ANNUAL REPORT AND FINANCIAL STATEMENTS OF CNOVA N.V. FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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

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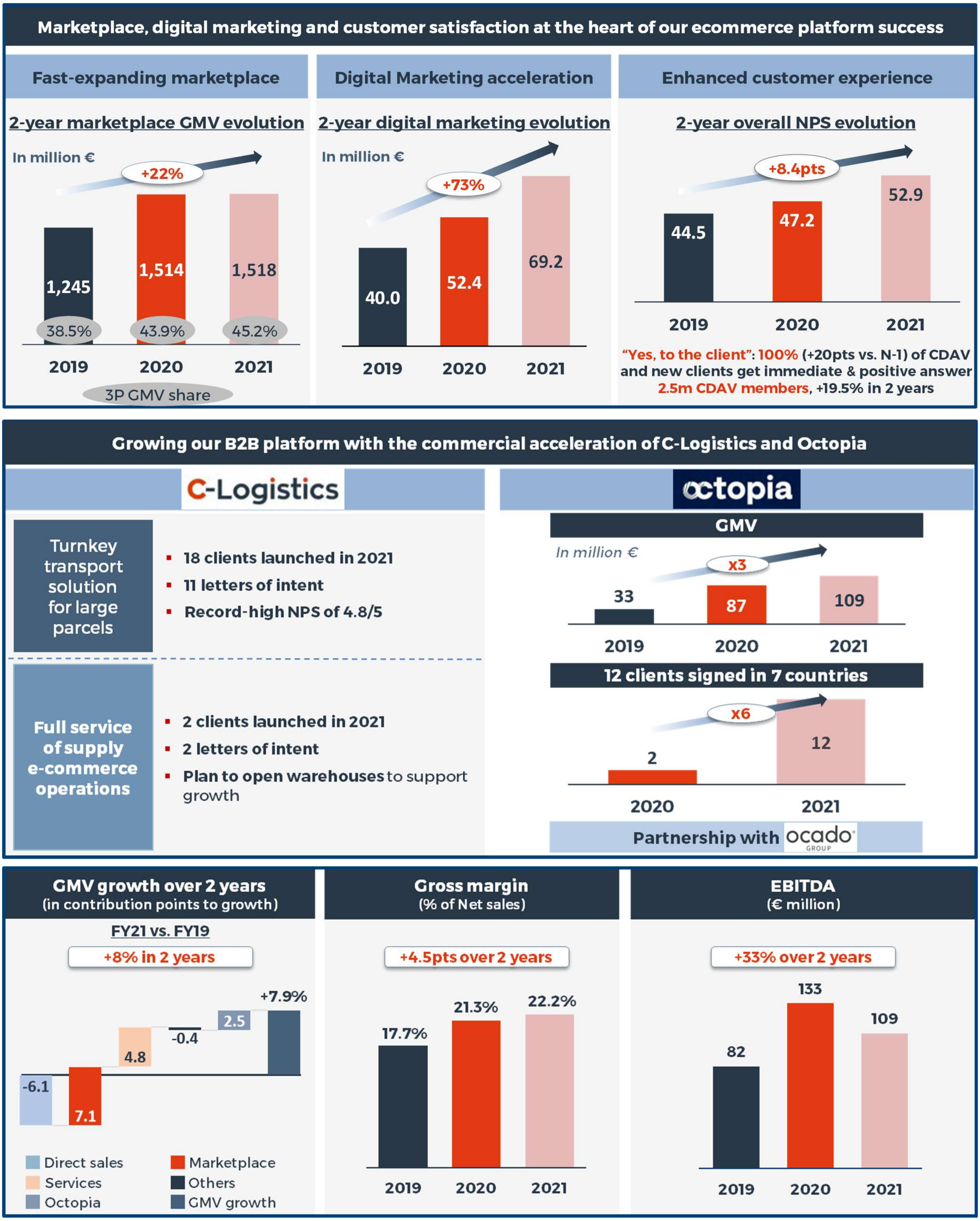
1. DIRECTORS REPORT

1.1 KEY FIGURES



1.2 FINANCIAL HIGHLIGHTS

The following tables set forth our selected consolidated financial data. The consolidated income statement data for the years ended December 2020 and 2021 as well as the consolidated balance sheet data as of December 31, 2020 and 2021 are derived from our audited consolidated financial statements included in "Consolidated Financial Statements" section of this annual report.

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

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

Cnova N.V. *(€ millions)*	**Full Year**		**Change**
	2021	**2020**	
GMV	**4,205.5**	**4,204.2**	**+0.0%**
Net sales	2,166.1	2,224.8	-2.6%
Gross margin	**480.0**	**474.0**	**+1.3%**
As a % of Net sales	*22.2%*	*21.3%*	*+0.9 pt*
SG&A (excl. D&A) [1]	(371.4)	(340.6)	-9.1%
As a % of Net sales	*17.1%*	*15.3%*	*+1.8 pt*
EBITDA [2]	**108.9**	**133.3**	**-24.4**
As a % of Net sales	*5.0%*	*6.0%*	*-1.0 pt*
Operating EBIT	18.4	53.1	-34.7
Other expenses	(6.8)	(12.3)	+5.5
Net financial income / (expense)	(52.7)	(54.0)	+1.3
Net profit / (loss) from cont. operations	**(46.0)**	**(15.6)**	**-30.4**
Adjusted EPS (€) *(from continued operations)* [3]	**(0.12)**	**(0.02)**	**-0.10**

1 SG&A: selling, general and administrative expenses
2 EBITDA: operating profit/(loss) from ordinary activities (EBIT) adjusted for operating depreciation & amortization and share based payment expenses.
3 Adjusted EPS: earnings per share, excluding non-recurring items

1.3 SIGNIFICANT EVENTS OF THE YEAR

Marketplace of products continues to increase, driving revenues and profitability growth

- Marketplace activity accelerated in 2021, gaining **+1.3 point** of GMV share to reach **45.2%**.
- In addition to volume growth, revenue generation grew even faster: **+5%** on a full year basis, reaching **€193m**.
- **Expansion of express delivery eligible marketplace SKUs** is a key driver of growth, customer satisfaction and CDAV development. CDAV eligible SKUs reached **2.8m,** a **+91%** growth, thanks to *Cdiscount Fulfilment* and *Cdiscount Express Seller* assortment expansion.

Dynamic digital marketing powered by Cdiscount Ads Retail Solution

- **Digital marketing** revenues increased by **+32%** on a full year basis, reinforcing our more profitable business model.
- It was supported by Cnova's proprietary solution launched in 2020, **Cdiscount Ads Retail Solution (CARS),** a 100% self-care advertising platform enabling both sellers and suppliers to promote their products and brands. Cdiscount continued to build complementary digital marketing features to reinforce its offer, through initiatives such as the launch of Live Shopping events with partner brands.

B2C services showed solid performance

- **B2C services** GMV amounted to **€278m**, **up +44%** on a full year basis.
- ***Cdiscount Voyage*** posted a **+14%** GMV growth on a full year basis, supported by a record-high average basket (+**19%** y-o-y).

Enhanced customer experience and record high NPS [1]

- **Delivery times** improved this year by 0.5 day thanks to the increase in express delivery, the *Cdiscount Fulfilment* and *Cdiscount Express seller* assortment enlargement and fewer goods shipped from non-European countries.
- Cnova also carried on its "Say yes to the customer" policy, with now **100% positive** and immediate answers to *Cdiscount à Volonté* ("CDAV") customers and new clients claims as well as proactive preventive actions for any abnormal event happening during the customer journey.
- As a result the overall NPS reached 52.9, with a significant **+5.7 pts improvement** over the year, in line with Cnova's constant efforts over the past years.

Fast-expansion of Octopia, Cnova's turnkey marketplace solution for retailers and e-merchants

- Octopia GMV grew by **+26%** in 2021 compared to the previous year and brought +0.5 point to Cnova total growth.
- **Very promising Marketplace-as-a-Service commercial ramp-up** (12 new major contracts), still accelerating:
  - Merchants-as-a-Service and Marketplace-as-a-Service solutions were very successful in 2021 with 12 international players signed in 7 countries
- **Fulfilment-as-a-Service** activity posted a **+58%** of GMV for parcels delivery outside of Cdiscount.com.

[1] Net Promoter Score

- An **exclusive partnership** was signed with **Ocado**, the world leading technological and logistics solution for grocery e-merchants, to deploy Octopia marketplace solution among the Ocado Smart Platform clients.

Corporate Social Responsibility

Cnova maintained its CSR strategy to promote access to products and services to as many people as possible, while building a sustainable and inclusive European digital economy, addressing major ecommerce stakes.

To reduce the environmental impact of Cnova offering, Cnova invests in the circular economy:

- **Promotion of 2nd-hand and refurbishment** on Cdiscount.com (selling more than €100m of refurbished products in 2021; more than 25% of mobiles sold are refurbished)

Cnova is also at the forefront of e-commerce when considering the **reduction of environmental impact of logistics**

- **Transportation:** C-Logistics joined the Fret 21 initiative (led by ADEME and French Ministry of Sustainable Development) and committed to an additional 7% reduction of Cdiscount.com GHG emissions by 2023, based on 2020 emissions. C-Logistics and C Chez Vous also renewed their support to the endowment fund "Plantons pour l'Avenir" to sequestrate the residual emissions and keep Cdiscount.com deliveries and returns carbon neutral.
- **Packaging:** customers can now choose reusable packaging (partnership with Hipli), completing successful initiatives already implemented which enabled to avoid 1.3m packaging in 2021 (mutualization of parcels, program dedicated to zero overpacking (more than 98% of our customers choosing it), etc.)

Cnova supports local economies as well:

- Cdiscount reinforced its positioning on **"Made In France"** thanks to new sellers and partnerships with certification organisms
- Cdiscount and Octopia contribute to small and medium sized enterprises (SMEs) development, with more than 5,000 French SME sellers already onboarded
- More generally, Cnova's business accounts for 47k jobs in France and 92k in Europe in 2021[i].

Finally, Cnova's HR policy was highlighted by the Great Place to Work certification in 2021. Cdiscount was also awarded by the Financial Times as a Diversity Leader for its commitment to promote diversity within the company, while the consolidated Penicaud parity index demonstrates the commitment of Cnova to promote equal opportunities for women and men.

1.4 BUSINESS REVIEW

Key performance indicators	FY2021	FY2020	FY2019	Change vs. 2020	Change vs. 2019
GMV (1) (€ millions)	4,206	4,204	3,899	+0.0%	+7.9%
Marketplace share (2)	45.2%	43.9%	38.5%	+1.3 pt	+6.7 pts
Net sales *(€ millions)*	2,166	2,225	2,195	-2.6%	-1.3%
Marketplace revenues (3) *(€ millions)*	192.8	183.8	149.8	+4.9%	+28.7%
Digital marketing *(€ millions)*	69.2	52.4	39.7	+32.1%	+74.5%
Number of orders (4) *(millions)*	28.6	30.4	26.6	-6.0%	+7.5%
o/w marketplace (5)	19.1	20.3	16.1	-6.0%	+18.6%
Items sold *(millions)*	49.3	54.2	49.7	-9.0%	-0.8%
o/w marketplace	28.2	31.0	25.0	-9.0%	+12.8%
Active customers (6) *(millions)*	10.0	10.3	9.2	-2.5%	+7.9%

(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 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) Includes marketplace commissions after price discounts, marketplace subscription fee, as well as revenues from services to sellers (marketing services, financial services, …)

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

(5) Mixed baskets including both marketplace and direct sales products were also considered as marketplace baskets

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

1.4.1 OUR HISTORY

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

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

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

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

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

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

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

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

In addition, Cnova's strategy has been to build, year after a year, a profitable growth supported by the development of its marketplace, the creation of several commission-based B2C services around daily life, leisure and finance, the expansion of services offered to its marketplace sellers and the monetization of its assets, starting with its logistics activity illustrated by the creation of C-logistics at the beginning of 2019 and with the creation of Octopia and C-Technology in 2021:

On April 1st, 2021, Cnova carved-out its Tech activities and placed them in a new dedicated subsidiary, C-Technology.

On April 1st, 2021, Cnova carved-out its marketplace activity and placed it in a new dedicated subsidiary, Octopia. Octopia is offering turnkey marketplace solutions for retailers and e-merchants.

In December 2021, Cnova closed its Haltae's business (commercial name: Stootie), acquired end of 2018 and that had been under restructuration since then.

In December 2021, Cnova sold its 51% stake in Phoenix (commercial name: La Nouvelle Cave) to Casino. Phoenix was a Cnova subsidiary specialized in wine business.

1.4.2 BUSINESS AND STRATEGY

Over the past few years, the French e-commerce market has constantly evolved with the rapid expansion of marketplaces, mobile share in traffic, express delivery, development of new services and value-added functionalities. In this context of strong acceleration of innovation and volumes which has led to the consolidation of the e-commerce market, Cnova's priority was to reach a critical size. In the last few years, Cnova reached a milestone towards building a profitable growth, in a more mature e-commerce market, with more loyal clients and an increased monetization strategy. Leveraging on its recent solid results, Cnova accelerated in 2021 its shift towards a platform model on 3 main pillars: **marketplace expansion**, **digital marketing** roll-out and **B2B activities acceleration**.

In 2021, gross merchandise volume (GMV) totaled €4.2bn, stable on a full year basis, showing resilient performance after an exceptional 2020, growing +8% vs. 2019. Net sales amounted to €2,166m in 2021, a -2.6% growth compared to 2020. Net sales evolution is impacted by the acceleration of the profitable shift of product sales towards marketplace sales, which are only recognized for the associated commissions.

As the first lever of this strong GMV growth over the last two years, the **marketplace of products, Cnova's first strategic pillar,** continued its expansion in 2021 (+0.2% GMV) and +21.9% vs. 2019 and stands as one of Cdiscount's profitable growth main drivers. Marketplace GMV share increased to 45.2% in 2021, +1.3 pt year-on-year (+6.7 pts vs. 2019). The marketplace GMV fulfilled by Cdiscount as well as the Express Seller service are key factors, driving marketplace quality and customer satisfaction, contributing to CDAV (CDiscount A Volonté : the loyalty program) expansion. Overall, Cnova is offering a wide product assortment of more than 90 million references as of December 31, 2021.

In terms of customer base, Cnova now encompasses 10 million active customers. Cnova strives to offer the best services to retain its customers and attract new ones. Its loyalty program, CDAV, continues to capture more customers, experiencing a 9% membership growth at the end of 2021 with 2.5 million members. CDAV-eligible SKUs nearly doubled reaching 2.8 million SKUs at the end of December 2021, boosted by the fast delivery options proposed to marketplace sellers (Fulfilment by Cdiscount and the Express Seller program).

To support those fast delivery options, Cnova has a combined distribution center capacity of 533,000 sqm spread in 14 warehouses around three main regions: Paris, Saint-Etienne and Bordeaux. Out of those 14 warehouses, 5 are directly operated by C-Logistics (i) 4 warehouses in Cestas (near Bordeaux) and (ii) 1 in Réau near Paris. Since 2014, Cnova has been offering fulfilment services to third-party sellers in France to promote the competitiveness and growth of the Cnova marketplace as well as to shorten marketplace delivery times. Cnova offers to handle storage, preparation, shipping and customer service on behalf of its marketplace sellers, which enables sellers to increase their turnover, benefit from fast delivery and increased customer satisfaction. Cnova's fulfilment services to marketplace sellers strongly accelerated in 2021 with a related GMV that gained 2.6 points in marketplace GMV share.

In terms of services, Cnova experienced a growth of +44% with a rebound of Travel after a complicated year 2020 due to travel restrictions. *Cdiscount Energie* (home energy) grew by +60% in 2021 despite a complicated market environment due to supply issues. At the same time, *Cdiscount Mobile* (cell phone plans) reached a new record-high thanks to a strong +41% GMV performance. *Cdiscount Billetterie* (ticketing & leisure) performed very well for its third full year of activity with +39% of GMV growth compared to 2020.

Digital Marketing, Cnova's second strategic pillar, has also been a major axis of development for Cnova in 2021 with an outstanding +32% growth in revenues after a +32% in 2020, ie nearly doubling over the last two years. Digital marketing is now the 2nd most important profitability driver for Cnova.

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

The third pillar of the strategy, B2B development, also recorded a record-high 2021 period. C-Logistics and C Chez Vous launched 20 clients. Octopia, the tech-enabled ecosystem of marketplaces, experienced strong GMV growth while 12 contracts were signed with major e-merchants in 7 countries in just one year. Among Octopia offers, Fulfilment-as-a-Service activity (fulfilled parcels outside of Cdiscount.com) posted a very dynamic year with +58% GMV growth (x7 vs. 2019) of GMV. A partnership with Ocado was just signed to integrate Octopia's marketplace platform into Ocado Smart Platform ("OSP") and allow OSP partners around the world to launch their own marketplace offering.

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

- **Promotion of 2nd-hand and refurbishment** on Cdiscount.com (selling more than €100m of refurbished products in 2021; more than 25% of mobiles sold are refurbished)
- **Transportation:** C-Logistics joined the Fret 21 initiative (led by ADEME and French Ministry of Sustainable Development) and committed to an additional 7% reduction of

Cdiscount.com GHG emissions by 2023, based on 2020 emissions. C-Logistics and C Chez Vous also renewed their support to the endowment fund “Plantons pour l’Avenir” to sequestrate the residual emissions and keep Cdiscount.com deliveries and returns carbon neutral.

- **Packaging:** customers can now choose reusable packaging (partnership with Hipli), completing successful initiatives already implemented which enabled to avoid 1.3m packaging in 2021 (mutualization of parcels, program dedicated to zero overpacking (more than 98% of our customers choosing it), etc.)
- **Supporting local economy:** Cdiscount reinforced its positioning on “Made In France” thanks to new sellers and partnerships with certification organisms. Cdiscount and Octopia contribute to small and medium sized enterprises (SMEs) development, with more than 5,000 French SME sellers already onboarded. More generally, Cnova’s business accounts for 47k jobs in France and 92k in Europe in 2021[2].

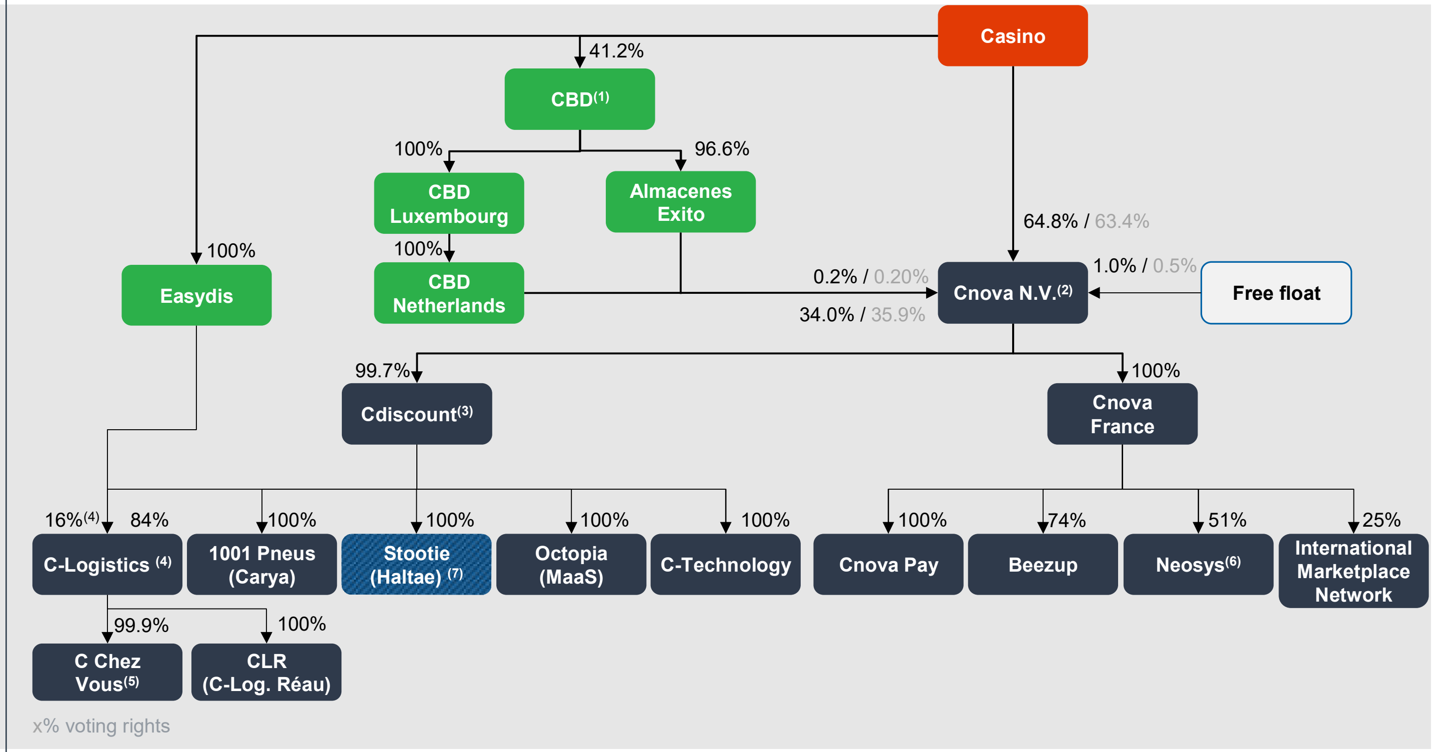
Leveraging on these 3 strategic pillars while committed to best-in-class CSR commitments, Cnova has a clear ambition to become a leading global end-to-end player, retailer and provider of technology solutions across the e-commerce marketplace ecosystem. Leveraging on the strategic assets built over the last 10 years, including marketplace capabilities, digital marketing expertise, differentiated logistics and technological know-how, Cnova, is now also providing through Octopia a full marketplace solution, including tech platform, merchant and product base and fulfilment capabilities. Octopia enables Cnova to offer a winning proposition to both e-retailers and merchants. **Octopia, together with the marketplace and digital marketing, will unlock significant growth potential and enhance the group’s profitability in the long term.**

[2] Based on a study performed by Utopies, a B-corp certified CSR consultancy firm

1.5 ORGANIZATIONAL STRUCTURE

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

Our corporate structure on December 31, 2021, based upon information known to us, is set out in the following graphic, where black numbers indicate percentage of ordinary shares held by such entity:



Source: Company information as of 31.12.2021; Cnova shareholding as of 31.12.2021

Notes:
(1) Companhia Brasileira de Distribuição Netherlands Holding B.V.
(2) Stichting Cnova DSU Pooling (an SPV created to manage ordinary shares pursuant deferred stock unit awards) holds 0.02% of the share capital and 0.01% of voting rights of Cnova N.V.
(3) The remaining 0.32% of the share capital is held by Casino
(4) Shareholding resulting from the contribution of C Chez Vous by Easydis to C-Logistics in 2019
(5) The remaining 0.10% of the share capital is owned by Messidor (which is held by Casino)
(6) Put-Call mechanism for Cnova to buy the remaining 49% of the share capital (exercise period: July to September 2022
(7) Stootie activity was stopped end of 2021, but the legal entity has not been liquidated yet

1.6 FINANCIAL REVIEW

Application of Critical Accounting Policies and Estimates

Our significant accounting policies are set forth in the Notes to our audited consolidated financial statements for the years ended December 31, 2020 and 2021 included in this annual report. The preparation of our consolidated financial statements in accordance with IFRS requires our management to make judgments, estimates and assumptions that affect the amount reported in consolidated financial statements. Estimates and assumptions are periodically re-evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and assumptions. We have identified the accounting policies as the most critical to an understanding of our financial position and results of operations because the application of these policies requires significant and complex management estimates, assumptions and judgment, and the reporting of materially different amounts could result if different estimates or assumptions were used, or different judgments were made.

Income statement

Consolidated Income Statement *€ millions*	**2021**	**2020** ***Revised***	***Change***
Net sales	**2,166.1**	**2,224.8**	**-2.6%**
Cost of sales	(1,686.1)	(1,750.8)	*-3.7%*
Gross margin	**480.0**	**474.0**	***+1.3%***
% of Net sales	*22.2%*	*21.3%*	*+0.9 pt*
Total operating expenses (1)	**(461.5)**	**(420.8)**	***+9.7%***
% of Net sales	*-21.3%*	*-18.9%*	*-1.4 pt*
Fulfilment	(171.1)	(179.2)	*-4.5%*
Marketing	(105.9)	(87.0)	*+21.7%*
Technology and content	(133.1)	(108.6)	*+22.5%*
General and administrative	(51.4)	(46.0)	*+11.8%*
Operating EBIT (2)	**18.4**	**53.1**	***-34.7***
% of Net sales	*0.9%*	*2.4%*	*-1.5 pt*
Other expenses	(6.8)	(12.3)	*+44.5%*
EBIT	**11.6**	**40.8**	***-71.6%***
Net financial income/(expense)	(52.7)	(54.0)	*+2.4%*
Profit/(loss) before tax	**(41.1)**	**(13.2)**	***-27.9***
Income tax gain/(expense)	(4.9)	(2.5)	*-2.4*
Net profit/(loss) from continuing operations	**(46.0)**	**(15.6)**	***-30.4***
Net profit/(loss) from discontinued operations	(3.1)	(5.7)	*+2.6*
Net profit/(loss) for the period	**(49.1)**	**(21.4)**	***-27.7***
% of Net sales	*-2.3%*	*-1.0%*	*-1.3 pt*
Attributable to Cnova equity holders (incl. discontinued)	(50.6)	(23.4)	*-27.2*
Attributable to non-controlling interests (incl. discontinued)	1.4	2.0	*-0.6*
Adjusted EPS *(€)* (3)	**(0.12)**	**(0.02)**	***-0.1***

1) *Total operating expenses: sum of fulfilment, marketing, tech & content and G&A expenses*
2) *Operating EBIT: operating profit/(loss) before other expenses (strategic and restructuring expenses, litigation expenses and impairment and disposal of assets expenses)*
3) *Adjusted EPS: net profit/(loss) attributable to equity holders of Cnova before other expenses and the related tax impacts, divided by the weighted average number of outstanding ordinary shares of Cnova during the applicable period*

Operating and Financial Review and Prospects

- ***Company Overview***

In 2021, Cdiscount consolidated its position among the leaders of e-commerce in France, with a stable €4.2 billion GMV, driven by B2C Services (+2.0 points contribution), Octopia (+0.5 point), fulfilment services (+0.4 point) and marketplace monetization (+0.3 point), mainly offset by direct sales (-2.2 points). CDAV continues to capture more customers, experiencing a 9% membership growth at the end of 2021 with 2.5 million members.

Net sales totaled €2.2 billion in 2021, a 2.6% decrease compared to the prior period, due to the implementation of our strategy to shift a larger part of our product sales towards marketplace sales.

We strive to provide our customers with a high value proposition through attractive pricing, extensive product assortment as well as highly differentiated delivery and payment solutions. We achieve this through our scalable and proprietary technology platforms. We also benefit from our parent company, Casino, which is part of the Casino Group, a leading global diversified retail group with €30.5 billion sales for the year ended December 31, 2021 including €16.1 billion in France.

As of December 31, 2021, we offered our 10 million active customers access to a wide and growing assortment of more than 90 million product offerings through a combination of our direct and marketplace sales.

Our branded site is among the most recognized in the markets in which we operate.

- ***Net sales***

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

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

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

Net sales decreased by €59 million, down -2.6% in 2021, from €2,225 million to €2,166 million. The evolution of net sales is mainly driven by marketplace commissions (marketplace GMV share reaching

45.2%, +1.3 point) and other monetization activities such as B2C and B2B services. In fact, the profitable shift from direct sales to marketplace sales is negatively impacting sales evolution, as marketplace sales are only recognized for their commissions.

- ***Cost of sales***

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

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

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

Our cost of sales decreased by -3.7% in 2021 from €1,751 million to €1,686 million. It represented 77.8% of our net sales in 2021, compared to 78.7% in 2020. The decrease was mainly driven by the increased marketplace GMV share and the associated commissions, which does not record any cost of sales as it is also the case for the fast-growing digital marketing revenues. At the same time, direct sales revenues and related cost of goods sold decreased as a result of the strategic shift towards more marketplace.

- ***Operating expenses***

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

Fulfilment costs

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

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

Fulfilment costs are primarily driven by the size of our operations. As our business grows in size and we invest in our fulfilment capabilities, we expect a corresponding increase in fulfilment costs in absolute terms and potentially a temporary increase as a percentage of our net sales. As we grow the size of our marketplace where we provide fulfilment services for our sellers for a fee, we expect an increase in fulfilment costs related to additional warehousing capacity need and payment processing, credit card fees, related transaction costs and warehousing costs. We also expect fulfilment costs to be driven by headcount of our customer service centers which evolves to handle customer contacts that are also following the trend of our business.

Fulfilment expenses, at 7.9% of Net sales (-0.2 pt vs. 2020), decreased slightly vs. 2020 thanks to the improvement in logistics productivity.

Marketing costs

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

Marketing costs represented 4.9% of Net sales (+1.0 pt vs. 2020) due to increased acquisition and media expenses that supported the increase in market share in the 2nd half of 2021.

Technology and content costs

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

Technology & Content costs progressed at 6.1% of Net sales (+0.8 pt vs. 2020) driven by investments in B2C monetization, the development of Cdiscount technological platform, as well as intensified commercial effort and product development investment on Octopia.

General and administrative costs

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

General & Administrative expenses slightly increased in 2021 at €51.4 million, reaching 2.4% of Net sales (+0.3 point), mainly driven by the fixed costs increase associated with the creation of the new entities.

- ***Other expenses***

Strategic and restructuring expenses

In 2021, we had €7.2m of restructuring and strategic costs of which €1.1 million of head office restructuring €4.5 million of strategic fees (including fees in connection with the aborted raising of funds) and €1.4 million related to non-recurring fulfilment costs.

In 2020, we had €7.5 million of restructuring and strategic costs of which €1.6 million of head office restructuring €1.6 million of strategic fees and €3.4 million related to non-recurring fulfilment costs.

Litigation costs

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

In 2021, we had a positive impact of €5 million of litigation costs mainly related to reversal of unused tax provisions.

Change in scope of consolidation

In 2020 and 2021, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.4 million.

Impairment and disposal of Assets

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

In 2021, we had 1.5 million of impairments of certain IT development costs at Cdiscount in relation to projects that are no longer used or have been replaced by new IT developments and €3.0m of inventory impairment related to protection mask price market price decrease and customer returns.

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

Financial income and expenses (net) consist primarily of revenue from cash and cash equivalents held by us, our interest expenses on our borrowings and costs we incur related to the sale of receivables.

On top of these financial expenses linked to our financing structure, we bear the cost of pour 4X installment program for our customers. In 2021, more than 40% of Cdiscount sales and GMV was paid by our customers through 4-installment payments (“the CB4X installment payment service”), with one upfront payment and three subsequent interest-bearing payments 30, 60 and 90 days after the initial payment. Under the agreement implemented in August 2015 between Cdiscount and FLOA Bank, Cdiscount fully transfers the credit risk of the installments related to this program in France to FLOA Bank.

Net financial expenses decreased by €1.3 million, or -2.4%, from €54.0 million in 2020 to €52.7 million in 2021, mostly driven by an improvement of risk management on 4-installment payment solution.

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

Income tax expense went down from €(2.5) million in 2020 to €(4.9) in 2021. 2020 benefited from a one-off tax profit of €5.5m in connection with a final ruling obtained from the French tax authorities.

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

The net loss from discontinued activities increased from €(5.7) million in 2020 to €(3.1) million in 2021. This evolution mainly results from HALTAE's (formerly Stootie) post-tax net profit for the year ended 31 December 2021 that is reported under "Net profit/(loss) from discontinued operations" in accordance with IFRS5 (Non-current Assets Held for Sale and Discontinued Operations).

Cash-flows and working capital

Our principal sources of liquidity have traditionally consisted of cash flows from operating activities, loans or cash received from our Parent Companies and, to a lesser extent, capital increases and proceeds obtained from short and long-term loans as well as financings from third-party financial institutions. Note 22 of our consolidated financial statements, included in this annual report, provides additional financial information regarding our liquidity and capital resources.

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

€ millions	Dec. 31, 2021	Dec. 31, 2020
Net cash from/(used in) continuing operating activities	**51.7**	**175.4**
Net cash from/(used in) discontinued operating activities	(1.5)	(5.2)
Net cash from/(used in) continuing investing activities	**31.7**	**(205.8)**
Net cash from/(used in) discontinued investing activities	(0.5)	(0.6)
Net cash from/(used in) continuing financing activities	**(73.2)**	**4.7**
Net cash from/(used in) discontinued financing activities	-	-
Effect of continuing changes in foreign currency translation adjustments	-	-
Effect of discontinuing changes in foreign currency translation adjustments	-	(0.0)
Change in cash and cash equivalents & restricted cash, net, at period end	**(8.1)**	**(31.6)**

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

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

We had cash and cash equivalents of respectively €20.5 million and €15.8 million as of December 31st, 2021 and December 31st, 2020. The increase in our net cash and cash equivalents by €4.6 million represents our net cash flow during the period. Considering new financing facilities of €150 million granted by our parent company in March, 2022, we believe that our existing cash and cash equivalents together with cash generated from operations, and our existing financial resources and credit lines suffice to meet our working capital expenditure requirements for the next 12 months, assuming we have continuous access to banks and credit card operators. However, we may need additional cash resources in the future if we identify opportunities for investment, strategic cooperation, or other similar actions, which may include investing in technology, including data analytics and fulfilment capacities. Our additional cash needs may also be impacted by external events, see section "Risks Related to Our Business and Industry" as well as Notes 1 and 28 of the consolidated financial statements.

Our trade payables include accounts payable to suppliers associated with our direct sales business. Our trade payables amounted to respectively €624.3 million and €658.3 million as of December 31st, 2021 and December 31st, 2020. There is generally a higher level of days payable in the last two months of the year relative to the rest of the year due to higher volumes of purchasing from November and December in anticipation of holiday shopping. The purchasing is paid for in the first two months of the following year. End of 2021, the decrease in trade payables was mostly driven by the decrease in direct sales activity and related purchases of goods sold vs. an exceptional month of November and December in 2020.

Our net inventories of products amounted to respectively €302.7 million and €283.7 million as of December 31st, 2021 and December 31st, 2020. Our inventory balance increased in 2021, due to an unfavorable comparison period end of 2020 with massive stock shortages and despite a growing weight of marketplace sales creating a transfer of stocks to our Vendors. The exceptional months of November and December 2020 marked by a lockdown also helped decreasing the level of inventories at the end of 2020.

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

Cash from operating activities in the year ended December 31st, 2021, was €50.2 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €(41.0) million decrease in trade payables, a €29.9 million decrease in trade receivables, a €(19.1) million increase in inventories and a €(14.2) million decrease in working capital non-goods. The decrease in payables is primarily due to the decrease in activity in the last two months of 2021. Trade receivables was favorably impacted by accelerated debt recovery and receivables transferred to third parties while inventories were negatively impacted by strategic inventories to cover shortages.

Cash from operating activities in the year ended December 31st, 2020, was €170.2 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €0.4 million increase in trade payables, a €10.6 million decrease in trade receivables, a €44.8 million decrease in inventories and a €3.8 million increase in working capital non-goods.

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

Cash used in investing activities was €(31.2) million in the year ended December 31st, 2021 and was primarily attributable to €(100.5) million in acquisitions of property, equipment and intangible assets. This included capital expenditures mainly related to IT investments, mostly dedicated to newly created B2B subsidiary Octopia, with improved state-of-the-art marketplace platform and turnkey marketplace solution for retailers and e-merchants. In addition, payments of loans granted brought €126.2 million as a result of the increase in cash deposits with Casino Finance covering the short-term financing needs of the company.

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

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

Cash used in financing activities was €(73.2) million in the year ended December 31st, 2021 and was primarily attributable to €(44.3) million of net interest paid primarily related to the installment payments. Other drivers were the repayment of lease liabilities €(34.7) million.

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

Financial position

€ millions	Dec. 31, 2021	Dec. 31, 2020
Free cash flows (last 12 months) before financial expenses	(77.1)	72.6
Net financial debt	(326.1)	(200.7)
Group equity	(320.9)	(270.7)

♦ ***Free cash flow***

Free cash flows before financial expenses and after net capital expenditures over the last twelve months were €(77.1) million at December 31st, 2021 compared to €72.6 million at December 31st, 2020. This €149.7 million decrease is primarily due to:

- **Operating profitability** with a positive EBITDA at €109m, increasing by €27m vs. 2019 but decreasing by €24m vs 2020.
- **Capital expenditures**, up to €(94)m, growing +33% vs. €(71)m in 2020, an increase dedicated to the development of Octopia assets.
- **Change in working capital of €(44)m**, compared to a positive change in working capital of €64m last year, mainly driven by exceptional circumstances in 2020 and at the end of 2021: (i) increase in inventories at end 2021 due to exceptional shortages at end 2020 (ii) additional strategic inventories (semiconductors crisis, etc) purchased at the end of 2021 (iii) activity slowdown in the last two months of the year vs. lockdown period in the comparable period last year.

♦ ***Net financial debt***

€ millions	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	20.5	15.8
Cash pool balances with Casino (in other current assets)	18.1	144.2
Less net current financial debt	(23.5)	(20.1)
Current net cash / net financial debt	**15.0**	**139.9**
Less net non-current financial debt	(341.2)	(340.6)
Net cash/(Net financial debt)	**(326.1)**	**(200.7)**

Net financial debt went from €(200.7) million at December 31st, 2020 down to €(326.1) million at December 31st, 2021. This +€125m debt increase was mostly driven by EBITDA -18% decrease, a strong €(44)m negative change in working capital, and increasing CAPEX to support B2B development, especially Octopia's marketplace-as-a-service platform.

♦ ***Group equity***

Group equity went from €(270.7) million at December 31st, 2020 to €(320.9) million at December 31st, 2021, mainly due to a negative net result of €(49.1) million.

1.7 RESEARCH AND DEVELOPMENT

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

We incurred approximately €70.9 million and €94.3 million of research and development expenses in 2020 and 2021, respectively.

1.8 OUTLOOK

In an unfavorable context in 2022 with 3 major exogenous factors (i) exit of the pandemic, (ii) inflation in prices (raw materials, energy & manufactured goods) and (iii) war in Ukraine, Cnova plans on refocusing on its core strategy towards a profitable platform model, focusing on 3 clear strategic priorities:

- **Priority to grow the marketplace** leveraging on fulfilment capacity and Cdiscount express seller program expansion as well as merchant recruitments leading to more quality and higher customer satisfaction;
- **Boost digital marketing revenues** by recruiting more suppliers and marketplace sellers and offering them more features on CARS, Cnova's in-house unique self-service platform;
- **Accelerate B2B:** Octopia development by targeting EMEA market and launching new major clients and make C-Logistics and C Chez Vous leaders in e-commerce logistics and carry on innovating in all logistics areas.

In this challenging context and considering additional €150 million financing line from its parent company, Cnova will have the resources to support this strategy to refocus on B2C Cdiscount.com's key commercial pillars while continuing to invest into B2B initiatives.

Financing

Cnova does not expect significant changes in financing in 2022 following recent additional financing of Casino attracted.

Headcount

Cnova expects no significant changes in headcount in 2022.

2. RISK MANAGEMENT AND RISK FACTORS

2.1 Approach to Risk Management and Business Controls

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

Cnova's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. Based on our assessment, we have concluded that, as of December 31, 2021, the Company's internal control over financial reporting was effective.

In addition, the Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports is recorded, processed, summarized, and reported within the specified time periods. Cnova N.V.'s management evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2021. Based on this evaluation, the Company concluded that our disclosure controls and procedures were effective as of December 31, 2021. We are also able to conclude that the consolidated financial statements included in this report fairly present, in all material respects, the Company's financial position, results of operations and cash flows for the periods presented in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and as approved by the European Union ("EU").

2.2 Risk Factors

i) Risks related to our business and industry

We may experience significant fluctuations in our operating results and rates of growth, and may be unable to maintain our growth, meet our expectations or achieve our targeted financial results.

We are not always able to accurately forecast our growth rate. Our sales and operating results may fluctuate for myriad reasons. We base our expense levels and investment plans on sales estimates. A significant portion of our expenses and investments is fixed, and we are not always able to adjust our spending quickly enough if our sales are less than expected. Therefore, our performance over time may be adversely affected and, in the short- to medium-term, we may be unable to achieve our projected GMV, revenue, EBITDA and capital expenditure targets. Our forward-looking performance targets are targets only and should not be relied upon to predict or forecast actual results or future events. Such targets are unaudited and reflect several assumptions that may not be borne out. Such targets, and the underlying assumptions, carry an inherent degree of uncertainty. If the assumptions upon which our targets are based prove to be inaccurate, growth rates may not be achieved and/or our performance may be less favorable than expected, which, in turn could have a material adverse effect on our business, financial condition and results of operations. The factors that could cause performance to fluctuate or cause us to fail to achieve our forward-looking performance targets include, among others:

- disruptions due to COVID-19 and future pandemics, or from natural or man-made disasters, extreme weather, geopolitical events and security issues (including terrorist attacks and hostilities), labor or trade disputes, and similar events;
- our ability to retain and increase sales, attract, and retain new customers as well as attract and retain marketplace merchants and clients for turnkey marketplace solutions, and satisfy their demands;
- our ability to offer products on favorable terms, manage inventory for our B2C business, and fulfill orders;
- existing competition and the introduction of competitive stores, marketplaces, websites, products, services, or improvements;
- changes in usage or adoption rates of the internet, e-commerce and electronic devices in Europe, the Middle East and Africa ("**EMEA**"), the Americas or in other markets in which we operate or plan to operate;
- the success of our expansion, particularly of our B2B business and the success of the marketplace solutions offered by Octopia;
- the timing, cost and effectiveness of expansion and upgrades of our platform infrastructure;
- the extent to which we are able to finance our operations and planned growth;
- the outcomes of legal proceedings and claims, which may include significant monetary damages or injunctive relief;
- variations in our level of merchandise and vendor returns;
- the extent to which we are able to offer competitive prices and provide other attractive benefits to our customers and maintain competitive levels of customer service;
- our ability to deliver goods quickly and free of charge or on the basis of fees that are attractive to customers, including in comparison to our competitors;
- factors affecting our reputation and/or the image of our brands;

- the extent to which we invest in technology, fulfilment, and other expense categories and any increases in costs;
- our ability to collect amounts owed to us when they become due;
- the extent to which new and existing technologies, or industry trends, restrict digital marketing or affect our ability to customize our digital marketing efforts and service offerings;
- the extent to which use of our platform is affected by spyware, viruses, phishing and other spam emails, data theft, computer intrusions, outages, and similar events;
- the potential loss of an administrative authorization or license to operate one or several activities; and
- the other risk factors described in this annual report.

If we are unable to manage our growth or execute our growth strategies effectively, our business and prospects may be materially and adversely affected.

We have significantly expanded our overall business, consumer traffic, employee headcount and operations in recent years. Our numbers of active customers over the last twelve months and average monthly unique visitors reached 10.0 million and 22 million in 2021. Our number of Stock Keeping Units ("SKUs") reached 90 million as of December 31, 2021.

We have developed an ambitious set of strategic goals to grow our business, which efforts will include expanding our B2C, operations and significantly growing our B2B, operations. We intend to accelerate the growth of our footprint in the B2B market with our Octopia offering that we launched in early 2021 and which consists of a platform that provides e-commerce websites with integrated and seamless access to technology, merchants, and products at an international level. As a part of these efforts, we will also seek to become a leader in Europe in logistics and expand our digital advertising and marketing offerings through our B2B SaaS turnkey marketplace solution (offered via Octopia), which offers marketplace services to international retailers and e-merchants and capture international B2C growth by bringing a marketplace solution to a myriad of websites, whether or not they are themselves marketplaces. However, these initiatives represent relatively new services and/or expansion into additional geographic areas and market segments, such as B2B, in which we may have limited or no experience. In particular, our strategic goals rely in large part on the expected significant growth of Octopia, and the limited track record of Octopia makes it particularly difficult to model.

We anticipate that these efforts will require expanding significant time and resources on marketing for our B2C business, pre-sales, and sales resources for our B2B business, supply chain management, fulfilment infrastructure and information technology ("**IT**"), capabilities, among others, as well as a strong focus from management and potential diversion of resources, which could impact our core activities and our operating results. We may be unable to expand our operations in a cost effective or timely manner and reach operational excellence expected by our marketplace merchants, suppliers, and customers. If Octopia, our new B2B business marketplace solution, is not favorably received, it could damage our reputation in the B2B business, and we may face challenges when addressing changing B2B client demands and preferences. We may have limited experience in our newer market segments and geographies, and our customers may not adopt our product or service offerings. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough in these newer activities to recoup our investments in them.

As a technology driven business, expansion could require adding new hardware and software, improving, and maintaining our technology, systems and network infrastructure, and hiring additional qualified IT personnel in order to improve and maintain our technology and properly manage our growth. As an e-commerce business that is diversifying to being a B2B digital technology-driven business, we are susceptible to various risks related to difficulties in managing systems and technology partners, differing technology standards and complexity involved with developing a standard marketplace solution that would require consistent efforts to improve and enhance the functionality, performance, reliability, design, security and scalability of out platform consistent with our merchants' and clients' evolving needs. We have made and are continuing to make investments in optimizing and localizing our customer experience, our fulfilment and IT infrastructure and the development of mobile applications. Our IT investment costs were €72 million for 2020 and €94 million for 2021. However, there is no assurance that these efforts will be sufficient to grow our business or revenues in relation to the costs we incur or at all. Failure to effectively upgrade our technology or network infrastructure to support our expected increases in traffic volume could result in unanticipated system disruptions, slow response times or poor experiences for customers. Failure to realize the benefits of amounts we invest in new technologies, products, or services could result in the value of those investments being written down or written off.

If we are unable to manage our growth successfully, our business, financial condition and results of operations may be materially and adversely affected.

We face intense competition and could fail to gain, or could lose, market share if we are unable to compete effectively.

The e-commerce sector is highly competitive, and new entrants into the market may be attracted by the relative under-penetration of the online retail space in France and elsewhere in Europe compared to other markets. Customers have a broad range of retail choices online and offline, and we expect competition in e-commerce to continue to increase because the internet facilitates competitive entry, thereby enhancing the ability of smaller, new, or lesser-known entrants to compete. We currently compete, and expect to increasingly compete, with both e-commerce platforms becoming pure marketplace players and omni-channel retailers developing their online presence through marketplace solutions due to the acceleration of online retail activity resulting from the pandemic. In addition to competition from established market participants, we could face competition from new e-commerce players that enter the French market or the other markets in which we operate, or seek to operate, as well as from consolidation of existing competitors or entrants spun off from larger competitors. New and enhanced technologies, including search, web and infrastructure computing services, digital content, and mobile applications, could increase the intensity of the competition we face.

In France, we face significant competition, and consolidation in the market could strengthen some of our key competitors. Our main competitor is Amazon. Other major international players could become competitors if they were to significantly expand their activities in EMEA. We also compete against French or other European and American specialist players with respect to some of our product categories, in particular small consumer electronics, such as mobile phones, cameras, and computers; cultural products, such as books and music, home appliances and home furnishings.

We believe that our ability to compete depends upon many factors both within and beyond our control, including, but not limited to:

- the price and quality of products and services we offer relative to our competitors;
- the size, composition, and purchase frequency of our customer base;
- our ability to offer a convenient, efficient, and reliable e-commerce shopping experience and retain customers through the quality of our website design, as well as our responsiveness and customer service;
- the composition of our base of merchants, which also affects the price, quality, and selection of products available on our marketplace;
- our speed and cost to deliver goods as well as the convenience of our delivery options relative to our competitors;
- the number of products we feature on our sites;

- our ability to anticipate or adapt to changing consumer preferences, in terms of product range as well as online user preferences in terms of technology;
- our ability to source and distribute our products efficiently as well as manage our operations in a cost-effective manner;
- our fulfilment operations and our ability to source and distribute our products efficiently;
- our reputation and brand strength relative to our competitors;
- our ability to provide convenient and appealing payment options, including installment payments;
- our customer-friendly return policy and general terms and conditions;
- the legal framework governing e-commerce activities, including provisions governing liability, data protection, payment regulation and supervisory oversight; and
- the effectiveness of our advertising and marketing efforts to acquire new marketplace merchants and clients, suppliers, and customers.

Some of our current competitors have, and potential competitors may have, greater resources, longer operating history, larger fulfilment infrastructures, greater technical, financial, and marketing capabilities, greater brand recognition, larger customer bases and wider reach or better economies of scale than we do. These factors may allow our competitors to derive greater net sales and profits from their existing customer base, acquire new customers at lower costs or respond more quickly than us to new or emerging technologies and changes in consumer preferences. For example, greater financial resources may allow some of our competitors to enter markets in which we currently operate or may operate in the future and gain market share by acquiring and consolidating local competitors or by supporting a high level of net results and free cash flow losses. In addition, our competitors may engage in more extensive site development efforts and undertake more far-reaching marketing campaigns, which may allow them to build larger customer bases or generate net sales from their customer bases more effectively than we do. New market entrants may appear and some of our current smaller competitors may be acquired by, receive investment from or enter strategic relationships with well-established and well-financed companies or investors who would enhance their competitive positions. To compete more effectively, we may need to increase spending and/or lower our margins.

With the development of Octopia, we will face new competitors with more experience in providing technological solutions. Octopia provides multi-tier solutions including software licensing, consulting services, a large catalog of merchants and products, payment, and fulfilment solutions. We may have to compete with more specialized companies on each of Octopia's value propositions. Furthermore, Octopia's growth depends in part on our ability to continue generating strong e-commerce activity through Cdiscount. As a result, any risk with a material impact on Cdiscount, such as those described in this section, could impact the prospects of Octopia or the confidence of its clients in its solutions and thus adversely affect the growth of our B2B activity.

Moreover, emerging technologies and technological trends, such as the use of cloud computing to replace or supplement physical infrastructure, could also make it easier for competitors to enter our markets due to lower up front technology costs.

We may not be able to compete successfully against current and future competitors, and competitive pressures may materially and adversely affect our business, financial condition, and results of operations.

Our failure to quickly identify and adapt to changing industry conditions may have a material and adverse effect on us.

Online and offline retail businesses are subject to changing consumer preferences and industry conditions. This is particularly true with respect to products such as electronics or, for example, video games that are increasingly sold directly online by publishers, making our intermediary position between suppliers and customers unnecessary. We must remain ahead of emerging fashion, lifestyle, design, technological and other industry, and consumer trends and extend our activity in non-technical products such as home and furniture, sports and outdoors or home improvement. This requires timely collection of market feedback, accurate assessments of market trends and an understanding of industry dynamics. We depend on the merchants and other clients that use our marketplace and other B2B solutions, and in particular on their ability to make decisions regarding product selection, pricing, supplier selection, image and presentation and other factors that appeal to consumers, and we have limited influence over their choices. We must also maintain relationships with suppliers who are able to quickly adapt to changes in consumer preferences. See also "*Risks related to our business and industry – We are dependent on the merchants and suppliers we select for our e-commerce business*". If we or our merchants cannot offer appealing products, our customers may purchase fewer products or stop purchasing products from us or on our marketplace, visit our websites or our mobile applications less frequently or stop visiting our websites or our mobile apps altogether. If we do not anticipate, identify, and respond effectively to consumer preferences or changes in consumer trends at an early stage, we may not be able to generate our desired level of product sales. Our reputation may also be negatively impacted. Failure to properly address these challenges may materially and adversely affect our business, financial condition, and results of operations.

The COVID-19 pandemic, and any future outbreak or other public health emergency, could materially affect our business, liquidity, financial condition, and operating results.

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. In response to the rapid spread of COVID-19, authorities across the globe implemented restrictions on social and commercial activity to slow the spread of the pandemic, such as travel bans, stay-at-home orders, and shutdowns of businesses. France faced various shutdowns, and notwithstanding public vaccination programs, various restrictions remain in place in France and across Europe. Mitigation measures have impacted, and may continue to impact, our workforce, operations, marketplace merchants, suppliers for our direct business and customers, and demand for our products and services. For example, the pandemic disrupted global supply chains, including many of our suppliers, as factory closures and reduced manufacturing output impacted inventory levels, exacerbated by surging demand for products. Although we benefitted from increased sales, traffic and order activity during the pandemic, there can be no assurance we will manage to retain these customers on a longer-term basis.

For our own operations, we strictly followed government safety protocols and working-from-home guidelines in 2021 and early 2022. The return-to-work process could be altered or reversed if new lockdowns are imposed due to rising infection rates or otherwise. In our warehouses, we implemented strict hygiene protocols from the outset, and they remain in place. For our customers, we undertook various initiatives: we implemented free home delivery for all of our customers (CDAV or not) and intend to maintain that policy with respect to orders in excess of €25 and for small products only. We augmented our customer service staff and implemented other customer service measures, such as extending return periods and providing immediate reimbursement for products blocked at pick-up points. We simplified enrollment for traditional French retail businesses that had to close due to the pandemic, providing them as well with free subscription and free Fulfilment by Cdiscount service for the first six months.

Ongoing and future mitigation efforts and post-pandemic conditions generally may disrupt our third-party business partners' ability to meet their obligations to us (including, for example, due to disruptions of global supply chains arising from increased consumer demand, container shipping delays and pandemic-related restrictions), which may negatively affect our operations. These third parties include our suppliers and logistics providers. During the peak of the COVID-19 crisis, we faced limited quantities of certain in-demand products (such as consumer electronics), as well as minor disruptions to downstream logistics due to short-term interruptions affecting package carriers and the temporary closure of pick-up points.

As we expand the geographic footprint of our operations, we may incur higher shipping costs due to various surcharges by third-party delivery agents on retailers related to the increased shipping demand that could result from future pandemic outbreaks. Efforts to mitigate any future outbreaks through social distancing measures, enhanced hygiene measures, increased use of personal protective equipment and COVID-19 testing at our warehouses and other facilities, as well as other steps taken to protect the health, safety and financial security of our employees, may result in other negative effects on our operations, including increased costs, reduced efficiency levels or labor disputes resulting in a strike or other work stoppage or interruption.

The pandemic has also significantly increased economic uncertainty and has led to disruption and volatility in the global credit and capital markets, which could increase the cost of and accessibility to capital. It also has caused significant economic slowdowns across major economics, including in France, which could be of unknown duration, could lead to increased unemployment, reduced discretionary consumer spending and a corresponding reduction in demand for our products.

European Governments implemented fiscal stimulus measures to counteract the effects of the pandemic, of which the Group benefitted in France, and the magnitude and overall effectiveness of these actions remain uncertain. Further, the full consequences of the pandemic, including the extent of its impact on our business and financial condition, will depend on numerous evolving factors that we may not be able to accurately predict, including, but not limited to the effectiveness of the public vaccination programs against known and future variants of the virus; the relaxation of restrictions on public gatherings and travel; the effect of ongoing mitigation effects on our merchants and suppliers and demand for our products; the effect of governmental regulations imposed in response to the outbreak; the effect on our customers, their communities and customer demand and ability to pay for our products and services, which may be affected by prolonged high unemployment, increased consumer debt levels, changes in net worth due to market conditions and other factors that impact consumer confidence; disruptions or restrictions on our employees' ability to work and travel; and overall uncertainty regarding any of the foregoing.

As an e-commerce operator, we are dependent on consumers continuing to make purchases online. The COVID-19 pandemic appears to have accelerated the shift towards online commerce, but it remains unclear whether this shift will be sustained in the longer term, including following the relaxation of pandemic mitigation efforts. Our historical results, as well as other metrics such as GMV, net revenues, gross margins, and other financial and operating data, may not be indicative of results for future periods. Some of the increased demand is likely due to customers having been required or encouraged to stay at home, school closures and employers requiring employees to work remotely. Such increased demand may increase beyond manageable levels, may fluctuate significantly, or may not continue, including the possibility that demand may decrease as compared to pre-pandemic historical levels.

We cannot at this time predict the full impact of the pandemic, and in particular we cannot predict with any certainty whether and to what degree the disruption caused by the pandemic and reactions thereto will continue, and we expect to face difficulty in accurately forecasting our financial condition and operational results. The situation remains dynamic and subject to rapid and possibly material change, including but not limited to changes that may materially affect the operations of our suppliers, logistics providers and customers, which ultimately could result in material adverse effects on our business, financial condition, and results of operations.

We are dependent on the merchants and suppliers we select for our e-commerce business.

We seek to maintain good relations with our business partners, especially marketplace merchants and the suppliers for our direct sales business. As of December 31, 2021, we had approximately 13,000 merchants on our marketplace (Cdiscount and Octopia) and 1,250 suppliers for our direct sales business of Cdiscount. As we seek to grow our business, we will need to increase our ability to source quality products on reasonable terms. In doing so, we face risks that our merchants and suppliers may:

- cease selling products on terms acceptable to us;

- fail to deliver goods that meet customer demands;
- terminate our relationships or enter into agreements with our competitors;
- have economic or business interests or goals that are inconsistent with ours and take actions contrary to our objectives;
- be unable or unwilling to fulfill their obligations, including their obligations to meet our production deadlines, quality standards and product specifications;
- fail to expand their production capacities to meet our demands;
- encounter raw material or labor shortages or increases in raw material or labor costs, which may impact our procurement costs; or
- engage in other activities or employment practices that harm our reputation.

We continuously work on merchants' onboarding and experience to improve their satisfaction in order to attract and retain merchants with attractive product offerings. The success of our marketplace depends on continued demand for products that merchants are prepared to offer, which demand may shift over time due to perceived availability, subjective value, and consumer trends. We do not control the pricing and marketing strategies of our merchants. We also focus on maintaining key historical suppliers and trade terms; our growing marketplace may generate tension between our direct business and the marketplace, which could damage our relations and trade terms with our historical suppliers and major brands. Failure to maintain good relations with merchants and suppliers could negatively affect our ability to offer a quality customer experience, offer new products and attract other reliable business partners, which could have a material adverse effect on our business, financial condition, and results of operations.

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

Certain suppliers may have us as their sole customer and marketplace merchants may depend solely or predominantly on their sales on our marketplace platform. Their respective businesses may be highly dependent on our commercial relationship. If a supplier is dependent on us, abusive termination of our commercial relationship may subject us to financial sanctions. For example, under French law, abuses of economic dependency are strictly prohibited and the French Competition Authority (*Autorité de la Concurrence*) and/or French courts may impose financial penalties on concerned companies or entities. These events could negatively affect our reputation and our relationships with other suppliers. We may become subject to formal and informal reviews and investigations by governments and regulatory authorities in this respect to assess whether aspects of our operations violate competition rules. See also "*Risks related to legal, regulatory and tax matters – Our operations are subject to a variety of laws and regulations, and we expect that the extent of regulation applicable to us and our operations will increase over time and that we will be subject to new laws and new regulations*" and "*Risks related to legal, regulatory and tax matters – We may become subject to additional laws or regulations or changes to existing laws or regulations, or changes in the interpretation of existing or new laws or regulations, any of which could impact the way we conduct our business*".

Furthermore, in the event of bankruptcy of a supplier or merchant, we may not be able to recover any outstanding amounts such third parties owe us for rebates or for services rendered, such as preferred placement of their offers on our sites. These events could harm our reputation and have a material and adverse effect on our business, financial condition, and results of operations. We may also, as matter of policy, elect to reimburse customers in the event of a merchant bankruptcy. As our marketplace business grows, the cost of this program will increase and could negatively affect out operating results.

If we fail to retain existing customers or acquire new customers, our sales may suffer and our marketplace or B2B business may not grow as expected.

The e-commerce sector is highly competitive, and to increase net sales and profitability, we must retain existing customers and continue to acquire new customers for our B2C and B2B offerings, both of which we aim to accomplish by offering a quality customer experience. To attract new B2C customers, we must appeal to, and acquire, customers who historically have used other channels of commerce to purchase products and may prefer alternatives to our offerings, such as in store shopping, retailers' own sites or sites of our e-commerce competitors.

We believe that many of our new B2C customers originate from word of mouth and other non-paid referrals from existing customers, which is complemented by the awareness we seek to create through radio and television advertising and use of social media, including advertising using influencers. We must ensure that our existing customers remain loyal to continue to grow our business.

Our ability to retain existing customers is supported by our B2C customer loyalty program. For example, we offer our customers free next-day shipping on items other than heavy or bulky items at the address or pick-up point of their choice on our direct sales orders for an annual fee, through our *Cdiscount à Volonté* loyalty program, or CDAV. CDAV additionally includes free access to over 200 online newspapers and magazines (enabled through our partnership with Cafeyn) and cash-back programs. However, if our efforts to create a quality customer experience and/or our customer loyalty programs are not successful, we may not be able to retain existing customers or acquire new customers to continue to grow our business.

Retaining existing customers or acquiring new B2C customers may become more difficult and costly than it has been in the past. Increased customer service may include, among other things, faster delivery times, which could require additional or expanded distribution centers, increased level of assortment, increased efficiency of our sites and enhanced level of service provided by our customer care call centers, all of which could result in increased costs. Similarly, increased marketing efforts can be more costly. Customers' loyalty also depends on prices, and we may lose customers to competitors on highly comparable products, such as technical goods from renowned brands.

To achieve Octopia's expansion, we need to create sales forces culturally and geographically close to B2B clients in main European markets (Germany, Spain, United Kingdom). As Octopia has limited experience in executing long-term contracts, we may fail to satisfy our B2B clients over time. Our ability to retain and attract the best merchants is key to retaining and attracting Octopia clients, who expect to have the best offers in their market at best price and the best quality of service. In the future, as we expand our Octopia turnkey solution, we may become dependent on marketplace clients. However, we may not be able to meet these clients' expectations in providing a reliable and secure technological platform. We may also be unable to rapidly identify market expectations to create a standardized solution and optimize time-to-market for our solutions. We may fail to reach operational excellence or be unable to provide fully scalable solutions or the high service quality expected from B2B customers.

Failing to acquire sufficient new B2C or B2B customers, or failing to do so in a cost-effective manner, could adversely affect our financial results. Moreover, failing to retain existing customers, or not maintaining average order value levels, could result in pressure on our revenue base and margin, our net income may stagnate or decrease, and our business, financial condition and operating results may be materially and adversely affected.

Adverse geopolitical and macroeconomic conditions in France, and EMEA and the Americas more broadly, as well as their impact on supply and consumer spending patterns could adversely impact our operating results.

Our business is highly dependent on our operations in France, and to a lesser extent on other countries in EMEA or the Americas where Cnova operates or plans to operate. For 2021, approximately 95% of our net sales were generated from our operations in France.

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

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

The recent developments in Ukraine starting from February 2022 may heighten worldwide tensions on supply chain, extend shipping lead time between China and the EU, and increase our transportation and last mile delivery costs as freight transport and oil prices have already surged. International geopolitical and economic repercussions of this war may have negative consequences on our supply capacities and costs, and affect our customers' buying power, as fuel prices increase, which may negatively affect our sales. An assessment was made on the potential impact of this war on Cnova and its business. Among others, we analyzed our clients, vendors and suppliers located in Ukraine, Russia, and Belarus; we do not have any exposure in Russia or Belarus – no clients, vendors or suppliers based in these countries. In Ukraine, we have little exposure, more specifically one marketplace merchant (as of March 1st) and two suppliers' manufacturing sites which do not represent significant volumes. The crisis may also impact countries where some of our suppliers' manufacturing sites are located, as eastern European countries and Turkey.

Other unfavorable geopolitical and economic conditions in markets in which we currently operate or may operate in the future could reduce consumer spending, negatively affect net sales, have a material adverse effect on our business, financial condition, and results of operations, and negatively affect our ability to implement our growth strategies in France and at an international level.

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

Our success largely depends on the availability of and our ability to attract and retain high quality management and key employees. The continued and collaborative efforts of our senior management and key employees are crucial to our success and vision for the future, and any loss of senior management or key employees may materially and adversely affect our business, financial condition, and results of operations.

We may face increasing staff turnover, including key personnel. Our business requires skilled marketing and technical profiles, such as, among others, developers, data scientists and engineers, who are in high demand and are often subject to competing offers. Retention of qualified employees, historically critical in our industry, may now be rendered even more difficult by the effects of the pandemic, as personnel affection towards the company and social links between coworkers may dissolve and competition for skilled personnel from other industry players intensifies.

In particular, the labor market for B2B digital solutions faces an inherently high turnover, which will most likely increase the tension in retaining key personnel and hiring the best talent. We believe our long-standing presence in Bordeaux, France is attracting other tech companies to the region, which increases competition for, and the risks of retaining, key personnel. The generalization of working from home due to the COVID-19 crisis has expanded competition for critical competencies throughout France, as tech companies based in Paris or other major French cities are now more likely to offer remote jobs, including to potential employees located in Bordeaux, where many of our highly skilled employees are based. The loss of even a few qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the planned expansion of our business, could adversely affect our operating results, and impair our ability to grow.

Any significant interruptions or delays in IT service or any undetected errors or design faults in IT systems could result in limited capacity, reduced demand, processing delays and loss of customers, suppliers or marketplace merchants and a reduction of commercial activity.

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

We currently use two main data center hosting facilities, one in Paris and one in Bordeaux, France. The data centers simultaneously handle our global information systems and are substantially similar to one another in internal structure, such that in case of a system failure at one of our French data centers, we expect to be able to rely on the other. However, a failure may occur at both of our main data centers, and our back-up systems may not function properly. Any damage to, or failure of third-party communication networks or our data centers, whether due to system failures, computer viruses, physical or electronic break ins or other unexpected events or disruptions, could cause system interruption, delays, and loss of critical data, prevent us from providing our services on a timely basis or limit or prevent access to our sites and cause partial or complete shutdowns of our sites. In addition, we are expanding the use of Microsoft Azure for some new activities, such as our Cdiscount Advertising solution, and any disruption or failure of Microsoft’s solutions may negatively impact this activity. Failures to adequately optimize our data centers may result in excess or insufficient data center capacity, increased costs, and impairment charges, any of which could adversely affect our business. As we continue to add data center capability or add new businesses with different requirements, our data center networks will become increasingly complex and operating them will become more challenging. There can be no assurance that we will be able to operate our networks effectively.

Similarly, the ability of our customers to access our sites and platforms depends upon the performance and reliability of the telecommunications and internet infrastructure in France and in other countries in EMEA and the Americas. Our ability to provide a reliable and secured technological platform to potential Marketplace-as-a-Service clients will also depend on third-party partners, providers, and infrastructure worldwide. Any deficiencies, including a significant disruption in internet access or telecommunications networks may cause slow response times or otherwise impair our customers' experience, which may in turn reduce traffic to our sites and significantly harm our business, financial condition, and results of operations. Similarly, persistent interruptions or delays in IT service or any undetected errors or design faults in our IT systems could damage our reputation.

Any failure to adapt to technological developments or industry technological trends could harm our business.

We must continuously improve and upgrade our technology systems and infrastructure in order to rapidly meet evolving consumer trends and demands as well as to improve the performance, features and reliability of our sites in response to competitive product offerings and services. The Company's offerings, which can present new and difficult technology challenges, may subject us to claims if customers experience service disruptions or failures or other quality issues.

In addition, the increasing use of mobile platforms in e-commerce, as well as the emergence of niche competitors who may be able to optimize product offerings, services, or strategies for such platforms, will require us to make new investments in technology. Any platform, apps, or other new technology we invest in, may not be successful, and we may face operational difficulties in the migration of systems, platforms, or technologies. Furthermore, user behavior in response to technological developments is rapidly evolving and we may lose customers if we are not able to continue to meet their mobile and multi-screen experience expectations. The variety of technical and other configurations across different mobile devices and platforms increases the challenges associated with the rapidly evolving mobile and technological environment. We have also implemented new automation and robotics technologies in our fulfilment centers. If we are unable to keep up with technological developments or industrial technological trends and successfully implement them, our business, financial condition, and results of operations could be materially and adversely affected.

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

As an e-commerce and B2B business, we depend on digital technologies, including information systems, infrastructure and cloud applications and services, including those of third parties to run the platform. We therefore count on the efficient and uninterrupted operation of numerous systems, including our computer systems and software, as well as the data centers through which we collect, maintain, transmit and store data on our customers, suppliers, marketplace merchants and clients, and others, including payment information and personally identifiable information, as well as other confidential and proprietary information. Because our technology systems are highly complex, they may be subject to failure. Moreover, because we collect, process, store and transmit large amounts of data, including confidential, sensitive, proprietary, and business and personal information, failure to prevent or mitigate data loss, theft, misuse, or other security breaches or vulnerabilities affecting our or our merchants', clients' and/or customers' technology, products, and systems, could expose us and/or our merchants, clients, or customers to a risk of loss, disclosure, or misuse of such information. While we have developed systems and processes designed to protect the availability, integrity, confidentiality, and security of our and our customers', suppliers', merchants', employees' and others' data, our security measures or those of our third-party service providers or vendors could fail and result in unauthorized access to, or disclosure, acquisition, encryption, modification, misuse, loss, destruction, or other compromise of, such data. If a compromise of such data were to occur, we may become liable under contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident.

Sophisticated and deliberate attacks on, or security breaches in, our systems or infrastructure, or the systems or infrastructure of third parties or the cloud, could lead to unauthorized access to our systems, significant service disruptions, a partial or complete shutdown of our sites for a short or extended period, and corruption or misappropriation of assets, proprietary information and sensitive or confidential data. Such attacks could occur for the purpose of sabotage and financial blackmail (e.g., through spyware, ransomware, or spear phishing attacks) or to slow connection or make access to platform unavailable (e.g., via use of distributed denial-of-service attacks). We also are exposed to the risk of having infrastructure in our cloud platform hacked or attacked, which could cause significant service disruptions. Our cybersecurity measures may not detect or prevent all attempts to compromise our systems. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate or implement adequate measures to protect against these attacks.

We have often been, and are likely again in the future to be, subject to these types of attacks. Moreover, our technology infrastructure may be subject to employee error, malfeasance or other unauthorized access to our systems and data. Our key employees and officers have access to sensitive confidential information relating to our clients and our business, such as insights about strategic developments and core technology. We have implemented various measures to protect such confidential data. However, in the event that competitors, third parties or the general public gain access to such confidential information in spite of our protective measures, whether intentionally or by accident, our market position and reputation could be materially weakened.

In January 2021, our cybersecurity service provider detected a malicious theft of data by one of our employees, including certain personal details of customers over the preceding two years, although neither passwords nor bank details were affected and there has been no evidence that any data had been sold or misused. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords, or other information in order to gain access to our or our customers' data.

If we are unable to avert future attacks or security breaches, we could be subject to significant legal liability and exposure to financial losses. We might, for example, be subject to:

- operational disruptions;
- increased costs to identify and remediate vulnerabilities or reconstruct lost data;
- damage to reputation and commercial relationships;
- ransom demands;
- claims from customers, suppliers, financial institutions, payment card associations, employees, and others; and
- claims or other sanctions from regulators.

We may not have the resources or technical sophistication to anticipate or prevent various types of cyber-attacks. Cyber-attacks may target us, merchants on our marketplace, customers or other participants, or the telecommunications infrastructure on which we depend. A data breach or cyberattack could especially have a material effect on Cdiscount Advertising, which is based on trusted and secured data. Any compromise or breach of our security measures, or those of our third-party service providers, could result in us violating applicable privacy, data security and other laws, and cause significant legal and financial exposure, adverse publicity, and a loss of confidence by suppliers, merchants, or customers in our security measures, which could have an adverse and material effect on our business, financial condition, and results of operations.

Even if we are successful in preventing security breaches, any perception by the public that online commercial transactions, or the privacy of user information, are increasingly unsafe or vulnerable to attack could inhibit the growth of online retailers and other online services generally, which, in turn, may have a material adverse effect on our business, reputation, financial condition and results of operations.

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

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

Any of these risks could be difficult to eliminate or manage and could have a material and adverse effect on our business, financial condition, and results of operations.

Restrictions on, or an inability to timely deliver, marketing communications or changes in the processes of search engines could adversely affect our business.

Our business partly depends upon email, SMS messages, in-app push notifications and direct phone calls for promoting our sites, product offerings and services, and we also send promotional emails to consumers in our customer database. In 2021, approximately 3% of the traffic to our sites was generated through sending such messages. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could materially and adversely impact our business. From time to time, internet service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that result in our inability to successfully deliver emails or other messages to customers. Changes in laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications could also materially and adversely impact our business. See also "*Risks related to legal, regulatory and tax matters – Our operations are subject to a variety of laws and regulations, and we expect that the extent of regulation applicable to us and our operations will increase over time and that we will be subject to new laws and new regulations.*"

Our use of email and other messaging services to send communications about our sites, product offerings and services or other matters may also result in legal claims against us, which may cause us increased expenses and, if successful, might result in fines and orders with costly reporting and compliance obligations or could limit or prohibit our ability to send emails or other messages. In addition, changes in how webmail applications organize and prioritize email may reduce the number of our emails being opened, including if our email messages are delivered to "spam" or similar folders.

We also use social media services to send communications and create a community of customers around our brands. Changes in the terms of use of social media services that would limit our ability to send promotional communications or our customers' ability to receive communications, disruptions or downtime experienced by these services or decline in the use of or engagement with social media by customers and potential customers could harm our business.

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

Furthermore, customer preferences are evolving, and we may face the need to alter our engagement tools to ensure better customer experiences, which may result in the expenditure of significant financial, managerial, and operational resources. Any decrease in the number of visitors to our sites, or failure to quickly adapt to customers' changing demands may adversely impact our reputation, business, financial condition, and results of operations.

Our business would be adversely affected if we fail to operate our fulfilment centers effectively and efficiently.

Fulfilment is essential to our ability to provide a high-quality service to our customers. Our fulfilment infrastructure consists of a network of 14 warehouses (distribution centers) in France, with a combined total of 533,000 square meters, spread around three main regions: Paris, Saint-Etienne and Bordeaux. If we did not operate, manage and/or control our fulfilment centers effectively and efficiently, we could experience excess or insufficient fulfilment capacity, delivery delays, poor customer satisfaction or image perception, inventory shortages or high levels of out-of-stock products, an increase in costs or impairment charges and a reduction in our gross profit margin, excluding shipping cost. If we do not have sufficient fulfilment capacity or experience problems fulfilling orders in a timely manner, for example due to failure of mechanized equipment at a fulfilment center, or inefficiencies in the supply chain, or if certain products are out of stock, our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. In addition, processing customer returns and cancelled orders adds complexity to our logistics operations, which increases our costs and may adversely affect customer response times. An increase in customer requests to return products or cancel orders could materially impact our results of operations.

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

We must obtain or from time-to-time review licenses, authorizations and permits necessary to operate certain of our fulfilment centers in France. In the event that we are unable to obtain or renew these licenses, authorizations and permits or face the need to allocate time and resources needed to obtain any additional permits or licenses as may be introduced under applicable laws and regulations to maintain, operate and expand warehouse space, including in other countries where we may in the future expand our operations, our operations may be adversely affected. Moreover, we may be adversely affected to the extent government restrictions are imposed on the construction of warehouse space. Such restrictions were considered in France in 2020 and could again be considered and implemented. See also "*Risks related to legal, regulatory and tax matters – We are subject to increasingly stringent environmental regulations.*"

In our operational activity, we are faced with a multitude of risks associated with the maintenance and operation of our warehouse space, including increasing costs of maintaining, obtaining insurance coverage, renovating and making improvements to our properties or potential access blockage, all of which could affect our ability to efficiently maintain and operate our fulfilment centers, which may adversely impact our B2B and B2C strategies and our business, financial condition and results of operations.

The success of our business depends on strong brands, which we may be unable to maintain or enhance, and which could be adversely affected by customer complaints or negative publicity.

We believe that our *Cdiscount*, *Octopia*, *Cdiscount Advertising*, *C-Logistics*, *C Chez Vous* and *Cdiscount Voyages* brands contribute significantly to the success of our business. We also believe that enhancing the Cdiscount brand is critical to maintaining and expanding our base of customers, suppliers, and marketplace merchants and clients. Maintaining and enhancing our brands depends in large part on our ability to:

- create and maintain a convenient and reliable customer experience as preferences evolve and as we expand into new products and new business lines ;
- increase repeat purchases by customers ;
- increase purchases by mobile application users ;
- provide high-quality customer services, including maintaining dedicated customer service teams ;
- provide a reliable, trustworthy, and profitable market to our suppliers, and marketplace merchants and clients;
- offer products of sufficient quality at competitive prices ;
- manage new and existing technologies and sales channels ;
- increase website awareness among existing and potential customers through marketing and promotional activities ;
- assure our customers of the security of our websites and mobile applications for online purchases;
- provide efficient and reliable delivery options through our logistics offerings; and
- provide secure and comprehensive payment services.

Increasingly, customer views of our brands also depend on public perception of our platform as contributing to sustainability. See also “*Risks related to legal, regulatory and tax matters – We are subject to increasingly stringent environmental regulations*.”

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

Furthermore, our brand may be adversely affected if our public image or reputation is tarnished by negative publicity. Customer complaints or negative publicity about our sites, product offerings, services, delivery times, customer data handling, commercial pressure, security practices, the working conditions of our employees (or those of the employees of any of our subcontractors or suppliers) or customer support could harm our reputation and diminish consumer use of our sites, and consumer, vendor, and marketplace merchant confidence in us. In addition, despite our monitoring efforts and action plan, the level of customer service perceived by our customers for marketplace products is significantly lower compared to products in our direct sales business, which we believe is due to longer delivery times or lower quality of service associated with marketplace sales and which could adversely impact the perception of our brands generally.

In particular, with respect to Octopia, being able to maintain a high level of quality in our product catalogue is key for expanding Octopia's operations by retaining and attracting new clients. Lower quality of service or a less attractive product catalogue will diminish Octopia's value proposition to its clients, which is based on the combination of technology and product offering. Poorly adapted technology, technical difficulties, or merchants' dissatisfaction could have a negative impact on Octopia's brand perception from merchants and from future clients. We also may face challenges to impose Octopia brand at an international level, as it will not be supported by a well-known brand as it is in France with the Cdiscount brand.

Furthermore, certain brands are important in driving traffic to websites. Although we believe we have good relationships with these brands' owners, any deterioration in these relationships or in consumers' perceptions of the brand image or the quality of the products associated with them could be negative for us, particularly if we or our marketplace merchants are unable to offer these brands to our customers or can only offer them on less favorable terms.

If we are unable to maintain or enhance our brand image, if our brand image is damaged by negative publicity, if our brand is not accepted by consumers or if we are unable to improve customer perceptions of our marketplace products, our overall reputation may be negatively affected. A diminution in the strength of our brands and reputation could have a material adverse effect on our business, financial condition, and results of operations.

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

We ship orders in France and in 27 European countries through C-logistics, which relies on third party providers to procure transportation and last mile delivery and maintain agreements with several third-party courier and postal services to procure transportation and last mile delivery of smaller sized products to our customers in France and other countries. For transportation of large and bulky items more than 30kg, we use C Chez Vous which is C-Logistics' subsidiary. We may also use third party service providers to ship products from our fulfilment centers to our network of pick-up points and arrange for home delivery services. Marketplace merchants may also use third party couriers if they do not use our fulfilment and delivery ecosystem, to the extent offered. Partial or complete interruptions of these third-party delivery services could prevent the timely or proper delivery of our products to customers. These interruptions may be due to government mitigation efforts relating to the COVID-19 pandemic or other events, such as inclement weather, natural disasters, transportation disruptions or labor unrest including postal worker strikes, which are beyond our control or the control of these delivery services.

In addition, if our third-party delivery services fail to comply with applicable rules and regulations in the countries in which we operate, our delivery of orders may be materially and adversely affected. Delivery of orders could also be affected or interrupted by circumstances affecting individual delivery companies we hire, such as insolvencies or government action.

This dependency also applies to Octopia's fulfilment solution. This risk may increase in countries where we do not have as many couriers as in France or neighboring countries

If we do not deliver products to our customers in a timely manner or deliver damaged products, our customers may refuse to accept our products and become less confident in us. Certain products, such as apparel, may be especially sensitive to delivery delays given that they are often purchased in anticipation of a specific date. Other products, such as electronics and fast fashion apparel, have a limited shelf-life and become quickly outdated. If our orders are not delivered in proper condition or on a timely basis, our business and reputation could suffer.

Dissatisfaction with our customer service could prevent us from retaining customers.

A satisfied and loyal customer base is crucial to our continued growth. As an e-commerce retailer, we do not have face-to-face contact with our customers, so our ability to maintain continuous customer relationships depends on the quality of the online customer experience we are able to offer, from browsing the product catalogue to checkout and after-sale service. Strong customer service is required to ensure that customer questions and complaints are addressed in a timely manner and to the customer's satisfaction. We respond to customer requests and inquiries through e-mail and our toll-free hotline. Any actual or perceived failure or unsatisfactory response by our customer service personnel could negatively affect customer satisfaction and loyalty. Our inability to retain customers due to a lack of satisfactory customer service could have a material adverse effect on our business, financial condition, and results of operations.

Our operations, and particularly our logistics and fulfilment infrastructure, may be subject to work stoppages or other labor disputes or disruptions.

Certain of our operations, as well as those of third parties on which we rely, notably our fulfilment centers, logistics platforms and call centers, are labor intensive. Although we have not been subject to any significant strikes and we believe that we have a good working relationship with our employees, if our workers were to engage in a significant strike, work stoppage or other slowdown in the future, we could experience a disruption of our operations. Moreover, in exceptional circumstances, we could be forced by a court or pressured by public opinion to halt certain operations. For example, Amazon temporarily closed six French distribution centers during the initial wave of Covid-19 pandemic in April 2020 due to concerns that it was not doing enough to protect workers. Such disruption could interfere with our ability to fulfill orders or respond to customers on a timely basis and could have other negative effects, including decreased productivity and increased labor costs. In addition, national strikes or strikes, work stoppages or slowdowns experienced by our suppliers, the shipping companies we use, and other service providers could cause a delay in delivering products to our customers or otherwise materially adversely affect our ability to provide services. To the extent any of these events occur, our business, financial condition and operating results could be materially and adversely affected. In addition, the terms of any future collective bargaining agreements or similar agreements implemented by us, or our suppliers or service providers may also affect our competitive position and results of operations.

We may be unable to prevent unlawful, non-compliant or fraudulent activities by merchants or customers and we could be liable for such fraudulent or unlawful activities.

We may be unable to prevent merchants offering offensive or non-compliant products through our marketplace. Merchants may also send defective products, products of inferior quality or products that are materially different from what was ordered to customers. In certain instances, we may reimburse customers for payments in these situations and, as we expand our marketplace business, the cost of reimbursing customers could increase and could negatively affect our operating results. We also may be unable to prevent merchants on our marketplace from selling goods in an unlawful manner without applicable licenses or permits from selling counterfeit, pirated, or stolen products or products that infringe the intellectual proprietary rights of third parties, or from selling products whose sale is otherwise restricted or prohibited. Moreover, many of our marketplace merchants use their own facilities to store their products and use their own or third-party delivery systems to deliver their products to our customers, all of which makes it more difficult to ensure that our customers receive the same quality of service for all products sold on our website.

Our standard terms and conditions require suppliers to comply with applicable laws. Failure of our suppliers to comply with applicable laws and regulations and contractual requirements could lead to litigation against us. In addition, the failure of any such suppliers to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with consumers or result in legal claims against us.

Regardless of the validity of allegations or claims that we may face due to products sold, we may experience lost product sales or incur significant costs and efforts in defending against or settling such allegations or claims. If there is a successful claim against us, we may be required to refrain from further sale of the relevant products or pay substantial damages, and we may be unable to recover our losses from our suppliers. Regardless of whether we successfully defend against such claims, our reputation could be damaged. In addition, we could face civil or criminal liability for unlawful activities by merchants on our marketplace, as well as criminal liability for the introduction of dangerous or defective products on our marketplace. Any of the foregoing could have a material adverse impact on our reputation and business.

We believe we have hosting status with respect to our French marketplace. As a result, we believe we would only be liable for unlawful activities by merchants on our marketplace after we have been notified of such activities and do not take any action to remedy the situation. The proposed EU Digital Services Act (see also "*Risks related to legal, regulatory and tax matters – Our operations are subject to a variety of laws and regulations, and we expect that the extent of regulation applicable to us and our operations will increase over time and that we will be subject to new laws and new regulations*") will heighten obligations of online platforms, including our marketplace. If we were to lose our hosting status, we could face civil or criminal liability for unlawful activities by merchants on our marketplace even if we were not aware of such unlawful activities. Additionally, as a fulfilment service provider, we will qualify as an economic operator and will assume relevant responsibilities pursuant to EU Regulation 2019/1020 on market surveillance and compliance of products when it comes into effect on 16 July 2021. See also "*Risks related to legal, regulatory and tax matters – We may be subject to product liability claims if people or property are harmed by the products we sell, or that are offered through our marketplaces*".

Furthermore, we face risks relating to customer claims that purchases or payments were not properly authorized or were transmitted in error, as well as risks that customers have insufficient funds and the risk of fraud. Our e-commerce operations may be subject to fraudulent activity by customers, including using stolen credit cards or other fraudulently obtained payment information. See also "*Risks related to our business and industry – We are subject to payment-related risks, including fraud and unpaid receivables*".

In the future, as we expand our Octopia turnkey solution, accountability for product offerings and end-customer transactions will be allocated between Octopia and its B2B clients as provided for by applicable laws and regulations. While we do not expect to be liable or at risk for acts of fraud in respect of transactions that are made through our B2B clients, we may nonetheless face responsibility in our role as a service provider or as future laws and regulations may evolve.

Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations. As we grow our operations, the cost of remediating fraudulent activity could increase.

We may face inventory risk in our direct sales business.

Our direct sales business carries a broad selection and significant inventory levels of certain products and consequently is exposed to inventory risks because of seasonality, new product launches, rapid changes in product cycles, technology and pricing, defective merchandise, changes in consumer demand and consumer spending patterns. We endeavor to accurately predict these trends and avoid overstocking or understocking products we sell. Demand for products, however, can change significantly between the time inventory is ordered and the date of sale for many reasons, including as a result of seasonality, promotions, product launches, or unforeseeable events, such as in response to natural or man-made disasters, extreme weather, or geopolitical events. The acquisition of certain types of inventories may require significant lead time and prepayment, and they may not be returnable. Moreover, we may be unable to sell products in sufficient quantities or during periods of elevated retail activity in November and December, especially if global supply chains are disrupted. When we overstock products, we may be required to take significant inventory markdowns or write-offs and incur commitment costs, which could materially reduce profitability. We may also be subject to employee misconduct related to inventory management. In the future, we may open additional warehouses and duplicate part of the inventory for our direct sales business that is stored at our current warehouses to increase our overall fulfilment efficiency as we grow our business. Failure to effectively manage our inventory risk, stock or restock popular products in sufficient amounts such that we fail to meet customer demand could have a material adverse effect on our business, financial condition, and results of operations.

We may face reputational and other risks related to the widespread use of social media.

The considerable expansion in the use of social media has led to a corresponding significant increase in image and reputational risks. Social media constitutes a powerful tool for e-commerce platforms such as ours as it encourages customers to share their experiences, their opinions and other commentary to form a sense of community. In December 2021, we reached approximately 5.6 million subscribers on our commercial social media accounts (Facebook, Pinterest, Twitter, Instagram & TikTok), including 1.1 million subscribers on the “Cdiscount Maison” accounts and 0.6 million subscribers on the “Cdiscount Gaming” accounts.

The speed with which social media communications can be shared and commented upon poses risks, and even communications that we have initiated may spread or evolve in ways that are beyond our intention or control. Our messages, and our reputation more broadly, may be compromised by complaints, negative messages, or false claims, anonymous or otherwise, or may be coopted by individuals or organizations whose views we do not support or condone, all of which could diminish the effectiveness of our communications and damage our reputation. Additionally, allegations, directly or indirectly against us, may be posted in internet chatrooms or on blogs or websites by anyone, whether or not related to us, on an anonymous basis. Consumers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. Although we have put in place policies and tools to monitor our social media presence, these policies and tools may be ineffective at limiting the impact of negative messages or false claims about us, and we may be unsuccessful in having such messages removed by the operators of social media sites, in a timely manner or at all.

If we are unable to adequately monitor our social media presence and communications, or if we are the subject of unfavorable campaigns or messages, our reputation and brands may be harmed and our business, financial condition and operating results may be adversely affected.

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

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

We are subject to risks related to our ability to offer instalment payments to our customers.

A substantial portion of our sales (42%) is paid for through installment payments under arrangements with Casino Entities (known as CB4X), and a change to the terms of these agreements may adversely affect our operating results. In addition, installment payments, such as CB4X, are subject to specific laws and relations with which we are required to comply, including with respect to publicity and disclosure to consumers. If these requirements were to become more cumbersome, customers may decide not to use installment payments and may spend less with us or our merchants as a result. See also "*Risks related to legal, regulatory and tax matters – Our operations are subject to a variety of laws and regulations, and we expect that the extent of regulation applicable to us and our operations will increase over time and that we will be subject to new laws and new regulations.*" If any of these events were to occur, our business, financial condition and operating results could be materially and adversely affected.

When a customer chooses to use instalment payments, Cdiscount sells the product to the customer on credit and then transfers the associated receivable to FLOA, formerly Banque Casino, a subsidiary of Casino and Crédit Mutuel Alliance Fédérale (through Banque Fédérative du Crédit Mutuel – BFCM), in return for the product's full purchase price. FLOA assumes substantially all of the credit risk for all instalments, save in certain circumstances where FLOA assumes the credit risk beyond agreed-upon low risk levels for Cdiscount. See "Business - Payments and Credit".

On July 27, 2021, Casino announced that BNP Paribas, Casino Group and Crédit Mutuel Alliance Fédérale have signed an exclusivity agreement providing for the acquisition by BNP Paribas of all outstanding shares in FLOA, for a total consideration of €258 million. Although this agreement also provides for a long-term strategic and commercial partnership between BNP Paribas and Casino Group, there is no assurance our commercial relationships with FLOA for instalment payments will continue under the same terms or will not be terminated as a result of the sale of FLOA to BNP Paribas. The modification or termination of our commercial relationships with FLOA could have a material and adverse effect on our business, financial condition, and results of operations.

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

We accept payments through Cnova Pay, an entity within the group that is subject to the supervision of the French Prudential Supervision and Resolution Authority (ACPR), which is the regulatory authority responsible for supervising banks and financial institutions in France. Cnova Pay accepts customer payments using a variety of methods, including installment payments, credit cards, debit cards, PayPal and similar services, wire transfers, our brand name cards and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements and incidents of fraud. For certain payment methods, including installment payments and credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We are also subject to payment card association operating rules and certification requirements as well as rules governing electronic funds transfers, payment processing, including cross-border and domestic money transmission, anti-money laundering and counter-terrorist financing restrictions, which could change or be reinterpreted to make it difficult or impossible for us to comply with. If we fail to comply with the rules or requirements of any provider of a payment method we accept, among other things, we may be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept installment payments, credit and debit card payments or other types of online payments from customers.

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

In addition, increased level of unpaid receivables could translate into higher costs, including higher interest rates to carry working capital.

Depending on how our business and our other merchant solutions evolve, we may become subject to additional laws in other jurisdictions where the application or interpretation of such laws and regulations is not clear. Our efforts to comply with these laws and regulations could be costly and result in diversion of management time and effort and may still not guarantee compliance.

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

In the future, we may from time to time acquire other companies or businesses. Acquisitions involve numerous risks, any of which could harm our business, including:

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

If, in the context of any future acquisition, we fail to properly assess the merits of the acquisition target, incur costs that later prove to be unjustified, fail to integrate the acquisition into our business properly and in a cost-efficient manner, or incur liabilities that prove to be larger than anticipated, this could have a material adverse effect on our business, financial condition and results of operations. Moreover, merger control rules and antitrust limitations imposed by the EU, French, Dutch and other laws and regulations could negatively impact our business if such laws and regulations were to prevent us from expanding our growth through the consummation of mergers or acquisitions in certain categories. At the same time, if smaller players in our markets consolidate, this could increase the competitive pressure on our business due to an increase in such competitors' economies of scale and a reduction in their operating costs. These developments could cause our business, financial condition, and results of operations to be materially and adversely affected.

Exchange rate fluctuations may negatively affect our results of operations.

While most of our revenues and operating expenses are currently incurred and denominated in euro, to the extent our revenues derive from non-core markets outside the Eurozone, such as the Nordic countries or as we expand our operations in other countries, our results of operations could be adversely affected by a decrease in the value of the local currency relative to the euro.

We may not live up to the expectations of merchants, clients, suppliers, customers, and other stakeholders in respect of corporate responsibility and sustainability.

We look to strengthen our relationships with our customers, clients, suppliers, merchants, employees, investors, and the communities in which we do business in part through our commitments to environmental stewardship, social responsibility and governance. We do so at a time of significant stakeholder focus on these principles, across industries and jurisdictions, as measured by a range of environmental, social and governance, or ESG, metrics. There are an increasing number of bodies that measure or otherwise track corporate compliance with ESG principles, both in absolute terms and also relative to the statements businesses make about their ESG credentials. Our ESG practices may not keep up with market expectations or generally agreed good ESG practices. Our corporate responsibility and sustainability efforts may fall short of expectations, which could adversely impact our reputation and potentially cause loss of suppliers, merchants and/or customers.

ii) Risks related to legal, regulatory and tax matters

Our operations are subject to a variety of laws and regulations, and we expect that the extent of regulation applicable to us and our operations will increase over time and that we will be subject to new laws and new regulations.

Laws and regulations applicable to e-commerce, as well as laws and regulations of broader applicability (including business conduct laws and regulations), are evolving at a rapid pace, and we expect that the pace of change will continue. Also, as we broaden our geographic footprint beyond France, we will be subject to laws and regulations that could differ significantly from jurisdiction to jurisdiction. Legislative and regulatory bodies, or self-regulatory organizations, with legal or regulatory oversight in the jurisdictions in which we operate may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance, in each case that touch on areas of our business. We currently are subject to EU laws of direct application (Regulations), national laws that transpose EU Directives and other national and local laws and regulations. Many of the initiatives in the European Union are focused on expanding and protecting the rights of consumers in the European Union. For example, we rely on the collection of personal data from our customers to effectively promote our sites, product offerings, services, and pricing practices (targeted vouchers). Through our advertising sales agencies, we use customer data, including personally identifiable information, to sell targeted advertising space to third parties. A variety of European, French, Dutch and other laws and regulations govern the collection, use, retention, sharing and security of consumer data and digital advertising, including, in France, Law No.78 17 of 6 January 1978, as amended notably by Law No. 2004 801 dated 6 August 2004 and Law No. 2018-493 dated 21 June 2018, or the French Data Protection Act, and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**").

Laws and regulations relating to privacy, data protection, consumer protection and the digital advertising business are evolving and subject to potentially differing interpretations from one jurisdiction to another. However, some directives have aimed to harmonize consumer law at a European Union level. For example, Directive 2019/771 on certain aspects of contracts for the sale of goods will fully harmonize certain aspects of consumer law relating to sales contracts and guarantees for consumers at a European Union level. Member States had until 1 July 2021 to transpose the Directive and have until 1 January 2022 to apply its provisions.

Changes in these laws and regulations or their interpretation may force us to incur substantial costs or require us to change our business practices and may present challenges to our ability to collect customer data and promote our sites, product offerings and services through electronic communications and our online advertising sales agencies.

Compliance with these laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. If we fail to comply with any such laws or regulations, we may face significant fines and penalties that could adversely affect our business, reputation, financial condition, and results of operations. Considering the large volume of personal data processed and the types of processing operated (i.e., sales, marketing, and targeted advertising.) which are intrinsically linked with our e-commerce activity, we are particularly exposed to complaints from data subjects, to cyberattacks, and to controls from data protection authorities (i.e., the *Commission national de l'informatique et des libertés* ("**CNIL**"), i.e., the French Data Protection Authority).

The GDPR imposes substantial fines for breaches and violations (up to the greater of €20 million or 4% of our consolidated annual worldwide gross revenue). The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations of the GDPR.

In addition, the GDPR increases the scrutiny of transfers of personal data outside of the European Union, to jurisdictions that the European Commission does not recognize as having "adequate" data protection laws. Recent legal developments in Europe have created complexity and compliance uncertainty regarding certain transfers of personal data from the EEA. For example, on 16 July 2020, the Court of Justice of the European Union (the "**CJEU**") invalidated the EU-US Privacy Shield Framework, or the Privacy Shield, under which personal data could be transferred from the EEA to United States entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis considering the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals. In this respect, on 4 June 2021, the European Commission issued modernized standard contractual clauses under the GDPR for data transfers from controllers or processors in the EU/EEA (or otherwise subject to the GDPR) to controllers or processors established outside the EU/EEA (and not subject to the GDPR).

European, French, Dutch and other governmental authorities continue to evaluate the privacy implications inherent in the use of "cookies" and other methods of online tracking for behavioral advertising and other purposes. Such authorities have enacted legislation to regulate the use of cookies or are considering enacting legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. Existing EU Directive 2002/58/EC (12 July 2002), or the e-Privacy Directive, was amended by EU Directive 2009/136/EC (25 November 2009) and is proposed to be replaced by a Regulation concerning the respect for private life and the protection of personal data in electronic communications. Additionally, some providers of consumer devices and web browsers have implemented means to make it easier for internet users to prevent the placement of cookies or to block other tracking technologies, which could, if widely adopted, result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. If a consumer uses an internet browser that automatically blocks all cookies, does not give consent to the use of cookies, or otherwise opts to not allow persons to track their browsing activity, our ability to effectively promote our sites, product offerings and services may be impacted. Further, restrictions on the use of cookies may impact our ability to make effective use of services that employ such practices, which could negatively impact our business. The CNIL has in this respect adopted in 2020 new guidelines on cookies and trackers and have strengthened its control actions. On 17 December 2020, the Company has received a notification of control from the CNIL regarding the processing of activities operated on the website www.cdiscount.com, and more specifically the installation of cookies without the consent of internet users. We have provided the CNIL with detailed answers on our position (exemption from consent). Although the procedure has not yet been formally closed, we have not received any additional questions or notifications from the CNIL. In practice, the CNIL usually takes up to nine months to complete its instruction. If the CNIL disagrees with our answers or considers that we were not compliant, we may receive a formal notice to comply, or an administrative sanction, which could be made public.

We are also subject to EU Regulation 2019/1150 on promoting fairness and transparency for business users of online intermediation services (20 June 2019), known as the P2B Regulation, which is designed to increase transparency of commercial relationships between businesses that provide goods and services online and the online platforms. This regulation aims to regulate the relationship between online intermediation services and their professional users. It prohibits certain unfair practices (end of sudden and unexplained account suspensions, obligation to set up clear and understandable general terms and conditions and prior notification in case of changes), requires platforms to set up an internal complaint handling system and to provide businesses with more options to solve a potential dispute, through specialized mediators and promotes greater transparency of online platforms. Thus, from now on, rankings will have to be more transparent. Marketplaces and search engines should indicate the main parameters they use to rank goods and services on their platform to help retailers understand how to optimize their presence. Beginning 1 January 2022, we will also be subject to EU member state laws implementing Directive 2019/770 on contracts for the supply of digital content and services and Directive 2019/771 on contracts for the sale of goods.

The European Commission proposed, as part of its New Deal for Consumers, Directive 2019/2161 on better enforcement and modernization of EU consumer protection rules, which is to be transposed by EU member states by 28 November 2021 and apply from 28 May 2022. It amends four existing EU directives on consumer protection including the Directive 2011/83/EU of 25 October 2011 on consumer rights (the "**Consumer Rights Directive**") which fully harmonized at a European Union level certain aspects of consumer law and contract law applicable to online sales to consumers, such as the right of withdrawal. Among other things, the Directive calls for greater transparency for consumers in online marketplaces (including mandating additional information to be provided to consumers that visit online marketplaces, price reduction announcements, the fight against fake consumer reviews), extending rights to individual remedies for consumers and implemented the application of effective and harmonized sanctions, mandating disclosure regarding search results that contain paid placements, and extending consumer protection for digital services (in particular, establishing clear rules to address the problem of dual quality of consumer products sold under the same brand in the EU).

The European Commission has also proposed a Directive on representative actions for the protection of the collective interests of consumers (in effect to facilitate class actions). Directive 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions to protect the collective interests of consumers and repealing Directive 2009/22/EC, introduced a minimum harmonization of the laws of the Member States in this area and offers the possibility of introducing cross-border group actions.

To date, France has not transposed the Directive 2020/1828. However, on 15 September 2020, France introduced bill n°3329 with the aim of reshaping the French class action regime and which, to a certain extent, coincides with the European Union regime of representative action.

The European Commission most recently proposed, at the end of 2020, the EU Digital Services Act, which would amend parts of Directive 2000/31/EC (8 June 2000), known as the e-Commerce Directive, and the EU Digital Markets Act. When adopted as Regulations, they will have direct effect into EU Member States. The Digital Services Act would, for example, provide for enhanced transparency measures for online platforms, including algorithms used for recommendations, obligations in respect of traceability of merchants and enhanced safeguards for consumers.

Moreover, laws and regulations apply to installment payments, which we propose to customers as part of our CB4X payment plan, as these are considered to be loans under French and European law. In France, Law No. 2010-737 of 1 July 2010 on consumer credit reform, which transposes Regulation 2008/48/CE of the European Parliament and of the Council of 23 April 2008 ("**Regulation 2008/48/CE**"), imposes publicity and pre-contractual information requirements for customers who want to benefit from installment payments. Currently, loans of less than €200 and loans with a duration of less than three months for which the interest charges fall below a certain threshold are excluded from the scope of this law. The European Parliament is considering modifying Regulation 2008/48/CE and the proposed changes may affect the installment payments we offer to our customers. The proposed changes include, among others, (i) eliminating the publicity and pre-contractual information exemption for loans of less than €200 and loans with a duration of less than three months; and (ii) imposing an assessment of creditworthiness for customers on the basis of their financial and economic situation, which could mean, for example, that customers may have to give proof of income to benefit from installment payments. If a new regulation were to replace Regulation 2008/48/CE, installment payments may become more cumbersome and less attractive to our customers, which could in turn affect our operating results.

The changing regulatory landscape is likely to require changes to our platform and operations and require the dedication of time and resources to ensure we are fully compliant. We are unable to predict the extent to which the changing regulatory landscape could prompt, or require, changes in our business model or prevent us, or our partners, from conducting certain e-commerce or other operations. Similarly, we are unable to predict the extent to which our growth strategy could be impacted by changes in the regulatory landscape, which could prevent us from effectively monetizing our platform or particular solutions.

We also are subject to a range of business conduct, including competition and antitrust laws and regulations and international trade controls, which could apply to our own activities or to arrangements with marketplace merchants and clients, suppliers, or others.

Any failure, or perceived failure, by us to comply with European, French, Dutch or other laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal obligations could adversely affect our reputation, brands, and business. We may be subject to actual or threatened claims, litigation, investigations, or other proceedings, including proceedings by regulators, law enforcement or other governmental or regulatory bodies.

Any of foregoing could have an adverse effect on us due to resulting legal costs, disruption of our operations, diversion of management resources, negative publicity, or other factors. The outcomes of these matters are inherently unpredictable and subject to significant uncertainties. Determining legal reserves for possible losses from such matters involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. Until final resolution of such matters, we may be exposed to losses in excess of the amount recorded, and such amounts could be material. Should any of our estimates and assumptions change or prove to have been incorrect, it could have a material effect on our business, consolidated financial position, results of operations, or cash flows. In addition, it is possible that a resolution of one or more such proceedings, including as a result of a settlement, could involve sanctions, consent decrees or orders requiring us to make substantial future payments, preventing us from offering certain products or services, requiring us to change our business practices in a manner materially adverse to our business, requiring development of non-infringing or otherwise altered products or technologies, damaging our reputation, or otherwise having a material effect on our operations. Any of these events could compromise our ability to effectively pursue our growth strategy and may adversely affect our ability to acquire new, or retain existing, customers, suppliers, and marketplace merchants and clients, or otherwise harm our business, financial condition, and results of operations.

We may become subject to additional laws or regulations or changes to existing laws or regulations, or changes in the interpretation of existing or new laws or regulations, any of which could impact the way we conduct our business.

We may, over time, become subject to additional laws and regulations, changes to existing laws or regulations or changes in the interpretation of existing or new laws, which could impact the way we conduct our business, including result in restrictions on our operations, create new obligations for us, expose us to additional costs or potential liabilities, or otherwise adversely affect us. For example, our customers can pay for products on our sites in four installments (known as CB4X). These installment payment services are currently subject to limited formal requirements under applicable French consumer laws, and we deploy additional resources to monitor the changing legislative landscape and applicable requirements. If general consumer laws or consumer laws specifically related to e-commerce sales or the rights and protections of consumers purchasing online became more stringent, these could require us to bear additional costs and operational constraints and limit our current promotional practices. Moreover, our relationships with suppliers are subject to regulation and changes to these regulations may affect us.

It should be noted that the revision of Regulation (EU) 330/2010 of 20 April 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices, which expires on 31 May 2022, will be an opportunity for the European Commission to consider the new challenges of e-commerce in distribution and competition.

In addition, with the increased focus on technology platforms and data, and calls for regulation, it is not clear how existing or future laws governing matters such as property ownership, libel, privacy, data protection, data security, network security and consumer protection may in the future apply to aspects of our operations such as e-commerce, digital content, web services, electronic devices, advertising and artificial intelligence technologies and services.

Failure to comply with these obligations or failure to anticipate the application of these and other laws and regulations accurately could create liability for us, result in adverse publicity or require us to alter our business practices, which may cause our business, financial condition, and results of operations to be materially and adversely affected.

We are subject to increasingly stringent environmental regulations.

Under various laws and regulations, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances in our warehouses. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination. We are subject to governmental regulations and the associated potential liability under, and changes in, environmental, zoning, usage, tariffs, and other laws. If environmental laws and regulations relating, in particular, to green technologies, become more stringent, these could require us to bear additional costs and operational constraints relating to, among other things, recycling unsold or returned products, including home appliances and other heavy weight products, and upgrading or replacing our existing facilities, which could have a negative impact on our business. For example, in 2020, the French Ministry of Ecological Transition announced a potential moratorium on the development of warehouses used by e-commerce businesses in order to protect small retail businesses threatened by the expansion of major e-commerce businesses. The French government has not yet taken any concrete steps with respect to this initiative; however, if any such laws or regulations were to be enacted, they would materially affect our business and financial condition. We are seeing other initiatives, such as increasingly stringent urban access regulations in major cities, including limitation of access for heavy duty vehicles and increased costs associated with obtaining such access, introduction of car-free days and low-emission zones and similar governmental action, all of which could affect our ability to serve our customers and potentially increase operating costs. In early January 2021, the French Senate approved draft legislation bill that is intended to reduce adverse ecological impacts of digital technology, for example, by reducing greenhouse gas emissions of data call centers, including through tax incentives. The legislation was approved and modified by the National Assembly in June 2021. To date, the legislation and its modification still need to be approved by the French Senate.

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

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

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

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

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

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

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

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

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

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

As of December 31, 2021, we had approximately 2,500 full time employees related to our continuing activities, almost exclusively based in France. In France, employment laws grant significant job protection to certain employees, including rights on termination of employment and setting maximum number of hours and days per week a particular employee is permitted to work. In addition, we are often required to consult and seek the advice of employee representatives and unions. These laws, coupled with the requirement to consult with any relevant employee representatives and unions, could impact our ability to react to market changes and the needs of our business.

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

In the ordinary course of our business, we may be involved in a number of judicial, administrative, regulatory, criminal or arbitration proceedings, particularly regarding third party liability, competition, intellectual property, discrimination, tax, industrial or environmental matters. Claims for a significant amount may be made against us in connection with certain of these proceedings. Any corresponding potential provisions which we may make in our accounts may prove inadequate. In addition, it cannot be excluded that in the future, new proceedings, whether or not connected to existing proceedings, relating to risks currently identified by us or resulting from new or unforeseen risks, may be brought against us. Moreover, consumer class actions are now permissible in France, which is our principal market.

If the outcome of these proceedings is unfavorable, it may damage the image of our brands and have a material adverse effect on our business, financial condition, and results of operations.

We may be subject to product liability claims if people or property are harmed by the products we sell, or that are offered through our marketplaces.

Some of the products we sell or that are offered on our sites through our marketplace activity are subject to regulation by consumer product safety and similar regulatory authorities. As a result, such products, as well as any other products, have been and could be in the future subject to recalls and other remedial actions. Products we sell for children are often subject to enhanced safety concerns and additional scrutiny and regulation. We have an internal product safety and quality team, and from time to time, when appropriate, we voluntarily remove selected products from our direct sales and marketplace sites due to safety concerns even if there is no formal recall. Such recalls and voluntary removal of products can result in, among other things, lost sales, diverted resources, potential significant harm to our reputation and brand image, increased customer service costs and legal expenses, which could have a material and adverse effect on our business, financial condition, and results of operations.

As a marketplace, we are not liable for damage caused by a merchant's product. The proposed Digital Services Act confirms this exemption from liability for marketplaces, which will nevertheless be required to take down illegal or dangerous products when notified and will have to be proactive in mitigating risks. The Digital Services Act is only proposed at this stage, and it is possible that the position on marketplace liability, as advocated by certain EU member states, could be reversed before the proposed legislation becomes law. See also "*Risks related to our business and industry – We may be unable to prevent unlawful, non-compliant or fraudulent activities by merchants or customers and we could be liable for such fraudulent or unlawful activities*".

We operate warehouse and shipping services for some of our merchants (fulfilment services). Starting July 2021 and due to a new 2019/1020/EU European regulation, fulfilment service providers will be deemed economic operators in the value chain for CE-marked products. They will therefore likely bear some liability for non-EU merchants' products in the event that no traditional operator (manufacturer, authorized representative, importer, distributor) is identifiable.

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

Some of our potential losses may not be covered by insurance. We may not be able to obtain or maintain adequate insurance coverage.

We maintain insurance coverage to cover costs and losses from certain risk exposures in the ordinary course of our operations, but our insurance may not cover the totality of the costs and losses from all events. We are responsible for certain retentions and deductibles that vary by policy, and we may suffer losses that exceed our insurance coverage limits by a material amount. We may also incur costs or suffer losses arising from events against which we have no insurance coverage. In addition, large-scale market trends or the occurrence of adverse events in our business may raise our cost of procuring insurance or limit the amount or type of insurance coverage we are able to secure. We may not be able to maintain our current coverage or obtain new coverage in the future; on commercially reasonable terms or at all, any of which could harm our business.

We may be exposed to enforcement for violating anti-corruption laws, anti-money laundering laws and other similar laws and regulations.

For our general operations, we maintain internal compliance policies and procedures designed to prevent instances of fraud, money laundering, bribery and corruption and to achieve compliance with applicable laws and regulations, but we cannot provide any assurance that these policies and procedures will be strictly followed at all times and that they will effectively detect and prevent all violations of the applicable laws and every instance of fraud, money laundering, bribery and corruption. Our efforts to comply with these laws and regulations could be costly and result in diversion of management time and effort. However, despite these efforts, there can be no assurance that through these and other procedures we use we will timely and effectively prevent or identify any violations of our internal compliance procedures or any violations of applicable laws. We are therefore exposed to potential civil or criminal penalties or associated investigations which may, if not successfully avoided or defended, have an adverse impact on our business, financial condition or results of operations.

Our payment service platform, Cnova Pay, is regulated as an electronic money institution and is in the process of obtaining financing company certification by the French Prudential Supervision and Resolution Authority for its credit activity.

Because our marketplace activity falls within the regulatory ambit of the Payment Services Directive (EU) 2015/2366 ("**PSD2**") (see "*Business of Cdiscount – Legislation and Regulation – Online commerce – Payment Services Directive*"), we established our own payment services operation. As a result, we are regulated by the French Prudential Supervision and Resolution Authority ("**ACPR**") as an electronic money institution and are currently subject to a variety of laws and regulations in France and the European Union related to payment processing, including with respect to the protection of client funds, preventing money laundering and terrorist financing, respecting "know your customer" requirements, and ensuring business continuity (see also "*Risks related to our business and industry - We are subject to payment related risks, including fraud and unpaid receivables*").

Cnova Pay's application for approval as a finance company (*société de financement*) was filed with the ACPR in October 2020 and is currently under review. There can be no assurance that the ACPR will grant Cnova Pay the certification required to operate as a finance company, which may require us to rely on third parties to offer installment payments to our customers, in which case our costs may increase and the terms on which we are able to offer this service may be less attractive. When Cnova Pay obtains its license as a finance company, potential noncompliance matters could lead the ACPR to proscribe Cnova Pay from engaging in credit activities, which would have an adverse effect on our business and reputation.

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

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

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

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

iii) Risks related to our relationships with the Casino Entities

We are dependent on financing provided by our parent Casino to continue as a going concern.

As of December 31, 2021, we had negative consolidated equity of €250 million, principally due to accumulated operating losses and a decrease of capital and share exchange between Cnova NV and Cnova Brazil for €474 million, and negative net working capital of €403 million. We are largely dependent on liquidity provided by Casino under a current account facility of €400 million and a long-term loan of €150 million, of which €220 million was outstanding in aggregate as of December 2021. These facilities were increased by €150m in March, 2022 and are in addition to the €120 million borrowed in 2020 under the government-guaranteed loan program implemented to support companies during the Covid-19 pandemic. See "*Management's Discussion and Analysis of Results of Operations – Liquidity and Capital Resources* ". The credit lines afforded by Casino were amended in 2020 to extend the maturity date to 31 July 2026, unless otherwise agreed between the parties, and a minimum floor for amounts outstanding at any one time was set at €220 million. Approximately 60% of our financing comes from Casino Entities through a cash pool agreement (as of 31 December 2021 unused credit lines under the cash pooling agreement amounted to €330 million). We also benefit from a number of other related party arrangements, all of which would terminate if we were no longer controlled by Casino or if it were to be bankrupt. On the basis of the foregoing, the Board of Directors of Cnova concluded that, on 31 December 2021, there was no material uncertainty about our ability to continue as a going concern. See "—Our business depends in part on the Casino Entities and, if we are no longer able to take advantage of our relationships with them, our business, financial condition and results of operations could be materially and adversely affected" and Notes 1.1 and 27 to our consolidated financial statements.

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

Our business depends in part on our ability to take advantage of our relationship with the Casino Entities to support our business. We have benefitted, and expect to continue to benefit, from their purchasing power, data sharing, strategic and management advice, and retail logistics infrastructure in the ordinary course of our business, pursuant to various agreements, many dating back to 2014 and 2016. In addition, the Casino Entities provide us with significant financial support through intercompany loans and bank guarantees. See also "*Risks related to our relationships with the Casino Entities – We are dependent on financing provided by our parent Casino to continue as a going concern*". If we were to cease to have access to the support provided by the Casino Entities, for example, because Casino ceases to be a significant shareholder of ours (and therefore no longer controls us) or otherwise elects to terminate key relationships, we would be harmed in significant ways, unless were able to replicate the support provided. While we believe (based on our internal policies, and internal and external verification processes) that all such transactions have been negotiated on an arm's length basis and contain commercially reasonable terms, we may be unable to replace in a timely manner or on comparable terms the services, know how, financing and other benefits that the Casino Entities have historically provided us with, including the cash pooling agreement with Casino, which could have a material adverse effect on our business, financial condition and operating results.

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

We have entered, and from time to time in the future we may enter, transactions with affiliated companies, including the Casino Entities, see note 27. The Casino Entities, including Casino, control a majority of our outstanding share capital, and certain officers of the Casino Entities serve on our board of directors and retain their positions with the Casino Entities. Our board of directors has adopted a written policy regarding the review and approval of related party transactions which requires that all related party transactions be entered into on arm's length terms and, together with our other governance documents, also provides for the management of conflicts of interest. However, related party transactions between us and the Casino Entities or other related parties which we entered prior to becoming a public company and to which we remain a party may present conflicts of interest between our management and the Casino Entities or such related parties.

Certain of our directors may have actual or potential conflicts of interest because of their positions with the Casino Entities.

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

iv) Risks related to the Company

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

attention.

As a Dutch public company with shares listed on Euronext Paris, we are subject to various regulatory and reporting requirements and other applicable securities rules and regulations. Compliance with these rules, (which are not harmonized between France and the Netherlands), and regulations has increased our legal and financial compliance costs, made some activities more difficult, time-consuming, or costly, and increased demands on our systems and resources. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results.

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

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

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

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

The Company is exposed to a 6-year indemnification obligation as of 31 October 2016 to Via Varejo as part of the Reorganization Agreement.

On 8 August 2016, Via Varejo S.A. ("**Via Varejo**"), Cnova Comércio Eletrônico S.A. ("**Cnova Brazil**") (Via Varejo and Cnova Brazil jointly referred to as "**Via Varejo**") and Cnova entered into a reorganization agreement, aiming to combine the e-commerce business operated by Cnova Brazil with Via Varejo's brick and mortar activities (the "**2016 Reorganization Agreement**"). Pursuant to the 2016 Reorganization Agreement, Cnova Brazil was reorganized within Via Varejo with the consequence that Cnova Brazil became wholly owned by Via Varejo. As part of the 2016 Reorganization Agreement, we are exposed to a 6-year indemnification obligation as of 31 October 2016 to Via Varejo which indemnification limitation has been reduced, subject to all terms and conditions of the Reorganization Agreement, to $50 million on 31 October 2017. Any failure by the Company to satisfy indemnification obligations could result in potential claims and legal proceedings raised by Via Varejo. These events could potentially harm our reputation and/or have a material adverse effect on our business, financial condition, results of operations or prospects.

In respect of this indemnification obligation, Via Varejo commenced an arbitration procedure against Cnova NV on 8 July 2020 claiming an undocumented amount of approximately BRL 65 million concerning labor and consumer claims that allegedly were of Cnova's responsibility and generated indemnifiable losses. On 22 January 2021, Via Varejo submitted its statement of claim as part of the arbitration procedure, but which did not produce any new evidence pertaining to the case, and therefore we are still unable to determine the extent of our potential liability, if any. On 29 March 2021, we responded to Via Varejo's statement of claim. Following several procedural steps, the Arbitration Tribunal instructed a third-party expert to analyze the consumer and labour claims comprising Via Varejo's total claim. Both parties reacted to this third-party's expert report on April 1, 2022. Hearings between parties were scheduled for May 2022. Depending on the outcome of this arbitration, Cnova may be held by the arbitral tribunal to indemnify Via Varejo (see also "*Business – Legal Proceedings*").

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

As a Dutch company, we are subject to the Dutch Corporate Governance Code 2016 ("**DCGC**"). The DCGC contains both principles and best practice provisions for management boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance, and enforcement standards. The DCGC applies to all Dutch companies listed on a regulated market and any equivalent third (non-EU) country regulated market, which includes Euronext Paris. The principles and best practice provisions apply to the board (in relation to role and composition, conflicts of interest and independence requirements, board committees and remuneration), shareholders and the general meeting of shareholders (for example, regarding anti-takeover protection and obligations of the Company to provide information to its shareholders) and financial reporting (such as external auditor and internal audit requirements). We do not comply with all the provisions of the DCGC. This may affect your rights as a shareholder, and you may not have the same level of protection as a shareholder in a Dutch company that fully complies with the DCGC. In addition, the rights of our shareholders may be different from the rights of shareholders governed by the laws of other jurisdictions.

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

Although the general meeting of the shareholders generally has the right to approve legal mergers or demergers, Dutch law does not grant appraisal rights to a company's shareholders who wish to challenge the consideration to be paid upon a legal merger or demerger of a company (except in a limited number of situations). In addition, if a third party is liable to a Dutch company, under Dutch law shareholders have limited right to bring an action on behalf of the company or to bring an action on their own behalf to recover damages sustained as a result of a decrease in value, or loss of an increase in value, of their stock. Only in the event that the cause of liability of such third party to the company also constitutes a tortious act directly against such shareholder and the damages sustained are permanent, may that shareholder have an individual right of action against such third party on its own behalf to recover damages. The Dutch Civil Code provides for the possibility for a foundation or an association whose objective, as stated in its articles of association, is to protect the rights of persons having similar interests, to institute litigation. This foundation or association must meet several criteria regarding governance and have close connections to the Netherlands. If the court determines that the foundation or association meets the criteria and can therefore act as a class representative, the case will go forward as a class action. Class members are given a period to opt out and the outcome of the case is binding for all members of the class who are residents of the Netherlands, unless they opt out. For residents of other countries, an opt-in principle applies in order to be bound to the outcome of the case. It is also possible to reach a settlement during the case. If the court approves the settlement, the settlement will bind the members of the class, subject to a second opt-out. This possibility for class actions applies to claims brought after 1 January 2020, relating to certain events that have occurred on or after 15 November 2016. For earlier matters, the old Dutch class actions regime will apply, which cannot result in payment of monetary damages but may result in a declaratory judgment (*verklaring voor recht*).

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

v) Risks related to our ordinary shares

Risks related to volatility of share price.

Due to the limited volume of our ordinary shares that is traded on Euronext Paris on an average daily basis, the market price of our ordinary shares may experience more volatility compared to other listed companies and may be significantly and adversely affected by a variety of factors that could impact us, our competitors, macroeconomic conditions, and the e-commerce sector. In particular, the market price of the newly issued shares may be significantly and adversely affected by a variety of factors that may impact the Company, its competitors, macroeconomic conditions or the digital or e-commerce sectors.

These factors may include, among others, market reaction to:

- variations in our or our competitors' operating results, forecasts, or outlook from one period to another;
- announcements made by our competitors or other companies with similar activities, or announcements concerning the retail sales of consumer products in general or the e-commerce market relating to the financial and operating performance or outlook of those companies;
- adverse regulatory developments affecting markets where we do business or us directly;
- fluctuations in the stock markets in general and market prices for e-commerce companies in particular;
- publications of any research analysts;
- changes in our capital structure, including issuance of debt or equity securities;
- changes in our shareholding structure, our officers or key employees or the scope of our assets (acquisitions, sales, etc.).

In addition, many of the risks described elsewhere in this section could materially and adversely affect the price of our listed shares. Financial markets have recently experienced price and volume volatility that has affected many companies' stock prices, and such wide fluctuations have often been unrelated to the operating performance of those companies. Changes in the international environment, such as, in particular, the evolution of the current health crisis related to the COVID-19 pandemic, could have a significant impact on stock markets. Fluctuations such as these may materially affect the market price of our shares and / or the ability to trade these shares on the markets.

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

As of December 31, 2021, there were 345,210,398 of our ordinary shares outstanding. Sales by us or our shareholders of a substantial number of our ordinary shares in the public market, or the perception that these sales might occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of our equity securities.

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

We have no present plan to pay any dividends on our ordinary shares and no assurance can be given that the Company will pay or declare dividends in the future.

We currently intend to reinvest all future earnings, if any, to finance the operation and expansion of our business. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and other factors our board of directors may deem relevant from time to time. Payment of future dividends may be made only to the extent our shareholders' equity exceeds the sum of our paid-up and called-up share capital plus the reserves that must be maintained in accordance with provisions of Dutch law and our Articles of Association. The determination of the board as to whether to propose to the meeting of shareholders to resolve upon a dividend will depend upon many factors, including the Company's financial condition, earnings, corporate strategy, capital requirements of its operating subsidiaries, covenants, legal requirements to which the Company is subject, as well as other factors deemed relevant by the board. There can be no assurance that the Group's performance will facilitate adherence to the dividend policy or any increase in the pay-out ratio and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described herein were to occur. We cannot provide assurances regarding the amount or timing of dividend payments and may decide not to pay dividends in the future. As a result, you should not rely on an investment in our ordinary shares to provide dividend income, and the success of an investment in our ordinary shares may depend upon an appreciation in their value. There is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which shareholders have purchased their ordinary shares.

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

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

3. CORPORATE GOVERNANCE – THE DUTCH CORPORATE GOVERNANCE CODE

As a Dutch company whose ordinary shares are listed on Euronext Paris, we are subject to the Dutch Corporate Governance Code 2016 ("DCGC"). The text of the DCGC can be accessed at http://www.mccg.nl.

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

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

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

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

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

As a company that is controlled by Casino, and pursuant to the management agreement entered into with Casino and Euris, internal audit support is provided by the internal audit function of Casino in cooperation with the Company's internal controls department. The Board has no approval or nomination rights with regards to the appointment or dismissal of the internal auditor of Casino under the terms and conditions of the aforementioned management agreement, but the Board does have control over the appointment and dismissal of the Company's internal controls department. The Board has concluded that the audit support provided by the internal audit function of Casino, together with the support provided by the Company's internal controls department, currently provides an adequate alternative to establishing a separate internal audit department for Cnova. The findings of the internal audit function of Casino are (at least annually) reported to the Audit Committee, after which the findings are discussed, and feedback is given on the future internal audit plan pertaining to Cnova.

Retirement schedule (best practice provision 2.2.4)

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

Contents of the Board Rules (best practice provision 2.3.1)

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

Board Committees (best practice provision 2.3.2)

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

Oversight of misconduct and irregularities (best practice provision 2.6.4)

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

Remuneration (Principle 3.1 and certain associated best practice provisions)

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

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

4. BOARD OF DIRECTORS

4.1 BOARD MEMBERS

At the Company's AGM held on May 28, 2021, the shareholders (re)appointed several directors. In addition, on December 21, 2021 Mr. Arnaud Strasser resigned as non-executive director, and on the same day Mr. Steven Geers was appointed as a replacement executive director. 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(2)	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 (2)	July 24, 2014	2020-2023	Brazilian	1955
Mr. Bernard Oppetit (1)	November 19, 2014	2019-2022	French	1956
Mr. Christophe José Hidalgo	January 13, 2017	2020-2023	French	1967
Executive directors				
Mr. Emmanuel Grenier, CEO	June 29, 2016	2019-2022	French	1971
Mr. Steven Geers, replacement Executive Director	December 21, 2021	2021-2022	Netherlands	1981

(1) Member of the Audit Committee.
(2) Member of the Nomination and Remuneration Committee.

The following paragraphs set forth biographical information regarding our directors:

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

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

Eleazar de Carvalho Filho has served as one of our directors since October 31, 2014. He is a founding partner at Virtus BR Partners, an independent advisory firm, and at Sinfonia Capital, and currently is Chairman of Oi S.A., serves on the board of directors of TechnipFMC plc, Grupo Pão de Açùcar (GPA) and Brookfield Renewable Corporation. Previously, he served as chief executive officer of

Unibanco Banco de Investimentos and president of the Brazilian Development Bank (BNDES) and managing director and president of Banco UBS - Brazil. He served as the chairman of the board of directors of BHP Billiton Brazil and as a member of the boards of directors of Petrobras, Centrais Elétricas Brasileiras, Vale, Tele Norte Leste Participações, Alpargatas, and others. He also is president of the board of trustees of the Brazilian Symphony Orchestra Foundation. He holds a bachelor's degree in economics from New York University and a master's degree in international relations from Johns Hopkins University.

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

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

Christophe José Hidalgo has served as one of our directors since January 13, 2017. Mr. Hidalgo has been Interim Chief Executive Officer since November 2020 and Vice President of Finance of GPA since 2012. He is also member of the Board of Directors of GPA, elected on December 28, 2020, also integrating the Audit, Finance and Innovation and Digital Transformation Committees. The executive was elected, on December 31st, 2020, as member of the Board of Directors Management of Assaí Atacadista, in which also integrates the Committees of Strategic and Investment, Financial, Human Resources, and Sustainability Committees. Worked as CFO of Éxito Group (Colombia), subsidiary of Casino Group, from 2010 to 2012, and is currently Member of its Board of Directors. After joining Casino, in 2000, he took several posts in finance and controllership in the Group. As previous experience in Brazil, he worked as CFO of the retailer Castorama, between 1996 and 2000. Christophe is French, with bachelor's degree in private law and degree in finance and accounting, both from the University of Bordeaux (France).

Mrs. Josseline de Clausade was appointed as Non-Executive Director on June 26, 2020. Since 2012, Mrs. Josseline de Clausade serves as CEO advisor at Casino Group, she manages European and International Affairs for all strategic issues. She was member of the Board of Big C in Vietnam and Thailand, and subsequently as Executive Board member of Exito in Colombia where she currently serves as Board Member of Exito Foundation. Mrs. De Clausade is graduated of Institut d'Études Politiques de Paris and of Ecole Nationale d'Administration. She also holds a master's degree of Economics from

University of Paris-Dauphine. She has served as member of Conseil d'Etat in France. She was appointed as director of cabinet of deputy minister of foreign affairs, then, she served as diplomat at the French Permanent Representation at the European Union in Brussels, serving as Mission Head, responsible for Cultural Affairs and Scientific Cooperation at the Cabinet of Hubert Védrine (Foreign Affairs Minister) and, also as Consul-General of France in Los Angeles – USA. Mrs. Josseline de Clausade is Officer of the Légion d'Honneur.

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

Steven Geers was appointed as replacement executive director on December 21, 2021. Mr. Geers became the Company's General Counsel on March 17, 2016, after having worked as Assistant General Counsel from March 1, 2015. Prior to joining the Company, Mr. Geers worked as a senior lawyer at General Electric (GE) and practiced law at international law firms in Amsterdam and The Hague in the Netherlands, and New York City, USA. Mr. Geers holds a master's degree in Corporate Law from Groningen University in the Netherlands.

4.2 BOARD STRUCTURE

Our Company has a single-tier board of directors. The Board consists of nine directors, including seven non-executive directors and two executive directors (including Steven Geers as replacement executive director). The terms of our directors will expire at the AGM in 2022 (for Bernard Oppetit, Eleazar de Carvalho Filho. Emmanuel Grenier and Steven Geers); 2023 (for Josseline de Clausade, Christophe Hidalgo and Ronaldo Iabrudi dos Santos Pereira); and 2024 (for Silvio Genesini and Jean-Yves Haagen). Non-executive Directors are expected to serve three-year terms, although the internal rules for the Board and its committees (the "Board Rules") allow for other terms if proposed by the board of directors and approved by a resolution of our general meeting of shareholders. A director may be re-elected to serve for an unlimited number of terms, although the DCGC contains best practice recommendations on the maximum tenure of our non-executive directors.

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

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

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

The primary responsibility of our non-executive directors is to supervise the Company's management, the Company's general affairs and the business connected with it and for advising the executive directors. The primary responsibility of the executive directors is to manage, subject to the limitations of Dutch law and without prejudice to the Board’s collective responsibility, our Company’s day-to-day operations, the general and administrative affairs of the Company's business. Furthermore, subject to the limitations of Dutch law and without prejudice to the Board’s collective responsibility, our CEO is primarily responsible for the general affairs and the business of the Company’s group.

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

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

4.3 DIRECTOR INDEPENDENCE

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

4.4 BOARD EVALUATION

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

The last meeting of the Board without the executive directors being present to discuss the functioning of the Board as a whole and the individual directors took place on December 21, 2021. The evaluation was carried out on the basis of a questionnaire and a discussion among the non-executive directors. In the context of this evaluation, the Board concluded that it, its committees and its members, are functioning properly.

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

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

5. REMUNERATION REPORT

Advisory vote

Pursuant to the implementation of the Revised Second European Shareholder Rights Directive in 2019, the remuneration report included in our 2019 Dutch Annual Report was placed as an advisory voting item on the agenda of our AGMs in 2020 and 2021. The vast majority of those shares, including the vast majority of shares not controlled by Casino Entities, represented during the AGM in those years voted to approve the remuneration report, which the Company considers as an encouragement to continue with its consistent approach with regard to the contents and structure of its remuneration reporting.

Remuneration policy

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

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

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

The Board determines the remuneration of our directors in accordance with the remuneration policy and the remuneration paid to our directors in the 2021 fiscal year is consistent with our remuneration policy. Therefore, the remuneration paid to our directors in the 2021 fiscal year is consistent with the intentions of our remuneration policy and thus contributes to the long-term success performance of the Company. Our executive director(s) may not participate in the deliberations or, if applicable, the determination of the remuneration of executive director(s).

The below table shows the compensation paid by us and our subsidiaries to our non-executive directors in the 2021 fiscal year. In determining the level and structure of the compensation of our directors, relevant scenario analyses and peer company analyses were carried out and have been considered in advance of setting the definitive level and structure of the compensation of our directors. We do not have any written agreements with any director providing for benefits upon the termination of such director's relationship with our company or our subsidiaries. Benefits upon termination will be fully governed by the applicable jurisdiction's legislation.

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

Name and title	Fixed remuneration			Variable remuneration					
	Base salary	Fees (1)	Fringe benefits	One-year variable	Multi-year variable	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Jean-Yves Haagen, Chairman		20,000						20,000	
Ronaldo Iabrudi dos Santos Pereira, Vice-Chairman		27,000						27,000	
Eleazar de Carvalho		80,000						80,000	
Christophe Hidalgo		10,000						10,000	
Silvio Genesini		137,000						137,000	
Arnaud Strasser		27.000						27.000	
Bernard Oppetit		123,000						123,000	
Josseline de Clausade		10,000						10,000	

1. Consists of director fees, committee member fees and attendance fees.

Remuneration for executive directors

During his tenure as CEO and executive director in the 2021 fiscal year, our CEO's total paid out remuneration (comprising a combination of fixed and variable compensation, excluding payroll taxes born by subsidiaries of the company and including long term incentive plans that became payable in 2021) amounted to € 1.886.000 including a variable compensation related to 2021 based 50% on quantitative targets and 50% on qualitative targets. The Board has determined that those targets were 100% reached, setting the variable compensation paid at €225.000.

On December 21, 2021 Steven Geers was appointed as replacement executive director. In the 2021 fiscal year, Mr. Geers' total paid out remuneration emanating from his position as replacement executive director (comprising a combination of fixed and variable compensation, excluding payroll taxes born by subsidiaries of the company) amounted to €8.776 including a variable compensation related to 2021. Due to the short period between appointment and year-end 2021, no specific objectives for variable compensation were set for Mr. Geers in relation to his position as replacement Executive Director in 2021. Mr. Geers held the position of replacement Executive Director for eight working days in 2021. His variable income in 2021 is therefore based on the objectives set for his position as General Counsel, as determined by the Company's Board of Directors. The Company performed an independent benchmark test of its executive director compensation in July 2020. The benchmark was based on a peer group, comprising European and Global peer companies, and was based on public 2019 remuneration data.

At present, the executive directors' compensation does not include any Cnova equity-based remuneration.

The below table shows the compensation from the Company and our subsidiaries booked as cost related to our executive directors in the 2021 fiscal year. Amounts are in euro.

Name and title	Fixed remuneration			Variable remuneration					
	Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable (1)	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Emmanuel Grenier, CEO	450,000.00	120,000.00	-	225,000.00	450,000.00	168,750.00	-	1,413,750.00	Fixed: 40.3% Variable: 59.7%
Steven Geers (2)	4,972.60	-	-	2,447.12	1,356.16	-	-	8,775.88	Fixed: 56.7% Variable: 43.3%

1. The Executive Director's Multi-year variable is based upon a multi-year incentive plan, subject to presence condition as well as performance conditions, set and measured on an annual basis and paid following the determination of the achieved target amount. The key performance indicators relating to this multi-year variable scheme are set out below.
2. Mr. Geers was appointed as replacement executive director on December 21, 2021.

The Board and the Nomination and Remuneration Committee are of the opinion that the selection of key performance indicators used for determining the CEO's variable compensation comprises an appropriate selection of incentives. More specifically, the key performance indicators incentivize the CEO to achieve the purposes as stated in our remuneration policy, by targeting a mixture of financial and non-financial metrics (GMV, trading profit, net financial debt); customer satisfaction (NPS, CDAV), long term strategic plans (services, and partnership development, technological know-how) and CSR (% of women in management). As such the component parts of the variable compensation address all the Company's stakeholders and are aligned with its long term strategic goals. As indicated above, due to the short period between appointment of Steven Geers as replacement executive director and year-end 2021, no specific key performance indicators for variable compensation were set for Mr. Geers in relation to his position as replacement executive director in 2021.

The following table sets forth the key performance indicators for the year 2021 used to set the CEO's one year variable compensation concerning the performance in 2021. The target compensation to be achieved amounts to 50% of the CEO's 2021 base salary (450.000 euro), and is capped at 200% achievement rate. Due to the Company's and CEO's position within the Casino Group, the performance criteria combine Casino Group as well as Company related aspects. The performance against these objectives will be assessed by the Company's Nomination and Remuneration Committee and its Board, after which, all other things remaining equal, the variable remuneration will be paid out in 2022.

1 - Description of the performance criteria	**2 - Relative weighting of the performance criteria**	**3 - information on Performance Targets**		**4- a)Measured performance and b) actual outcome**
		a) Minimum target b) corresponding award	**a)Target b)corresponding award**	
Casino Group EBITDA	13.0%	0%	5%	0%
		0	29,250	0
Casino Group CAF	7%	0%	5%	0%
		0	15,750	0
Casino Group CSR	5%	-		7.5%
		0	11,250	16,875
Cnova EBITDA (€M)	5.0%	135	145	0
		0	11,250	0
Cnova Marketplace revenue (€M)	5%	200	222	0
		0	11,250	0
Cnova GMV growth(€M)	5%	9%	10%	0
		0	11,250	0
Cnova change in NFD	5.0%	13%	18%	0
		0	11,250	0

Cnova Inventory reduction	5.0%	-17%	-20%	0
			11,250	0
Global Average NPS	5.0%	48.0	50.0	53
			11,250	22,500
Develop MaaS*	7.5%			15%
			16,875	33,750
Strategic Project*	7.5%			100%
			16,875	16,875
Recruitment Key Staff*	5%			200%
			11,250	22,500
Management attitudes & behaviours*	25.0%		100%	200%
			56,250	112,500
TOTAL				225,000

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

The following table summarizes the key performance indicators used to set the CEO's multi-year variable compensation; the realization of those key performance indicators as well as the realization of the results in 2021 (all amounts in EUR).

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

1 - Description of the performance criteria	2 - Relative weighting of the performance criteria	3 - information on Performance Targets	4- a)Measured performance and b) actual outcome
Presence over 3 years as from 2019	**50%**	Presence for a period of three years, equal to the duration of the multi-year plan	**100%** **225,000**
Performance	**50%**	Performance indicators are related to relevant parameters such as GMV, EBITDA or Net financial debt. They are set on an annual basis for each three years period, as set forth in more detail in the below overview.	**64%** **144,075**

The following table specifies the targets contained in the executive directors' multi-year plan, as well as the measured performance of these targets during the relevant time period of 2019, 2020 and 2021.

	2019 results	Achievement rate	Weight	Weighted achievement rate
2019 Cnova GMV growth	9.1%	82.0%	20%	16.4%
2019 Cnova EBITDA	50.6	103.0%	15%	15.5%
2019 change in Cnova Financial Net Debt	-54	0.0%	15%	0.0%
Performance conditions achievement rate				***63.7%***
Presence conditions achievement rate				***100.0%***

	2020 results	Achievement rate	Weight	Weighted achievement rate
2020 Cnova GMV growth	8.6%	120.0%	20%	24.0%
2020 Cnova EBITDA	101.4	128.0%	15%	19.2%
2020 change in Cnova Financial Net Debt	21	140.0%	15%	21.0%
Performance conditions achievement rate				***128.4%***
Presence conditions achievement rate				***100.0%***

	2021 results	Achievement rate	Weight	Weighted achievement rate
2021 Cnova GMV growth	0.0%	0.0%	20%	0.0%
2021 Cnova EBITDA	77	0.0%	20%	0.0%
2021 change in Cnova Financial Net Debt	-125	0.0%	10%	0.0%
Performance conditions achievement rate				***0.0%***
Presence conditions achievement rate				***100.0%***
Global achievement rate				***50.0%***

Summary

Global performance conditions achievement rate (1)	*50%*	**64.0%**
Global presence condition achievement rate (2)	*50%*	**100.0%**

(1) Average of the 2019, 2020 and 2021 performance conditions achievement rate
(2) Average of the 2019, 2020 and 2021 presence condition achievement rate

Target amount attributed to E. Grenier	**450,000**
Amount paid to E. Grenier	**369,075**
inc. 64,0% as of global performance conditions	*144,075*
inc. 100% as of global presence condition	*225,000*

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

The following table sets forth the development of our directors' remuneration and Company performance for the past 5 years:[1]

Annual change	**FY 21 vs. FY 20**	**FY20 vs. FY19**	**FY19 vs. FY18**	**FY18 vs. FY17**	**FY17 vs. FY16**	**Information regarding FY21**
Director's remuneration						
CEO and Executive Director	+18,750 2020 remuneration +=1,395, 000	+183.100 2019 remuneration = 1,211,900	+ 69,900 2018 remuneration = 1,142,000	+45,000 2017 remuneration =1,097,000	+401,200 2016 remuneration = 695,800	1,413,750
Replacement Executive Director	n/a	n/a	n/a	n/a	n/a	7,820
Jean-Yves Haagen, Chairman	+10,000 2020= 10,000	0	0	0	n/a	20,000
Ronaldo Iabrudi dos Santos Pereira, Vice-Chairman	0	0	0 2018 remuneration = 27,000	+8.000 (2017 remuneration = 19.000)	-5,000 2016 remuneration = 24,000	27,000
Eleazar de Carvalho, non-executive director	+30,000 2020 = 50,000	0	0 2018 remuneration = 50,000	+10,000 2017 remuneration = 40,000	0 2016 remuneration = 40,000	80,000
Christophe Hidalgo, non-executive director	0	0	0	+10,000	n/a	10,000
Silvio Genesini, non-executive director	+30,000 2020= 107,000	0	-/-3.000 2018 remuneration = 110.000	+32,500 2017 remuneration = 77,500	-59,500 2016 remuneration = 137,000	137,000
Arnaud Strasser, non-executive director	0	0	0 2018 remuneration = 27,000	+7.500 (2017 remuneration = 19.500)	-4,500 2016 remuneration = 24,000	27,000
Bernard Oppetit, non-executive director	+30,000 2020=93,000	- 3.000 (2018 remuneration =		+26,000 2017 remuneration =	-58,000 2016 remuneration =128,000	123,000

		96.000)		70,000		
Josseline de Clausade	+10,000	n/a	n/a	n/a	n/a	10,000
Year	**2021**	**2020**	**2019**		**2018**	**2017**
GMV in million EUR	4206	4207	3899		3646	3391
EBITDA in million EUR	109	133	51		26	4
Marketplace share	45.2%	43.6%	38.1%		34.1%	32.0%
Employees of the Company	329,939	321,875	202,992		336,618	116,094
Employees of the Company and its subsidiaries collectively	53,230	49,468	43,314		42,135	40,160

1. The remuneration included in this overview for the CEO and replacement executive director are the amounts booked as cost for the year 2021 and do not constitute the amounts paid out in 2021.

Pay Ratio

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

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

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

The Company is of the opinion that this constitutes a fair comparison between the total remuneration of its CEO and a representative group comprising junior, mid-level and senior employees employed by the Company and its subsidiaries. This ratio was as follows in 2021: Representative Group: CEO = 1:36. This ratio was as follows in 2020: representative Group: CEO = 1:35. The difference between the pay ratio in 2020 compared to 2021 was driven by an additional variable incentive granted to the CEO in 2021.

Compensation of non-executive directors

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

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

Members of our audit committee receive a fixed annual retainer of EUR 15,000 and the chairman of the audit committee receives a fixed annual retainer of EUR 25,000. Members of our nomination and remuneration committee receive a fixed annual retainer of EUR 8,000, and the chairman of the nomination and remuneration committee receives a fixed annual retainer of EUR 15,000. In addition, members of the audit committee receive an attendance fee of EUR 3,000 per meeting and members of the nomination and remuneration committee receive an attendance fee of EUR 3,000 per meeting. In 2021 the Board created a temporary special committee to address certain strategic initiatives. The members of this special committee received a fixed remuneration of EUR 30,000 (for non-executive directors who do or did not serve within the Casino Group in any capacity other than as a director (Messrs. Genesini, Oppetit, De Carvalho)), or EUR 10,000 (for non-executive directors who do or did serve within the Casino Group in any capacity other than as a CEO (Haagen)).

Personal loans, advances and guarantees

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

5.1 ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

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

Board meetings 2021

Name	17 -02	31-03	12-04	12-05	27-5	31-05	26-07	07-10	29-10	21-12
Ronaldo Iabrudi	X	X	X	X	X	X	X	X	X	X
Christophe Hidalgo	X	X	X	X	X	X	X	X	X	X
Arnaud Strasser	X	X	X	X	X	X	X	X	X	
Eleazar de Carvalho	X	X	X	X	X	X	X	X	X	X
Silvio Genesini	X	X	X	X	X	X	X	X	X	X
Bernard Oppetit	X	X	X	X	X	X	X	X	X	X
Jean-Yves Haagen	X	X	X	X	X	X	X	X	X	X

Josseline de Clausade	X	X	X	X	X	X	X	X	X	X
Steven Geers										X

Audit Committee Meetings

Name	14 February	29 March	21 May	22 July	27 October	3 December
Bernard Oppetit	X	X	X	X	X	X
Silvio Genesini	X	X	X	X	X	X

Nomination and Remuneration Committee Meetings

Name	26 March	21 July	12 November
Silvio Genesini	X	X	X
Ronaldo Iabrudi	X	X	X
Arnaud Strasser	X	X	X

5.2 DIRECTORS' SERVICE CONTRACTS

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

5.3 BOARD AND OTHER MANAGEMENT COMMITTEES

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

5.3.1 Audit Committee

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

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

The main items discussed at the meetings of our audit committee in 2021 included those listed in article 4 of the Company's Audit Committee Charter, as can be found on www.cnova.com.

5.3.2 Nomination and Remuneration Committee

Our nomination and remuneration committee consists of three independent directors, Mr.

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

The main items discussed at the meetings of our nomination and remuneration committee in 2021 included those listed in the Company's Nomination and Remuneration Committee Charter, as can be found on www.cnova.com.

5.4 DIVERSITY POLICY

Cnova believes that diversity is important to support good decision making, and it is committed to supporting, valuing and leveraging diversity in the composition of the Board. In pursuing this goal, on December 21, 2021, the Board approved the revised Diversity Policy of Cnova, which sets out the company's targets relating to diversity in the composition of the Board and senior management. Legislation coming into force in 2022 concerning diversity was taken into account during the revision of the Diversity Policy. The Diversity Policy is available on our website. Since its approval, the Diversity Policy is used by the Board and its Nomination and Remuneration Committee during the selection, recommendation and nomination of the Company's directors and senior management.

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

5.5 CONFLICTS OF INTEREST

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

During 2021, we did not enter into transactions in respect of which there was a conflict of interests between us and any of our directors which is (or was) of material significance to us or such director(s).

5.6 CORPORATE VALUES

Our corporate values are described in our Code of Business Conduct and Ethics, which forms a set of guidelines that explain how all of our directors, officers and employees are expected to behave as they conduct the Company's affairs. Our Code of Business Conduct and Ethics addresses both ethical standards and obligations for complying with the laws and regulations of the countries where we conduct business, as well as how we are all expected to respond to unacceptable behavior. We urge our directors, officers and employees to give their full attention to reading and understanding the Code of

Business Conduct and Ethics. We believe that compliance with that Code is not only good business, but also a requirement for all directors, officers and employees of Cnova and its subsidiaries. Our directors, officers and employees are expected to act with total transparency and report in good faith any violations of the Code.

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

6. EXECUTIVE OFFICERS

6.1 EXECUTIVE OFFICERS

The individuals listed below comprised our executive officers at 31-12-2021:

Name	Age	Title
Emmanuel Grenier......	50	Chief Executive Officer and Executive Director
Luc Péligry...............	57	Chief Financial Officer of Cnova N.V.; Chief Financial Officer of Cdiscount
Pascal Rivet..............	61	Chief Compliance Officer
Steven Geers.............	40	Replacement Executive Director and General Counsel

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

Luc Péligry was appointed as our Chief Financial Officer in November 2021. Prior to joining the Company, Mr. Péligry worked as Group CFO of Europcar Mobility Group. Previously, he was General Manager Finance & Operations at Pierre Fabre Laboratoires, VP Finance and Operations at InVivo NSA and Chief Financial Officer of SigmaKalon France. He built the first steps of his career with KPMG, Deloitte and Credit du Nord. Mr. Péligry graduated from ESSCA, INSEAD and is a Qualified Chartered Accountant.

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

6.2 COMPENSATION OF EXECUTIVE OFFICERS

The aggregate compensation expensed by us and our subsidiaries to our executive officers for the year ended December 31, 2021 was approximately €2.714 million. This amount excludes compensation paid to Mr. Rivet, the Company's Chief Compliance Officer. Mr. Rivet's compensation is paid as part of the management support and strategic advisory agreement between Cnova, Casino, Guichard-Perrachon and Euris.

7. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

For 2021, the following 10 RPT transactions were submitted for Board Approval

• Octopia's Marketplace solutions to Distribution Casino France

• RelevanC license to Cdiscount advertising to use its proprietary Display platform

• Exclusive mandate (except for Octopia's customers) given to RelevanC for the commercialization of Cdiscount advertising white label Search platform.

• RelevanC purchasing conditions for Cdiscount display advertising inventory and data as well as trading desk and AdEx services

• Octopia's Marketplace solutions to Monoprix

• Frame agreement contract with FLOA

• Sale of Eureka assets to FLOA

• Octopia's Marketplace solutions to Exito

• Disposal of Phoenix subsidiary

• Use of Casino's resources foe the overseas importation of goods

These 10 RPT transactions were reviewed by Grant Thornton. Grant Thornton concluded that the terms and conditions of these transactions adhered in all material aspects to the at-arm's-length criterion. In line with the Company's Related Party Transaction Policy and Audit Committee Charter, these related party transactions were then validated by the Company's Audit Committee and upon their recommendation approved by the Board

As part of the annual operating effectiveness testing, Grant Thornton selected 8 existing related party transactions for testing including 1 of the 10 related party transactions that were entered into in 2021. The scope of this testing covered 95% of revenues and 85% of net income resulting from related party transactions. Grant Thornton concluded that they did not identify any material element likely to call into question the fact that Related Party Transactions were not operated satisfactorily following agreed principles and thus impairing arm's-length terms.

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

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

8. SHARE CAPITAL

8.1 AUTHORIZED SHARE CAPITAL, ISSUANCE OF SHARES AND PREEMPTIVE RIGHTS

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

As of December 31, 2021 the Company had an issued share capital consisting of 345,210,398 ordinary shares, par value € 0.05 per share and 308,937,115 special voting shares, par value €0.05 per share.

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

The most recent resolution adopted by our general meeting of shareholders in this respect was adopted in the AGM held on May 28, 2021, pursuant to which the Board is authorized to resolve on the issuance of ordinary shares and special voting shares up to the maximum number allowed to be issued under the Company's authorized share capital as stipulated in the articles of association of the Company from time to time, and to grant rights to subscribe for such ordinary shares and special voting shares up to such maximum number, for a period of five (5) years with effect from said AGM, which delegation includes the authority to determine the price and further terms and conditions of any such share issuance or grant.

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

The preemptive rights in respect of newly issued ordinary shares may be restricted or excluded by a resolution of the general meeting of shareholders. The general meeting of shareholders may authorize the Board (or another body) to restrict or exclude the preemptive rights in respect of newly issued ordinary shares. Such authorization can be granted and extended, in each case for a period not exceeding five years. A resolution of the general meeting of shareholders to restrict or exclude the preemptive rights or to designate the Board as the authorized body to do so requires a two-thirds majority of the votes cast, if less than one-half of our issued share capital is represented at the meeting. The most recent resolution adopted by our general meeting of shareholders in this respect was adopted in the AGM held on May 28, 2021, pursuant to which the Board is irrevocably authorized to limit or exclude the preemptive rights of holders of ordinary shares for a period five years with effect from said AGM.

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

8.2 FORM OF SHARES

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

8.3 VOTING RIGHTS

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

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

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

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

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

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

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

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

recently adopted annual accounts.

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

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

8.4 SPECIAL VOTING SHARES

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

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

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

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

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

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

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

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

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

CBD and Exito and their respective legal successors as long as they remain 90% controlled by one or more Founding Shareholders).

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

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

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

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

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

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

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

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

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

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

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

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

8.5 REPURCHASE BY THE COMPANY OF ITS SHARES

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

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

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

The most recent resolution adopted by our general meeting of shareholders in this respect was adopted in the AGM held on May 28, 2021, pursuant to which the Board is authorized to acquire up to 50% of our issued share capital from time to time, by any means for an 18-month period from May 28, 2021, for a price per share not exceeding 110% of the market price of the ordinary shares (with the market price deemed to be the average of Euronext Paris closing price on each of the ten consecutive days of trading preceding the second day prior to the date the acquisition is agreed upon by the Company), exclusive of any fees, commissions or other expenses related to such acquisitions, and otherwise in accordance with the terms specified at the time of the authorization.

8.6 CAPITAL REDUCTIONS; CANCELLATIONS

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

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

8.7 GENERAL MEETINGS OF SHAREHOLDERS

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

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

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

In accordance with the DCGC, shareholders who have the right to put an item on the agenda for our general meeting or to request the convening of a general meeting shall not exercise such rights until after they have consulted our Board. If exercising such rights may result in a change in our strategy (for example, through the dismissal of one or more of our directors), our Board must be given the opportunity to invoke a reasonable period of up to 180 days to respond to the shareholders' intentions. If invoked, our Board must use such response period for further deliberation and constructive consultation, in any event with the shareholder(s) concerned and exploring alternatives. At the end of the response time, our Board shall report on this consultation and the exploration of alternatives to our general meeting. The response period may be invoked only once for any given general meeting and shall not apply (i) in respect of a matter for which a response period has been previously invoked or (ii) if a shareholder holds at least 75% of our issued share capital as a consequence of a successful public bid.

Moreover, our Board can invoke a cooling-off period of up to 250 days when shareholders, using their right to have items added to the agenda for a general meeting or their right to request a general meeting, propose an agenda item for our general meeting to dismiss, suspend or appoint one or more directors (or to amend any provision in our articles of association dealing with those matters) or when a public offer for our company is made or announced without our support, provided, in each case, that our Board believes that such proposal or offer materially conflicts with the interests of our company and its business. During a cooling-off period, our general meeting cannot dismiss, suspend or appoint directors (or amend the provisions in our articles of association dealing with those matters) except at the proposal of our Board. During a cooling-off period, our Board must gather all relevant information necessary for a careful decision-making process and at least consult with shareholders representing 3% or more of our issued share capital at the time the cooling-off period was invoked, as well as with our Dutch works council (if we or, under certain circumstances, any of our subsidiaries would have one). Formal statements expressed by these stakeholders during such consultations must be published on our website to the extent these stakeholders have approved that publication. Ultimately one week following the last day of the cooling-off period, our Board must publish a report in respect of its policy and conduct of affairs during the cooling-off period on our website. This report must remain available for inspection by shareholders and others with meeting rights under Dutch law at our office and must be tabled for discussion at the next general meeting. Shareholders representing at least 3% of our issued share capital may request the Enterprise Chamber for early termination of the cooling-off period. The Enterprise Chamber must rule in favor of the request if the shareholders can demonstrate that:

- our Board, in light of the circumstances at hand when the cooling-off period was invoked, could not reasonably have concluded that the relevant proposal or hostile offer constituted a material conflict with the interests of our company and its business;
- our Board cannot reasonably believe that a continuation of the cooling-off period would contribute to careful policymaking; or
- other defensive measures, having the same purpose, nature and scope as the cooling-off period, have been activated during the cooling-off period and have not since been terminated or suspended within a reasonable period at the relevant shareholders' request (i.e., no 'stacking' of defensive measures).

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

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

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

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

8.8 AMENDMENTS OF ARTICLES OF ASSOCIATION

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

8.9 DIVIDENDS AND OTHER DISTRIBUTIONS

To date, we have never declared or paid cash dividends to our shareholders. We have no present plan to pay dividends on our ordinary shares for the foreseeable future and currently intend to reinvest all future earnings, if any, to finance the operation of our business and to expand our business. Under Dutch law, we may only pay dividends to the extent our shareholders' equity exceeds the sum of our paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or our Articles of Association. Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and other factors our board of directors may deem relevant from time to time.

8.10 DIVIDEND RIGHTS

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

8.11 PROFIT APPROPPRIATION

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

8.12 MAJOR SHAREHOLDERS

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

9. AGREEMENT BETWEEN SHAREHOLDERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Except for the abovementioned GPA Support Letter, the GPA Commitment Letter and the Special Voting Agreement (as described in "Agreements Relating to our Shares - *Special Voting Agreement*" in Note 27 to our consolidated financial statements included elsewhere in this annual report), there are – as far as the Company is aware – no agreements involving a shareholder of Cnova that could lead to a restriction of the transferability of share or of voting rights on shares.

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

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

9.3 ANTI-TAKEOVER PROVISIONS

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

10. EVENTS AFTER THE BALANCE SHEET DATE

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

11. DEFINITIONS

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

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

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

12. FORWARD-LOOKING AND OTHER INFORMATION

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

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

- our ability to compete successfully in our highly competitive market;
- our ability to attract and retain talented personnel;
- our ability to maintain and enhance our brands, as well as our customer reputation;
- our ability to develop state-of-the-art technology, to make continuous improvement to our mobile platform successfully and to monetize traffic from mobile activity;
- our ability to achieve growth in the higher-margin areas of our business, including our marketplace and home furnishings product category;
- our ability to maintain and grow our existing customers base, to increase repeat orders from our customers and to grow our CDAV customer base;
- our ability to maintain good relations with our vendors and the ability of our vendors to maintain their commercial position;
- our ability to increase direct sales product assortment and marketplace offering successfully and continuously;
- 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 can 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.

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

Cnova operates in highly volatile market environments, subject to rapid technological or competition-driven changes and difficult macro-environment. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in “4. Risk Management and Risk Factors.”

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

13. RESPONSIBILITY STATEMENT AND IN-CONTROL STATEMENT

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

- The Consolidated Financial Statements, together with the stand-alone Company Financial Statements, give a true and fair view of the assets, liabilities, financial position and results of Cnova N.V. and its affiliated companies included in the consolidated financial statements, taken as a whole, at December 31, 2021;
- The Annual Report gives a true and fair view of the position as per the balance sheet date, and the development and performance of the business during the 2021 financial year of Cnova N.V. and its affiliated companies included in the consolidated financial statements, taken as a whole; and
- The Annual Report describes the principal risks and uncertainties that Cnova N.V. and its affiliated companies included in the consolidated financial statements face.

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

Any material failings in, material changes to, and/or material improvements of the risk management and control systems, as described in “Risk Management and Risk Factors,” which have been observed, made and/or planned, respectively, during 2021, have been discussed with the audit committee and with the Board.

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

Jean-Yves Haagen, Chairman

Ronaldo Iabrudi dos Santos Pereira, Vice Chairman

Silvio J. Genesini

Eleazar de Carvalho Filho

Bernard Oppetit

Christophe Hidalgo

Josseline de Clausade

Emmanuel Grenier, CEO

Steven Geers, replacement executive director

14. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statements

for the years ended December 31, 2020 and 2021

€ thousands	Notes	December 31, 2020 Revised, see Note 1	December 31, 2021
Net sales	7	2,224,801	2,166,087
Cost of sales	7	(1,750,830)	(1,686,131)
Gross Margin		**473,971**	**479,956**
Operating expenses			
Fulfillment	7	(179,223)	(171,095)
Marketing	7	(87,027)	(105,939)
Technology and content	7	(108,582)	(133,058)
General and administrative	7	(45,997)	(51,435)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs		**53,142**	**18,429**
Strategic and restructuring cost	8	(7,460)	(7,223)
Litigation costs	8	32	4,981
Impairment and disposal of assets	8	(4,328)	(4,232)
Change in scope of consolidation	8	(368)	(366)
Other non-recurring costs	8	(198)	-
Operating profit/(loss)		**40,820**	**11,589**
Financial income	9	391	570
Financial expense	9	(54,369)	(53,260)
Profit/(loss) before tax		**(13,158)**	**(41,101)**
Income tax gain/(expense)	10	(2,452)	(4,888)
Net profit (loss) from continuing operations		**(15,610)**	**(45,989)**
Net profit (loss) from discontinuing operations	5	(5,747)	(3,143)
Net profit/(loss) for the period		**(21,357)**	**(49,132)**
Attributable to Cnova equity owners		(23,361)	(50,559)
Attributable to non-controlling interests		2,004	1,427
Attributable to the owners continuing		(17,631)	(47,425)
Attributable to non-controlling interests continuing		2,021	1,436
Attributable to the owners discontinuing		(5,730)	(3,134)
Attributable to non-controlling interests discontinuing		(17)	(9)

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

In €	December 31, 2020 Revised, see Note 1	December 31, 2021
Basic earnings per share	(0.07)	(0.15)
Basic earnings per share – continuing operations	(0.05)	(0.14)
Diluted earnings per share	(0.07)	(0.15)
Diluted earnings per share – continuing operations	(0.05)	(0.14)

Consolidated statements of comprehensive income

for the years ended December 31, 2020 and 2021

€ thousands	2020 Revised, see Note 1	2021
Net income/(loss) for the year	**(21,357)**	**(49,132)**
Items that may subsequently be recycled to profit or loss		
Foreign currency translation	*22*	*(18)*
Items that may not be recycled to profit or loss		
Actuarial gains and losses	*(162)*	*328*
Other comprehensive income/(loss) for the year, net of tax	**(140)**	**310**
Total comprehensive income/(loss) for the year, net of tax	**(21,497)**	**(48,822)**
Attributable to Cnova equity owners	*(23,509)*	*(50,246)*
Attributable to non-controlling interests	*2,012*	*1,424*

Consolidated balance sheets

as of December 31, 2020 and 2021

(€ thousands)	Notes	January 01, 2020 Revised, see Note 1	December 31, 2020 Revised, see Note 1	December 31, 2021
ASSETS				
Cash and cash equivalents	11	78,349	15,829	20,453
Trade receivables, net	12	163,771	167,211	150,856
Inventories, net	13	328,556	283,732	302,681
Current income tax assets		4,137	4,046	4,039
Other current assets, net	12	150,526	313,808	186,421
Total current assets		**725,339**	**784,626**	**664,450**
Deferred tax assets	10	41,607	45,021	43,568
Right of use assets, net	14	174,313	149,188	138,300
Property and equipment, net	15	32,805	28,491	23,425
Other intangible assets, net	16	179,378	206,553	236,313
Goodwill	17	122,955	122,295	122,295
Other non-current assets, net	12	14,576	11,353	10,648
Total non-current assets		**565,634**	**562,901**	**574,549**
Assets held for sale		**-**	**424**	**3,712**
TOTAL ASSETS		**1,290,973**	**1,347,951**	**1,242,711**
EQUITY AND LIABILITIES				
Current provisions	20	9,271	3,435	4,076
Trade payables		665,691	658,253	624,330
Current financial debt	22	308,107	20,095	84,226
Current lease liability	14	31,260	30,497	33,986
Current tax and social liabilities		55,020	83,862	104,369
Other current liabilities	22	216,490	248,370	216,884
Total current liabilities		**1,285,839**	**1,044,512**	**1,067,871**
Non-current provisions	20	13,870	12,751	8,844
Non-current financial debt	22	2,428	340,620	280,434
Non-current lease liability	22	165,593	145,160	130,775
Other non-current liabilities	22	2,540	3,734	3,061
Deferred tax liabilities		1,781	1,462	1,321
Total non-current liabilities		**186,212**	**503,727**	424,435
Liabilities directly associated with the assets held for sale		**-**	**613**	**-**
Share capital		17,225	17,225	17,261
Reserves, retained earnings and additional paid-in capital		(266,055)	(287,894)	(338,124)
Equity attributable to equity holders of Cnova		**(248,830)**	**(270,669)**	**(320,863)**
Non-controlling interests		**67,752**	**69,768**	**71,268**
Total equity	19	**(181,078)**	**(200,901)**	**(249,595)**
TOTAL EQUITY AND LIABILITIES		**1,290,973**	**1,347,951**	**1,242,711**

Consolidated statements of cash flows
for the years ended December 31, 2020 and 2021

€ thousands	2020 Revised, see Note 1	2021
Net profit (loss) attributable to equity holders of the Parent	(17,631)	(47,425)
Net profit (loss) attributable to non-controlling interests	2,021	1,436
Net profit (loss) continuing for the year	**(15,610)**	**(45,989)**
Depreciation and amortization expense	80,319	89,526
(Gains) losses on disposal of non-current assets and impairment of assets	3,912	1,808
Other non-cash items	(54)	(2,904)
Financial expense, net	53,978	52,288
Current and deferred tax (gains) expenses	2,452	4,888
Income tax paid	(9,269)	(3,641)
Change in operating working capital	59,681	(44,309)
Inventories of products	*44,821*	*(19,068)*
Trade payables	*427*	*(40,977)*
Trade receivables	*10,642*	*29,923*
Other	*3,791*	*(14,187)*
Net cash from/(used in) operating activities of continuing operations	**175,409**	**51,667**
Net cash from/(used in) operating activities of discontinued operation	**(5,214)**	**(1,538)**
Purchase of property, equipment & intangible assets	(80,339)	(100,479)
Purchase of non-current financial assets	(33)	(269)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	9,485	6,427
Acquisition of subsidiaries, net of cash acquired (Notes 4 and 5)	—	(168)
Payments of loans granted (including to related parties)	(134,913)	126,167
Net cash from/(used in) continuing investing operations	**(205,800)**	**31,678**
Net cash from/(used in) discontinued investing operations	**(648)**	**(468)**
Increase (decrease) of capital of the holding company	—	36
Dividends paid to the non-controlling interests	—	(3)
Additions to financial debt	120,000	5,811
Repayments of financial debt	(40,290)	-
Repayments of lease liability	(23,958)	(27,927)
Interest paid on lease liability	(8,020)	(6,796)
Interest paid	(43,081)	(44,340)
Net cash from/(used in) continuing financing operations	**4,651**	**(73,219)**
Net cash from/(used in) discontinued financing operations	-	-
Effect of changes in foreign currency translation adjustments	(1)	-
Change in cash and cash equivalents from continuing operations	**(25,741)**	**10,126**
Change in cash and cash equivalents from discontinued operations	**(5,862)**	**(2,006)**
Cash and cash equivalents, net, at beginning of period	40,614	9,011
Cash and cash equivalents, net, at end of period (Note 11)	**9,011**	**17,131**

Consolidated statements of changes in equity

for the years ended December 31, 2020 and 2021

€ thousands (before appropriation of profit)	Number of shares	Share capital	Additional paid-in capital	Retained earnings	Foreign currency translation	Actuarial gains and losses	Equity holders of the Parent	Non-controlling interests	Total consolidated equity
As of December 31, 2019	**345,210,398**	**17,225**	**448,649**	**(713,409)**	**(61)**	**(3,172)**	**(250,768)**	**67,655**	**(183,113)**
Effects of applying IFRS IC decisions	-	-	-	1,938	-	-	1,938	97	2,035
As of January 1, 2020	**345,210,398**	**17,225**	**448,649**	**(711,471)**	**(61)**	**(3,172)**	**(248,830)**	**67,752**	**(181,078)**
Other comprehensive income/(loss) for the period	-	-	-	-	22	(170)	(148)	8	(140)
Net profit/(loss) for the year	-	-	-	(23,361)	-	-	(23,361)	2,004	(21,357)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(23,361)**	**22**	**(170)**	**(23,509)**	**2,012**	**(21,497)**
Revaluation of debt on minority interest of Neosys	-	-	-	1,708	-	-	1,708	-	1,708
Other movements	-	-	-	-	-	(38)	(38)	4	(34)
As of December 31, 2020	**345,210,398**	**17,225**	**448,649**	**(733,124)**	**(38)**	**(3,380)**	**(270,669)**	**69,768**	**(200,901)**
Other comprehensive income/(loss) for the period	-	-	-	-	(18)	331	313	(3)	310
Net profit/(loss) for the year	-	-	-	(50,559)	-	-	(50,559)	1,427	(49,132)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(50,559)**	**(18)**	**331**	**(50,246)**	**1,424**	**(48,822)**
Cnova NV capital increase	-	36	-	-	-	-	36	-	36
Phoenix transaction	-	-	-	-	-	-	-	84	84
Other movements	-	-	-	-	-	15	15	(8)	7
As of December 31, 2021	**345,210,398**	**17,261**	**448,649**	**(783,682)**	**(57)**	**(3,034)**	**(320,863)**	**71,268**	**(249,595)**

Description of reporting entity

Cnova N.V. (hereafter "Cnova" or the "Company) is a Dutch public limited liability company (naamloze vennootschap) incorporated (CCI Number 60776676) and domiciled in the Netherlands at Strawinskylaan 3051, 1077ZX Amsterdam. It is listed on Euronext Paris since January 23, 2015.

At December 31, 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 consolidated financial statements of Cnova and its subsidiaries (collectively, the Group) for the year ended December 31, 2021 were authorized for issue in accordance with a resolution of the directors on April 6, 2022.

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

Note 1 Significant accounting policies, judgments, estimates and assumptions

1.1 Basis of preparation of Cnova consolidated financial statements

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

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

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 its 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. Cnova manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

These financial statements are prepared on a going-concern basis despite the negative equity of €250 million at December 31, 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. As of December 31, 2021, net financial debt increased to €326 million and net current assets / liabilities to negative €403 million. In 2021, Cnova's continued to have a cash generation from operating activities at €52 million.

In 2021 the Company had a credit line of €550 million with its parent, Casino Guichard-Perrachon (cf. Note 27) set in order to cover the needs of the Company. As part of the cash pool agreement with Cnova and its subsidiaries, unused credit lines amount to €330 million as of December 31, 2021. This credit line was extended to €700million on March 22, 2022. The term of the cash pool agreement is six year and can be terminated by mutual consent. In addition, Casino Guichard-Perrachon confirmed through a letter dated March 30, 2022 that it will provide financial support to

Cnova N.V. to assist the company in meeting its liabilities as and when they fall due up to a maximum of € 300 million in addition to the abovementioned amount of € 700 million and only to the extent that funds are not otherwise available to Cnova N.V. to meet such liabilities for a period of at least 12 months from the date of preparation of its 2021 financial statements. Casino Guichard-Perrachon also confirmed that it has the ability to provide such support.

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.

As part of its assessment of the going concern principle when preparing the consolidated financial statements of the Company, management reviewed the 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 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, updated outlook for 2022, current economic developments, business trends and related uncertainties (including impact of COVID-19, supply chain disruptions, Russian military actions in Ukraine, energy crisis, price inflation), stress test scenarios, sensitivity to the main assumptions and potential extra liquidity options.

On this basis, management concluded that the credit line with Casino Guichard-Perrachon, including the additional €150 million granted on March 22, 2022, and the €300m additional financial support confirmed by Casino Guichard-Perrachon in the aforementioned letter dated March 30, 2022, the state guaranteed loan and the potential extra liquidity options will be sufficient to cover the cash needs of the group over the next 12 months after taking into consideration the working capital variation and the forecast cash generating operating perspective.

As indicated in Note 2 and in the Risk factors section of the annual report, the COVID-19 pandemic impact on Cnova remains uncertain and likely to have contrasting effects, since it can foster the growth of e-commerce, in the event of a prolonged closure of physical stores, but also adversely affect the macroeconomic environment and consumption, or even the operation of our warehouses and carrier's partners in a worst case. Given the uncertainties around future evolution of the pandemic, related consumer behavior and its impact on the global economy the financial impact for the Group is difficult to quantify.

Standards and interpretations published with effect from January 1, 2021

The Group applies the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The application of the following standards, amendments or interpretations is described below:

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

These amendments had no impact on the consolidated financial statements

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9

These amendments had no impact on the consolidated financial statements

- Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021

In March 2021, the IASB issued the amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021, to update the condition to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021.

In May 2020, the International Accounting Standards Board had amended the standard to provide an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.

Cnova did receive in 2021 a €1.5 million of rent concession as a direct consequence of the covid-19 pandemic, the group accounted for this rent concession as a negative variable lease payment

- IFRS IC Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38)

The March 2021 IFRS IC update included an agenda decision on Configuration and Customisation costs in a Cloud Computing Arrangement.
The agenda decision includes steps which entities should consider in accounting for such configuration and customisation costs. The key areas of consideration are as follows:

- Can the costs be capitalised as an intangible asset?
- Can the costs be capitalised as a prepayment, or should the costs be expensed when incurred?

This impacts entities that incur configuration and customisation costs associated with a Software as a Service (SaaS) cloud arrangement and is expected to result in a change in accounting policy.
To align with its parent company that is currently analysing the impact of such decision following the additional time offered by the French regulator, Cnova did not apply this decision when preparing its Consolidated Financial Statements at 31 December 2021.

The analysis is in progress and the estimated impact of this decision would not be material to Cnova. The expected impacts of the decision are:

- A reduction of intangible assets of between €0.2m and €1.9m as of December 31, 2020 and €0.3m and €4.2m as of December 31, 2021
- An increase of technology and content costs of between €0.2m and €1.9m for 2020 and €0.1m and 2.3m for 2021. The impact on equity is the same as the increase of technology and content costs.

- IFRS IC Decision on attributing Benefit to Periods of Service (IAS 19)

The IFRS IC clarified the accounting for a defined benefit plan under which employees are entitled to a lump sum benefit payment when they reach retirement age, provided that they are employed by the entity at that point.

The Committee reached the conclusion that when the retirement benefit is capped at a number of years of services, the attribution period applies only to the last years of employee services. Furthermore, additional benefits are triggered only when a service period level is reached.

For Cnova, employees of the Cdiscount and C-Logistics entities have a defined benefit plan under which they are entitled to one month of salary for 5 years of services capped at 30 years. Previously, the group accrued for the benefits starting from the date the employee started working with the entity until the retirement date and the rights were accumulated progressively over the years.

We have restated comparative financial information to accrue for the benefits of Cdiscount and C-Logistics employees only for the last 30 years of services and only when service period levels are reached.

The impacts of the retrospective application of the IFRS IC Decision on attributing Benefit to Periods of Service (IAS 19) on the consolidated financial statements as of January 1, 2020, and December 31, 2020, are the following:

€ thousands	December 31, 2020 From 2020 Annual Report	IFRS IC Decision impacts	December 31, 2020 Revised
Net sales	2,224,801		2,224,801
Cost of sales	(1,750,830)		(1,750,830)
Gross Margin	**473,971**		**473,971**
Operating expenses			
Fulfillment	(179,219)	(4)	(179,223)
Marketing	(87,027)		(87,027)
Technology and content	(108,582)		(108,582)
General and administrative	(46,047)	50	(45,997)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs	**53,096**	**46**	**53,142**
Strategic and restructuring cost	(7,453)	(7)	(7,460)
Litigation costs	32		32
Change in scope of consolidation	(368)		(368)
Impairment and disposal of assets	(4,328)		(4,328)
Other non-recurring costs	(198)		(198)
Operating profit/(loss)	**40,781**	**39**	**40,820**
Financial income	390	1	391
Financial expense	(54,382)	13	(54,369)
Profit/(loss) before tax	**(13,211)**	**53**	**(13,158)**
Income tax gain/(expense)	(2,455)	3	(2,452)
Net profit (loss) from continuing operations	**(15,666)**	**56**	**(15,610)**
Net profit (loss) from discontinuing operations	(5,746)	(1)	(5,747)
Net profit/(loss) for the period	**(21,412)**	**55**	**(21,357)**
Attributable to Cnova equity owners	(23,419)	58	(23,361)
Attributable to non-controlling interests	2,007	(3)	2,004
Attributable to the owners continuing	(17,689)	58	(17,631)
Attributable to non-controlling interests continuing	2,024	(3)	2,021
Attributable to the owners discontinuing	(5,730)		(5,730)
Attributable to non-controlling interests discontinuing	(17)		(17)

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

In €	2020 From 2020 Annual report	2020 Revised
Basic earnings per share	(0.07)	(0.07)
Basic earnings per share – continuing operations	(0.05)	(0.05)
Diluted earnings per share	(0.07)	(0.07)
Diluted earnings per share – continuing operations	(0.05)	(0.05)

Consolidated balance sheet as of January 1, 2020:

(€ thousands)	December 31, 2019	IFRIC ID Decision	January 1, 2020
ASSETS			
Cash and cash equivalents	78,349		78,349
Trade receivables, net......	163,771		163,771
Inventories, net............	328,556		328,556
Current income tax assets.	4,137		4,137
Other current assets, net...	150,526		150,526
Total current assets	**725,339**		**725,339**
Deferred tax assets.........	41,652	(45)	41,607
Right of use assets, net	174,313		174,313
Property and equipment, net	32,805		32,805
Other intangible assets, net	179,378		179,378
Goodwill...................	122,955		122,955
Other non-current assets, net	14,576		14,576
Total non-current assets ..	**565,680**	(45)	**565,634**
Assets held for sale	-		-
TOTAL ASSETS.............	**1,291,018**	(45)	**1,290,973**
EQUITY AND LIABILITIES			
Current provisions	9,231		9,231
Trade payables.............	665,691		665,691
Current financial debt	308,107		308,107
Current lease liability	31,260		31,260
Current tax and social liabilities...................	55,020		55,020
Other current liabilities....	214,490		214,490
Total current liabilities....	**1,285,839**		**1,285,839**
Non-current provisions	15,950	(2,080)	13,870
Non-current financial debt	2,428		2,428
Non-current lease liability .	165,593		165,593
Other non-current liabilities	2,540		2,540
Deferred tax liabilities	1,781		1,781
Total non-current liabilities	**188,292**	(2,080)	**186,212**
Liabilities directly associated with the assets held for sale	-		-
Share capital	17,225		17,225
Reserves, retained earnings and additional paid-in capital	(267,993)	1,938	(266,055)
Equity attributable to equity holders of Cnova...	**(250,768)**	1,938	**(248,830)**
Non-controlling interests.	**67,665**	87	**67,752**
Total equity	**(183,113)**	2,035	**(181,078)**
TOTAL EQUITY AND LIABILITIES	**1,291,018**	(45)	**1,290,973**

Consolidated balance sheet as of December 31, 2020:

(€ thousands)	Notes	December 31, 2020 From 2020 Annual Report	IFRS IC Decision impacts	December 31, 2020 Revised
ASSETS				
Cash and cash equivalents	11	15,829		15,829
Trade receivables, net	12	167,211		167,211
Inventories, net	13	283,732		283,732
Current income tax assets		4,046		4,046
Other current assets, net	12	313,808		313,808
Total current assets		**784,626**		**784,626**
Deferred tax assets	10	45,068	(47)	45,021
Right of use assets, net	14	149,188		149,188
Property and equipment, net	15	28,491		28,491
Other intangible assets, net	16	206,553		206,553
Goodwill	17	122,295		122,295
Other non-current assets, net	12	11,353		11,353
Total non-current assets		**562,947**	**(47)**	**562,901**
Assets held for sale		**424**		**424**
TOTAL ASSETS		**1,347,998**	**(47)**	**1,347,951**
EQUITY AND LIABILITIES				
Current provisions	20	3,435		3,435
Trade payables		658,253		658,253
Current financial debt	22	20,095		20,095
Current lease liability	14	30,497		30,497
Current tax and social liabilities		83,862		83,862
Other current liabilities	22	248,370		248,370
Total current liabilities		**1,044,512**		**1,044,512**
Non-current provisions	20	14,939	(2,188)	12,751
Non-current financial debt	22	340,620		340,620
Non-current lease liability	22	145,160		145,160
Other non-current liabilities	22	3,734		3,734
Deferred tax liabilities		1,462		1,462
Total non-current liabilities		**505,915**	**(2,188)**	**503,727**
Liabilities directly associated with the assets held for sale		**613**		**613**
Share capital		17,225		17,225
Reserves, retained earnings and additional paid-in capital		(289,935)	2,041	(287,894)
Equity attributable to equity holders of Cnova		**(272,710)**	**2,041**	**(270,669)**
Non-controlling interests		**69,668**	**100**	**69,768**
Total equity	19	**(203,042)**	**2,141**	**(200,901)**
TOTAL EQUITY AND LIABILITIES		**1,347,998**	**(47)**	**1,347,951**

Consolidated statement of cash flows for the twelve months ended December 31, 2020:

€ thousands	2020 From 2020 Annual Report	IFRS IC Decision impacts	2020 Revised
Net profit (loss) attributable to equity holders of the Parent	(17,689)	58	(17,631)
Net profit (loss) attributable to non-controlling interests....	2,024	(3)	2,021
Net profit (loss) continuing for the year.....................	**(15,666)**	**55**	**(15,610)**
Depreciation and amortization expense.....................	80,319		80,319
(Gains) losses on disposal of non-current assets and impairment of assets.......................................	3,912		3,912
Other non-cash items.......................................	(54)		(54)
Financial expense, net	53,991	(13)	53,978
Current and deferred tax (gains) expenses	2,443	9	2,452
Income tax paid	(9,269)		(9,269)
Change in operating working capital	59,733	(52)	59,681
Inventories of products..................................	*44,821*		*44,821*
Trade payables..	*427*		*427*
Trade receivables..	*10,642*		*10,642*
Other...	*3,843*	*(52)*	*3,791*
Net cash from/(used in) operating activities of continuing operations..	**175,409**	**-**	**175,409**
Net cash from/(used in) operating activities of discontinued operation	**(5,214)**		**(5,214)**
Purchase of property, equipment & intangible assets........	(80,339)		(80,339)
Purchase of non-current financial assets	(33)		(33)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	9,485		9,485
Acquisition of subsidiaries, net of cash acquired (Notes 4 and 5)...	—		—
Payments of loans granted (including to related parties)....	(134,913)		(134,913)
Net cash from/(used in) continuing investing operations ..	**(205,800)**		**(205,800)**
Net cash from/(used in) discontinued investing operations	**(648)**		**(648)**
Increase (decrease) of capital of the holding company	—		
Dividends paid to the non-controlling interests.............	—		—
Additions to financial debt	120,000		120,000
Repayments of financial debt	(40,290)		(40,290)
Repayments of lease liability	(23,958)		(23,958)
Interest paid on lease liability	(8,020)		(8,020)
Interest paid	(43,081)		(43,081)
Net cash from/(used in) continuing financing operations ..	**4,651**		**4,651**
Net cash from/(used in) discontinued financing operations	-		-
Effect of changes in foreign currency translation adjustments	(1)		(1)
Change in cash and cash equivalents from continuing operations..	**(25,741)**		**(25,741)**
Change in cash and cash equivalents from discontinued operations..	**(5,862)**		**(5,862)**
Cash and cash equivalents, net, at beginning of period	40,614		40,614
Cash and cash equivalents, net, at end of period (Note 11)..	**9,011**		**9,011**

The impacts of the income statement and balance sheet and cash flow for 2021 are limited. Service cost of pensions has been reduced by €293 thousands and interest cost by €17 thousands

Standards and interpretations published but not yet mandatory

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

- New standards and amendments not applied early by the Group
    - Amendments to IAS 16 - Proceeds before Intended Use (January 1, 2022)
    - Amendments to IFRS 3 - 3 Updating a Reference to the Conceptual Framework (January 1, 2022)
    - Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract (January 1, 2022)
    - IFRS 17 and amendments – Insurance contracts (January 1, 2023)
    - Annual improvements (2018-2020 cycle) – Annual improvements process (January 1, 2022)
- Other standards and amendments not yet adopted by the European Union
    - Amendment to IAS 1 Classification of Liabilities as Current or Non-current (January 1, 2023)
    - Amendment to IAS 1 Disclosure of accounting policies (January 1, 2023)
    - Amendments to IAS 8 Definition of Accounting Estimates (January 1, 2023)
    - Definition of Accounting Estimates - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (January 1, 2023)
    - Amendment to IFRS 17 Initial Application of IFRS 17 and IFRS – Comparative (Information (January 1, 2023)

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

1.2 Accounting convention and use of estimates

Accounting convention

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

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

Classification of assets and liabilities as current and non-current

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

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

Use of judgments, estimates and assumptions

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

Judgments

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

- Going concern

Refer to Note 1.1.

- Revenue recognition from marketplace transactions

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

- Capitalized development costs

In accordance with IAS 38 "Intangible Assets", research and development expenses are recorded as expenses in the year in which they are incurred, except for development costs, which are capitalized as an intangible asset when the following criteria are met:
- the project is clearly defined, and the costs are separately identified and reliably measured;
- the technical feasibility of the project is demonstrated;
- the intention exists to finish the project and use or sell the products created during the project;
- a potential market for the products created during the project exists or their usefulness, in case of internal use, is demonstrated; and
- adequate resources are available to complete the project.

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

We must therefore evaluate the commercial and technical feasibility of these development projects and estimate the useful lives of the products resulting from the projects. If a product fails to substantiate these assumptions, it is expensed as incurred.

- Leases

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

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

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

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

- Discontinued operations

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

Estimates and assumptions

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

- Impairment of goodwill, tangible and intangible assets

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

The key assumptions used to determine the recoverable amount for the different Cash Generating Units ("CGUs"), including a sensitivity analysis, are disclosed and further explained in Note 18. As of December 31, 2021, goodwill amounts to €122 million (2020: €122 million). Goodwill related to Stootie was impaired in 2020.

- Deferred tax assets

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

Deferred tax assets related to tax losses recognized in the consolidated financial statements amounts to € 38 million at December 31, 2021 versus € 45.1 million at December 31, 2020 (see Note 10).

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

- Provisions

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

- Contingencies

Contingent assets and liabilities are possible rights and obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Group and/or for which no reliable estimate can be made.

Note 2 Significant events of the period

Covid-19

The coronavirus pandemic is an ongoing outbreak of coronavirus disease (Covid-19). The outbreak was first identified in China in December 2019. The disease then expanded worldwide since the first quarter of 2020.

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.

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.

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% considering 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.

In Q3, 2021, Cnova posted a resilient business performance despite softer market conditions than anticipated in the particular context of reopening, a +8% GMV growth and +11% GMV growth of the Marketplace vs. 2019 and +2% vs. 2020.

In Q4, 2021 the quarter performance was solid, with a very strong comparison base in 2020 due to November lockdown: GMV and Net sales respectively decreased by -8.6% and -8.7%, but Cdiscount market share remained stable in Q4. Compared to 2019, overall GMV, marketplace and Octopia posted strong growth in the 4th quarter while Travel was still impacted by the pandemic.

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, but the home delivery share remains higher than before lockdown as a direct consequence of Cnova's extended free home delivery policy and change in habits of customers. Besides, the carrier's capacity and therefore delivery time are now back to normal.

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

Abandonment of Haltae (Stootie)

Since expected operational synergies have not been reached for Haltae activity, Management initially decided to sell this subsidiary in 2020 and a sale was expected in 2021. Negotiations with potential buyers took place in 2021 and last potential buyers withdraw from the M&A process in September 2021. Decision was taken to close the Stootie business at that time and employees were notified on November 15 and activity was abandoned in December with the closure of the business.

As per IFRS 5, Haltae is presented as discontinued operations due to abandonment. All residual assets were impaired in 2021 and restructuring costs have been expensed for estimated closure costs.

FLOA Transaction

In July 27, 2021, BNP Paribas, Casino Group and Crédit Mutuel Alliance Fédérale have signed an exclusivity agreement providing for:

- the acquisition by BNP Paribas of all outstanding shares in FLOA
- a long-term strategic and commercial partnership between BNP Paribas and Casino Group and certain of its subsidiaries

As part of this agreement, BNP Paribas will become the exclusive provider and distributor of consumer credit solutions including split payment solutions for Casino Group customers through a commercial partnership to be set up with the Casino Supermarchés, Géant and Cdiscount banners. Cdiscount will continue to operate its bank card payments business with FLOA's support.

This agreement includes the disposal of assets related to CB4X Payment Agreement to third-parties' customers to FLOA (refer to Note 27) and the liquidation of the related joint venture. Such assets have been reclassified to assets held for sale for €3.7 million as of December 31, 2021.

New entities

On April 1, 2021, Cdiscount carved-out is IT activities and its marketplace technology and services activities in two separate dedicated subsidiaries: C-Technology and MAAS

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

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

Note 3 Earnings per share

Earnings per share for the year ended December 31, 2021, is €(0,15), which splits in €(0,14) for continuing operations and €(0,01) for discontinued operations.

€ thousands	2020 Revised See Note 1	2021
Gains (losses) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution (1)	(23,361)	(50,559)

	2020 Revised, See Note 1	2021
Weighted average number of ordinary shares for basic EPS including DSU (1) (refer to Note 19)	**345,210,398**	**345,210,398**
Dilutive instruments	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**345,210,398**	**345,210,398**

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

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

Note 4 Business combinations and equity transactions

1. Accounting policies

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

Consolidated Entities

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

Specifically, Cnova controls an investee if and only if Cnova has:

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

When Cnova has less than a majority of the voting or similar rights of an investee, Cnova considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- Cnova's voting rights and potential voting rights.

Cnova re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when Cnova obtains control over the entity and ceases when Cnova loses control of the entity.

Associates

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

Business combination

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

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

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

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

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

2. Transactions in 2021

No business combinations have occurred in 2021

3. Transactions in 2020

No business combinations have occurred in 2020

Note 5 Assets held for sale and discontinued operations

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

presented separately in the income statement.

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

Breakdown

Results from discontinued operations is the following:
2021

€ thousands	International segment abandoned	Haltae	Total
Net sales	-	760	760
Cost of sales	-	-	-
Operating expenses	-	(2,963)	(2,963)
Operating loss before other costs	-	**(2,203)**	**(2,203)**
Other operating costs	(249)	(686)	(940)
Operating loss	**(249)**	**(2,889)**	**(3,143)**
Financial net expense	-	-	-
Loss before tax	**(249)**	**(2,889)**	**(3,143)**
Income tax gain/(expense)	-	-	-
Net profit (loss) for the year	**(249)**	**(2,889)**	**(3,143)**
Net profit/(loss) from discontinuing operations	**(249)**	**(2,889)**	**(3,143)**

Results from discontinued operations is the following:
2020

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

Assets and liabilities associated with assets held for sale:

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

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

In 2021 Haltae is no longer classified as held for sale as the asset is abandoned and will no longer be disposed of through sale

Cash flows of discontinued operations.

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

€ thousands	2020	2021
Operating	(2,664)	(1,715)
Investing	(648)	(467)
Financing	-	-
Net cash (outflow) / inflow	**(3,312)**	**(2,182)**

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

Note 6 Operating segments

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

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

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

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

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

€ millions	December 31, 2020	December 31, 2021
GMV	4,207	4,206
Of which GMV Octopia	87	109
Net Sales	2,225	2,166
Of which Net Sales Octopia	73	87
Operating profit/(loss) before other costs	**53**	18
EBITDA	**133**	**109**

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

Note 7 Main components of operating profit

Accounting policies

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

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

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

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

Consolidated entities periodically provide incentive offers to customers to encourage purchases.

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

Marketplace sales (commissions)

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

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

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

As of December 31, 2021, Cnova considers that it is acting as agent for Marketplace sales.

Other revenues

Other revenues mainly consist of advertising sales, client's instalment payments "CB4X" service fee, insurance sales for which we are acting as agent and MKP fulfilment revenue.

We exclude revenues from items that are returned or expected to be returned and orders that are cancelled.

Cost of sales

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

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

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

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

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

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

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

Breakdown

Net Sales

€ thousands	2020	2021
Product sales	1,909,557	1,804,749
Marketplace sales (commissions)	174,953	191,214
Other revenues	140,291	170,125
Net sales	**2,224,801**	**2,166,087**

The CB4X contract generated fees recorded in other revenues for €31.6 million in 2021 (€27.6 million in 2020).

Contract assets, costs and liabilities

€ thousands	2020	2021
Contract assets	-	-
Contract costs	**3,042**	**1,752**
Amounts received in advance of delivery	(8,060)	(5,823)
Amounts arising from customer loyalty programs	(2,777)	(1,621)
Refund liability	(690)	(644)
Deferred revenue.	(24,686)	(26,109)
Total Contract liabilities	**(36,213)**	**(34,197)**

<u>Contract costs:</u>
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 2021, amortization amounting €1,3 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.

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

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

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

Deferred revenue relates mainly to our CDAV loyalty program for which revenue is recognized over time although the customer pays up-front in full for the service. A contract liability is recognized for revenue relating to the CDAV service at the time of the initial sales transaction and is released over the service period. Deferred revenue also includes billing in advance of set up costs for certain MAAS clients for which the performance obligation has not yet been performed

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	2020	2021
Amounts received in advance of delivery	10,038	8,060
Amounts arising from customer loyalty programs	1,003	2,777
Refund liability	613	690
Deferred revenue	24,140	24,686
Total revenue recognized that was included in the contract liability balance at the beginning of the period	**35,794**	**36,213**

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

Cost of Sales

€ thousands	2020	2021
Purchases and shipping costs	(1,706,725)	(1,709,145)
Change in inventories	(44,105)	23,014
Cost of sales	**(1,750,830)**	**(1,686,131)**

Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	2020
Employee benefits expense	(45,167)	(12,939)	(37,747)	(23,110)	(118,963)
Other expenses	(103,180)	(73,751)	(26,121)	(18,534)	(221,587)
Depreciation and amortization expense	(30,876)	(336)	(44,714)	(4,353)	(80,279)
Total as of December 31, 2020	**(179,223)**	**(87,027)**	**(108,582)**	**(45,996)**	**(420,828)**

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	2021
Employee benefits expense	(53,812)	(14,448)	(48,992)	(25,189)	(142,440)
Other expenses	(86,803)	(91,038)	(30,469)	(21,250)	(229,560)
Depreciation and amortization expense	(30,480)	(454)	(53,596)	(4,997)	(89,526)
Total as of December 31, 2021	**(171,095)**	**(105,939)**	**(133,058)**	**(51,436)**	**(461,527)**

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

€ thousands	2020	2021
Operation of fulfillment centers	(67,046)	(59,039)
Payment processing	(7,426)	(7,866)
Customer service centers	(17,242)	(12,820)
Other fulfillment costs	(11,466)	(7,080)
Fulfillment costs	**(103,180)**	**(86,803)**
Online and offline marketing costs	(73,729)	(90,528)
Other marketing costs	(22)	(509)
Marketing costs	**(73,751)**	**(91,038)**
Technology infrastructure	(21,064)	(25,753)
Other technology and content costs	(5,057)	(4,717)
Technology and content costs	**(26,121)**	**(30,469)**

Note 8 Other operating expenses

Accounting policy

This caption covers two types of items:

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

1. Strategic and restructuring costs

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

In 2021, we had €7.2m of restructuring and strategic costs of which €1.1 million of head office restructuring €4.5 million of strategic fees (including fees in connection with the aborted raising of funds) and €1.4 million related to non-recurring fulfilment costs. These non-recurring fulfillment costs are related to current limitation in the worldwide supply chain (such as late deliveries or single point of delivery)

2. Litigation costs

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

In 2021, we had a positive impact of €5 million of litigation costs mainly related to reversal of un unused tax provisions

3. Change in scope of consolidation

In 2020 and 2021, change in scope of consolidation includes amortization of fair value adjustments recognized in purchase price allocation for €0.4 million.

4. Impairment and disposal of assets

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

In 2021, we had 1.4 million of impairments of certain IT development costs at Cdiscount in relation to projects that are no longer used or have been replaced by new IT developments and €3.0m of inventory impairment related to protection mask price market price decrease and customer returns.

Note 9 Financial income and expense

Accounting policy

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

€ thousands	2020	2021
Interest income from cash and cash equivalents	-	-
Foreign exchange gain	81	91
Proceeds from sale of investments	-	194
Other financial income	310	285
Total finance income	**391**	**570**
Interest expense on borrowings (including cash pool balance with Casino)	(6,678)	(11,487)
Interest expense on lease liability	(8,022)	(6,799)
Foreign exchange loss	(234)	(342)
Costs related to sales of receivables	(38,647)	(33,719)
Book value of investments	-	(100)
Other financial expense	(788)	(813)
Total finance expense	**(54,369)**	**(53,260)**

Note 10 Taxes

Accounting policy

Current income tax expense

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

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

Deferred tax expense

Deferred taxes are recognized using the provisions of IAS 12 "Income Taxes." Balances of deferred taxes recognized in prior periods are adjusted for the effect of any enacted changes in the income tax rate. Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carry forwards 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	**2020**	**2021**
Current taxes	(2,394)	(1,750)
Other taxes on income (i)	(3,774)	(1,960)
Deferred taxes	3,716	(1,178)
Total income tax profit (loss) recognized in the income statement	**(2,452)**	**(4,888)**
Tax on other income recognized in "Other comprehensive income"	—	—
Tax on other income recognized in "Total comprehensive income"	**(2,452)**	**(4,888)**

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

Reconciliation of theoretical and actual tax expense

€ thousands	2020	2021
Profit (loss) before tax and share of profits of associates	**(13,210)**	**(41,101)**
Nominal income tax rate (i)	**25.00%**	**25.00%**
Income tax benefit (expense)	**3,303**	**10,275**
Effect of tax rates in foreign entities (i)	95	1,185
Unrecognized deferred taxed assets arising from tax loss of the period	(8,821)	(14,848)
Non-deductible expenses	(52)	(12)
CVAE net of income tax	(2,572)	(1,402)
Tax credits	17	121
Share based payments	—	—
Deferred tax assets arising from tax loss of previous period	5,578	—
Deferred tax assets arising from temporary differences of previous period	—	—
Other	(3)	(207)
Actual income tax credit / (expense)	**(2,455)**	**(4,888)**

(i) The tax rate corresponds to the rate applicable to Cnova NV. The effect of tax rates in foreign entities is mainly related to the difference with the French income tax rate of 27.5%

Deferred taxes

Change in deferred tax assets

€ thousands	2020	2021
As of January 1	**41,607**	**45,021**
Benefit (expense) for the period on continuing operations	3,209	(1,441)
Benefit (expense) recognized in equity	9	(12)
Translation differences and reclassifications	196	-
As of December 31	**45,021**	**43,568**

Change in deferred tax liabilities

€ thousands	2020	2021
As of January 1	**1,781**	**1,462**
Expense (benefit) for the period	(123)	(141)
Impact of changes in exchange rates and reclassifications	(196)	-
As of December 31	**1,462**	**1,321**

Recognized and unrecognized deferred tax assets

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

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

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

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

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

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

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

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

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

As of December 31, 2021, Cnova had €342 million of unused unrecognized tax loss carry forwards which includes tax losses related to tax credits (€88 million of unrecognized deferred tax assets) compared with €318 million and €87 million respectively in 2020.

Note 11 Net cash, cash equivalents and restricted cash

Accounting policy

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

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

Breakdown

€ thousands	**2020**	**2021**
Cash equivalents	—	—
Cash	15,829	20,453
Cash and cash equivalents (1)	**15,829**	**20,453**
Bank overdrafts (2)	(6,819)	(3,323)
Net cash and cash equivalents	**9,011**	**17,130**
Restricted cash (3)	56,757	57,368
Net cash and cash equivalents and restricted cash	**65,768**	**74,498**

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

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

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

Breakdown of cash and cash equivalents by currency

€ thousands	2020	%	2021	%
Euro......................	15,829	100 %	20,439	100 %
Other	—	— %	17	— %
Cash and cash equivalents	**15,829**		**20,453**	

Note 12 Financial assets

1. Accounting policies

Financial assets are classified into three categories:
- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income
- financial assets at fair value through profit or loss.

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

Recognition and measurement of financial assets

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

Financial assets at amortized cost

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

Financial assets at fair value other comprehensive income

This category comprises debt instruments and equity instruments.

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

Cnova does not hold any material assets in this category

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.

Cnova does not hold any material assets in this category

Cash and cash equivalents

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

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

Cnova typically uses interest bearing bank accounts.

Impairment of financial assets

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

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

Derecognition of financial assets

Financial assets are derecognized in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
    - if substantially all the risks and rewards of ownership of the financial asset have been

transferred, the asset is derecognized in full;

- if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognized in the statement of financial position for its total amount.

Factoring programs

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

CB4X payments instalments

Under the agreement between Cdiscount and Banque Casino, Cdiscount fully transfers the credit risk of the instalments related to the instalment payment program in France to Banque Casino. Continued involvement is limited to €13 million at December 31, 2021 (2020: €8 million) corresponding to the receivables not sold and to the insurance reserve contracted.

2. Breakdown of trade receivables

€ thousands	2020	2021
Trade receivables	177,512	165,595
Accumulated impairment losses on trade receivables	(10,301)	(14,739)
Trade receivables	**167,211**	**150,856**

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

Accumulated impairment losses on trade receivables

€ thousands	2020	2021
Accumulated impairment losses on trade receivables		
As of January 1	**(21,762)**	**(10,301)**
Charge	(4,169)	(8,911)
Write off	15,630	4,473
As of December 31	**(10,301)**	**(14,739)**

3. Other current assets, net

€ thousands	2020	2021
Cash deposit with Casino Finance (Note [27])	130,494	917
Current accounts with other related parties	13,692	17,307
Other current assets included in net financial debt	**144,186**	**18,224**
Restricted Cash	56,757	57,368
Tax receivables	40,416	46,317
Other receivables	60,961	49,600
Accumulated impairment losses on other assets	(1,765)	(1,640)
Prepaid expenses	11,963	15,262
Contract costs	1,290	1,290
Other current assets	**313,808**	**186,421**

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

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

4. Other non-current assets, net

€ thousands	**2020**	**2021**
Financial assets at fair value through profit or loss	20	36
Other financial assets	9,079	8,764
Prepaid expenses	501	1,386
Contract costs	1,752	462
Other non-current assets	**11,352**	**10,648**

Financial assets at fair value through profit or loss

Movements for the period

€ thousands	**2020**	**2021**
At 1 January	**30**	**20**
Increases	—	16
Decreases	(10)	—
At 31 December	**20**	**36**

Note 13 Inventories, net

Accounting policies

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

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

Breakdown

€ thousands	**2020**	**2021**
Products in warehouses	294,678	309,879
Right to return goods asset	436	407
Impairment of products held in inventory	(11,382)	(7,605)
Inventories	**283,732**	**302,681**

No reversal of unused write-down was recorded in 2021 and 2020.

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

Note 14 Leases

Accounting policies

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

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

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

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

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

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

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

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

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

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

- the contract duration is 9 years (although 12 years for certain Cnova lease contracts)
- the lessee has the option to exit at the end of the third and sixth year, and

- the lessor has no cancellation option during contract duration.

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

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

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

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

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

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

Right of use assets

Breakdown

	2020			2021		
€ thousands	**Gross**	**Depreciation And impairment**	**Net**	**Gross**	**Depreciation And impairment**	**Net**
Real estate	231,006	(94,853)	136,153	241,356	(114,274)	127,081
Vehicles and equipment	25,340	(12,305)	13,035	27,915	(16,696)	11,219
Right of use, net	**256,346**	**(107,158)**	**149,188**	**269,271**	**(130,970)**	**138,300**

Movements for the period

€ thousands	**Real estate**	**Vehicles and equipment**	**Total**
As of January 1, 2020	**153,545**	**20,768**	**173,313**
Additions related to new leases	5,198	1,265	6,463
Lease modifications	—	(3,790)	(3,790) -
Depreciation for the period	(22,590)	(5,208)	(27,798)
Impairment reversal (losses) recognized during the period	—	—	—
As of December 31, 2020	**136,153**	**13,035**	**149,188**
Business combination or loss of control	(650)	—	(650)
Additions related to new leases	13,905	3,643	**17,548**
Lease modifications	—	82	82
Depreciation for the period	(22,327)	(5,541)	(27,868)
Impairment reversal (losses) recognized during the period	—	—	—
As of December 31, 2021	**127,081**	**11,219**	**138,300**

Real estate

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

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

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

The lease term retained for those contracts is the contract duration (9 or 12 years) unless we are reasonably certain to exercise our option to terminate the lease. As of December 31, 2021, the Group has not planned to exercise early exit option in its logistics master plans.

Other leases

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

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

Sale and leaseback

The group has circa 10 sale & leaseback contracts in which IT and warehouse equipment were sold and leased back for periods of 3 to 6 years.

Lease Liabilities

€ thousands	**2020**	**2021**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	30,497	33,986
One to five years	101,613	108,192
More than five years	66,440	48,884
Total undiscounted lease liabilities at December 31	**198,550**	**191,062**
Lease liabilities included in the statement of financial position at December 31	**175,657**	**164,761**
Of which current	**30,497**	**33,986**
Of which non-current	**145,160**	**130,775**

Amounts recognized in profit or loss

€ thousands	2020	2021
Interest on lease liabilities	(8,020)	(6,796)
Variable lease payments not included in the measurement of lease liabilities		1,500
Expenses related to short-term leases	(1,924)	(3,348)
Expense related to leases of low value assets, excluding short-term leases of low value assets	(4,519)	(10,392)
Total amount recognized in profit of loss	**(14,463)**	**(19,036)**

Amounts recognized in the statement of cash flows

Total cash outflow of leases was €35m for 2021 and €32m for 2020.

Note 15 Property and equipment, net

Accounting policies

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

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

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

Breakdown

	2020			2021		
€ thousands	**Gross**	**Depreciation and impairment**	**Net**	**Gross**	**Depreciation And impairment**	**Net**
Buildings, fixtures, fittings and other*	54,585	(30,248)	24,337	50,012	(30,827)	19,185
Technical installations, machinery and equipment	9,397	(5,243)	4,154	10,638	(6,398)	4,240
Property, plant and equipment, net	**63,982**	**(35,491)**	**28,491**	**60,650**	**(37,226)**	**23,424**

*including assets in progress for €1,2m in 2021 and €2,4m in 2020.

Movements for the period

€ thousands	Buildings, Fixtures, Fittings and other	Technical installations machinery and equipment	Total
As of January 1, 2020	**24,762**	**8,044**	**32,805**
Business combination or loss of control	—	—	—
Increases and separately acquired property, plant and equipment	9,770	255	**10,025**
Property, plant and equipment disposed of during the period	(2,482)	(3,845)	**(6,237)**
Depreciation for the period	(5,966)	(1,972)	**(7,938)**
Impairment reversal (losses) recognized during the period	—	—	—
Translation adjustment	2	—	**2**
Reclassifications of assets in progress	(1,749)	1,749	—
Reclassifications and other movements	—	(77)	**(77)**
As of December 31, 2020	**24,338**	**4,154**	**28,491**
Business combination or loss of control	(26)	(257)	(283)
Increases and separately acquired property, plant and equipment	8,601	730	**9,331**
Property, plant and equipment disposed of during the period	(6,095)	(109)	**(6,204)**
Depreciation for the period	(6,344)	(1,575)	**(7,919)**
Impairment reversal (losses) recognized during the period	—	—	—
Translation adjustment	2	1	**3**
Reclassifications of assets in progress	(1,290)	1,290	—
Reclassifications and other movements	—	6	**6**
As of December 31, 2021	**19,185**	**4,240**	**23,424**

Note 16 Other intangible assets, net

Accounting policies

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

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

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

Initial recognition

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

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

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

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

Amortization

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

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

Derecognition

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

Breakdown

	2020			2021		
€ thousands	**Gross**	**Amortization and impairment**	**Net**	**Gross**	**Amortization And Impairment**	**Net**
Trademarks	9,459	—	9,459	9,484	—	9,484
Licenses, software and website	313,894	(175,984)	137,910	375,413	(217,483)	157,930
Other*.....................	63,188	(4,004)	59,184	71,879	(2,980)	68,899
Other intangible assets, net	**386,541**	**(179,988)**	**206,553**	**456,776**	**(220,463)**	**236,313**

*including assets in progress for €68,6m in 2021 and €58,7m in 2020.

Movements for the period

€ thousands	Trademarks	License, software and website costs	Other	Total
As of January 1, 2020	**9,459**	**104,702**	**65,216**	**179,378**
Business combination or loss of control	—	—	—	—
Increases and separately acquired intangible assets	—	2,908	72,268	75,176
Intangible assets disposed of during the period	—	—	—	—
Amortization for the period	—	(44,576)	(318)	(44,894)
Impairment reversal (losses) recognized during the period (continuing operations)	—	(3,171)	—	(3,171)
Translation adjustment	—	—	(20)	(20)
Reclassifications of assets in progress	—	78,046	(78,046)	—
Reclassifications and other movements	—		84	84
As of December 31, 2020	**9,459**	**137,909**	**59,184**	**206,553**
Business combination or loss of control	—	(49)	(100)	(149)
Increases and separately acquired intangible assets	—	36,475	52,555	89,030
Intangible assets disposed of during the period	—	(112)	—	(112)
Amortization for the period	—	(54,775)	(295)	(55,070)
Impairment reversal (losses) recognized during the period (continuing operations)	—	(1,411)	—	(1,411)
Translation adjustment	—	(2)	-	(2)
Reclassifications of assets in progress (internally developed intangible assets)	25	42,422	(42,447)	—
Reclassifications and other movements	—	2	2	4
As of December 31, 2021	**9,484**	**157,930**	**68,899**	**236,313**

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

Note 17 Goodwill

Accounting policies

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

Breakdown

€ thousands	2020 Gross	2020 Impairment	2020 Net	2021 Gross	2021 Impairment	2021 Net
E-Commerce	122,295	–	122,295	122,295	–	122,295
Haltae (Stootie)	660	(660)	–	660	(660)	–
Goodwill. . .	**122,955**	**(660)**	**122,295**	**122,955**	**(660)**	**122,295**

Movements for the period

€ thousands	2020	2021
Carrying amount As of January 1	**122,955**	**122,295**
Goodwill recognized during the period (see Note [4])	–	–
Impairment losses recognized during the period	(660)	–
Carrying amount As of December 31	**122,295**	**122,295**

Note 18 Impairment of goodwill, tangible and intangible assets

Accounting policies

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

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

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

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

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

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

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

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

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

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

Breakdown

Movements for the period

As part of follow-up of impairment indicators, some intangible asset values were revised and resulted in the recognition of impairment losses of:
- €1,5 million in 2020 related to the write off of obsolete IT development costs for Cdiscount.
- €1.4 million in 2021 related to the write off of obsolete IT development costs for Cdiscount.

Impairment loss on intangible assets with an indefinite life

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

Goodwill impairment losses

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This has been measured through the market capitalization of Cnova. As a result, the test consisted in comparing the net book value of its net assets with the market capitalization of Cnova which is significantly higher: the market capitalization of Cnova amounted to €2,382 million as of December 31, 2021. Considering that only 1% of the shares of Cnova are floating on the Euronext, the market capitalisation may differ from fair value, we believe Value in use is more representative of the value of the Cash Generating Units.

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

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

The tests carried out as of December 31, 2020 and 2021 did not reveal any impairments of goodwill both from a fair value or value in use perspective.

€ thousands	**E Commerce**

Carrying Value of Goodwill allocated to the group of units	**122,295**
Carrying amount of intangible assets with indefinite useful lives allocated to the group of units	9,484
Basis on which the unit's (group of units') recoverable amount has been determined	Value in use
Key assumptions	GMV Growth EBITDA Growth Gross Margin rate Growth of Octopia
Management approach to determining the value for key assumptions	Past experience External sources in information
Period over which management projected cash flows based on financial budgets/forecasts approved by the management	5 Years
Growth rate used to extrapolate cash flows	1,9%
Discount rate applied to the cash flow projections	7,5%

Note 19 Consolidated equity

Accounting policies

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

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

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

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

Foreign currency transactions and translation

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

Foreign currency translation

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

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

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

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

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

Capital management

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

Cnova monitors capital based on the carrying amount of equity plus its loans (including current account agreement with Casino Finance), less cash and cash equivalents as presented on the face of the balance sheet.

Cnova manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Cnova may adjust its dividend policy, issue new shares, or sell assets to reduce debt.

Breakdown

Share capital

At December 31, 2021, the share capital of Cnova is composed of 345,210,398 shares with a par value of €0.05.

Notes to the consolidated statement of comprehensive income

€ thousands	2020	2021
Exchange differences	**22**	**(18)**
Change in translation differences during the period	22	(18)
Actuarial gains and losses	**(162)**	**328**
Change during the period	(162)	328
Income tax (expense)/benefit	—	—
Total	**(140)**	**310**

Those items have no tax impact

Non-controlling interests

€ thousands	C-Logistics	Other	Total
As of January 1, 2020	**67 459**	**293**	**67 752**
% of non-controlling interests	*15,96%*		
Net result	1 444	560	2 004
Other comprehensive Income	-1	9	8
Dividends granted	435	-435	0
Other	0	4	4
As of December 31, 2020	**69 337**	**431**	**69 768**
% of non-controlling interests	*15,96%*		
Net result	555	872	1 427
Other comprehensive Income	5	-8	-3
Dividends granted	638	-638	0
Phoenix transaction	-	84	84
Other	-1	-7	-8
As of December 31, 2021	**70 534**	**734**	**71 268**
% of non-controlling interests	*15,96%*		

Financial information of main non-controlling interests
Amounts are presented before intercompany eliminations.

	C-LOGISTICS	
€ thousands	**2020**	**2021**
Net sales	398 556	397 110
Net profit (loss) from continuing operations	11 766	7 475
Net profit (loss) from discontinuing operations	0	0
Net profit/(loss) for the period	11 766	7 475
Other comprehensive Income	-1	5
Total comprehensive income/(loss)	11 765	7 480
Non-current assets	626 500	609 250
Current assets	173 624	177 498
Non-current liabilities	140 894	119 026
Current liabilities	211 849	212 845
Net assets	447 381	449 275

Note 20 Provisions

A provision is recorded when Cnova has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within Cnova's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognized in the balance sheet (except when they are assumed through a business combination) but are disclosed in the notes to the financial statements.

Breakdown and movements

€ thousands	January 1, 2020 Revised	Increases	Reversals (used)	Reversals (surplus)	Business combination or loss of Control	Translation adjustment	Other	December 31, 2020 Revised
Pensions (Note [21])	5,405	854	(12)	(55)	—	—	215	6,407
Claims and litigation	17,736	6,526	(7,236)	(6,964)	—	(35)	(248)	9,779
Total	**23,141**	**7,380**	**(7,248)**	**(7,019)**	—	**(35)**	**(33)**	**16,186**
of which short-term	*9,271*	*1,726*	*(6,817)*	*(712)*	—	*(33)*	—	*3,435*
of which long-term	*13,870*	*5,654*	*(431)*	*(6,307)*	—	*(2)*	*(33)*	*12,751*

€ thousands	January 1, 2021	Increases	Reversals (used)	Reversals (surplus)	Business combination or loss of Control	Translation adjustment	Other	December 31, 2021
Pensions (Note [21])	6,407	1 075	(31)	(127)	—	—	(269)	7,055
Claims and litigation	9,779	3,479	(1,873)	(5,462)	—	30	(88)	5,865
Total	**16,186**	**4,554**	**(1,904)**	**(5,589)**	—	**30**	**(357)**	**12,920**
of which short-term	*3,435*	*3,205*	*(1,820)*	*(808)*	—	*29*	34	*4,076*
of which long-term	*12,751*	*1,349*	*(84)*	*(4,781)*	—	*1*	*(392)*	*8,844*

Note 21 Pension and other post-employment benefit obligations

Under defined contribution plans, Cnova pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

Regarding defined benefit plans, mainly French consolidated entities are concerned as their employees are notably entitled to compensation paid on retirement. Cnova's obligation is measured using the projected unit credit method based on the provisions of existing plans. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other smaller plans. Assumptions include expected rate of future salary increases, estimated average working life of employees, life expectancy and staff turnover rates.

Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognized immediately in equity.

The past service cost referring to the increase in an obligation following the introduction of a new benefit plan or modification of an existing plan is immediately expensed.

Expenses related to defined benefit plans are recognized in operating expenses (service cost) or other financial income and expense (net of obligation and plan assets).

Curtailments, settlements and past service costs are recognized in operating expenses or other financial income and expense depending on their nature. The liability recognized in the balance sheet is measured as the net present value of the obligation

Overview of plans

Defined Contribution Plan

Defined contribution plans are retirement provisions through which an employer commits to such funding through the regular payment of contributions to a managing body. The employer's commitment to the payment of contributions is limited and therefore does not guarantee the pension amount that employees will receive. This type of plan predominantly concerns employees of Cnova's French entities. The latter come under the general social security system which is administered by the French state.

The expense for the year relating to defined contribution plans is €9 million in 2021 (2020: €8 million).

Defined Benefit Scheme

In France, an industry-specific agreement between employers and employees provides for the payment of allowances to employees at the date of retirement depending on the years of service rendered and their salary at the age of retirement.

Main assumptions used in determining total obligations related to defined benefit plans

Plans falling under defined benefit schemes are exposed to interest rate risk, rate of salary increase risk and mortality rate risk.

The following table summarizes the main actuarial assumptions used to measure the obligation:

	2020	2021
Discount rate	0.7 %	1 %
Expected rate of future salary increases	1.5 %	1.5 %
Retirement age	64	64

The discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

Sensitivity analysis

The impact of a variation of +/- 50 bp on the discount rate would generate a change of respectively -8,6% and +9,6% of the total amount of the commitment.

The impact of a variation of +/- 50 bp on the expected rate of future salary increases would generate a change of respectively +9,5% and -8,6% of the total amount of the commitment.

Reconciliation of liabilities in the balance sheet

€ thousands	2020 Revised, See Note 1	2021
As of January 1	**5,405**	**6,407**
Service cost for the period	784	953
Interest cost of the period	38	50
Actuarial gains or losses recognized in equity	115	(355)
Business combination or loss of control	64	—
Other movements	—	—
As of December 31	**6,407**	**7,055**

Note 22 Financial liabilities and other liabilities

1. Accounting policies

Financial liabilities are classified into two categories as follows:
- borrowings recognized at amortized cost; and
- financial liabilities at fair value through profit or loss.

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

Recognition and measurement of financial liabilities

Financial liabilities recognized at amortized cost

Borrowings and other financial debt are recognized at amortized cost using the effective interest rate method. These liabilities may be hedged.

Debt issue costs and issue and redemption premiums are included in the cost of borrowings and financial debt. They are added or deducted from borrowings and are amortized using effective interest method.

Financial liabilities at fair value through profit or loss

These are financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognized in profit or loss. For financial liabilities carried at fair value through profit or loss only loss arising from deterioration of company's own credit risk should be recognized through other comprehensive income.

2. Breakdown of financial debt

	2020			2021		
€ thousands	**Non-Current Portion**	**Current Portion**	**Total**	**Non-current Portion**	**Current Portion**	**Total**
Current account agreement with Casino Finance (Conditions in note 27)........................	220,000	4,336	224,336	220,434	8,170	228,604
Bank overdrafts...........	—	6,819	6,819	—	3,323	3,323
State Guaranteed loan............	119,900	883	120,783	60,000	58,578	118,578
Commitment to buy back NCI..	720	—	720	—	720	720
Other financial liabilities .	—	8,057	8,057	—	13,434	13,434
Financial debt...........	**340,620**	**20,095**	**360,715**	**280,434**	**84,225**	**364,659**

The Group has €70 million of bank overdraft available out of which €3 million were used at December 31, 2021.

Changes in liabilities arising from financing activities:

€ thousands	**Current account agreement with Casino Finance**	**State Guaranteed loans**	**Other financial liabilities**	**Total liabilities from financing activities**
As of January 1, 2020.............	**259,305**	—	**11,066**	**270,371**
Additions to financial debt	—	119,900	—	**119,900**
Repayments of financial debt (1) .	—	—	(3,009)	**(3,009)**
Change in loan received (2)	(37,181)	—	—	**(37,181)**
Change in loan received - discontinued operations.........	—	—	—	—
Accrued interests, net............	2,212	883	—	**3,095**
As of December 31, 2020.........	**224,336**	120,783	**8,057**	**353,176**
Additions to financial debt	—	—	5,377	**5,377**
Repayments of financial debt (1) .	—	—	—	—
Change in loan received (2)	434	—	—	**434**
Change in loan received - discontinued operations.........	—	—	—	—
Accrued interests, net	3 834	(2,205)	—	**3,095**
As of December 31, 2021	**228,604**	**118,578**	**13,434**	**360,616**

(1) Repayments of financial debt also includes the continued involvement in the instalment payment program for €13.4 million (see Note 11)
(2) Change in loan received also includes cash pool balances with Casino

Detail of main financial debt:

	Nominal Amount (K€)	Nominal Interest Rate	Effective Interest Rate	Issue date	Due date	2020 (K€)	2021 (K€)
Cash pool balances with Casino Term Loan	150,000	3.9%	3.9%	August 5, 2020	July 31, 2026	150,000	150,000
Cash pool balances with Casino	Maximum of 400,000	Eonia 1 month + 1,5%	Eonia 1 month + 1,5%	July 1, 2014	July 31, 2026	70,000	70,434
State Guaranteed loans...	120,000	Euribor + 0,6%*	1.78%	August 2020	August 2025	120,000	120,000

**0,6% for first year, 0,5% for second and third year and 0,3% for the three last years.*

The Group has €70 million of bank overdraft available out of which €3 million were used at December 31, 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.

In March 2022, the Current Account Agreement Confirmation was amended and restated with a €150 million increase of the Term loan. (See Note 28).

3. Other liabilities

	2020			2021		
€ thousands	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Amounts due to suppliers of PP&E	—	21,847	21,847	—	18,026	18,026
Other liabilities*	910	187,445	188,355	483	160,058	160,541
Contract liabilities	—	36,213	36,213	—	34,197	34,197
Deferred income	2,824	2,865	5,689	2,578	4,603	7,181
TOTAL	**3,734**	**248,370**	**252,104**	**3,061**	**216,884**	**219,945**

*including debts towards marketplace sellers for €136,0m in 2021 and €136,1m in 2020.

Note 23 Fair value of financial instruments

1. Accounting principles

Fair value measurements are determined following the provisions of IFRS 13 “Fair Value Measurement” which defines the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the balance sheet date. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of Cnova’s own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

2. Financial assets

€ thousands Financial assets	2020 Carrying amount (A)	 Non financial assets (B)	2020 Total Financial assets (A – B)	 Assets held for trading	Carrying amount Financial Asset at amortized cost	 Financial Asset at fair Value	Total Fair value
Other non-current assets	11,353	2,254	**9,099**	–	9,079	20	9,099
Trade receivables	167,211	–	**167,211**	–	167,211	–	167,211
Other current assets*.............	313,808	55,915	**257,893**	–	257,893	–	257,893
Cash and cash equivalents	15,829	–	**15,829**	–	15,829	–	15,829

*including:
- receivables on rebates from suppliers for €14,8m in 2021 and €27,7m in 2020
- social and tax receivables for €50,5m in 2021 and €42,8m in 2020

€ thousands Financial assets	2021 Carrying amount (A)	 Non financial assets (B)	2021 Total Financial assets (A – B)	 Assets held for trading	Carrying amount Financial Asset at amortized cost	 Financial Asset at fair Value	Total Fair value
Other non-current assets	10,648	1,848	**8,800**	–	8,764	36	8,800
Trade receivables	150,856	–	**150,856**	–	150,856	–	150,856
Other current assets*.............	186,421	64,733	**121,688**	–	121,688	–	121,688
Cash and cash equivalents	20,453	–	**20,453**	–	20,453	–	20,453

3. Financial liabilities

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

€ thousands Financial liabilities	2021 Carrying amount (A)	2021 Non financial liabilities (B)	2021 Total Financial liabilities (A – B)	Carrying amount Liabilities at amortized Cost	Carrying amount Liabilities at Fait Value	Carrying amount Hedging instruments	Total Fair value
Financial debt	364,660	–	**364,660**	364,660	–	–	373,363
Trade payables	624,330	–	**624,330**	624,330	–	–	624,330
Other current liabilities	216,884	30,712	**186,173**	186,173	–	–	186,173
Other non-current liabilities	3,061	2,072	**359**	359	–	–	359

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

Note 24 Financial risk management objectives and policies

The main risks associated with Cnova's financial instruments are market risks (interest rate, currency and equity), counterparty risk and liquidity risk.

Market risk

Interest rate risk

Interest rate risk refers to the risk that cash flows associated with financial instruments will be impacted due to changes in market interest rates. The Group's interest rate risk arises principally from borrowings issued at variable rates; they expose the Group to cash flow interest rate risk unless they are offset by cash and cash equivalents deposits (including short-term investments) earning interest at variable interest rates.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact (before tax effect) on profit (loss) for the period of a 50 basis point increase or decrease in the Eonia interest rate, based on the variable rate financial instruments held by the Group, with all other variables held constant, was estimated to €2,1 million and €2.1 million respectively for the periods ended December 31, 2021 and December 31, 2020.

Exposure to foreign exchange risk

Exchange rates against the Euro

	2020		2021	
Exchange rates against the euro	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
US dollar (USD)...................	1.2271	1.1419	1.1326	1.1828

Equity risk

Cnova has no exposure to equity securities price risk as since mid-2015 we have no such investment.

Counterparty risk

Cnova is not exposed to significant counterparty risks in its operating activities and its short-term investment activities.

Counterparty risk related to trade receivable

Customer receivables are regularly monitored and Cnova's exposure to the risk of bad debts is considered as limited because of the number of customers Cnova has through its operations.

Trade receivables (gross amount) break down as follows by maturity:

		Receivables past due on the balance sheet date							
€ thousands	**Receivables not yet due not impaired (A)**	**Receivables not more than one month past due**	**Receivables between one and six months past due**	**Receivables more than six months past due**	**Receivables overdue (B)**	**Doubtful receivables (C)**	**GROSS TOTAL (D)=(A)+(B)+(C)**	**Impairment losses (E)**	**NET TOTAL (D) – (E)**
2020................	*136,123*	*16,138*	*9,558*	*5,392*	*31,088*	***10,301***	*177,512*	*(10,301)*	*167,211*
2021	*117,742*	*11,964*	*15,647*	*5,503*	*33,114*	***14,739***	*165,595*	*(14,739)*	*150,856*

Receivables past due can vary substantially in length of time overdue depending on the type of customer, i.e. consumers or public authorities. Impairment policies are determined on an entity-by-entity basis according to customer type. As indicated above, Cnova believes that it has no material risk in terms of credit concentration.

Counterparty risk related to other assets

Other assets, mainly comprising tax receivables, and repayment rights are neither past due nor impaired.

Credit risk on other financial assets—mainly comprising cash and cash equivalents and financial assets at fair value through P&L—corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is equal to the instruments' carrying amount. Cnova's cash management policy consists of investing cash and cash equivalents with diversified first category counterparties.

Liquidity risk

Cnova manages liquidity risk through the daily follow-up of cash flows, control of financial assets and liabilities maturities and a close relationship with main financial institutions. As of December 31, 2021, Cnova's liquidity is also depending on the financing from its parent company Casino, see Note 27.

As part of current account agreement with Cnova and its subsidiaries, unused credit lines amounted to €330 million as of December 31, 2021.

Cnova has a specified liquidity risk on reverse financing due to the concentration of a portion of liabilities with 3 financial institutions rather than a diverse group of suppliers additionally Cnova may become reliant on extended payment terms or entity's supplier may become reliant on earlier payment under reverse factoring arrangements

Exposure to liquidity risk
The table below shows a maturity schedule for financial liabilities, including principal and interest but excluding discounting.

	Maturity						
€ thousands	**Due within one year**	**Due in one to two years**	**Due in two to three years**	**Due in three to five years five years**	**Due to beyond five years**	**2020–Total**	**Carrying amount**
Borrowings and bank overdrafts	6,819					6,819	6,819
Cash pool balances with Casino	4,336				220,000	224,336	224,336
State guaranteed loan	883	60,000	30,000	24,000	5,900	120,783	120,783
Other financial liabilities	8,057					8,057	8,057
Trade payables and other liabilities	879,071	786				879,857	879,857
Total	899,167	60,786	30,000	24,000	225,900	**1,239,853**	1,239,853

€ thousands	Maturity						
	Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due to beyond five years	2021—Total	Carrying amount
Borrowings and bank overdrafts	3,323					3,323	3,323
Cash pool balances with Casino	8,170				220,434	228,604	228,604
State guaranteed loan	58,578	30,000	18,000	12,000		118,578	118,578
Other financial liabilities	13,434					13,434	13,434
Trade payables and other liabilities	810,503	359				810,862	810,862
Total	894,008	30,359	18,000	12,000	220,434	**1,174,801**	1,174,801

Trade payables include €44,8m of liabilities related to reverse factoring arrangements in 2021 (vs €37,8m in 2020).

Accounting principle for reverse factoring

Reverse factoring is a type of supplier finance solution that companies can use to offer early payments to their suppliers based on approved invoices. Accounting policy for these operations depends on the potential modification of the characteristic of related debts. When these characteristics are not modified reverse factoring operations are accounted in trade payables. Otherwise these operations are accounted in financial debt.

Note 25 Off-balance sheet commitments

Management believes that, to the best of its knowledge, there were no off-balance sheet commitments as of December 31, 2020 and 2021, other than those described below, likely to have a material impact on Cnova's current or future financial position.

Commitments given

The amounts disclosed in the table below represent the maximum potential amounts (not discounted) that Cnova might have to pay in respect of commitments given. They are not netted against sums which Cnova might recover through legal actions or counter-indemnities received.

€ thousands	2020	2021
Firm purchase commitments(i)	—	—
Other commitments	—	—
Due:	—	—
Within one year	—	—
Due in one to five years	—	—
Due beyond five years	—	—
Total commitments given	—	—

(i) Reciprocal commitments

Note 26 Contingencies

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

On August 8, 2016, Via Varejo S.A ("Via Varejo"), Cnova Comércio Eletrônico S.A. ("Cnova BR") (Via Varejo and Cnova BR jointly referred to as "Via Varejo") and Cnova N.V ("Cnova") entered into the Reorganization Agreement, aiming to combine the e-commerce business operated by Cnova BR with Via Varejo's brick and mortar activities. The Reorganization Agreement contained, inter alia, the customary indemnification clauses. In September 2019, Via Varejo notified Cnova that it was of the opinion that an indemnification obligation pursuant to the Reorganization Agreement had been triggered for an undocumented amount of circa 65 million BR$, concerning labour and consumer claims that allegedly were of Cnova's responsibility and generated indemnifiable losses. Following this notification, Cnova and Via Varejo corresponded and exchanged information with the purpose to analyse the existence and, if present, extent of the alleged indemnification obligation. On July 20, 2020 Cnova received notice that Via Varejo initiated the arbitration procedure. On January 22, 2021 Via Varejo submitted its statement of claim as part of the arbitration procedure, this statement of claim did not produce any new evidence. Early March 2022 Cnova received a report for from the expert appointed by the tribunal; this report indicates that (i) a significant number of claims do not meet the criteria for eligibility as contained in the reorganization agreement; and (ii) the 65 million BR$, should be lowered with Via Varejo's own contribution of 22% and circa 25 million BR$ in deductibles. Via Varejo and Cnova are currently reviewing the report of the external expert of the tribunal and have to provide comments by 1 April 2022 to the tribunal after which in May 2022 a hearing will take place with a final tribunal decision towards the end of 2022. In addition, Management and their counsel are of the opinion that at least half of the gross amount claimed is not eligible for indemnification as per the terms and conditions of the contract. Management and their internal and external legal counsel has analyzed the expert report and estimated Cnova's liability is not material after deduction of non-eligible claims, Via Varejo own contribution and deductibles.

Note 27 Related Party Transactions

2016 Reorganization Related Agreements

Reorganization Agreement

On May 12, 2016, we entered into a non-binding memorandum of understanding with Via Varejo regarding a possible reorganization of Cnova Brazil within Via Varejo and, on August 8, 2016, Cnova, Cnova Brazil and Via Varejo entered into the Reorganization Agreement, which provides for, among other things, the terms of the 2016 Reorganization (see section "2.3.4 The 2016 Reorganization"). Pursuant to the Reorganization Agreement, Cnova Brazil was reorganized within Via Varejo. As a result, Cnova Brazil became wholly owned by Via Varejo. Cnova received (i) all of the Cnova ordinary shares (approximately 97 million shares) held by Via Varejo Holding S.à.r.l. (approximately 21.9% of Cnova's ordinary shares), (ii) the cash balancing payment of approximately R$16.5 million, which, pursuant to the terms of the Reorganization Agreement, was subsequently adjusted to R$20.4 million at closing (an increase of approximately R$3.9 million) in connection with the completion of the 2016 Reorganization to reflect the working capital and financial net indebtedness levels of Cnova Brazil as of such time, and was further adjusted after the closing to R$43.3 million (an increase of approximately R$22.9 million from the initial adjusted amount at closing), and (iii) the special voting shares underlying the special voting depository receipts that were previously held by a wholly owned subsidiary of Via Varejo. In addition, on November 7, 2016, Via Varejo caused Cnova Brazil to repay to R$527.0 million in consideration of the outstanding loan obligations owed by Cnova Brazil to Cnova and one of its wholly owned affiliates, Cnova Finança, together with all interest and other accrued amounts as of the time of repayment.

Casino-Cnova Undertakings Letter

In connection with the 2016 Reorganization, Casino executed a letter addressed to the Cnova transaction committee, the Casino-Cnova Undertakings Letter, in which it was agreed to launch the Offers to acquire any and all outstanding ordinary shares of Cnova for USD 5.50 per share in cash, without interest, upon completion of the 2016 Reorganization. Pursuant to the Casino-Cnova Undertakings Letter, it was decided that two separate Offers would be made:

- the U.S. Offer: an offer to holders of Cnova ordinary shares who are located in the United States; and
- the French Offer: an offer open to holders of Cnova ordinary shares who are located in France and to holders of ordinary shares located anywhere outside the United States and France.

The Offers were made for all the issued and outstanding Cnova ordinary shares, it being understood that the shares held, directly or indirectly, by Casino or CBD were not tendered for purchase in the Offers. This was confirmed in the CBD Support Letter, as well as in the CBD Commitment Letter, which - in short - stated that CBD (i) shall cause its voting rights to be exercised at any shareholders meeting of Cnova in favour of the 2016 Reorganization, and (ii) will not tender any of its Cnova shares, held directly or indirectly, in the Offers, nor dispose or transfer, directly or indirectly, shares in any other manner or through any other instrument, in particular any derivative instruments, until the end of the Offers.

Agreements Relating to our Shares

Special Voting Agreement

On November 24, 2014, we, the Voting Depository, Casino, CBD, Via Varejo, Éxito, Mr. Germán Quiroga, and Mr. Eduardo Chalita, with acknowledgment by Nova HoldCo, Lux HoldCo and Dutch HoldCo entered into Special Voting Agreement. This agreement includes the contractual terms of the Double Voting Right Structure as discussed in “Other Information - 4 Special Voting Shares”).

Pursuant to the Special Voting Agreement, the Special Voting Shares were automatically issued when our initial public offering was completed in November 2014. The Special Voting Agreement also provides for the non-transferability of special voting depository receipts except to a Permitted Transferee as described in “Other Information - 4 Special Voting Shares”) and authorizes the Voting Depository to unilaterally cancel special voting depository receipts (for no compensation) in specified circumstances. The Special Voting Agreement also includes an acknowledgement of the terms and conditions (administratievoorwaarden, or the “Terms and Conditions”) of the Double Voting Right Structure by each initial holder of special voting depository receipts. The Special Voting Agreement further includes an irrevocable power of attorney from each initial holder of special voting depository receipts to the Voting Depository and Cnova for acts required under the Terms and Conditions or the Special Voting Agreement.

Pursuant to the Special Voting Agreement, the Voting Depository is to be granted a call option (the “Call Option”) to acquire newly issued special voting shares in the event of a capital increase of Cnova in which one or more Founding Shareholders (or their Permitted Transferees, as the case may be) participate(s). The Call Option will be an irrevocable right to subscribe for additional special voting shares, exercisable only by the Voting Depository. The Call Option will include circumstances in which the Voting Depository must exercise the Call Option. An issuance of special voting shares pursuant to the Call Option will not require prior authorization by our general meeting of shareholders. The Call Option will be non-transferable and cannot be encumbered in any way. The Call Option will be perpetual in nature, exercisable on more than one occasion and cannot be cancelled unless and until the Double Voting Right Structure is abolished. The Call Option will give no right to subscribe for special voting shares to the extent that our authorized share capital would be exceeded, as set forth in our Articles of Association from time to time. The Special Voting Agreement includes an undertaking by us to ensure that the Board will propose an amendment to our Articles of Association in order to increase the number of special voting shares comprised in our authorized share capital if it appears that the Voting Depository will likely need to hold special voting shares in excess of the number of special voting shares issuable under our authorized share capital.

The Special Voting Agreement also provides that the Voting Depository may not, directly or indirectly, sell, dispose of, transfer or encumber any special voting share or otherwise grant any right or interest therein (other than a transfer to Cnova or a statutory right of pledge in favour of the holders of the corresponding special voting depository receipts).

In the Special Voting Agreement, the Voting Depository waives all of its (de minimis) economic rights in connection with the special voting shares, although Cnova is required to reimburse the Voting Depository for reasonable costs incurred by it in connection with the administration and operation of the Double Voting Right Structure.

The Special Voting Agreement also provides that in case of dissolution of the Voting Depository, the special voting shares will be transferred back to Cnova for no consideration and, if so desired, the parties to the Special Voting Agreement will seek to implement an appropriate alternative to the Double Voting Right Structure.

The Special Voting Agreement may be amended by the holders of special voting depository receipts by two thirds majority vote, with our consent. The holders of the special voting depository receipts may also terminate the Double Voting Right Structure by a two thirds majority vote.

We have not been made aware of any changes in this agreement to date, however, with effect from July 14, 2016, the management board of the Voting Depository cancelled 384,057 special voting depository receipts previously held by Dutch HoldCo Camberra since such entity was no longer qualified to hold such special voting depository receipts under the terms and conditions established by the Voting Depository. With effect from such cancellation, the Voting Depository transferred to the Company for no consideration 384,057 Special Voting Shares.

On a related procedure, with effect from October 31, 2016, the Voting Depository cancelled 96,790,798 special voting depository receipts held by Dutch HoldCo VV since it no longer met the requirements for holding such special voting depository receipts.

The Voting Depository then transferred to the Company for no consideration the 96,790,798 Special Voting Shares, to which the special voting depository receipts of Dutch HoldCo VV were stapled prior to the cancellation thereof. The General Meeting held on October 27, 2016, authorized the reduction of the Company's issued share capital by means of cancelation of the total of 97,790,798 Special Voting Shares held then by the Company in treasury, with effect from January 13, 2017. In addition, in January of 2017, the Voting Depository cancelled 6,002,981 special voting depository receipts and 1 special voting depository receipt previously held, respectively, by Dutch HoldCo QE and Casino due to the fact that such entities no longer qualified to hold such special voting depository receipts under the terms and conditions established by the Voting Depository after having placed the same number of their respective ordinary shares with the Depository Trust and Clearing Corporation in connection with the Offers.

Registration Rights Agreement

On November 25, 2014, the Founding Shareholders and certain other members of our management entered into a registration rights agreement with us. The registration rights agreement provides Casino and Dutch HoldCo with demand registration rights that can be exercised once per twelve-month period and provides all shareholders party to the agreement with piggyback registration rights, which, in either case, if exercised, would impose on us an obligation to register for public resale with the SEC our ordinary shares that are held by such shareholders. The demand registration rights can be exercised at any time and include requests to register ordinary shares on a shelf registration statement once we become eligible to file a registration statement on Form F 3 or any successor or similar form and requests to effect takedowns from such shelf registration. The piggyback registration rights may be exercised when we propose to register any of our ordinary shares under the Securities Act by a preliminary prospectus, prospectus supplement or shelf registration statement (other than the registration statement we filed for our initial public offering, a registration on Form S 8 or F 4, or any successor or similar form relating to the ordinary shares issuable upon exercise of employee stock options or in connection with any employee benefit or similar plan or in connection with a direct or indirect acquisition by us of another entity). In each registration pursuant to the registration rights agreement, we are required to pay the registration expenses of the selling shareholders, other than underwriting discounts and commissions and applicable transfer taxes. In addition, we have agreed to indemnify the selling shareholders in any registration pursuant to the registration rights agreement against losses suffered by them in connection with any untrue or alleged untrue statement of a material fact contained in any registration statement, preliminary prospectus, final prospectus or summary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, except insofar as the same may be caused by or contained in any information furnished in writing to us by such selling shareholder for use therein.

Logistics and Fulfillment Agreements

Cdiscount Easydis Agreement

On January 24, 2013, Cdiscount entered into a logistics service agreement with Easydis S.A.S. (“Easydis”), which is an affiliate of Casino. Under the terms of the agreement, Easydis manages and operates the fulfillment center located in Andrézieux, France. Easydis handles receipt of inventory at the center, inspection of products from Cdiscount’s suppliers, storage of products, preparation of customer orders, management and conservation of inventory and shipping. The parties subsequently amended the agreement on May 16, 2014 to extend the scope of the services and on March 27, 2015, to provide for reviews of the pricing terms based on prevailing market rates.

The term of the agreement is six years, from June 1, 2014, until June 1, 2020. It is automatically renewable for successive six-year periods.

Cdiscount Pick-Up Point Agreements

Cdiscount has entered into a number of agreements, which have been amended from time to time, with members of the Casino Group relating to pick up point and related services provided to us by such related parties.

The agreements terminate on June 1, 2024 and will be automatically renewed for successive 10-year periods unless terminated by either party with written notice sent two years prior to the expiration of the relevant period.

Operational and Synergy Agreements

Management Support and Strategic Advisory Agreement

On June 4, 2014, we entered into a management support and strategic advisory agreement with certain companies of the Casino Group pursuant to which the relevant Casino Group companies agree to provide certain management support services, including general management, planning, financial and treasury planning and control, human resources, institutional promotion, legal and tax and public relations, as well as strategic advisory services. In consideration for these support and advisory services, we agreed to pay fees on a pro rata basis from the date of the 2014 Reorganization through the end of the year. The fees are assessed on a cost-plus basis, to be invoiced biannually. The estimated fees under the agreement are to be revised annually. To the extent that the relevant Casino Group companies incur costs or expenses either below or more than the estimated fee paid during the year, the relevant Casino Group companies will issue to us an additional invoice or a credit note. The management support and strategic advisory agreement is entered into for an indefinite term and may be terminated upon mutual consent, or by any party with 90 days' prior written notice. Additionally, in the event of a material breach, the non-breaching party may terminate the agreement with 15-day prior written notice to the breaching party (unless the breach is cured during this period). The agreement may also immediately terminate in the case of liquidation or bankruptcy of any of the parties.

Cdiscount EMC Commercial Partnership Agreement

On May 14, 2014, EMC Distribution S.A.S. ("EMC"), the central purchasing entity for the Casino Group, and Cdiscount entered into a commercial partnership agreement, which was subsequently amended on March 27, 2015. Under this agreement, both parties undertake to implement buying synergies to increase the volume of everyday consumer goods ordered from certain suppliers. Each party also agrees to act on behalf of the other to negotiate the terms and conditions of certain frameworks agreements with suppliers. This agreement is effective until June 1, 2024 and is automatically renewable for another five-year period unless terminated with an 18-month prior notice.

DCF Commercial Partnership Agreements

On May 19, 2014, Cdiscount and Distribution Casino France ("DCF") entered into two supply agreements, whereby DCF sells to Cdiscount Casino Group private label products and products from other suppliers and Cdiscount sells to DCF Cdiscount private label products and products from other suppliers. Pursuant to verbal binding agreements memorialized in draft agreements, the supply agreements were subsequently amended in 2015, to modify financial conditions. The agreements were subsequently amended on June 28, 2016 to detail and clarify financial conditions. Neither party has a purchase volume obligation under the agreements. Each party shall pay for the products "at cost" plus a decreasing margin (1.5% to 0%) depending on the portion represented by the purchasing entity purchase volume into the global non-food purchase volume made by the purchasing entity and the supplying entity. The agreements terminate on June 1, 2024 and are automatically renewable for successive 10-year periods unless terminated by either party with written notice sent two years prior to the expiration of the initial period.

DCF Purchasing Synergies

On June 30, 2015, Cdiscount and DCF entered into a Purchase Synergy Agreement, whereby DCF, due to lower volumes compared to Cdiscount volumes, remunerates Cdiscount for the purchase conditions obtained through such grouped purchases for non-food products. DCF pays commission to Cdiscount at a rate based on the respective volumes purchased by DCF and Cdiscount compared to the total volume with common suppliers. In particular, (i) when DCF share in total volume is less than 20%, then the rate is at 1.5% of the total volume; (ii) when DCF share in total volume is between 20% and 35%, the rate is at 0.7%. If DCF share in total volume is higher than 35%, no remuneration is due. The agreement terminates on January 1, 2025 and is automatically renewable for successive five-year periods unless terminated by either party with written notice sent two years prior to the expiration of the initial period.

Financing Agreements

Cdiscount Banque Casino Cooperation Agreements

On December 30, 2011, Cdiscount and Banque Casino, a French credit institution of which Casino and Crédit Mutuel S.A. each owns 50.0% of the share capital, entered into a cooperation agreement. The agreement provided for the development, distribution and promotion in French metropolitan areas, exclusively for Cdiscount's customers, via Cdiscount's sites or other channels of marketing and distribution used by Cdiscount, certain financial products and services offered by Banque Casino. The parties then amended the agreement on December 20, 2012, and June 28, 2013, to entrust Banque Casino with the distribution and the management of financial services relating to the payment in instalments option offered on Cdiscount's sites, whereby customers are subject to the general terms and conditions of Banque Casino, and on December 15, 2015, and December 16, 2015, to reallocate the financial services provided by Banque Casino to Cdiscount (in-house).

In December of 2016, the parties entered into a new general framework agreement concerning the rendering, distribution and management of banking and insurance services, and agreed to develop specific agreements in connection with the various financial services under this framework agreement, including CUP card and CB4X payment to the benefit of Cdiscount's customers. Previous agreements regarding these services, including the previously disclosed Cartes et Crédits Joint Venture Agreement, were terminated and replaced by these new agreements, except for the joint venture agreement between the parties.

The framework agreement has a term of 6 years and is automatically renewable for successive 3-year periods. The termination of the framework agreement shall cause the termination of the other related specific contracts as well as the dissolution of the existing joint venture (SEP Cdiscount) with Banque Casino within 2 years. Termination clauses can be triggered for various reasons (early termination after 3 years following unsuccessful renegotiation of the terms of the framework agreement, in case of breach of some contractual provisions, such as confidentiality, and in case of a force majeure event).

CB4X Payment Agreement to Cdiscount's customers

The CB4X Payment Agreement is one of the specific agreements between Cdiscount and Banque Casino linked to the above framework agreement and is subject to its general terms and conditions. The agreement was entered into in December of 2016 and further details the 4-instalment payment plan offered to Cdiscount's customers for payments made with credit card.

Under this agreement, the parties offer credit to Cdiscount's customers who opt for a payment plan in 4 instalments. Cdiscount will receive the first instalment directly from the customer at the time of the purchase and assign the remaining receivables (of the remaining 3 instalments) to Banque Casino. Banque Casino, in turn, pays the remaining purchase price to Cdiscount and assumes substantially all of the credit risk for the payment of the remaining 3 instalments against the payment by Cdiscount of (i) a portion of the receivables at 3.70% discount rate on the assigned amount (3.55% discount base rate with the addition of a provision for exceptional risk of 0.15%, which is refundable after 12 months, and including cost of equity remuneration), which is subject to potential updates and (ii) a fee for insurance reserve at 10% of the estimated rate of losses based on assigned purchased amount - the rate of losses is 2.10% as of January 1, 2021, and is revised every 4 months. A possible cashback will occur if the amount of losses is less than expected for the month.

Banque Casino will issue a monthly invoice with the amount due by Cdiscount in connection with discounts related to monthly activity and associated insurance reserve fee (calculated based on the total amount of the assignments).

Term and termination clauses are similar to the ones of the framework agreement, except that the termination of this agreement shall not cause the termination of framework agreement.

CUP Credit Card Agreement to Cdiscount's customers

The CUP Credit Card Agreement is one of the specific agreements between Cdiscount and Banque Casino linked to the above framework agreement and is subject to its general terms and conditions. The agreement was entered into in December of 2016. The agreement further details the rendering and management of banking services linked to the commercialization of the CUP credit card by Banque Casino to Cdiscount's customers.

The remuneration will consist of (i) a fixed fee per new card issued set at €8.40/card up to 70,000 cards issued on a yearly basis and €15.60/card that will be issued above 70,000 cards per year; and (ii) a fixed fee per activated card set at €0.29/card payable each month.

Term and termination clauses are similar to the ones of the framework agreement, except that the termination of this agreement shall not cause the termination of framework agreement. One specific provision gives Cdiscount the option to acquire the contract's portfolio in case the agreement is terminated, and the associated joint venture (SEP Cdiscount) is dissolved.

CB4X Payment Agreement to third-party's customers

The CB4X Payment Agreement to third party's customers is an independent agreement not subject to the framework agreement's general terms and conditions. This agreement between Cdiscount and Banque Casino is in effect since January of 2017 and sets out the rules for the promotion, rendering, development and management of financial services in connection with the offer of the 4-installment payment plan option (CB4X) to third parties' sellers (in France mainland and Corsica) for the benefit of their own final customers. Operations will be managed through a joint venture newly created by Cdiscount and Banque Casino.

Rights on the joint venture assets are 60% for Cdiscount and 40% for Banque Casino and the joint venture's results will be split according to the respective ownership of the parties (50.1% for Banque Casino and 49.9% for Cdiscount,) after privileged allocation (préciputs).This agreement has an initial 6-year term and is automatically renewable for successive 3-year periods. Banque Casino granted exclusivity to Cdiscount for the entire duration of the agreement. Termination clauses can be triggered for various reasons (early termination after 3 years following unsuccessful renegotiation of the terms of the agreement, in case of breach of some contractual provisions, such as exclusivity, and in case of a force majeure event).

Cash Pooling Agreements

On July 1, 2014, Cnova entered into a Current Account Agreement with Casino Finance (previously named Polca Holding S.A.), a member of the Casino Group and the centralizing entity of a cash pool implemented among certain members of the Casino Group. Certain of Cnova's European subsidiaries, including Cdiscount, Cdiscount Group and Cdiscount International, also acceded to the Current Account Agreement, respectively on August 1, 2014, October 17, 2014, and August 1, 2014. The purpose of the current account agreement is to improve the management of the parties' working capital through: (i) obtaining cash advances from Casino Finance International to Cnova and its European subsidiaries and (ii) making Cnova and its European subsidiaries' cash surplus available to Casino Finance International. The parties have acknowledged that the cash flows under the agreement is driven by a common economic, social or financial interest in accordance with the global policy developed for the whole Casino Group and will consider the interest of each party. The current accounts are designed to daily record the cash flows between the parties, with all recorded claims netted off on a continuous basis, resulting in a single account balance. In connection with the increase of our net sales from the year ended December 31, 2013, to the year ended December 31, 2014, and working capital needs associated with our growth, the current account agreement between Cnova and Casino Finance International was amended on March 11, 2015, to increase the maximum size of the cash pool from €70 million to €250 million. There is no cap on the size of any given drawing from the cash pool. Considering Cnova and its European subsidiaries that have acceded to the current account agreement, the maximum size of the cash pool increased from €260 million to €440 million and an increase to €550 million was approved on December 8, 2017. On June 3, 2019 (i) all receivables and ancillary rights were assigned by Casino Finance International to Casino Finance, (ii) the cash pool was terminated and (iii) simultaneously Cnova acceded to a Cash Pool arrangement with Casino Finance.

On June 12, 2020, the parties entered into a Current Account Agreement Confirmation followed by a first amendment on July 7, 2020 and a second on December 21, 2020. The purpose of this agreement is to confirm, formalize and record the terms and conditions governing the advances made by Casino Finance to Cnova as well as to govern the granting a Term Loan of €150 million.

As per this agreement Cnova is authorized to use the current account to fund any cash shortfall for an outstanding amount of up to €400 million and is granted a Term loan of €150 million. The sum of the term loan and advances shall not be less than €220 million. Cash deposits made by Cnova to

Casino Finance are governed by a separate Cash Deposit Agreement, under this agreement no deposits can be made if the sum of the Term Loan and advances under the current account agreement is above €220 million.

On March, 22, 2022, the Current Account Agreement Confirmation was amended and restated with a €150 million increase of the Term loan. As per the amended and restated agreement, Cnova is authorized to use the current account to fund any cash shortfall for an outstanding amount of up to €400 million and the Term loan amounts to €300 million

Interest accrues on a daily basis (but does not compound). Interest is calculated monthly at a rate equal to the monthly average of the EONIA per annum plus a margin of 1.50% for the advances and deposit and 3.9% for the Term Loan.

The terms of the agreements are July 31, 2026 or such other date as mutually agreed between parties.

Casino Finance and the Casino Group entities participating in the cash pools including Cnova and certain of its European subsidiaries, are parties to a service agreement dated November 25, 2013, as amended from time to time, with Société Générale S.A. to implement the cash pool and ensure automatic cross border cash centralization between each participating company and Casino Finance International as the pool leader. The agreement has been entered into for an indefinite period of time. Société Générale S.A. or Casino Finance International may terminate the agreement at any time subject to a 30-day notice period.

Licensing Agreements

Cdiscount Finlandek Trademark License Agreement

Pursuant to a licensing agreement dated May 16, 2014, Casino has granted a non-exclusive license to Cdiscount for the use of the Finlandek trademark to manufacture, distribute, trade, promote and sell certain products in France. Under the terms of the agreement, the license was granted for free until March 1, 2016. For periods thereafter, the parties have agreed to negotiate in good faith the amount of royalties to be paid by Cdiscount to Casino.

The agreement terminates on February 29, 2024 and is automatically renewable for successive ten-year periods unless terminated by either party with written notice sent two years prior to expiration of the initial period.

The agreement will automatically terminate if Cdiscount is no longer part of the Casino Group. In case of termination, other than resulting from the fault of Cdiscount, Cdiscount will be entitled to distribute its remaining Finlandek inventory for 12 months.

Other Corporate Agreements

Cdiscount Casino International Agency Agreement

Cdiscount and Casino International S.A.S. ("Casino International"), entered into an agency agreement that became effective on January 10, 2008. Under the terms of the agreement, Casino International, on an exclusive basis, (i) negotiates and sells on behalf of Cdiscount, but through International Retail and Trade Services ("IRTS"), a Swiss subsidiary of Casino acting itself as agent of Casino International, to international suppliers and small and medium sized companies, services offered by Cdiscount such as marketing studies and the sale of data; (ii) advises Cdiscount notably on international synergies and (iii) collects the sums paid by international suppliers and small and medium sized companies for services sold by Casino International on behalf of Cdiscount.

Under the terms of the agreement, Cdiscount reimburses Casino International each fiscal year for a portion of the expenses set forth in the financial statements of Casino International for the previous fiscal year.

Casino International undertakes to pay Cdiscount all the sums it collects on behalf of Cdiscount from international suppliers and small and medium sized companies for the services rendered by Cdiscount (after having retained its own remuneration). Subject to Casino International's and IRTS' prior consent, Cdiscount may directly invoice the international suppliers or small and medium sized companies and collect the applicable payments.

The agreement is automatically renewable each year for successive one-year periods unless terminated by either party with three months' notice. Each party may terminate the agreement (i) in case of insolvency of a party or dissolution of IRTS, (ii) with 30 days' notice in case of uncured breach and (iii) with three months' notice in the following cases: change in the shareholding structure of Cdiscount leading to a decrease of the direct or indirect participation of Casino in Cdiscount, or the sale of the share capital or the business of Cdiscount to a third party outside of the Casino Group.

Pursuant to a verbal arrangement entered on March 27, 2015, effective as of January 1, 2015, this agreement has been extended to benefit certain additional Cnova subsidiaries, certain of which were disposed of since that date.

EMC Distribution Supply Agreement

On May 19, 2014, Cdiscount and EMC entered into a supply agreement, whereby EMC sells to Cdiscount imported Casino Group private label products and imported products from other suppliers. Cdiscount has no purchase volume obligation under the agreement.

Neither party is entitled to assign its rights and advantages under the agreement without the prior written consent of the other party. The agreement terminates on June 1, 2024 and is automatically renewable for successive 10-year periods unless terminated by either party with written notice sent 18 months prior to expiration of the initial period.

On October 1, 2016, EMC and Cdiscount entered into an agreement related to after-sale services in connection with the EMC Distribution Supply Agreement. The after-sale services include indemnification and the provision of spares parts by EMC to Cdiscount. The indemnification shall be calculated according to the formula: effective after-sale-costs / annual EMC's revenue generated with Cdiscount's private label products. Cdiscount will issue an invoice to EMC of an amount equivalent to 3% of the net sale price paid under the EMC Distribution Supply Agreement for private label products purchasing. At year end, Cdiscount will calculate the cost incurred with private label products after-sales activities during the respective year and either issue a credit note - if the amount already invoiced exceeds the cost actually incurred - or issue an invoice - if the amount invoiced is less than the cost actually incurred by Cdiscount – to EMC.

Cdiscount—Saint Mard 1 Warehouse

Pursuant to certain verbal arrangements, Distribution Franprix entered into a sublease agreement with Cdiscount for the sublease of approximately 50,000 square meters of a warehouse in Saint Mard, France. This sublease commenced on December 15, 2014 and provided for a fixed monthly rent per square meter to be readjusted annually. The agreement with Distribution Franprix terminated on February 29, 2016, and Cdiscount entered into a lease agreement for the same space directly with a lessor, Goodman Saint Mard 1 Logistics (France) ("Goodman Saint Mard"). Goodman Saint Mard is not a related party of us. The current lease with Goodman Saint Mard, which took effect on March 1, 2016, has a term of 11 years and eight months, and may be terminated on its ninth anniversary subject to a termination payment by Cdiscount as lessee. The annual rent is approximately €2.6 million (excluding taxes and charges), subject to indexation, which may be reduced by approximately €7.0 million spread over the duration of the lease.

Cross-canal transaction with DCF (Distribution Casino France)

Under this agreement Cdiscount will become the Casino group multi-channel leader for technical (audio, video, telecommunication and IT products) and home products (including garden furniture). Cdiscount will continue to sell these products directly from its online store through direct shipment (at home or pick-up points) and will then allow customers to collect available products nearly immediately at Géant hypermarkets or Casino supermarkets based on local inventory, or via classic in-store sales. Géant hypermarkets and Casino supermarkets will benefit from Cdiscount experience and expertise in such goods (assortment, pricing, promotion and sales) and on the other hand Cdiscount will reinforce its assortment of goods and provide an additional convenient distribution channel. Cdiscount will define the supply strategy (inventory volume, coverage objective by reference and by store, etc.).

For goods sold via classic in-store sales, the pricing of the product sold by Cdiscount to DCF is based on the purchase price net of 3net rebates, which will be deemed the internal sales price plus a margin of 1.33% net of costs. In addition, the applicable internal sales price is adjusted in case of obsolescence impairment based on Cdiscount guidelines which will be invoiced on a semi-annual basis to DCF.

As part of this agreement, Cdiscount and DCF have agreed that Cdiscount would acquire the DCF inventory of those goods, which total value amounted to €68 million before taxes (or €82 million after taxes), of which €78 million including taxes was paid at end June 2017. Goods were acquired at the Casino internal sales price and with a discount calculated using Cdiscount obsolescence guidelines for products labelled as showing a degree of obsolescence. An additional amount of €10.5 million before taxes of similar DCF inventory was acquired by Cdiscount in December 2017 under the same terms and conditions.

The agreement as a one-year term and is automatically renewable for successive one-year periods unless terminated by either party with written notice sent 6 months prior to expiration of the initial period.

In accordance with IFRS, Cnova has to recognize the sales to the final customers through all canals (including classic in-store sales) as Cnova is acting as principal in this transaction, with the related margin of DCF, the agent, being recorded in fulfilment costs.

As of December 31, 2021, inventories related to this agreement amounted to €46 million.

An additional agreement was signed in 2018 related to Cdiscount Corners opened in Géant hypermarkets. Under this agreement DCF will pay Cdiscount a 1.5% brand fee on all corner sales and Cdiscount will pay a commission of between 3% and 6% to DCF for cross canal sales (client ordering on Cdiscount.com on tablets located in the corner) originated in hypermarkets. In addition, Cdiscount will support half of the implementation cost of the corners.

RelevanC / Cdiscount Data Monetization

Cdiscount has entered into an agreement with RelevanC (a Casino Group subsidiary) for maximizing the value of its data along with other Casino group companies.

As per this agreement Cdiscount will provide RelevanC a right to use its advertising inventories and its data for its commercial activity and to maximize this way the value of Cdiscount data. In parallel Cdiscount will be subcontractor or service provider of RelevanC for commercialization or execution of advertising campaigns.

Under this agreement, Cdiscount grants RelevanC a license for the use of its advertising inventories and customer data and receives 70% of revenues generated by these inventories and 42% of the revenues generated by these customer data. In addition, when Cdiscount performs the commercialization of advertising campaigns or the purchasing of external inventories (trading desk activity) it receives a 15% to 20% commission.

The agreement was terminated on March 31, 2021

C Chez Vous Share Contribution

In connection with the Cnova group reorganization presented in Note 4. Cdiscount has made on January 1, 2019 an asset contribution of its logistics and transport business to a newly formed entity C-Logistics. On January 31, 2019, Easydis (a Casino group subsidiary) realized a share contribution of 99,9% of C Chez Vous ("CCV") to C-Logistics.

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

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

Agreements with Directors and Officers

We have entered into indemnification and insurance agreements with our directors and certain of our executive officers. We and our subsidiaries have also granted various forms of equity-based compensation to certain executives and directors of our company and/or our subsidiaries. For further discussion, see "Equity Incentive Plans" in the Annual Report.

Key management personnel compensation

€ thousands	2020	2021
Salaries and other benefits excluding payroll taxes(i)	2,083	1,855
Payroll taxes on salaries and other benefits.	687	612
Termination benefits.	_	205
Share-based payments	_	_
Total	2,770	2,672

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and director's fees.

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. It relates to 3 managers in 2020 and 5 mangers in 2021.

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

	2020		2021	
€ thousands	Transactions	Balance	Transactions	Balance
Loans due from Parent Companies	135,025	144,141	(126,089)	18,052
Receivables.	2,783	71,579	(19,260)	52,319
Loan due to Parent Companies	(33,788)	250,146	(19,642)	230,504
Payables	8,838	39,312	1,597	40,909
Expense	185,378	—	153,801	—
Income	238,025	—	135,272	—

Note 28 Subsequent events

Recent development in Ukraine

The recent developments in Ukraine starting from February 2022 may heighten worldwide tensions on supply chain, extend shipping lead time between China and the EU, and increase our transportation and last mile delivery costs as freight transport and oil prices have already surged. International geopolitical and economic repercussions of this war may have negative consequences on our supply capacities and costs, and affect our customers' buying power, as fuel prices increase, which may negatively affect our sales. An assessment was made on the potential impact of this war on Cnova and its business. Among others, we analyzed our clients, vendors and suppliers located in Ukraine, Russia, and Belarus; we do not have any exposure in Russia or Belarus – no clients, vendors or suppliers based in these countries. In Ukraine, we have little exposure, more specifically one marketplace merchant (as of March 1st) and two suppliers' manufacturing sites which do not represent significant volumes. The crisis may also impact countries where some of our suppliers' manufacturing sites are located, as eastern European countries and Turkey

FLOA Transaction

On February 21, 2022 the disposal of assets related to CB4X Payment Agreement to third-party's parties' customers to FLOA and the liquidation of the related joint venture have been effective (see Note 2). Cdiscount received €20.400.000 of cash from FLOA on February 2022.

Increase in financing arrangement with Casino

On March, 22, 2022, the Current Account Agreement Confirmation was amended and restated with a €150 million increase of the Term loan. As per the amended and restated agreement, Cnova is authorized to use the current account to fund any cash shortfall for an outstanding amount of up to €400 million and the Term loan amounts to €300 million.

Note 29 Main consolidated companies

The holding company

The next senior company is CBD, owning indirectly 33.98% of Cnova shares and 35.86% of Cnova voting rights and the ultimate holding company is Casino, owning directly and indirectly, 98.96% of Cnova shares and 99.45% of Cnova voting rights.

Subsidiaries

The main companies are listed below:

Company	2020			2021		
	% control	% interest	Consolidation method	% control	% interest	Consolidation method
C'Nova	**100,00**	**Parent**		**100,00**	**Parent**	
Cdiscount	100,00	99,68	FI	100,00	99,68	FI
Cdiscount Afrique	100,00	100,00	FI	100,00	100,00	FI
Cdiscount International BV	100,00	100,00	FI	100,00	100,00	FI
Cdiscount LATAM	100,00	70,00	FI	100,00	70,00	FI
C'nova France SAS	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Côte d'Ivoire	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Sénégal	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Cameroun	100,00	100,00	FI	100,00	100,00	FI
Cdiscount Panama	100,00	70,00	FI	100,00	70,00	FI
Cdiscount Uruguay	100,00	70,00	FI	100,00	70,00	FI
Cdiscount Equateur	100,00	69,99	FI	100,00	69,99	FI
Cnova Pay	100,00	100,00	FI	100,00	100,00	FI
BeezUP	100,00	74,44	FI	100,00	74,44	FI
C-Logistics	100,00	84,04	FI	100,00	84,04	FI
CChezVous	100,00	83,96	FI	100,00	83,96	FI
Carya (1001pneus)	100,00	99,68	FI	100,00	99,68	FI
Haltae (Stootie)	100,00	99,68	FI	100,00	99,68	FI
Neosys	100,00	51,00	FI	100,00	51,00	FI
Neotech Solutions	100,00	51,00	FI	100,00	51,00	FI
Neosys Tunisie	100,00	51,00	FI	100,00	51,00	FI
Phoenix (La Nouvelle Cave)	50,00	50,00	FI	0	0	FI
C-Shield	100,00	99,68	FI	100,00	99,68	FI
C-Payment	100,00	99,68	FI	100,00	99,68	FI
MAAS	100,00	99,68	FI	100,00	99,68	FI
CLR	100,00	84,04	FI	100,00	84,04	FI

FI: fully integrated

15. COMPANY FINANCIAL STATEMENTS OF CNOVA N.V AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021

Balance sheet at December 31, 2021

€ thousands	Notes	Dec. 31, 2020	Dec. 31, 2021
Financial fixed assets	7	653,747	653,747
Loans granted to subsidiaries	7	9,931	9,730
Total non-current assets		**663,678**	**663,477**
Other current assets	9	132,991	3,112
Cash and cash equivalents	10	144	58
Total current assets		**133,135**	**3,170**
Total assets		**796,813**	**666,647**
Share capital	11	17,225	17,260
Additional paid in capital		404,625	404,625
Retained earnings and reserves		(48,545)	(61,213)
Total equity	16	**373,305**	**360,672**
Other non-current liabilities	13	220,000	220,435
Total non-current liabilities		**220,000**	**220,000**
Trade payables and other	12	2,618	3,789
Other current liabilities	13	200,890	81,751
Total current liabilities		**203,508**	**85,540**
Total equity and liabilities		**796,813**	**666,647**

The accompanying notes are an integral part of these financial statements

Income statement for the year ended December 31, 2021

€ thousands	December 31, 2020	December 31, 2021
General and administrative expenses	(1,684)	(1,746)
Financial income	957	920
Financial expense	(4,336)	(8,368)
Foreign currency exchange result	(42)	(4)
Other income/ (expense)	(311)	(3,265)
Income tax (expenses)/benefit	-	-
Net result from continuing operations	(5,416)	(12,463)
Net result from discontinued operations (note 5)	(540)	(205)
Net profit (loss) for the year	**(5,956)**	**(12,668)**

See Note 14

Statement of comprehensive income for the year ended December 31, 2021

€ thousands	December 31, 2020	December 31, 2021
Net profit (loss) for the year	**(5.956)**	**(12,668)**
Items that may subsequently be recycled to profit or loss	-	-
Foreign currency translation	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(5,956)**	**(12,668)**

See Note 15

The accompanying notes are an integral part of these financial statements

Cash Flow Statement for the year ended December 31, 2021

€ thousands	December 31, 2020	December 31, 2021
Net result from continuing operations	(5,416)	(12,463)
Depreciation and amortization expenses	-	-
(Gains)/losses on disposal of non-current assets	-	-
Financial income/(expenses), net	3,421	7,452
Change in operating working capital	(4,600)	1,216
Net cash from (used) in continuing operating operations	**(6,595)**	**(3,795)**
Net cash from (used) in discontinued operating operations	**(540)**	**(238)**
Interest received	757	957
Change in cash advance granted to subsidiaries	(130,496)	129,568
Net cash from (used) continuing investing operations	**(129,739)**	**(130,525)**
Net cash from (used) discontinued investing operations	-	-
Change in cash advance received (including with related parties and subsidiaries)	138,577	(122,242)
Interest paid	(2,118)	(4,336)
Net cash from (used) continuing financing operations	**136,459**	**(126,578)**
Net cash from (used) discontinued financing operations	-	-
Change in cash and cash equivalents	**(415)**	**(86)**
Cash and cash equivalents at beginning of period	*559*	*144*
Cash and cash equivalents at end of period	*144*	*58*

The accompanying notes are an integral part of these financial statements

Statement of changes in Equity for the year ended December 31, 2021

€ thousands	Statutory capital	Additional paid in capital	Net result of the period	Retained earnings and other reserves	**Total Equity**
As of December 31, 2019	**17,225**	**404,625**	**(2,611)**	**(39,978)**	**379,261**
Allocation of prior year result	-	-	2,611	(2,611)	-
Net profit (loss) for the period	-	-	(5,956)	-	(5,956)
As of December 31, 2020	**17,225**	**404,625**	**(5,956)**	**(42,589)**	**373,305**
Allocation of prior year result	-	-	5,956	(5,956)	-
Other	35	-	-	-	35
Net profit (loss) for the period	-	-	(12,668)	-	(12,668)
As of December 31, 2021	**17,260**	**404,625**	**(12,668)**	**(48,545)**	**360,672**

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

The company financial statements should be read in conjunction with the consolidated financial statements

1. Description of reporting entity

Cnova N.V. (hereafter "Cnova") is a public limited liability company incorporated and domiciled in Netherlands (Strawinskylaan 3051, Amsterdam). It is listed on Euronext Paris from January 23, 2015 under ISIN NL0010949392. Cnova NV is registered with the Dutch Trade Register under registration number 60776676.

The financial statements of Cnova for the year ended December 31, 2021 were authorized for issue in accordance with a resolution of the directors on March 31, 2022.

Cnova and its subsidiaries (the "Group) consist of leading global e-commerce operations with headquarters in the Netherlands.

The next senior company is Companhia Brasileira de Distribuiçao Netherlands Holding BV, owning indirectly 33.98% of Cnova shares and 35.86% of Cnova voting rights and the ultimate holding company is Casino, owning directly and indirectly, 98,96% of Cnova shares and 99,45% of Cnova voting rights.

Casino is ultimately controlled by Jean-Charles Naouri, via Euris S.A.S and other intermediate entities.

2. Significant accounting policies

2.1. Basis of preparation

The financial statements of Cnova have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as issued by the International Accounting Standards Board (IASB) and Part 9 of the Dutch Civil Code.

The company financial statements have been prepared on a historical cost basis and are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Foreign currency transactions and translation

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

Capital management

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

Cnova monitors capital on the basis of the carrying amount of equity plus its Cash pool balance with Casino, less cash and cash equivalents as presented on the face of the balance sheet.

€ thousands	**December 31, 2020**	**December 31, 2021**
Carrying amount of equity	373,305	360,672
Current account balance with Casino Finance (including Long term portion)	220,000	220,435

Less: Cash and cash equivalents	(144)	(58)
Less : Cash deposit agreement with Casino Finance	(130,493)	(915)
Capital under management of Cnova	**462,668**	**580,134**

The increase is mainly related to increase of net financial debt of the Cnova group in 2021.

Management assesses Cnova's capital requirements 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. To maintain or adjust the capital structure, Cnova may adjust its dividend policy, issue new shares, or sell assets to reduce debt.

2.2. Main accounting policies

The following are the significant accounting policies applied by Cnova in preparing its company financial statements:

2.2.1. Current versus non-current classification

Cnova presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
  It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Cnova classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.2. Assets held for sale and discontinued operations

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

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

2.2.3. Revenue recognition

In 2020 and 2021 Cnova did not generate revenue as it has acted only as a holding of its Group.

2.2.4. Interest income

For financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate method.

2.2.5. Dividends

Revenue is recognized when Cnova's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.2.6. Taxes

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for: all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. The carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year

when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.7. Investments in subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are carried in the company financial statements at cost less any impairment loss. The Company recognizes a dividend from a subsidiary in financial income when its right to receive the dividend is established.

Impairment

The Company determines at each reporting date whether there is objective evidence that the value of share on equity of subsidiaries is impaired. In case investments in subsidiaries are impaired, the impairment loss is presented in the line financial expenses in income statement.

2.2.8. Financial instruments

i) Financial assets

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

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

Financial assets are classified in the following three categories:

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

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

Financial assets at amortized cost

Financial assets are measured at amortized cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).

They are subsequently measured at amortized cost, determined using the effective interest method, less any impairment losses. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.

This category primarily includes other receivables, cash and cash equivalents as well as other financial assets at amortized cost

Financial assets at fair value through other comprehensive income (OCI)

This category comprises debt instruments and equity instruments.

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

Cnova does not hold any assets in this category

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.

Fair value measurement

Fair value measurements are determined following the provisions of IFRS 13 "*Fair Value Measurement*" which defines the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the balance sheet date. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of Cnova's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

Cash and cash equivalents

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

To be classified as cash equivalents under IAS 7, investments must be:

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

Impairment of financial assets

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortized cost, contract assets and debt instruments at fair value through OCI. Cnova applies the simplified approach provided for in IFRS 9 for other receivables. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.

Derecognition of financial assets

Financial assets are derecognized in the following two cases:

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

ii) Financial liabilities

Financial liabilities recognized at amortized cost

Borrowings and other financial liabilities at amortized cost are initially measured at the fair value of the consideration received, and subsequently at amortized cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortized over the life of the liability by the effective interest method.

Financial liabilities at fair value through profit or loss

They are measured at fair value and gains and losses arising from remeasurement at fair value are recognized in the income statement. Cnova does not hold any financial liabilities at fair value through profit of loss including derivatives.

2.2.9. Impairment of non-financial assets

Cnova assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Cnova estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Cnova estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.2.10. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.2.11. Provisions

General

Provisions are recognized when Cnova has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Cnova expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Restructuring provisions

Restructuring provisions are recognized only when Cnova has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

3. Significant accounting judgments, estimates and assumptions

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

3.1. Accounting standards and interpretations published with effect from January 1, 2021

The company applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2021. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The application of the following amendments had no impact on the company's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9
- Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021
- IFRS IC Decision on attributing Benefit to Periods of Service (IAS 19)

3.2. Accounting standards and interpretations published but not yet mandatory

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (January 1, 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (January 1, 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (January 1, 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (January 1, 2023)

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

3.3. Judgments

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

3.4. Estimates and assumptions

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

3.4.1. Taxes

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

4. Significant events

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

There was no direct financial impact on Cnova NV which has continued to operate normally.

Refer to Note 2 of Consolidated financial statements for more details on impacts in France, the main place of activity of Cnova Group.

This context had no impact on financial fixed assets impairment.

5. Discontinued operations

Result from discontinued operations is only related to costs incurred to support entities that are classified as discontinued operations.

Breakdown of result from discontinued operations is the following:

€ thousands	Dec. 31, 2020	Dec. 31, 2021
General and administrative expenses	(540)	(205)
Impairment gain (loss) on financial instruments	-	-
Gains (loss) on disposals	-	-
Net profit/(loss) from discontinuing operations*	**(540)**	**(205)**
Net impact on other comprehensive profit/(loss)	**(540)**	**(205)**

** Net profit/(loss) from discontinuing operations is mainly related to legal fees with regards to the Via Vajero reorganization agreement*

6. Segment information

Cnova being a holding entity, it has no reportable segments.

7. Financial assets

€ thousands	Dec. 31, 2020	Dec. 31, 2021
Investments in subsidiaries	653,747	653,747
End of year	**653,747**	**653,747**

7.1. Investments in subsidiaries

€ thousands	Dec. 31, 2020	Dec. 31, 2021
Beginning of the year	653,747	653,747
Contribution in kind	-	-
Increase in capital	-	-
End of year	**653,747**	**653,747**

Cnova N.V. holds directly the following subsidiaries:

- Cdiscount SA, Bordeaux France
- Cnova France, Saint Etienne, France.

Recoverable value of investments is based on value in use. This value was determined by the discounted cash flows method, based on after-tax cash flows. In performing the estimation of cash flows, Cnova used internal and external analysis. No impairment is required based on recoverable value. The valuation of Cdiscount shares is derived from Group impairment testing, headroom is material and a change of 10% of critical assumptions (WACC, Growth rate, revenue and free cash flow projections) will not change the outcome of the test.

Company	**2020 % owned**	**2021 % owned**	**Cost *(€ 000)***
Cdiscount SA	99,68	99,68	653,737
Cnova France SAS	100	100	10

For a list of indirectly owned subsidiaries, joint ventures and associates and shareholding percentages, refer to Note 29 to the consolidated financial statements.

7.2. Loans granted to subsidiaries

€ thousands	**December 31, 2020**	**December 31, 2021**
Beginning of the year	-	9,931
Conversion of Cnova France cash advance to Long term loan	9,931	-
Issued (repayment) net	-	(201)
End of year	**9,931**	**9,730**

Long term loan to Cnova France has a maturity of 5 years ending at July 31, 2026 and bears interest at 3.9%.

8. Deferred tax assets

Cnova has determined that it cannot recognize deferred tax assets on the tax losses (including tax credits) carried forward. If Cnova was able to recognize all unrecognized deferred tax assets, equity would have increased by €18.7 million.

In 2020 and 2021, no tax is due. 2021 tax result is expected to be negative €6.2m.

At December 31, 2021 the total unrecognized deferred tax assets was €18.7 million at the 25.8% tax rate applicable for Dutch companies from 2021 onwards.

Tax losses:

€ thousands	**Profit/(loss) begin**	**Movement**	**Profit/(loss) end**
2015	(51,469)		(51,469)
2016	-		-
2017	(8,934)		(8,934)
2018	-		-
2019	(2,278)		(2,278)
2020	(3,494)		(3,494)
2021		(6,163)	(6,163)
Total	(66,175)	(6,163)	(72,339)

On 4 June 2021, the Netherlands published the Decree of 21 May 2021 in the Official Gazette, which provides for the implementation of the NOL carryforward changes that were proposed as part of the 2021 Tax Plan. This new legislation will enter into force for financial years beginning on or after 1 January 2022. However, the modification to the NOL carryforwards is considered substantively enacted

as per 21 May 2021 (date of Decree) and formally enacted as per 4 June 2021 (date of official Gazette).

Currently, Dutch tax law states that tax losses can be carried back 1 year and carried forward 6 years. Under the new tax law, the NOL carryback period will remain 1 year and the carryforward period will be unlimited. However, the amount of the NOL utilization will be limited to 50 per cent of taxable income (in excess of EUR 1 million). As indicated, the legislation will enter into force on 1 January 2022 and will apply to all tax losses arising as of 1 January 2022, as well as tax loss carryforwards still available at that date.

9. Other current assets, net

€ thousands	**December 31, 2020**	**December 31, 2021**
Other receivables	2,498	2,197
Including management fees with other entities of Cnova group		
Current cash advance granted to subsidiaries	-	-
Cash deposit agreement with Casino Finance	130,493	915
Other current assets	**132,991**	**3,112**

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

- The Current Account Agreement has a termination date at 31 July, 2026 or such other date as mutually agreed upon between parties
- The Current Account Agreement includes a Term Loan of €150 million bearing interest at 3.9% to be repaid on 31 July 2026
- Cnova is authorized to use the current account confirmed of up to €400 million bearing interest at Eonia 1 month +1.5% to be repaid on 31 July 2026
- The sum of the Term Loan and the outstanding advances shall not be less than €220 million

The Current Account Agreement with Casino Finance has also been amended in March 2022 (See Note 21).

A separate Cash deposit agreement was entered into with Casino Finance where Cnova is authorized to make cash deposits. These deposits bear interest at Eonia 1 month +1.5%. No deposits shall be made by Cnova if the Term Loan and advances under the Current Account Agreement is above €220 million.

As Cnova has an unconditional right to defer the settlement of both the term loan and advances with Casino Finance the amount outstanding are presented as non-current financial liabilities.

Current cash advance granted to subsidiaries bear interest at Eonia 1 month +1.5%.

Change in Cash advance granted subsidiaries:

€ thousands	**December 31, 2020**	**December 31, 2021**
Beginning of the year	9,886	-
Issued (repayment) net – continued operation	45	-
Issued (repayment) net – discontinued operation	-	-
Conversion of cash advance to long term loan	(9,931)	-
End of year	-	-

10. Cash and cash equivalents

Cash and deposits of €58 thousand consist of time deposits and amounts held as bank balances. All bank balances and deposits are freely available.

11. Share capital

On November 20, 2018, 703,350 ordinary shares were issued pursuant to Deferred Stock Units (DSU), as a consequence, the share capital of Cnova is now comprised of 345,210,398 shares with a par value of €0.05 at December 31, 2020 and December 31, 2021.

The Board of the Company proposes to appropriate the result for the period to the retained earnings.

12. Trade payables and other

Trade payables are amounts due to suppliers and are payable within 3 months.

Other current liabilities consist of sundry payables and mature within one year.

13. Other liabilities

€ thousands	**December 31, 2020**	**December 31, 2021**
Other liabilities	3,981	7,520
Cash pool balance with Casino – Short term	-	-
Cash advance received from subsidiaries	196,909	74,232
Other current liabilities	**200,890**	**81,752**

Change in Cash advance received from subsidiaries and cash pool balance with Casino

€ thousands	**December 31, 2020**	**December 31, 2021**
Beginning of the year	278,349	196,909
Issued (repayment) net – continued operation	138,560	(122,677)
Issued (repayment) net – discontinued operation	-	-
Reclassification as non-current liabilities	(220,000)	-
End of year	**196,909**	**74,232**

Cash pool balances with Casino and cash advance received from subsidiaries bear interest at Eonia 1 month +1.5%.

€ thousands	**December 31, 2020**	**December 31, 2021**
Cash pool balance with Casino – Term loan	150,000	150,000
Cash pool balance with Casino – Advances	70,000	70,435
Other noncurrent liabilities	**220,000**	**220,435**

Please refer to note 9 for the disclosure of the conditions of the Term loan and Advances.

Change long term cash pool balance with Casino

€ thousands	December 31, 2020	December 31, 2021
Beginning of the year	-	220,000
Conversion of portion of cash pool balance to Term Loan	150,000	-
Reclassification of cash pool balance with Casino – Advance to non-current	70,000	-
Other movement	-	435
End of year	**220,000**	**220,435**

Term Loan with Casino bear interest at Eonia 1 month +3.9%.
Advances have been reclassified as non-current as Cnova now has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

€ thousands Financial liabilities	2020 Carrying amount (A)	2020 Non financial liabilities (B)	2020 Total Financial liabilities (A – B)	Liabilities at amortized Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Trade payables	2,618	–	**2,618**	2,618	-	2,618	-
Other current liabilities.....	200,890	–	**200,890**	200,890	-	200,890	-
Other non-current liabilities.....	220,000	–	**220,000**	220,000	-	220,000	-

€ thousands Financial liabilities	2021 Carrying amount (A)	2021 Non financial liabilities (B)	2021 Total Financial liabilities (A – B)	Liabilities at amortized Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Trade payables	3,789	–	**3,789**	3,789	-	3,789	-
Other current liabilities.....	81,751	–	**81,751**	81,751	-	81,751	-
Other non-current liabilities.....	220,435	–	**220,435**	220,435	-	220,435	-

Off Balance Sheet liabilities

On August 8, 2016, Via Varejo S.A ("Via Varejo"), Cnova Comércio Eletrônico S.A. ("Cnova BR") (Via Varejo and Cnova BR jointly referred to as "Via Varejo") and Cnova N.V ("Cnova") entered into the Reorganization Agreement, aiming to combine the e-commerce business operated by Cnova BR with Via Varejo's brick and mortar activities. The Reorganization Agreement contained, inter alia, the customary indemnification clauses. In September 2019, Via Varejo notified Cnova that it was of the opinion that an indemnification obligation pursuant to the Reorganization Agreement had been triggered for an undocumented amount of circa 65 million BR$, concerning labour and consumer claims that allegedly were of Cnova's responsibility and generated indemnifiable losses. Following this notification, Cnova and Via Varejo corresponded and exchanged information with the purpose to analyse the existence and, if present, extent of the alleged indemnification obligation. On July 20, 2020 Cnova received notice that Via Varejo initiated the arbitration procedure. On January 22, 2021 Via Varejo submitted its statement of claim as part of the arbitration procedure, this statement of claim did not produce any new evidence. Early March 2022 Cnova received a report for from the expert appointed by the tribunal; this report indicates that (i) a significant number of claims do not meet the criteria for eligibility as contained in the reorganization agreement; and (ii) the 65 million BR$, should be lowered with Via Varejo's own contribution of 22% and circa 25 million BR$ in deductibles. Via Varejo and Cnova are currently reviewing the report of the external expert of the tribunal and have to provide comments by 1 April 2022 to the tribunal after which in May 2022 a hearing will take place with a final tribunal decision towards the end of 2022. In addition, Management and their counsel are of the opinion that at least half of the gross amount claimed is not eligible for indemnification as per the terms and conditions of the contract. Management and their internal and external legal counsel has analyzed the expert report and estimated Cnova's liability is not material after deduction of non-eligible claims, Via Varejo own contribution and deductibles.

14. Notes to the income statement

14.1. Employees

The average number of employees of Cnova N.V. in full-time equivalents during 2021 was 2 (2020: 2). Salaries, social security charges and pension expenses for 2021 amounted to €260 thousand (2020: €250 thousand), €20 thousand (2020: €15 thousand), and €15 thousand (2020: €17 thousand), respectively. Those employees are based in the Netherlands.

14.2. Auditor fees

The following table presents fees for professional services rendered by Ernst & Young ("EY") for the audit of our financial statements as well as fees billed for other services rendered by EY.

€ thousands	2020	2021
Audit fees for Ernst & Young Accountants LLP	287	437
Audit fees for EY network	724	738
Audit related fees for Ernst & Young Accountants LLP	-	95
Audit-related fees for EY network	70	203
Tax fees	-	-
All other fees	-	-
Total	**1,081**	**1,473**

14.3. Financial income and expense

The current cash advances to subsidiaries (see Note 9) generated net gain of €920 thousands in 2021 and €957 thousands in 2020

The cash advance received from subsidiaries and cash pool balance with Casino (see note 17) generated an expense of €8,440 thousands in 2021 and €4,336 thousands in 2020. The increase is linked to the change in interest rate from EONIA+1.5% to 3.9% on the long term loan since August 2020.

14.4. Taxes

The taxable result for 2021 is estimated to be a loss of €12.7 million and no tax is due. Difference between domestic (25.8%) and effective tax rate (0%) is related to unrecognized deferred tax assets

15. Note to the statement of comprehensive income

No items are recognized in other comprehensive income.

16. Reconciliation between company and consolidated information

In accordance with 2:389 of Dutch Civil Code, the reconciliation of equity is the following:

€ thousands	December 31, 2020	December 31, 2021
Total company's equity	**373,305**	**360,671**
Retained earnings of subsidiaries	(643,974)	(681,534)
Total consolidated group equity	**(270,669)**	**(320,863)**

In accordance with 2:389 of Dutch Civil Code, the reconciliation of net result is the following:

€ thousands	December 31, 2020	December 31, 2021
Company's net profit (loss)	**(5,956)**	**(12,668)**
Net profit (loss) of subsidiaries	(17,441)	(38,022)
Gain (loss) on disposal	-	-
Impairment of cash advance to subsidiaries	36	131
Total consolidated net profit (loss)	**(23,361)**	**(50,559)**

17. Related party transactions

Cnova N.V. has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements and were conducted at arm's length. Unless stated otherwise, the balances and transactions on the table below are mostly with subsidiaries.

	2020		2021	
€ thousands	Transactions	Balance	Transactions	Balance
Loan granted to subsidiaries	9,931	9,931	(201)	9,730
Other current asset	(7,620)	2,331	(234)	2,097
Cash Pool balance to Parent Company	(185,266)	71,915	759	72,674
Cash deposit with Casino	130,493	130,493	(129,578)	915
Cash advance from subsidiaries	175,741	196,909	(122,677)	74,232
Term Loan	152,421	152,421	3,510	155,931
Payables	42	1,147	975	2,122
Expenses	3,831		8,099	
Income	1,033		999	

18. Off-balance sheet commitments

Cnova has no off-balance sheet commitment apart from the lease of its head office for a short-term lease expense of €21 thousands and the Via Varejo litigation (see note 13).

19. Financial risk management objectives and policies

The main risks associated with Cnova's financial instruments are market risks (interest rate risk).

Market risk

Exposure to foreign exchange risk

Cnova is no longer exposed to currency translation risk as all its operations outside the Eurozone have been sold or closed since 2016.

Interest rate risk

Interest rate risk refers to the risk the cash flows associated with financial instruments will be impacted due to changes in market interest rates. Cnova's interest rate risk arises principally from borrowings issued at variable rates that expose Cnova to cash flow interest rate risk. As of December 31, 2020 and 2021, the Term loan has a fixed interest rate of 3.9%. Other debts are subject to floating interest rates.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact (before tax effect) on profit (loss) for the period of a 50-basis point increase or decrease in the Eonia interest rate, based on the variable rate financial instruments held by Cnova, with all other variables held constant, was estimated to €0.9 million for 2021 and €1.0 million for 2020.

Counterparty risk

Cnova is not exposed to significant counterparty risks in its operating activities and its short-term investment activities. All receivables (see Note 9) are with Group companies.

Other current assets break down as follows by maturity:

2020		Other current assets past due on the balance sheet date				
€ thousands	Receivables not yet due (A)	Receivables not more than one month past due	Receivables between one and six months past due	Receivables more than six months past due	Receivables overdue (B)	GROSS TOTAL (C)=(A)+(B)
Expected credit loss rate................	*0%*	*0%*	*0%*	*0%*		
Estimated total gross carrying amount at default	*132,911*	-	-	-	-	*132,311*
Expected credit loss.	-	-	-	-	-	-

2021		Other current assets past due on the balance sheet date				
€ thousands	Receivables not yet due (A)	Receivables not more than one month past due	Receivables between one and six months past due	Receivables more than six months past due	Receivables overdue (B)	GROSS TOTAL (C)=(A)+(B)
Expected credit loss rate................	*0%*	*0%*	*0%*	*0%*		
Estimated total gross carrying amount at default	*3,112*	-	-	-	-	*3,112*
Expected credit loss.	-	-	-	-	-	-

Liquidity risk

Cnova manages liquidity risk through the daily follow-up of cash flows, control of financial assets and liabilities maturities and a close relationship with main financial institutions. As of December 31, 2021, Cnova's liquidity is also depending on the financing from its parent companies (mostly Casino).

As part of cash pool agreement with Cnova and its subsidiaries, unused credit lines amounted to €330 million as of December 31, 2021. Current account with Casino bears interest at EONIA +1.5pt

The term of the agreement is July 31, 2026. The agreement can be terminated by mutual consent. Casino Group confirmed that Cnova NV will continue to benefit from intragroup resources to cover its financing needs for the next twelve months after issuance of the financial statement. Each agreement immediately terminates if Casino no longer controls, directly or indirectly, Casino Finance or Cnova or its European subsidiaries, as the case may be, or in case of bankruptcy of a party.

20. Directors' remuneration

The below tables show the compensation paid by us and our subsidiaries to our executive and non-executive directors in the 2021 fiscal year. We do not have any written agreements with any director providing for benefits upon the termination of such director's relationship with our company or our subsidiaries. Amounts are in euros unless otherwise stated.

Remuneration for executive director

During his tenure as CEO and executive director in the 2021 fiscal year, our CEO's total paid out remuneration (comprising a combination of fixed and variable compensation, excluding payroll taxes born by subsidiaries of the company and including long term incentive plans that became payable in 2021) amounted to € 1.886.000 including a variable compensation related to 2021 based 50% on quantitative targets and 50% on qualitative targets. The Board has determined that those targets were 100% reached, setting the variable compensation paid at €225.000.

For 2020 fiscal year, Mr. Grenier's total remuneration (comprising a combination of fixed and variable compensation) amounted to €1,437,631, including a variable compensation related to 2019 based 50% on quantitative targets and 50% on qualitative targets. The Cnova Board of directors has determined that those targets were 116% reached, setting the variable compensation paid at €260,000.

Remuneration of non-executive directors in €

Name and title	Director fees in 2020	Committee membership fees in 2020	Attendance fees in 2020
Jean-Yves Haagen......................	10,000		
Ronaldo Iabrudi dos Santos Pereira...	10,000	8,000	9,000
Eleazar de Carvalho Filho.............	50,000		
Christophe Hidalgo.....................	10,000		
Jean-Yves Haagen......................	10,000		
Arnaud Strasser	10,000	8,000	9,000
Franck-Philippe Georgin (1)	4,863		
Jocelyne de Clausade (2)	5,164		
Bernard Oppetit........................	50,000	25,000	18,000
Silvio Genesini	50,000	30,000	27,000

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

Compensation of non-executive directors

Name and title	Director fees in 2021	Committee membership fees in 2021	Attendance fees in 2021
Jean-Yves Haagen	10,000		10,000
Ronaldo Iabrudi dos Santos Pereira,	10,000	8,000	9,000
Eleazar de Carvalho Filho	50,000		30,000
Christophe Hidalgo	10,000		
Arnaud Strasser	10,000	8,000	9,000
Jocelyne de Clausade	10,000		
Bernard Oppetit	50,000	25,000	48,000
Silvio Genesini	50,000	30,000	57,000

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

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

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

Personal loans, advances and guarantees

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

21. Subsequent events

Recent development in Ukraine

The recent developments in Ukraine starting from February 2022 may heighten worldwide tensions on supply chain, extend shipping lead time between China and the EU, and increase our transportation and last mile delivery costs as freight transport and oil prices have already surged. International geopolitical and economic repercussions of this war may have negative consequences on our supply capacities and costs, and affect our customers' buying power, as fuel prices increase, which may negatively affect our sales. An assessment was made on the potential impact of this war on Cnova and its business. Among others, we analyzed our clients, vendors and suppliers located in Ukraine, Russia, and Belarus; we do not have any exposure in Russia or Belarus – no clients, vendors or suppliers based in these countries. In Ukraine, we have little exposure, more specifically one marketplace merchant (as of March 1st) and two suppliers' manufacturing sites which do not represent significant volumes. The crisis may also impact countries where some of our suppliers' manufacturing sites are located, as eastern European countries and Turkey.

Increase in financing arrangement with Casino

On March 22, 2022, the Current Account Agreement Confirmation was amended and restated with a €150 million increase of the Term loan. As per the amended and restated agreement, Cnova is authorized to use the current account to fund any cash shortfall for an outstanding amount of up to €400 million and the Term loan amounts to €300 million.

16. OTHER INFORMATION

16.1 INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Cnova N.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cnova N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheets as at 31 December 2021
- The following statements for 2021: the consolidated and company income statements, the consolidated and company statements of comprehensive income, cash flows and changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Cnova N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Cnova N.V. is at the head of a number of companies operating in the non-food retail industry – as part of the French Casino Guichard-Perrachon S.A. group - through an e-commerce platform primarily focused on France. We tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 8.6 million (2020: € 8.5 million)
Benchmark applied	1.8% of Gross margin (2020: 1.8% of gross margin)
Explanation	Based on our professional judgment we have considered earnings-based measures as the appropriate basis to determine materiality. As the profit before tax and EBIT(DA) have been volatile in recent years, we consider the gross margin to be the best alternative benchmark to determine materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of €430,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Cnova N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Cnova N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. We identified three group reporting entities which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed for three other group reporting entities. An overview of full and specific scope entities is presented in below table.

Entity	Country	Scope
Cdiscount	France	Full scope
C-Logistics	France	Full scope
Maas	France	Full scope
Cnova Pay	France	Specific scope
C-Technlogy	France	Specific scope
Cnova N.V.	Netherlands	Specific scope

We have used the work of the Ernst & Young Global Member firm in France which operated under our instructions and performed the work for all French entities in scope. The Netherlands group engagement team was in close contact with management and the auditors of the in-scope components. We reviewed the audit files of the component auditor and determined the sufficiency and appropriateness of the work performed. Our procedures on the full and specific scope components represent approximately 98% of the total group revenues, gross margin and total assets. On other component entities we performed analytical and other procedures.

Because of the international travel restrictions and social distancing due to the Covid-19 pandemic, we needed to restrict our planned visits of management and component auditors located in France to discuss, among others, the business activities and the identified significant risks or to review and evaluate relevant parts of the component auditor's audit documentation and to discuss significant matters arising from that evaluation on site. In these circumstances and considering and French law is prohibiting remote cross-border access to French electronic audit files, we predominantly used communication technology and written information exchange e.g. intensified communication with the EY France component team, including videoconferences, review and discussion of selected working papers on screen and requiring more granular reporting in order to obtain sufficient and appropriate audit evidence. In March 2022 we were able to perform a visit including meetings with management and the component auditor and to perform an on-site file review.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the non-food online retail industry. We included specialists in the areas of IT audit, forensics, restructuring, income tax and have made use of our own experts in the areas of valuations and actuaries.

Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

Considering that Cnova N.V. makes use of the exemption mentioned in the EU-NFRD to not include an NFI statement in the Cnova NV Annual report, but instead refer to the (consolidated) NFI-statement included in the (consolidated) Annual report of parent company Casino SA in accordance with art. 1(2) of Degree on NFI.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the board of audit committee exercises oversight, as well as the outcomes. We refer to section 2.2 of the annual report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the risk related to management override of controls we have performed procedures among others to evaluate key accounting estimates and judgements for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 1.2 to the financial statements. We have also used data analytics to identify and address high-risk journal entries.

We identified the following fraud risks and performed the following specific procedures:

Presumed risks of fraud in revenue recognition	
Fraud risk	When identifying and assessing fraud risks, we presume that there are risks of fraud in revenue recognition. We evaluated that overstatement of business to consumer revenue as most significant revenue stream and related cut-off through topside journal entries gives rise to such risk following performance based bonuses in place.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter Revenue recognition including the role and significance of IT.

Management override in relation to the recognition of rebates and similar agreements	
Fraud risk	In identifying and assessing fraud risks, we specifically considered whether judgments and assumptions underlying the recognition of rebates and similar agreements indicate a management bias that may represent a risk of material misstatement due to fraud and also considered incentives management may have due to performance based bonuses in place.
Our audit approach	We describe the audit procedures responsive to this fraud risk in the description of our audit approach for the key audit matter 'Recognition of rebates and similar agreements from suppliers'.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal and compliance) and the audit committee.

The fraud risks we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section 'Going concern' in Note 1 to the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

We refer to our KAM 'Going concern assessment, availability of financing and COVID-19' for further considerations related to this topic/related risks, our work performed and key observations.

Based on our procedures performed, we concluded that the degree of consideration of all available information in management's going concern assessment and related disclosures in the financial statements are appropriate in the circumstances and in accordance with the financial reporting frameworks mentioned.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

The continued increase in intangible fixed assets (mainly capitalized software development costs and goodwill) both in absolute amounts and as percentage of total assets, in combination with the decline in results in 2021, has increased the importance of the future earnings capacity of the company to support the valuation of these assets. This has required more professional judgement by us this year and consequently, we have identified the valuation of intangible fixed assets as a new key audit matter (Valuation of intangible fixed assets including capitalized development costs and goodwill). The other key audit matters are similar in nature compared to prior year.

Going concern assessment, availability of financing and COVID-19 (see notes 1, 2, 22, 27 and 28)	
Risk	As of 31 December 2021 the Group has a negative consolidated equity of €250 million (31 December 2020: negative €201 million) mainly due to a history of operating losses. Due to negative free cash flows, the net financial debt has increased to €326 million as per 31 December 2021 (31 December 2020: €201 million). The Group also has a negative consolidated net working capital amounting to €403 million as of 31 December 2021 (31 December 2020: negative €260 million). These facts trigger the need for an analysis of the reasonableness of the application of the going concern assumption. For its financing the Group is largely depending on the credit line facilities with its parent Casino Guichard-Perrachon comprising of current account financing of € 400 million and a long term loan of € 150 million. The total amount drawn under these facilities is € 229 million as per 31 December 2021 (31 December 2020: € 224 million). In addition, in 2020 the Group obtained a state guaranteed loan of € 120 million which is nearly fully drawn per balance sheet date. The developments around the Covid-19 pandemic continue to have a profound impact on people, society and on the economy. Together with amongst others the

Going concern assessment, availability of financing and COVID-19 (see notes 1, 2, 22, 27 and 28)	
	Russian military operations in Ukraine and current price inflation, this impacts the operational and financial performance of organizations and the assessment of their ability to continue as a going concern. The impact may continue to evolve, causing further complexity and inherent uncertainty. Management has disclosed the impact on the company and related actions in note 1.1 of the financial statements. Management has prepared a going concern assessment based on the forecasted cash flows, funding needs and available financing lines. Following its assessment, management has requested and obtained from Casino Guichard-Perrachon an additional term loan of € 150 million in March 2022 raising the total of the term loan to € 300 million while keeping the current account facility at € 400 million (in total € 700 million). In addition, management concluded that a further strengthening of the financial support letter from its majority shareholder is required. On 30 March 2022 a Casino Guichard-Perrachon has signed a support letter in which the Group has confirmed that it will provide financial support to assist the company in meeting its liabilities as and when they fall due to a maximum of € 300 million in addition to the abovementioned amount of € 700 million and only to the extent that money is not otherwise available to the Company to meet such liabilities for a period of at least 12 months from the date of preparation of the financial statements 2021. In this letter Casino Guichard-Perrachon also confirmed that it has the ability to provide such support. In relation to this letter, management evaluated Casino Guichard-Perrachon's ability to continue to provide to Cnova the required financing for at least the twelve months period after the date of the financial statements as committed to in the support letter. Considering the latest estimate of results, cash flow forecast and the credit facilities available to the Group, the board of directors concluded that there is no material uncertainty about the Group's ability to continue as a going concern and consequently the financial statements have been prepared on a going concern basis. Based on the above factors we consider the going concern assessment a key audit matter.
Our audit approach	We obtained and evaluated management's going concern analysis, including its analysis of the COVID-19, the impact of the Russian military operations in Ukraine and the related disclosures in the financial statements and the annual report. As part of our evaluation of management's assessment of the going concern assumption, we challenged and evaluated the 2022 cashflow forecast, the solidity of the financial forecast preparation process and the reasonability of the 2022 latest estimate of results with support of our financial restructuring specialists and performed an assessment of the historical accuracy of management's estimates through retrospective review. We analyzed the Group's financing arrangements as part of our audit, which included the evaluation of access to and conditions of the relevant credit lines. We evaluated the ability of Casino Guichard-Perrachon to provide continued financing to the Group based on the aforementioned support letter. In this respect, we obtained, evaluated and discussed the going concern assessment of Casino

Going concern assessment, availability of financing and COVID-19 (see notes 1, 2, 22, 27 and 28)	
	Guichard-Perrachon performed by EY France, one of the joint auditors of Casino Guichard-Perrachon. We assessed the adequacy of the disclosures included in notes 1, 2, 22, 27 and 28 of the consolidated financial statements as well as in the directors report.
Key observations	We deem management's forecast assumptions reasonable including the continued availability of the credit facilities from Casino Guichard-Perrachon Group. We consider the disclosures in the consolidated financial statements to be sufficient and in accordance with EU-IFRS. We agree with management's conclusion that the use of the going concern assumption is appropriate.

Valuation of intangible fixed assets including capitalized software development costs and goodwill (see notes 16, 17, 18)	
Risk	An amount of € 122 million (2020: € 123 million) has been recognized in relation to goodwill as per 31 December 2021. In addition, Cnova N.V. continues to invest in the development of software mostly linked to its online IT platform Marketplace and for the new Marketplace-as-a-service concept Octopia that is expected to go live during 2022. At 31 December 2021 the total of capitalized software development costs amounted to € 227 million (2020: € 197 million). Management is required to test goodwill for impairment at least annually, or more frequently if there is an indication for impairment and also evaluate impairment indicators related to the valuation of capitalized software development costs. The continued increase in intangible fixed assets both in absolute amounts and as percentage of total assets, in combination with the decline in results in 2021, has increased the importance of the future earnings capacity of the company to support the valuation of these assets. The assessment of potential impairments is complex, includes evaluation of projected financial information including various assumptions and therefore requires professional judgement. Based on the above mentioned risk factors we considered this a key audit matter.
Our audit approach	We verified that the accounting policy for impairments of intangible fixed assets including goodwill applied by the Company is in line with IAS 36 'Impairment of assets' and that the methods for making estimates are appropriate and have been applied consistently. *Capitalized software development costs* Our audit procedures included, among others, the following procedures: • We gained an in-depth understanding of the process (and related controls) for capitalization (including meeting capitalization criteria) and impairment analysis of the capitalized development costs; • We inquired with project controllers and management on capitalized software development costs for impairment indicators; • We performed back-testing procedures on previous impairment analysis to evaluate forecast accuracy; • We verified proper amortization of the capitalized software development costs; • We evaluated the adequacy of the company's disclosures relating to capitalized software development costs.

Valuation of intangible fixed assets including capitalized software development costs and goodwill (see notes 16, 17, 18)	
	Goodwill Our audit procedures included, among others, the following procedures: • We evaluated management's process of controls over the impairment assessment; • We assessed and tested key assumptions, methodology (discounted cash flow model) and data used by the company in calculating the value in use with the support of valuation specialists; • We performed back-testing procedures on previous impairment analysis on the key assumptions in management's forecast; • We performed a sensitivity analysis by stress testing key assumptions, among others the discount rate, expected growth rates and expected EBITDA margin percentage, to consider the degree to which the assumptions would need to change before an impairment would have to be recognized; • We performed a benchmarking analysis against key competitors with a focus on comparing revenue growth and EBITDA percentage; • We evaluated the adequacy of the Company's disclosures relating to goodwill.
Key observations	*Capitalized development costs* We consider management's analysis to be appropriate and concur with management's conclusion that the carrying value of the software development costs is reasonable. In addition, we deemed the disclosures of capitalized development costs and related impairments as reasonable. *Goodwill* We conclude the assumptions relating to the impairment model to fall within acceptable ranges and we agree with management's conclusion that no impairment is applicable as per 31 December 2021. Furthermore, we concluded that the disclosures in the consolidated financial statements are proportionate and in accordance with EU-IFRS.

Revenue recognition including the role and significance of IT (Note 7)	
Risk	The Group operates an IT platform for the online sale of consumer products and services. The appropriate recognition of revenues is highly depending on the IT infrastructure considering the complexity of and reliance on IT infrastructure to process transactions and related revenues. Net sales include revenue from product sales, marketplaces sales (commissions) and other revenues. Those revenues are recognized when the performance obligation is satisfied, i.e. when control of the goods or service pass to the customer. In addition, it is assessed whether it is appropriate to record the gross amount of the products sold and its related costs (acting as principal) or the net amount as a commission (acting as agent) based on the analysis of the obligation in the arrangement and applicable IFRS 15 criteria. There is a risk of inappropriate revenue recognition when relevant IT systems do not function properly. In addition, there is a risk that revenue may be overstated due to fraud resulting from the pressure management may feel to achieve performance targets at the reporting period end. The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before control has been transferred. Based on the above factors we consider IT and revenue recognition a key audit matter.

Revenue recognition including the role and significance of IT (Note 7)	
Our audit approach	Our audit procedures included, among others, the use of IT audit experts throughout the audit process. We critically assessed the design and operating effectiveness of general IT controls (including related to cybersecurity risks) and application controls especially related to transaction processing and revenue recognition. In addition, our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with these policies including the "principal versus agent" presentation. We tested the effectiveness of the Group's controls over the correct timing of revenue recognition. We assessed sales transactions around balance sheet date as well as credit notes issued after the year-end date to assess whether that revenue was recognized in the correct period. We performed testing over manual journals posted to revenue to identify unusual or irregular items. We used data analytics in the execution of the abovementioned procedures. We also considered the adequacy of the Group's disclosures in respect of revenue.
Key observations	We did not identify evidence of material misstatements in the revenues recognized in the year. We assessed that the Company's revenue recognition accounting policies were appropriately applied and disclosed in note 7.

Recognition of rebates and similar agreements from suppliers (Note 7)	
Risk	The Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These benefits, generally paid on the basis of a percentage defined contractually, and applied on purchases made from suppliers, are recorded as a deduction of the inventory costs and therefore reduce cost of sales. Considering the material impact of these accounting entries on net result for the year, the large number of contracts involved and the necessity for management to estimate the related purchases for each supplier, we considered the recognition of rebates to be received from suppliers at year-end to be a key audit matter.
Our audit approach	Our procedures included evaluating the design and testing the operating effectiveness of management's controls around the completeness and accuracy of the contractual agreements recognized in the accounting system. Furthermore, we challenged management's assumptions used in determining the recognized vendor allowances through discussions with management and performing specific substantive audit procedures. We reviewed a sample of agreements with suppliers allowing an adequate coverage, checking agreements' terms and signatures. We compared the amounts accrued to the subsequent cash received and analysed the amounts released. We also tested whether the allowances were recorded in the correct period. We verified that the accounting policy for the reduction of inventory cost related to rebates is appropriate and has been applied correctly.

Recognition of rebates and similar agreements from suppliers (Note 7)	
Key observations	We did not identify material exceptions and we found management's recognition of rebates to be reasonable. Additionally, we found the related disclosures in note 7 to the financial statements to be appropriate.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon. The other information also includes:

- Directors report
- Risk management and risk factors
- Corporate governance report
- Board of directors report
- Remuneration report
- Executive offers
- Related party transactions
- Share capital
- Agreement between shareholders
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the audit committee are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the audit committee of the board of directors as auditor of Cnova N.V. on 17 March 2015, as of the audit for the year 2014 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Cnova N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Cnova N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has
been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the audit committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Group's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the

audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [company]'s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication
We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 6 April 2022

Ernst & Young Accountants LLP

G.A. Arnold

16.2 DIVIDENS AND OTHER DISTRIBUTIONS

To date, we have never declared or paid cash dividends to our shareholders. We have no present plan to pay dividends on our ordinary shares for the foreseeable future and currently intend to reinvest all future earnings, if any, to finance the operation of our business and to expand our business. Under Dutch law, we may only pay dividends to the extent our shareholders' equity exceeds the sum of our paid-up and called-up share capital plus the reserves required to be maintained by Dutch law or our Articles of Association. Any future determination relating to our dividend policy will be made at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and other factors the Board may deem relevant from time to time.

16.3 DIVIDEND RIGHTS

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

16.4 PROFIT APPROPRIATION

The Board proposes to appropriate the loss for the period to the retained earnings.

Signature page to the 2021 Annual Report and Financial Statements of Cnova N.V.

THE BOARD OF DIRECTORS OF CNOVA N.V.

Jean-Yves Haagen

Ronaldo Iabrudi dos Santos Pereira

Silvio Genesini

Bernard Oppetit

Christophe Hidalgo

Eleazar de Carvalho Filho

Steven Geers

Josseline de Clausade

Emmanuel Grenier