922
Net cash from/(used in) discontinued investing operations	(330)	(184)
Increase (decrease) of capital of the holding company	-	36
Additions to financial debt	62,942	46,651
Repayments of financial debt	(6,763)	(4,938)
Repayments of lease liability	(11,893)	(12,640)
Interest paid on lease liability	(3,974)	(3,951)
Interest paid	(22,253)	(19,576)
Net cash from/(used in) continuing financing operations	18,059	5,582
Net cash from/(used in) discontinued financing operations	-	-
Effect of changes in foreign currency translation adjustments	(1)	(7)
Change in cash and cash equivalents from continuing operations	(98,561)	(51,266)
Change in cash and cash equivalents from discontinued operations	(3,357)	(1,220)
Cash and cash equivalents, net, at beginning of period	40,614	9,011
Cash and cash equivalents, net, at end of period	(61,304)	(43,475)

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

- (1) At June 30, 2021 change in cash from loan granted is linked to cash deposit with Casino Finance (€130.5m at December 31, 2020 and €0m at June 30, 2021). Refer to note 14.2 for explanation on other current assets.

**Unaudited interim condensed consolidated statements of changes in consolidated equity
for the six months ended June 30, 2020 and 2021**

€ thousands (before appropriation of profit)	Number of shares	Share capital	Additional paid-in capital	Retained earnings	Foreign currency translatio n	Actuarial gains and losses	Equity holders of the Parent	Non- controllin g interests	Total consolidate d equity
As of December 31, 2019	345,210,398	17,225	448,649	(713,409)	(61)	(3,172)	(250,768)	67,655	(183,113)
Other comprehensive income/(loss) for the period	-	-	-	-	(1)	1,107	1,107	45	1,152
Net profit/(loss) for the year	-	-	-	(25,163)	-	-	(25,163)	1,503	(23,660)
Consolidated comprehensive income/(loss) for the period	-	-	-	(25,163)	(1)	1,107	(24,057)	1,548	(22,509)
Other movements	-	-	-	-	-	(32)	1,708	3	(30)
Revaluation of debt on minority interest of Neosys	-	-	-	1,708	-	-	(32)	-	1,708
As of June 30, 2020	345,210,398	17,225	448,649	(736,864)	(61)	(2,097)	(273,149)	69,205	(203,943)
Other comprehensive income/(loss) for the period	-	-	-	-	23	(1,326)	(1,304)	(40)	(1,343)
Net profit/(loss) for the year	-	-	-	1,746	-	-	1,746	502	2,248
Consolidated comprehensive income/(loss) for the period	-	-	-	1,746	23	(1,326)	442	462	905
Other movements	-	-	-	-	-	(4)	(4)	(2)	(5)
As of December 31, 2020	345,210,398	17,225	448,649	(735,118)	(38)	(3,427)	(272,710)	69,666	(203,043)
Other comprehensive income/(loss) for the period	-	-	-	-	(7)	19	12	1	13
Net profit/(loss) for the year	-	-	-	(20,873)	-	-	(20,873)	387	(20,486)
Consolidated comprehensive income/(loss) for the period	-	-	-	(20,873)	(7)	19	(20,861)	388	(20,474)
Cnova NV capital increase	-	36	-	-	-	-	36	-	36
Other movements	-	-	-	-	-	(12)	(12)	188	176
As of June 30, 2021	345,210,398	17,261	448,649	(755,991)	(45)	(3,420)	(293,546)	70,242	(223,304)

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

NOTES TO THE UNAUDITED INTERIM CONDENSED 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 June 30, 2021 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 consists of leading e-commerce operations in France and Western Europe with headquarters in the Netherlands.

Note 1 Basis of preparation and changes to Cnova accounting policies

The condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with Cnova's consolidated financial statements as of and for the years ended December 31, 2019 and 2020 available on www.cnova.com website.

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 adjusts 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 June 30, 2021, net current assets / liabilities is negative €257 million. These financial statements are prepared on a going-concern basis despite the negative equity of €223 million at June 30, 2021. 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.

The Company has a credit line of €550 million with its parent, Casino Guichard-Perrachon 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 €289 million as of June 30, 2021. 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 2021 semi-annual 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”) growth (+2,3% from €1,946 million in 2020 first semester to €1,991 million in 2021 first semester) 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 and 2022 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 marketplace (“MKP”) share in the GMV, expansion of digital marketing revenues and development of Octopia. 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 €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.

On June 1st, 2021 Cnova issued a press release concerning the intent to increase its capital by €300 million to fund accelerated growth. Assumptions used for the going concern analysis have been made without this capital increase.

Estimates and judgments are similar to those described in the audited consolidated financial statements as of December 31, 2020.

Main judgments are linked to the following topics:

- Revenue recognition from marketplace transactions
- Capitalized development costs
- Provisions
- Contingencies

Main estimates are linked to the following topics:

- Impairment of goodwill, tangible and intangible assets
- Deferred tax assets
- Leases
- Discontinued operations

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

Concerning IAS 19 on employee benefits, service and interest costs are recognized as determined by latest available valuation. There was no significant market fluctuations and no one-offs events such as plan amendments, curtailments and settlements during the interim period.

New standards, interpretations and amendments adopted by Cnova

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Cnova's annual consolidated financial statements as of and for the year ended December 31, 2020.

The Group applied for the first time the following amendments to the standards, which are effective for annual periods beginning on or after 1 January 2021. The application of these amendments had no impact on the Consolidated Financial Statements:

Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

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

Note 2 Significant events of the period

Covid-19

The 2019-20-21 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 and until the end of the 2021 first semester a nightly curfew was in force in France between 6PM

and 6AM.

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

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 a 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 on June 24 in 2019 vs July 15 in 2020
- In Q3 2020, 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 2020, 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
- In Q1 2021, Cnova's GMV growth was 11.8% compared to prior year driven by the marketplace with a +10.9 points contribution to growth boosted by a strategic evolution initiated in the 2nd quarter 2020 towards Home, DIY & Leisure, bringing more repurchase, loyalty and profitability thanks to higher margins
- In Q2 2021, Cnova's GMV decreased by 6.1% in light of exceptional second quarter last year. Comparing this second quarter to 2019 performance, GMV Compound Annual Growth Rate (CAGR) would amount to +8% over the last two years. The marketplace decreased by 6.7% or - 2.5pts contribution to 2nd quarter growth but posted a robust +14% CAGR over the last two years

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 Covid-19. These costs were accounted as per Cnova accounting policies with no separate presentation in the consolidated income statement and can be summarized as follows:

€ thousands	H1 2020	H1 2021
Cost of sales	(4,524)	-
Operating expenses	(1,368)	-
Operating costs before other costs	(5,892)	-
Other operating costs	(3,959)	-
Operating costs	(9,941)	-

Cost of sales included 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 included costs to adapt our processes to the lockdown period.

Other operating costs mainly included 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 1.2 of the audited consolidated financial statements as of December 31, 2020, 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. Currently negotiations are in progress with interested parties. Based on the ongoing negotiations Management considers a sale in 2021 as highly probable

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations : the assets and liabilities held for sale have been reclassified in the consolidated statement of financial position under "Assets held for sale" for €0.3 million and "Liabilities associated with assets held for sale" for €0.4 million.

Haltae's post-tax net profit and cash flows for the six months ended June 30, 2021 and 2020 are reported on a separate line in the consolidated income statement under "Net profit/(loss) from discontinued operations".

New entities

On April 1st, 2021 Cdiscount carved-out its IT activities and its marketplace technology and services activities in two separate dedicated subsidiaries: C-Technology and MAAS (Marketplace As A Service).

MAAS activity is to offer a marketplace solution to other companies to develop their own e-commerce business. MAAS uses the brand Octopia for its activity.

Those internal reorganizations had no impact on the consolidated financial statements of Cnova.

Note 3 Earnings per share

Earnings per share for the half-year ended June 30, 2021 is €(0,06), which splits in €(0,06) for continuing operations and €(0,00) for discontinued operations.

€ thousands	June 30, 2020	June 30, 2021
Gains (losses) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution (1)	(25,163)	(20,873)
Weighted average number of ordinary shares for basic EPS including DSU (1)	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. 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

From January 1, 2021 to June 30, 2021, Cnova did not enter into any business combination or equity transactions.

Note 5 Seasonality of interim operations

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

Percentages of annual/interim net sales per quarter

2019				2020				2021	
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
24%	21%	24%	31%	22%	25%	22%	31%	51%	49%

Note 6 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

2021 first semester result from discontinued operations is the following:

€ thousands	International segment abandoned	Cnova NV	Haltae	Total
Net sales	-	-	455	455
Cost of sales	-	-	-	-
Operating expenses	-	-	(1,539)	(1,539)
Operating loss before other costs	-	-	(1,084)	(1,084)
Other operating costs	(6)	(205)	(12)	(223)
Operating loss	(6)	(205)	(1,096)	(1,307)
Financial net expense	-	-	-	-
Loss before tax	(6)	(205)	(1,096)	(1,307)
Income tax gain/(expense)	-	-	-	-
Net profit (loss) for the year	(6)	(205)	(1,096)	(1,307)
Net profit/(loss) from discontinuing operations	(6)	(205)	(1,096)	(1,307)

2020 first semester result from discontinued operations is the following:

€ thousands	International segment abandoned	Haltae	Total
Net sales	-	270	270
Cost of sales	-	-	-
Operating expenses	-	(1,654)	(1,654)
Operating loss before other costs	-	(1,384)	(1,384)
Other operating costs	108	-	108
Operating profit (loss)	108	(1,384)	(1,276)
Financial net expense	-	-	-
Loss before tax	108	(1,384)	(1,276)
Income tax gain/(expense)	-	-	-
Net profit (loss) for the year	108	(1,384)	(1,276)
Net profit/(loss) from discontinuing operations	108	(1,384)	(1,276)

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 June 30, 2021 are, as follows:

(€ thousands)	June 30, 2021
ASSETS	
Cash and cash equivalents	50
Debtors	239
Property and equipment, net	-
Intangible assets, net	-
Goodwill	-
Assets held for sale	289

LIABILITIES

Creditors	(414)
Liabilities directly associated with disposal group	(414)
Net assets directly associated with disposal group	(125)

Cash flows of discontinued operations.

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

€ thousands	June 30, 2020	June 30, 2021
Operating	(1,186)	(1,096)
Investing	215	184
Financing	-	-
Net cash (outflow) / inflow	(971)	(912)

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

Note 7 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 comprises Cdiscount, C-Logistics, Cnova N.V. holding company and the 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	June 30, 2020	June 30, 2021
GMV	1,946,400	1,990,700
<i>Of which GMV Octopia</i>	<i>33,181</i>	<i>53,107</i>
Net Sales	1,048,849	1,008,964
<i>Of which Net Sales Octopia</i>	<i>27,651</i>	<i>44,256</i>
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs	10,893	6,502
EBITDA	49,558	49,433

While the Group only has one operating segment, to increase transparency, the Group has included additional voluntary disclosure on Octopia GMV and revenue.

Note 8 Breakdown of sales and cost of sales

Net Sales

€ thousands	June 30, 2020	June 30, 2021
Product sales	913,421	838,884
Marketplace sales (commissions)	77,110	92,880
Other revenues	58,318	77,201
Net sales	1,048,849	1,008,964

The CB4X (four-instalments payment program) contract generated fees recorded in other revenues for €13.7 million in June 30, 2021 (€13.0 million in June 30, 2020).

Contract assets, costs and liabilities

€ thousands	2020	June 30, 2021
Contract assets	-	-
Contract costs	3,042	2,397
Amounts received in advance of delivery	(8,060)	(10,745)
Amounts arising from customer loyalty programs	(2,777)	(3,429)
Refund liability	(690)	(506)
Deferred revenue	(24,686)	(21,799)
Total Contract liabilities	(36,213)	(36,479)

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 to €0.6 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 at the time they entered a purchase contract as these vouchers provide a benefit to customers that they would not receive without entering into such purchase contract. The promise to provide vouchers to the customer is therefore considered 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 the 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

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	June 30, 2020	June 30, 2021
Amounts received in advance of delivery	10,038	8,060
Amounts arising from customer loyalty programs	1,003	32,777
Refund liability	613	690
Deferred revenue	16,804	18,154
Total revenue recognized that was included in the contract liability balance at the beginning of the period	28,480	30,169

Contract assets and costs are included in other current or non-current assets and contract liabilities in other current or non-current liabilities.

Cost of Sales

€ thousands	June 30, 2020	June 30, 2021
Purchases and shipping costs	(832,971)	(805,942)
Change in inventories	(3,428)	31,446
Cost of sales	(836,399)	(774,496)

Note 9 Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2020
Employee benefits expense	(19,657)	(6,422)	(18,559)	(11,348)	(55,896)
Other expenses	(52,642)	(31,921)	(11,671)	(10,777)	(107,010)
Depreciation and amortization expense	(15,263)	(157)	(20,962)	(2,269)	(38,651)
Total as of June 30, 2020	(87,471)	(38,501)	(51,192)	(24,393)	(201,557)

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2021
Employee benefits expense	(21,380)	(6,932)	(23,136)	(11,501)	(62,950)
Other expenses	(48,029)	(44,103)	(17,068)	(13,091)	(122,291)
Depreciation and amortization expense	(15,220)	(212)	(25,481)	(1,813)	(42,726)
Total as of June 30, 2021	(84,629)	(51,248)	(65,685)	(26,405)	(227,966)

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

€ thousands	June 30, 2020	June 30, 2021
Operation of fulfillment centers	(33,470)	(32,377)
Payment processing	(3,211)	(3,562)
Customer service centers	(8,400)	(7,507)
Other fulfillment costs	(7,561)	(4,583)
Fulfillment costs	(52,642)	(48,029)
Online and offline marketing costs	(31,890)	(43,998)
Other marketing costs	(32)	(105)
Marketing costs	(31,921)	(44,103)
Technology infrastructure	(10,075)	(13,646)
Other technology and content costs	(1,595)	(3,422)
Technology and content costs	(11,671)	(17,068)

Note 10 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

As of June 30, 2020, we had €5.4 million on restructuring and strategic costs of which €1.2 million of head office restructuring and €3.4 million related to non-recurring fulfilment costs. These non-recurring fulfilment 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.

As of June 30, 2021, we had €2.4 million on restructuring and strategic costs of which €2.3 million of fees for the capital increase project and €0.5 million of head office restructuring.

2. Litigation costs

As of June 30, 2020, litigation costs of €3.0 million consists mainly in risks related to local property taxes.

As of June 30, 2021, provisions for tax risks were reversed for €5.2 million. These reversals of local property taxes provisions are linked to the end of tax audit on fiscal years 2016, 2017 and 2018.

3. Change in scope of consolidation

As of June 30, 2020 and June 30, 2021, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.2 million.

4. Impairment and disposal of assets

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

As of June 30, 2021, €1.0 million of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount and €0.5 million of impairment on tangible assets was recognised related to the departure of the Canéjan warehouse site.

Note 11 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	June 30, 2020	June 30, 2021
Interest income from cash and cash equivalents	-	-
Foreign exchange gain	57	73
Proceeds from sale of investments	-	-
Other financial income	77	152
Total finance income	134	225
Interest expense on borrowings (including cash pool balance with Casino)	(1,789)	(5,398)
Interest expense on lease liability	(3,974)	(3,952)
Foreign exchange loss	(108)	(139)
Costs related to sales of receivables	(18,951)	(14,347)
Book value of investments	-	-
Other financial expense	(499)	(586)
Total finance expense	(25,320)	(24,422)

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 (€3,974 thousands in the first semester of 2020 and €3,951 thousands in the first semester of 2021)

Note 12 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	June 30, 2020	June 30, 2021
Current taxes	(1,170)	(1,100)
Other taxes on income (i)	(1,774)	(860)
Deferred taxes	4,886	(454)
Total income tax profit (loss) recognized in the income statement	1,942	(2,413)
Tax on other income recognized in "Other comprehensive income"	—	—
Tax on other income recognized in "Total comprehensive income"	1,942	(2,413)

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	June 30, 2020	June 30, 2021
Profit (loss) before tax and share of profits of associates	(24,326)	(16,765)
Nominal income tax rate (i)	25.00%	25.00%
Income tax benefit (expense)	6,081	4,191
Effect of tax rates in foreign entities (i)	887	17
Unrecognized deferred taxed assets arising from tax loss of the period	(9,159)	(5,904)
Non-deductible expenses	(143)	—
CVAE net of income tax	(1,261)	(626)
Tax credits	—	—
Share based payments	—	—
Deferred tax assets arising from tax loss of previous period	5,577	—
Deferred tax assets arising from temporary differences of previous period	—	—
Other	(40)	(92)
Actual income tax credit / (expense)	1,942	(2,413)

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 26.5%

Note 13 Goodwill

As of June 30, 2021, indicators of potential impairment for goodwill and intangible assets with indefinite lives have been considered and no impairment was deemed necessary.

Note 14 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

	<u>December 31, 2020</u>		<u>December 31, 2020</u>		<u>Carrying amount</u>		<u>Total</u>
	<u>Carrying</u>	<u>Non</u>	<u>Total</u>	<u>Assets</u>	<u>Financial</u>	<u>Financial</u>	
€ thousands	<u>amount</u>	<u>financial</u>	<u>Financial</u>	<u>held for</u>	<u>Asset at</u>	<u>Asset</u>	
<u>Financial assets</u>	<u>(A)</u>	<u>(B)</u>	<u>(A - B)</u>	<u>trading</u>	<u>amortized</u>	<u>at fair</u>	<u>Fair value</u>
					<u>cost</u>	<u>Value</u>	
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

	<u>June 30, 2021</u>		<u>June 30, 2021</u>		<u>Carrying amount</u>		<u>Total</u>
	<u>Carrying</u>	<u>Non</u>	<u>Total</u>	<u>Assets</u>	<u>Financial</u>	<u>Financial</u>	
€ thousands	<u>amount</u>	<u>financial</u>	<u>Financial</u>	<u>held for</u>	<u>Asset at</u>	<u>Asset</u>	
<u>Financial assets</u>	<u>(A)</u>	<u>(B)</u>	<u>(A - B)</u>	<u>trading</u>	<u>amortized</u>	<u>at fair</u>	<u>Fair value</u>
					<u>cost</u>	<u>Value</u>	
Other non-current assets	9,904	1,646	8,258	–	8,238	20	8,258
Trade receivables	122,977	–	122,977	–	122,977	–	122,977
Other current assets*	195,562	84,295	111,268	–	111,268	–	111,268
Cash and cash equivalents	21,984	–	21,984	–	21,984	–	21,984

*including:

- receivables on rebates from suppliers for €27.7m at December 31, 2020 and €15.9m at June 30, 2021.
- social and tax receivables for €42.8m at December 31, 2020 and €67.4m at June 30, 2021.
- restricted cash for €56.8m at December 31, 2020 and €50.0m at June 30, 2021. 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.
- cash deposit with Casino Finance for €130.5m at December 31, 2020 and €0m at June 30, 2021. This variation is linked to seasonal working capital needs at end of June.
- C Chez Vous cash deposits with Casino Finance and Easydis for a total of €12.8m at December 31, 2020 and €13.3m at June 30, 2021

3. Financial liabilities

	December 31, 2020		December 31, 2020	Carrying amount			Total
€ thousands	Carrying amount	Non financial liabilities	Total Financial liabilities	Liabilities at amortized Cost	Liabilities at Fair Value	Hedging instruments	Fair value
Financial liabilities	(A)	(B)	(A - B)				
Financial debt							
Trade payables	360,715	–	360,715	360,715		–	360,715
Other current liabilities	658,253	–	658,253	658,253		–	658,253
Other non-current liabilities	248,370	27,551	220,819	220,819		–	220,819
	3,734	2,948	786	786		–	786

	June 30, 2021		June 30, 2021	Carrying amount			Total
€ thousands	Carrying amount	Non financial liabilities	Total Financial liabilities	Liabilities at amortized Cost	Liabilities at Fair Value	Hedging instruments	Fair value
Financial liabilities	(A)	(B)	(A - B)				
Financial debt							
Trade payables	461,639	–	461,639	461,639	–	–	461,639
Other current liabilities	504,518	–	504,518	504,518	–	–	504,518
Other non-current liabilities	193,672	26,508	167,164	167,164	–	–	167,164
	2,946	2,076	870	870	–	–	870

Assets and liabilities are classified at Level 3, except cash and cash equivalents, and bank overdrafts which are at Level 2.

	2020			June 30, 2021		
€ thousands	Non-Current Portion	Current Portion	Total	Non-current Portion	Current Portion	Total
Current account agreement with Casino Finance	220,000	4,336	224,336	260,480	3,848	264,328
Bank overdrafts	–	6,819	6,819	–	65,460	65,460
State Guaranteed loan.....	119,900	883	120,783	119,900	1,942	121,842
Commitment to buy back NCI..	720	–	720	720	–	720
Other financial liabilities	–	8,057	8,057	–	9,290	9,290
Financial debt	340,620	20,095	360,715	381,100	80,539	461,639

The Group has €70 million of bank overdraft available out of which €66 million were used at June 30, 2021

In June 2021, Cnova extended the State Guaranteed Loan to 5 years. As per this extension, €60m is due in August 2022, €30m in August 2023, €18m in August 2024, €6m in August 2025 and €6m in August 2026.

Net cash, cash equivalents and restricted cash Breakdown

€ thousands	June 30, 2020	December 31, 2020	June 30, 2021
Cash equivalents	—	—	—
Cash	8,815	15,829	21,984
Cash and cash equivalents (1)	8,815	15,829	21,984
Bank overdrafts (2)	(70,120)	(6,819)	(65,460)
Net cash and cash equivalents	(61,304)	9,011	(43,475)
Restricted cash (3)	—	56,757	49,987
Net cash and cash equivalents and restricted cash	(61,304)	65,768	6,512

- (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, the French prudential supervision and resolution authority which monitors bank and insurance companies in France. We classify cash, cash equivalents with use restrictions of less than twelve month as Other current assets, net.

Note 15 Contingencies

In the normal course of its business, Cnova is involved in several 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”). 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 labour 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 analyse 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 an 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 its risk and/or liability, if any. On 29 March 2021, Cnova responded to Via Varejo’s statement of claim.

Note 16 Related Party Transactions

The following transactions were carried out with related parties (consisting of Casino and its subsidiaries):

	December 31, 2020		June 30 2021	
€ thousands	Transactions	Balance	Transactions	Balance
Loans due from Parent Companies	135,025	144,141	(130,100)	14,041
Receivables	2,783	71,579	(30,766)	40,813
Loan due to Parent Companies	(33,788)	250,146	16,793	266,939
Payables	8,838	39,312	(49)	39,263
	March 31, 2020		June 30, 2021	
€ thousands	Transactions	Balance	Transactions	Balance
Expense	185,378	—	72,525	—
Income	238,025	—	61,044	—

Note 17 Subsequent events

None

6. RESPONSIBILITY STATEMENT AND IN-CONTROL STATEMENT

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

These Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and results of the Company and its affiliated companies included in the Company's consolidation on June 30, 2021.

The semi-annual report gives a true and fair view of the position as per the balance sheet date, the principal events during the first six months of the 2021 financial year for the Company and its affiliated companies included in the Company's consolidation, as well as the effect of those events on these Consolidated Financial Statements.

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

The semi-annual report describes the principal risks and uncertainties that the Company faced during the first six months of 2021 and is facing at June 30, 2021.

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

July 26, 2021

Emmanuel Grenier (Executive director and CEOP)

Maxime Dubarry (CFO)